

**INSTITUTIONS AND AGENCY IN CSR STRATEGY:
AN EMPIRICAL INVESTIGATION OF DEVELOPMENT AND
IMPLEMENTATION**

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ABSTRACT

This PhD research **started from an interest** in how corporate social responsibility (CSR) works in practice and in identifying how to motivate companies to actively and meaningfully engage in CSR. It was further motivated by findings from previous research projects (Bondy et al 2004, Bondy 2006, Bondy 2007, Bondy et al 2008 forthcoming) which highlighted both the need for research in the area of CSR implementation, and the interesting issues around how corporations deal with the complexities of governing themselves in a global marketplace.

Therefore, **this research investigates** the systems and processes involved in developing and implementing CSR strategy in a transboundary environment, so as to create academically relevant and practically useful results. To accomplish this task, a range of literatures were evaluated, focusing on CSR and how it is implemented, and NI theory as an analytical framework for understanding CSR in its broader context. A review of these literatures revealed a number of gaps from within CSR and NI theory to which this research responds. The two most significant gaps for this research are 1. the need for empirically based, practically useful and detailed guidance on developing and implementing CSR that is relevant in the transboundary context, and 2. a need to better understand the role of agency at the level of the single organization and of the individual.

The **research is underpinned** by a subjectivist ontology, an interpretive epistemology and a multi-method design. It is exploratory, inductive research with two primary data sets gathered from managers who are functionally responsible for implementing CSR strategy (40 semi-structured key informant interviews), and from individuals within a company struggling to develop and implement CSR on a daily basis (single 'typical' case). Each

data set is used to better understand development and implementation of CSR strategy from two different perspectives (presentational and operational) for a more holistic investigation of this underdeveloped area in the literature.

This resulted in a **range of contributions** to CSR and NI literature primarily through providing shape and definition to the existence of an institution of CSR. The data provide empirical evidence to suggest the nature of the constraining and enabling characteristics of CSR, through such contributions identifying a set of standardized practices, the key internal and external pressures for engaging in CSR and strategic responses to it. The institution of CSR also acts as a competitor to the traditional business model, providing opportunities for political behaviour and the destabilization of both institutions.

Therefore, this research provides a **contribution to knowledge** by providing conceptual and empirical insights into how CSR is developed and implemented in a transboundary environment, by providing a partial characterization of an institution of CSR, and identifying a novel mode of institutional change. This study also **contributes to management practice** by providing guidance to companies on how to develop and implement CSR strategy, and some of the strategic responses they may use to respond to the pressures and opportunities presented by CSR.

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1. Institutions and Agency in CSR Strategy: Introduction

1.1. Purpose and Aims

This chapter is an introduction to PhD research entitled *Institutions and Agency in CSR Strategy: An Empirical Investigation of Development and Implementation*. The objective is to investigate, in detail, the existence of and key characteristics outlining an institution of corporate social responsibility (CSR) through an investigation of how it is developed and implemented by companies from an interpretive perspective. This introductory chapter introduces the reader to the research through a brief discussion of some of the foundational characteristics and key results. The chapter therefore has four aims:

1. To introduce the research and to describe its key characteristics,
2. To set out the main research objective,
3. To highlight why CSR is a distinct and promising area of study,
4. To provide an overview of the key findings in anticipation of further chapters.

1.2. Introduction to Research and Key Characteristics

This PhD research started from an interest in how CSR works in practice and in identifying how to motivate companies to actively and meaningfully engage in CSR, with a goal of influencing business behaviour to help improve quality of life for humans and other creatures alike. It was further motivated by findings from previous research projects (Bondy et al 2004, Bondy 2006, Bondy 2007, Bondy et al 2008 forthcoming) which highlighted both the need for research in the area of CSR implementation, and the interesting issues around how corporations deal with the complexities of governing themselves in a global marketplace. With a keen ambition to motivate action by business

through rigorous academic study, the research is unabashedly applied and seeks to investigate the phenomenon of CSR strategy development and implementation from both an academic and practitioner perspective. These interests, in combination with the relative newness of the field to academics and practitioners alike, have provided much scope for practically relevant and conceptually interesting research.

These interests are also supported by two issues identified in the literature: one, CSR has become an increasingly important area of concern within all sectors of society (e.g. Garriga and Mele 2004) and two, there is a ‘relevance gap’ between management researchers and practitioners (e.g. Tranfield and Starkey 1998), which has resulted in an increased call from many management academics (e.g. Mintzberg and Lampel 1999) to focus on the ‘real-life’ or practice of management. Thus, the research aims to respond to both comments by investigating CSR through the practice of management. It seeks to understand how companies develop and implement CSR strategy across their global operations by using data collected from practitioners to create guidance for improving CSR engagement by practitioners, and in contributing to academic knowledge on relevant topics such as creating an implementation model based on empirics and the identification of political motives in supporting a particular institution.

It also follows a multi-method design underpinned by an interpretive approach to investigate CSR as a pattern of social action that is framed, shaped and negotiated by contextual pressures and intense activity by organizational and individual actors. The literature focused on implementing CSR acts as the foundation and backdrop for the research, and New Institutional (NI) theory is used as an analytical lens through which to understand the data and contextualize the contributions. Therefore, the key contributions

such as evidence of a high degree of standardization of CSR practices within multinational corporations (MNC), and political motives for supporting one institution over another, are informed by and contribute to the CSR and NI literatures.

This research is multidisciplinary, empirical and applied. It spans a range of disciplines from CSR and general management to sociology and psychology, each used to provide wider insight into the data collected and implications of the contributions for the CSR and NI literatures. It is empirical with two primary data sets gathered from managers who are functionally responsible for implementing CSR strategy (40 semi-structured key informant interviews), and from individuals within a company struggling to develop and implement CSR on a daily basis (single ‘typical’ case). Each data set is used to better understand development and implementation of CSR strategy from two different perspectives (presentational and operational) for a more holistic investigation of this underdeveloped area in the literature. Lastly, it is applied, with a keen focus on bridging the relevance gap between management theory and management practice, and in creating research results that are usable by business in the hope of increasing its uptake by them to affect change. Therefore, this research furthers academic knowledge around CSR development and implementation and NI theory, as well as creating guidance for practitioners on how to develop and implement strategy, identifying the strategic responses that are currently in use, and some of the challenges and impediments companies face.

1.2.1. Introduction to Research Philosophy

As is detailed in Chapter 3, this research is underpinned by a subjective view of the nature of reality, where the social world is ‘constructed’ by actors (individuals and groups) who

create the 'reality' in which they operate (e.g. Burrell and Morgan 1979, Mertens 1998, Denzin 2001, Aram and Salipante Jr. 2003, Berger and Luckmann 1967). This subjective reality is based on the historical, cultural, political, economic etc. context in which the actors exist and is set 'against a backdrop of shared understandings, practices, language and so forth' (Schwandt 2000: 193). Within this subjective reality, the interpretive paradigm suggests it is possible to identify 'underlying patterns and order within the social world' (Morgan 1980) to better understand how this reality is constructed.

This belief in identifiable social patterns is consistent with NI theory, where stable patterns of social action are labelled 'institutions' and are constructed from repeated patterns of human action associated with shared meanings. It is the underlying patterns of stable social meaning that are of interest and both provide for an ability to study institutional arrangements which are by definition social standards with high resilience (Scott 2001), and allow investigation of the nature of these stable social patterns. It is through this investigation (in the form of a multi-method interpretive study) that it is possible to identify the existing social patterns and the implications they have for our understanding of CSR as a distinct area of research, and the institutions upon which our social world is structured.

1.2.2. Research Objective

This research is based on a simple, practical question - how do corporations develop and implement CSR strategy across their global operating locations? In order to investigate key elements of this phenomenon, the objective of this research is *to investigate, in detail, the existence of, and key characteristics outlining, an institution of CSR through an investigation of how it is developed and implemented by companies*. This includes three

more specific objectives: *to investigate the key governance systems and processes involved in developing and implementing CSR strategy, to identify how organizational and individual actors respond to the constraining and enabling characteristics of CSR in their wider environments, and to understand how these actors use their power and influence in shaping CSR to fit their political agendas.* While starting from a practical problem identified by practitioners, this objective implies much about the relationship between business and society and the role that actors have in shaping our understanding of CSR and its legitimate form within business. Therefore, the research seeks to investigate how CSR is developed and implemented within its business context, using NI theory as a robust frame for investigating CSR more broadly and for helping to explain why CSR is dealt with and regarded the way it is in practice, resulting from its competition with traditional business imperatives.

1.2.3. Introduction to Results

This research provides evidence to suggest that MNCs act on CSR in very similar ways (i.e. ‘standardized practices’ described in Chapter 4), and that this sameness in the systems, processes and activities provides empirical evidence of stability around what we understand to be CSR, and indirectly provides evidence of an institution of CSR.

Therefore it is possible to define CSR as an institution based on the literature (described in Chapter 2 using the definition provided by Scott (2001)), and this is supported by the Standardized Practices of Chapter 4 where the sameness in the approach to CSR provides empirical evidence of stability around CSR practices. The existence of an institution of CSR can be further supported with empirical evidence of the constraining (context factors in Chapter 5) and enabling (strategic responses in Chapter 6 and conflict in Chapter 7) forces of this institution, and therefore how it is both a medium and an outcome of the

practices that it influences (Giddens 1984 in Scott 2001). This chapter then introduces the research and provides the reader with a general overview of why the research has been conducted, starting with why CSR is a distinctive area for study.

1.3. CSR as Distinct Research Area

What then makes CSR a distinct area worthy of study?

- It is inherently based on realigning business with what is the ‘right’ way to operate in contrast with other ‘amoral’ concerns of business such as efficiency, profitability etc.
- It includes social, environmental, economic and ethical issues bundled together as highly interconnected and inseparable elements of social life that both impact and are impacted on by the social structures of humans.
- It represents a challenge to traditional business interests given that CSR has fundamentally different philosophical underpinnings (e.g. single bottom line philosophy versus triple bottom line philosophy), therefore helping to highlight areas of organizational and institutional change as actors attempt to reconcile these different philosophies within an organization.
- It is multidisciplinary as it is composed of a range of disciplines such as business ethics, economics, development, psychology, sociology etc. and thus requires competencies from a range of individuals working together to create effective CSR engagement. In academia this has implications for understanding a broad range of literature from across a range of fields such as indicated above. In organizations, this means increased communication between sometimes siloed departments and cross-functional teams with the ability to see the consequences and risks associated with corporate actions.

- Due to its multidisciplinary nature, it potentially has positive and negative effects on all aspects of the organization including its structures and processes and thus has implications for organizational structure and change.
- It requires attention to actors (groups and individuals) traditionally not permitted access to or voice on the operating practices of organizations. Thus, it gives internal and external stakeholders the societal legitimacy to have more effect on the actions of organizations.
- The increased access of stakeholders to organizational processes and decision-making requires a paradigm shift on the part of organizations in terms of what issues are deemed important and how they go about their daily business activities.
- It is mainly an applied area of research as it focuses in on how to improve social life by encouraging organizations to mitigate negative and enhance positive impacts of its operations.

Therefore, CSR is a distinct area of study for business because it includes a moral/ethical component focusing on what *should* be of importance to business and how they *should* behave regarding a set of issues that are in some cases traditionally held to be the responsibility of governments (e.g. provision of water and energy to citizens, right to collective action etc.). This highly interrelated group of financial and non-financial issues requires cross-disciplinary understanding and action by a range of participating stakeholders to ensure the outcomes are of benefit to all those groups who should be benefiting from corporation action. Also, because CSR is fundamentally different at a philosophical level to the traditional business logic and thus is a competing logic¹ (see Chapter 7), it provides many opportunities to investigate why organizations operate the

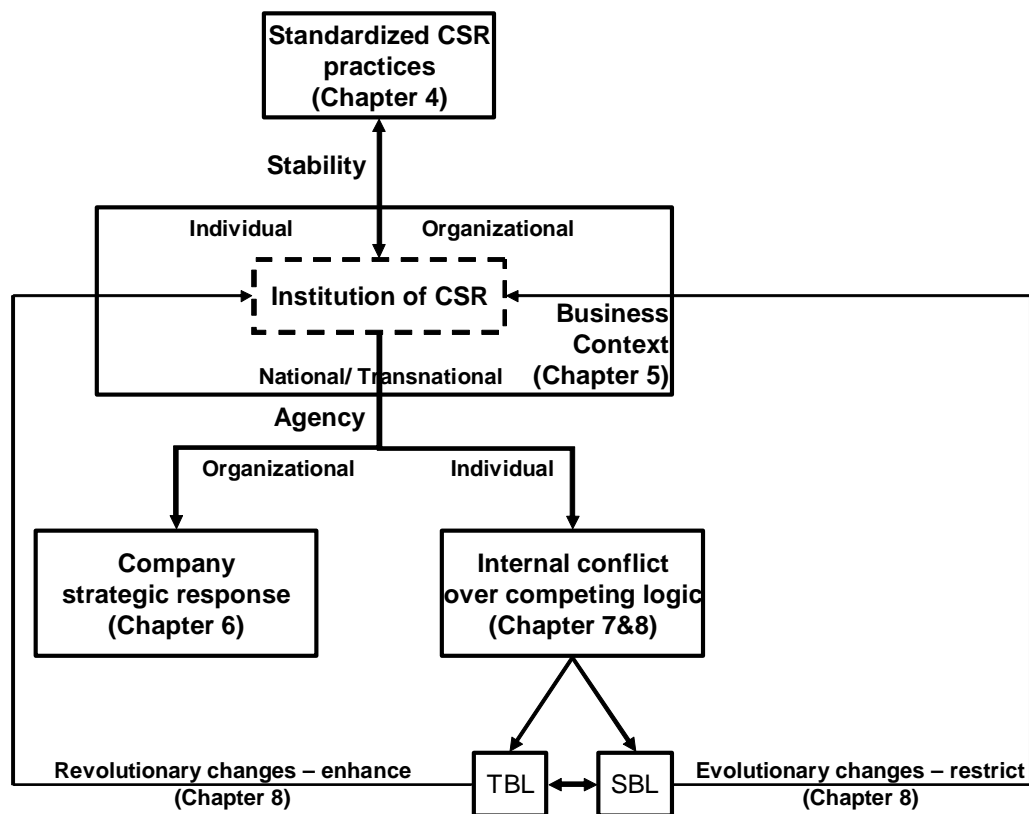
¹ While it is outside the scope of this research to discuss the dominant logic (the traditional business model) in any detail, it can be understood as the institutional arrangements that support and are predicated upon a single bottom line philosophy focused on financial concerns. The logic of CSR on the other hand is predicated upon the triple or multiple bottom line focused on at least social, environmental and economic concerns) (Elkington 1997).

way they do, how they change, under what conditions, how this impacts on structures, processes and values etc.

1.4. *Research Map and Contributions*

As is indicated above, this research provides evidence for the existence of a CSR institution, and investigates some aspects of how organizations and individuals interact with and shape the institution. Thus, institutions are dynamic patterns of social action constructed by humans as a way of organizing and stabilizing social life. The research map illustrated in Figure 1 describes the connections between each of the key concepts and results in the research.

Figure 1 Research Map



Starting at the top of the diagram, the fact that an *isomorphic* form of CSR (or standard set of practices) can be identified is evidence that CSR is itself an institution. While it is possible to define CSR as an institution based on the literature (described in Chapter 2 using the definition provided by Scott (2001)), the *standardized practices* of Chapter 4 provide empirical evidence of *stability* around CSR and thus the existence of an institution of CSR. Chapter 4, in combination with the individual, organizational and national/ transnational *contextual factors* described in Chapter 5 also highlight the fact that many businesses increasingly feel the pressure to engage in CSR, and thus to reflect the rules, norms and cultural scripts (Vidaver-Cohen 1998) that give organizations the required *legitimacy* to continue operating within society. Thus, Chapters 4 and 5 demonstrate the existence of the CSR institution and its *constraining* influence on organizational and individual actors. Chapters 6 and 7 thus show the *enabling* characteristics of the CSR institution, where both organizational (Chapter 6) and individual actors (Chapter 7) operate in strategic and political ways to exert their influence over the institution to achieve a particular agenda. Chapter 6 illustrates the range of *strategic responses* employed by organizations who are both responding to and working to actively influence the institution of CSR, and shows how agency is working at the organizational level. Chapter 7 also shows the role of agency in influencing the institution of CSR but at the individual level, where the institution of CSR (with its own distinct institutional logic (TBL)) is brought into a business already operating according to the traditional business model (with its own distinct logic (SBL)), causing *conflict between the two logics*. As part of this conflict, actors support one of the alternatives (in this case either the CSR logic or the traditional business logic) and select their alternative based on whether it is the best for them politically. Therefore, some actors *support an institution for political reasons* and not because they agree with the logic of the institution

or because is it in their rational self-interest to support it. In supporting an alternative institution, this can cause revolutionary/ evolutionary *changes to either institution* (e.g. Scott 2001, Hoffman 2001), or cause an institution to go into *decline* (Chapter 8). Actors who are quick to recognize their ability to influence an institution and its distributional outcomes (Knight 1992), and who actively work to shape and frame the institution may become the dominant players in the new institutional arrangements (Leblebici et al 1991). This potential for actors to significantly influence the form of institutions has been recognized by many MNCs and at present the dominant institutional logic (traditional business model) is undergoing evolutionary changes to incorporate the pressures currently exerted on it by those in support of the institution of CSR (Chapter 8).

Therefore CSR is not only a distinct research area, but based on its distinct characteristics, is also a novel context from which to investigate areas currently under-developed in the NI literature around how an institution becomes fully institutionalized (Tolbert and Zucker 1996) while it is occurring and not in retrospect, how institutions are influenced by the role of agency of organizations and individuals, and how it interacts or ‘competes’ with other institutions in the minds and behaviour of actors to either become the new dominant logic (Leblebici et al 1991) or to undergo evolutionary/ revolutionary changes (e.g. Scott 2001, Hoffman 2001). Thus it is possible to investigate the ‘duality’ of institutions discussed by Giddens (1984) (in Scott 2001) as both the ‘medium and the outcome of the practices that they recursively organize’.

1.5. Flow of Chapters

This chapter provides an introduction to the research and key contributions, and is followed by chapters discussing the main areas of relevant literature and the research

philosophy, methods and data analysis techniques. These are then followed by the four 'data' chapters, where key results are presented with the relevant evidence found in the two data sets. Chapter 4 (the first of the data chapters) describes the isomorphic form of CSR, or the set of standardized practices used by MNCs. This is followed by the main contextual factors for the business from inside and outside the organization (Chapter 5) that affect the development and integration of CSR by business and thus highlight the constraining elements of the institution of CSR. Chapters 6 and 7 highlight the enabling characteristics of the CSR institution by investigating the role of agency by organizations, and individuals within organizations, and their ability to shape and frame the institution of CSR, and the influence within a business of CSR as a competing institutional logic. The final chapter (Chapter 8) brings these key elements together to suggest how the institution of CSR works, how it is shaped, how actors have been involved in shaping it and what implications this has for the future of the institution.

2. CSR and New Institutional Theory

2.1. Purpose and Aims

Chapter 1 provides an introduction to the research, its key characteristics and the main results. This chapter provides an overview of the relevant key concepts from within the CSR and NI theory literatures, focusing particularly on ‘implementing CSR’ literature and key elements of NI theory relevant to later discussions such as legitimacy, stability and isomorphism, the constraining and enabling characteristics of institutions, and the strategic role of actors.

Therefore, this chapter has six aims:

1. To introduce the general concept of CSR,
2. To describe current literature within the CSR field related to implementation,
3. To introduce NI theory,
4. To describe the critical elements of NI theory relevant to this research,
5. To link these two literatures together, and
6. To highlight the key insights gained from this review that are relevant in investigating the research objective.

2.2. Literature on Implementing CSR

This section focuses on existing contributions to knowledge around CSR implementation, illustrating the need for a more detailed, empirically-based model of implementation in practice, and the need for a model which focuses specifically on organizations operating across national borders. Before highlighting these gaps, it is necessary to first have a brief

discussion of CSR and how it is regulated by companies, as well as a brief look at MNCs and the different strategies they employ in responding to a transboundary operating environment. These sections are intended to provide a glimpse of some general CSR literature that supports investigating the research objective. This introduction to CSR will then be followed by the key area from within this body of literature – development and implementation.

2.2.1. CSR as a Field of Scholarship

Many scholars have discussed different aspects of CSR such as what it is (e.g. Carroll 1979, Wood 1991), how to do it (e.g. Natrass and Altomare 1999, Cramer 2005a, Jonker et al. 2004), what factors affect its degree of integration within business (McWilliams and Siegal 2001), how to control it (e.g. Husted 2003), who should be involved (Donaldson and Preston 1995), how to communicate it (e.g. Morsing 2003), how to encourage companies to engage in it (e.g. Vogel 2005), and how it relates to the wider society (e.g. Swanson 1999, Donaldson and Dunfee 1994). While they have yet to agree on a standard definition by which CSR (and related terms such as corporate citizenship, corporate social performance, corporate social leadership, corporate accountability, sustainability, sustainable development, responsible business, stakeholder theory, etc.) can be understood (Waddock 2004), there is an ongoing consensus in the literature that these terms are roughly similar in meaning (e.g. Matten and Crane 2005, Matten and Moon 2008, Garriga and Mele 2004). As such, this research follows a similar rationale, where all terms have roughly the same meaning and are referred to throughout this research as ‘CSR’. CSR within this dissertation can therefore be defined as

An alternative institutional logic within business that instead of focusing on the single bottom line of financial imperatives, instead challenges business to

balance triple bottom line imperatives (social, environmental and economic (Elkington 1997)), integrating them into their ‘values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within business, create wealth and improve society’ (Industry Canada 2006).

However, the ambiguity within the literature to define CSR has resulted in a range of theories that try to describe and define CSR conceptually and/ or in practice, and that stem from very different understandings of CSR.

Garriga and Mele (2004), Windsor (2006) and Meehan et al (2006) provide categorizations of CSR theory according to the motive for corporate engagement. Motives are categorized in the main based on whether CSR activities are intended to improve the financial performance of the company (business case), or result from the role the company *should* have in society (ethical). For instance, Garriga and Mele (2004) illustrate four different types of theory – instrumental, political, integrative and ethical – all of which indicate why CSR is and/ or should be important to corporations (such as to improve profits, or to improve relations with stakeholders etc.). The same is true of both Windsor (2006) and Meehan et al (2006) where they talk about the benefits and limitations associated with ethical and economic theories that try to integrate both to some degree. Aguilera et al (2007) describe three types of motivations, instrumental (or business case reasons), relational (focused specifically on the individual, his/her identity and relationship with management) and morality-based. Each of these typologies categorize the range of CSR theories according to the role corporations either do or should play in society (and in some cases how individuals fit into that) and therefore offer

a synthesized account of the research supporting why CSR is important and why business 'should' engage in CSR.

By categorizing CSR theories in this way, these authors implicitly highlight one of the main debates within this field – CSR as a theoretical construct versus CSR as an applied field. For instance, those who argue for 'ethical' or 'morality-based' theories of CSR suggest that companies have a moral obligation to be responsible. This is the case with normative stakeholder theory where companies have an ethical duty to recognize the intrinsic value of stakeholders in and of themselves and who also have a legitimate interest in the activities of the organization. Therefore, the rights given to stakeholders in this regard confer duties on the organization to consider and respond to the stakeholder interests (e.g. Donaldson and Preston 1995, Swanson 1995, Maignan and Ralston 2002). These theories assume that the motivation for engaging in CSR is important because it has implications for how companies react. Companies should be engaging in CSR because it is the 'right thing to do' and not because of any advantages or benefits accruing to itself or stakeholders as a result. However, these types of theories take the discussion of CSR very much out of the realm of practice and into the realm of abstract theory. They focus on CSR as providing the ethical justification for improving 'process' benefits to stakeholders (e.g. such as being given access to or becoming a priority within the decision making process), where the benefits are important but incidental to the process, and where application within a practical context tends to be quite difficult.

On the other side of this debate are the 'instrumental' theories where CSR is used as a tool for achieving traditional business benefits such as improved profitability or return on investment for shareholders. Whether this can be considered CSR is controversial (e.g.

Freidman 1970), but it can be viewed as the extreme side of the business case argument, where CSR is justified by organizations based on its ability to provide tangible benefits and outcomes, first to the organization and second to its stakeholders (e.g. Davis 1973, Business for Social Responsibility 2004, Aaronson and Reeves 2002, BITC 2003, Frehs 2003, European Multistakeholder Forum on CSR 2004, Government of Canada 2006). This focus on outcomes means that instrumental theories tend to be well grounded in current practice of CSR but do little to address the normative side of CSR that is missing in much of current practice.

Other categories of theory where the practical and theoretical are explicitly combined such as the political and integrative types described by Garriga and Mele (2004), help to problematize the role of business in society by incorporating key aspects of context such as cultural differences (e.g. Donaldson and Dunfee 1994) and providing tentative solutions to these issues. However, due to the lack of empirical evidence often quoted in the creation or support of these theories, they tend towards the abstract side of the continuum and therefore need further development to improve the relevance to practice. Therefore, there is a need within the general CSR literature for further development of 'mixed' CSR theories, where both the normative underpinnings and the relevant key contextual factors are taken into account to help explain and predict CSR activity.

2.2.1.1. Regulation and Control of CSR within Organizations

Within the general CSR literature, the issue of how companies are regulated is an important part of the context in understanding why and how they become involved in CSR in the first place. Some work examines the benefits and limitations of legislation and regulation in controlling corporate behaviour in the context of CSR (e.g. International

Council on Human Rights Policy 2002; Lenox and Nash 2003; Ruhnka and Boerstler 1998). Although intended to provide rules that direct all citizens, including corporations, to behave in a way that meets larger societal objectives, the limitations of legislation and regulation have left governments searching for alternatives. Therefore, many governments opt for regulatory strategies that involve participation from non-legal bodies in the development, monitoring and enforcement of desired social objectives (Wotruba 1997, Carroll and McGregor-Lowndes 2001, Martin 2003, Ruhnka and Boerstler 1998) and structures more suited to the fast-paced and dynamic environment in which corporations operate.

This increasing interest in self-regulation also stems from the perceived failure of governments to control corporate behaviour and to provide some of the basic civil, social and political rights afforded their citizens (Matten et al 2003). Some believe that the failure of governments is due in large part to imperfections in the market economy (Thompson 2002), and the impacts of globalization (Wilson and Lombardi 2001, Culpeper and Whiteman 1998). Furthermore, the emergence of new technology and new risks such as genetic engineering, global warming etc. have exposed the weaknesses of governments in dealing with global issues (Matten 2004). The failure of governments and markets, the internationalization of markets and corporations, and the emergence of new risks and opportunities have led to an increased need for improved accountability mechanisms both within, but particularly across borders.

Globalization and the internationalization of some corporations adds a whole new level of complexity to corporate regulation due to the varied regulatory environments MNCs encounter while operating across borders, and the lack of international regulation and

enforcement at the global level (Martin 2003, Carroll and McGregor-Lowndes 2001). The preferred alternative by both governments and corporations alike appears to be self-regulation.

Self-regulatory initiatives offer a means to control corporate behaviour across borders as they are not tied to any particular political system or territory, and therefore can be applied in a variety of locations within corporations, industries or sectors, depending on the scope of the initiative and the will of the corporation in implementation. As Wotruba (1997) and Ruhnka and Boerstler (1998) point out, discussions of self-regulation focus primarily on codes of conduct, as they are considered a central tool by corporations and government to achieve corporate self-regulation. Although by definition voluntary, some authors in fact question the notion that codes are an option, particularly for internationalized corporations. Berenbeim (2003) suggests that codes are a key element of corporate compliance systems, and are essential in global markets where there is a dependence on the corporation's ability to self-regulate. Frenkel (2001) indicates that codes are the 'main corporate instrument' (p.523) in maintaining labour standards and constitute the most tangible expression of the increase in CSR (also see Sajhau 2000). Others go further to suggest the importance of codes to both corporations *and* governments. Wotruba (1997) suggests that codes are a central tool used by business and government to achieve self-regulation. Snyder (1999) further suggests that codes are perhaps more important than formal regulation. Paine et al (2005) indicate that codes can be considered a legal necessity 'at least for public companies with a presence in the United States' (p.122). Thus, codes form an integral part of CSR self-regulation in practice and are often the formalization of a corporation's commitment to CSR, or in other words, their formal CSR strategy.

Due to the fact that there is a wide range of definitions for ‘code’ (e.g. Kolk et al 1999, Kaptein and Wempe 2002, United States Council for International Business 2000, ILO n.d.a, ILO n.d.b, Forcese 1997, Alexander 1997, Dickerson and Hagan 1998, OECD 2001b, Diller 1999), and there is a great deal of confusion for academics and practitioners about what a code actually is in comparison with policies or sets of principles (e.g. Staphenurst and Pelizzo 2004, Bondy 2006), CSR has been operationally defined according to the formal strategy document (see section 2.2.3).

2.2.1.2. Focus on MNC

MNCs are distinct from other forms of business due to the fact that they operate across national borders. This creates novel business opportunities and challenges such as access to cheap labour and natural resources, working with foreign governments and in foreign cultures, tacit knowledge of new groups of people for use in innovative new offerings and co-creation of products etc. MNCs therefore have many unique challenges working to govern their practices in such large and widespread operations and are unique from forms of business that operate only within the borders of their home country.

In the last five to seven years, many MNCs have been developing worldwide codes (or CSR strategies), which they have applied across the global business. Many expect, and an increasing number require, these codes to be implemented as written in all global operating locations with all employees. In almost all cases, these CSR strategies act as the key guidance and implementation document for all operations, creating significant concerns around the importation of culture, the appropriateness of certain practices in different global operating locations, the use of CSR strategies to monitor and control

employees etc. Due to the breadth and depth of these concerns, the current research was limited to investigating the governance structures and cultural implications of these structures in developing and implementing CSR strategy.

Therefore, due to the unique governance conditions, the increasing use of worldwide codes as the key CSR strategy document, and also the fact that larger companies are more likely to be more mature with CSR implementation (Maignan and Ralston 2002), the focus in this research is on MNCs. Within the CSR and general management literature, there are three main strategies attributed to companies who work in a global market. These strategies influence how these companies approach CSR, particularly at the development stage, as will be seen in Chapters 4 and 6.

2.2.1.2.1. Local Standards Approach

The local standards approach describes MNCs which are relatively decentralized and where much of the control and authority for key decisions is held by local operating facilities. Hofstede (1994) views management practices as culturally relativistic (such as organizational structures, leadership styles, motivation patterns and training and development patterns), and therefore the focus for MNCs is on deciding which practices, not which values, it will hold in common, as the values must be different to respond to the varied cultural environments. It is anticipated he would suggest that CSR must also respond to the differences in culture, therefore, encouraging a local or customized approach. This thesis is supported by his earlier work (e.g. Hofstede 1980), and by others using his framework within the context of business ethics and CSR (e.g. Smith and Hume 2005, Katz et al 2001, Veser 2004, Baumast 2002, Stajkovic and Luthans 1997). These papers all support the notion of adapting practices related to CSR to the local level.

2.2.1.2.2. Universal Standards Approach

On the other hand there is literature to support the creation of universal standards as a basis for CSR (e.g. Carasco and Singh 2003, Cragg 2005, OECD 2001a, Gordon 2001, Maquila Solidarity Network 2004, Doig and Wilson 1998, Frederick 1991, Paine et al 2005, Boudreaux and Steiner 2005, Sethi 2003). This group of authors tends to argue the need for a set of universal CSR standards, in order to secure the necessary credibility and legitimacy for CSR to be successful. Many of these authors argue that at a minimum, the universal standards should be based on the UN Declaration of Human Rights and the eight ILO Conventions on labour issues. But others go beyond this to suggest that basic environmental and community engagement standards are also required as a minimum universal threshold of CSR engagement.

2.2.1.2.3. Local Worldwide Approach

The 'local worldwide' approach is philosophically similar to the work of Donaldson and Dunfee (1994) who would agree that the local institutional environment must be taken into account, but they suggest that some values transcend cultures and therefore should form the basis for ethics in MNCs. These 'hypernorms' are fundamental to human experience and therefore put a limit on the 'moral free space' given to actors operating within their own environments. They suggest for instance that murdering those who break contracts should not be condoned in any environment as murder is considered to be universally wrong. Therefore, the hypernorm of murder puts a limit on the micronorm of acceptable sanctions for breaking contracts. As with the authors promoting universal standards, Donaldson and Dunfee (1994) suggest hypernorms should include 'core human rights such as personal freedom, physical security and well being, political participation,

informed consent, the ownership of property, the right to subsistence and the obligation to respect the dignity of each human person' (p.267). Although they identify six principles for helping understand the interaction between hypernorms and micronorms (or in their words the priority rules), it is very unclear from this paper how groups such as corporations can identify existing hypernorms, and therefore acceptable micronorms in practice.

However, this sense of 'being local worldwide' is echoed by such authors as Belanger et al (1999) who describe the efforts of MNCs working in a variety of cultures and the inherent difficulties associated with trying to act globally and locally at the same time. Leisinger (2003) highlights this difficulty very well by suggesting the problems associated with 'putting across a consistent and coherent message, at the same time taking account of cultural nuances [which] can make an enormous difference in the implementation process' (p.119).

Therefore, MNC perception and activity around CSR is linked to the global operating strategy they utilize within the business. These strategies have implications for the nature of CSR strategy that is developed and this issue is further investigated in Chapters 4 and 6.

Where this section was used to introduce CSR by briefly discussing a definition, different types of theories, why MNCs are a distinct context for investigating CSR, and how their choice of operating strategy has significant implications for CSR, the following section focuses on the key area of interest within the CSR literature – CSR implementation.

2.2.2. Implementing CSR Strategy

While many corporations, particularly large MNCs, use a range of tools for engaging in CSR, codes are by far the most popular and predominant (e.g. White and Montgomery 1980, Conference Board 1992, Webley and Le Jeune 2005, Mele et al 2003, Bondy et al 2004, Donaldson 1996). For instance, codes are in use by approximately 95% of Fortune 500 Companies (Conference Board in BSR 2004), 85% of FTSE 100 (Institute for Business Ethics 2008), 83% of top revenue generating companies in the UK, Canada and Germany (Bondy et al forthcoming 2008), 70% top revenue generating companies in Argentina, 49% in Brazil and 65% in Spain (Mele et al 2003).

As such, codes as a favoured tool for formalizing commitments to CSR issues (and thus acting as the company's CSR strategy) have also been favoured in the literature on CSR implementation. To better understand the body of literature around CSR implementation, the section begins by briefly looking at implementation in the general management literature, before focusing specifically on CSR and CSR codes in turn.

2.2.2.1. *Implementing Strategy within Business*

Piercy (2002) has defined implementation as 'a process of making strategy work and identifying the things needed to get from the plans to the action'. Although this definition of implementation is helpful in understanding the basic concept, in practice implementation is a nebulous and complex phenomenon.

This makes defining implementation problematic. In fact, there is an undercurrent of disagreement about what implementation is and whether it is a small part of a much larger process (including planning, adoption, implementation, measuring, and feedback) or if it

includes these processes. In their synthesis of implementation literature from the innovation field, Real and Poole (2005) discovered that there was little agreement on where it starts and ends, thus causing them to suggest that perhaps it is not well understood.

Many definitions for implementation tend to be quite context specific. Policy implementation has been defined by Bergen and While (2005) as ‘encompassing those actions by public and private individuals (or groups) that are directed at the achievement of objectives set forth in prior policy decisions’ (p.2). Roome and Jonker (2005) define implementation of CSR for their purposes as ‘as an emerging sense making process developed over a period of time, shaped by a series of (non)intentional choices and actions by various actors and influenced by a changing set of conditioning and intervening factors’ (p.3). Real and Poole (2005) quote two separate definitions of innovation implementation: ‘payoff stage of the innovating process, the innovation is put in place and the process of embedding it in the organization becomes the central activity’ and ‘the transition period during which targeted organizational members ideally become increasingly skilful, consistent and committed in their use of an innovation’ (p. 67). These examples show the variety of ways in which implementation is understood in particular contexts, and show a mix of views of implementation as a micro or macro-process. However, where a context-specific definition of implementation does not exist (such is the case with CSR development and implementation unless the researcher uses the sense-making approach), understanding what it is becomes difficult.

Due to these difficulties in defining implementation, and based on the messiness of implementation in practice, this research focuses on understanding development and

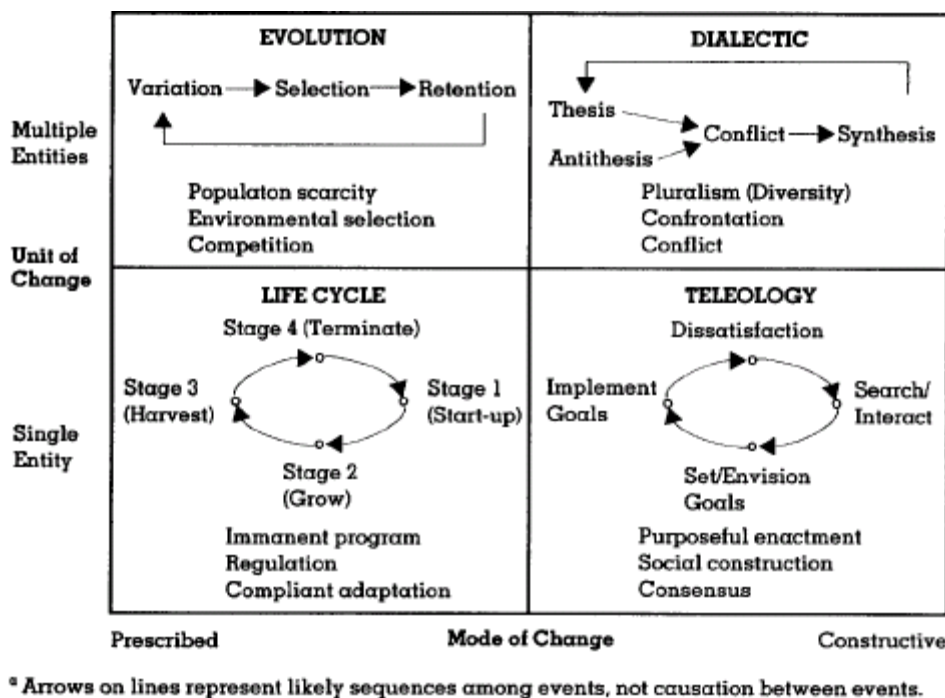
implementation of CSR strategy as one fluid interconnected meta-process. Thus, by looking at both ‘development’ and ‘implementation’, this research avoids artificial distinctions between when phenomena are being conceived, discussed, planned, measured, evaluated etc. and when they are being acted on, as these micro-processes are an integral part of the whole. In many cases, these elements (or micro-processes) occur simultaneously, or in an order counter to what we might expect (e.g. creating an employee volunteering program to build a school in rural Peru before understanding what part this school building has in the overall efforts of the organization and how it is linked to organizational strategy). In other words, many companies act before they plan and these actions affect future planning, resulting in emerging strategy development (Mintzberg and Waters 1985), and thus the activities and processes involved in planning and acting affect each other simultaneously. Therefore, it is both an artificial distinction and an inaccurate reflection of practice to separate implementation from other micro-processes such as issue conception, planning, measurement and feedback etc. As such, the research will adapt Piercy’s (2002) definition to the following – implementation is a macro process that includes the development of strategy, a process for making that strategy work, identifying the things needed to move from the plans to the action, and then doing it.

Within the more general management literature, there is a wide range of contributions on implementation. A few examples include: process theories of organizational change and development (Van de Ven and Poole 1995); an exploration of the link between implementation intentions and goal achievement such that the gap between implementation intentions and goal achievement can be explained to some degree on the basis of strong and specific situational cues stimulating behaviour of individuals if there is perceptual openness to these cues (Sheeran et al 2005); that an individual’s ‘readiness for

change' positively impacts on the success of change implementation processes and is affected both by the presence or absence of a strong human resources culture and the ability to reshape employees capabilities (Jones et al 2005); the fact that authority structures and psychological safety affect the implementation success of small teams whereas team stability and specific organizational characteristics such as size, resources, management support etc. have no effect on implementation success (Edmondson et al 2001, Edmondson 1999); how individual 'acceptance of change is directly proportional to the degree to which the change can be made to appear non-threatening and incremental to existing practices' (Krizov and Allenby 2004: 44); the characteristics of a 'good implementer' - primarily goal centred, highly interactive, controlled, intolerant of non-compliance and with a high Type A personality pattern (Bonoma 1985 in Lane 2005: 118); poor communication and resistance from co-workers are key barriers to implementation (Lane 2005); the impact cultural variables have on behaviour of individuals in implementing identical safety programs (Bumstead and Boyce 2005); how new projects must be aligned with core business objectives to ensure successful implementation (Villachica et al 2004); typologies of implementation types in the continuous improvement literature (Rijnders and Boer 2004); model of lean production implementation that 'ingrains the human perspective' (Sawhney and Chason 2005); model for optimizing self-assessment in implementation of total quality management (TQM) (Conti 1997); a model of shared governance to increase likelihood of implementation success (Scott and Caress 2005); and the main dimensions of implementation of risk systems focusing on the 'development' stages of implementation (Greenhill 2005). These examples of the existing literature in other management areas show the breadth of available models, causal factors, mediating factors, typologies etc. to explain different contexts around implementation.

Contributions from Van de Ven and Poole (1995) and Rijnders and Boer (2004) highlight the complexity and variety of ‘types’ of implementation and organizational change, and are therefore useful in helping to shape the analysis and describe the results around implementation within the context of CSR. Van de Ven and Poole (1995) identify four process theories of organizational development and change based on two criteria (see Figure 2).

Figure 2 Process Theories of Organizational Development and Change (Van de Ven and Poole 1995)



This work suggests that these different process theories of organizational change can occur at the same time, or at different stages of the organizational development and change and are the foundation for understanding types of change within organizations. This is useful in understanding the types of organizational change normally in evidence with regard to CSR.

The contribution provided by Rijnders and Boer (2004) also illustrates the complexity and fluidity of organizational change in the context of implementation. They highlight many problems associated with simple, fixed, linear models of implementation such as the need to show alternative paths through a number of activity stages, and the influence of social activities and individual actors on these processes. Therefore, they suggest that implementation is better depicted as a ‘constellation of activities and other events which are aimed at, result in, or have an impact otherwise on, the realization and embedding’ (p.285) of continual improvement within the organization. To respond to these difficulties, they suggest that the implementation process includes:

- parallel processes (in continual improvement they have identified three: substantive, process management and transaction (internal diffusion) processes),
- that are influenced by contextual events,
- can be described in terms of (or combinations of) activities, actors and time,
- and consist of activities leading to change, whether they were intended or not.

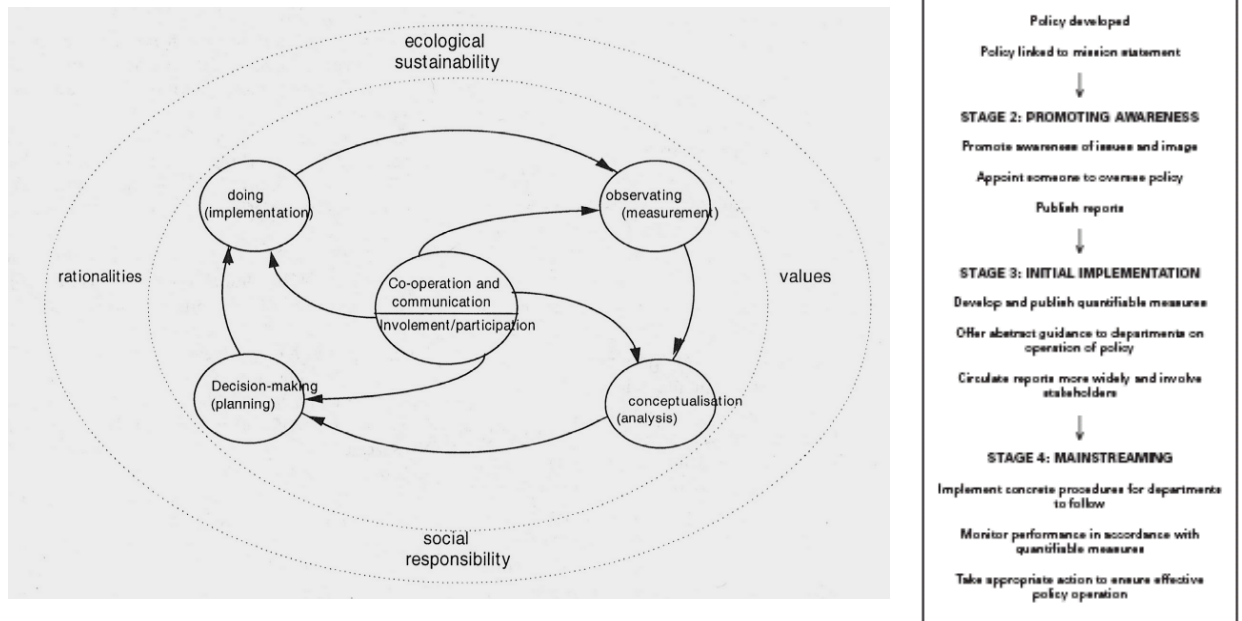
Langley (1999) would agree that these stepped and linear models of implementation may be too rigid in helping to understand the complexity of real-life processes, and therefore in addressing the research objective.

Therefore, while the implementation models existing within the general management literature may be of little help in understanding the novel phenomenon of CSR development and implementation, the contributions highlighting the complexity, variation and fluidity of implementation are useful analytical tools to investigate the existing CSR and code implementation literature.

2.2.2.2. *Implementing CSR*

This clarified understanding of ‘implementation’ provided by the general management literature is useful in both providing a fundamental understanding of process that can be applied within CSR, and an analytical tool for evaluating existing contributions within the CSR literature on implementation. Within this body of literature are a number of frameworks, models, and ‘questions to consider’, that describe both current implementation processes, and theorize on ideal processes and considerations (e.g. Cramer 2005a, Nelson 1999, EFQM n.d., Labour Behind the Label n.d., van Marrewijk et al 2004, Nijhof et al 2005, Vesper 2004, Carlisle and Faulkner 2004, Murray n.d., BSR Ethics Codes/ Values 2004, Clean Clothes Campaign 1998, Zwetsloot 2003, Murphy 1988, Hill et al 2003). For instance, Nijhof et al (2005) created a conceptual four phase process model for implementing CSR that starts with a consultation process (balancing organizational and stakeholder expectations), then moves to an integration process (where CSR is ‘anchored’ to relevant primary and secondary process of the organization), followed by a justification process (where actions and choices of the organization are justified through communications with stakeholders based on monitoring and reporting) and finished with the evaluation process (where all stakeholders evaluate and judge actual behaviour in terms of its responsibility or irresponsibility). Whereas Zwetsloot (2003) conceptualized a collective learning process for organizations involved in implementing CSR and Carlisle and Faulkner (2004) created a stages framework for culturally embedding CSR, as shown in Figure 3.

Figure 3 Examples of Implementation Models in CSR Literature (Zwetsloot (2003) & Carlisle and Faulkner (2004))



In particular, the triple bottom line approach (people, planet, profits or social, environmental, economic) developed by Elkington (1997) and the European Foundation for Quality Management (EFQM) model appear to be more popular approaches. Also the National Initiative for Sustainable Development (NIDO) programme developed by the Dutch government has also received much attention in the CSR implementation literature, and has been used to create a variety of publications based on CSR implementation within industry (e.g. Cramer 2005a, Cramer et al 2004, Roome and Jonker 2005, Jonker and de Witte 2006). Often the research results in ‘stages’ models for CSR implementation where implementation starts as stage 1 and progresses to the end of the stages in the prescribed order. For instance, the NIDO model has the following components (Cramer 2005a):

- Zero-assessment
- Design structured approach

- Identify stakeholders and demands
- Formulate vision, mission, code
- Develop short and long term strategy and action plan (use GRI for indicators and reporting)
- Set up monitoring and reporting system
- Embedding CSR in quality and management systems
- Internal and external communication of approach and results

Many of these models tend to lack detail or empirical support, have a fixed structure or linear, closed loop approach to the processes involved in implementation, are missing critical elements of the development and implementation process such as discussing the adjustments to the various governance systems within the MNC (i.e. human resources practices, procurement and supply chain etc.) and are therefore less relevant for practitioners and academics focusing on implementation in practice. The vast majority of these models also do not identify the underlying process of change that is occurring, whether it is dialectic or teleological for instance (Van de Ven and Poole 1995), and lose an important element of the analysis in understanding what has happened with the change to date and what is likely to happen as a result of this type of process. These models also tend to only provide a single process, with little indication of potentially relevant contextual events (Rijnders and Boer 2004), thereby ignoring the inherent complexity and dynamism of organizational change.

Some suggest that implementation should start from a more regulatory approach such as the instructions found within the Federal Sentencing Guidelines in the US (e.g. Sison 2000, Adam and Rachman-Moore 2004) and some have looked at the degree to which

corporate ethics programs are coupled or decoupled (Weaver et al 1999). However others are still focused on the creation of tools, checklists and processes resulting from active engagement with practitioners, or from practitioners themselves (e.g. Leisinger 2003, Krizov and Allenby 2004, Australian Centre for Corporate Social Responsibility n.d., OECD 2002) and at how the concept of CSR and the practices used to maintain it within organizations changes as they become more mature at implementation (Cramer 2005a, Cramer 2005b, Cramer et al 2004, Lyon 2004, Dreyfus and Dreyfus 1992 in Nijhof et al 2005, Jonker et al 2004).

Not only are these contributions, in the main, too rigid to help understand, explain or predict the ‘real-life’ process of implementation (Langley 1999), the vast majority of contributions ignore the challenges for developing or implementing CSR strategy in a transboundary environment.

As most academic work in this area is underdeveloped from an empirical perspective, some practitioner literature was also investigated. Four key contributions were identified that provided models and/ or descriptions of CSR implementation. The first is a guidance document from the International Business Ethics Institute (2005) which focused primarily on how to develop an international code of conduct, and while it provides some guidance on such areas as training and distribution of the code during rollout, it lacks information on many areas related to implementation once the code is developed.

The second by Grayson and Hodges (2004) focuses very specifically on elements required in the practice of CSR. They suggest seven steps ‘to [enable] business managers to assess the implications of corporate social responsibility on their overall business strategy’ (p.6).

While this book provides a very useful tool for planning and development processes, there is little detail on what happens after development of the business strategy. Therefore, it provides a part (albeit significant part) of the overall implementation process.

Epstein (2008) looks at implementation more holistically (from planning through to reporting) and is focused primarily on three areas of the overall process of CSR development and implementation: leadership, risk and incentives, and in particular, reporting and metrics. The book has a range of short examples illustrating what companies are doing in these areas and provides good descriptions of some elements providing good practical information. The book, however, is missing detailed discussion of some crucial areas such as supply chain, good governance structures around the CSR function, and other areas such as training and awareness of staff within and outside head office locations, review of CSR activities etc. It is very much focused on the input/ output model of business and on metrics for measuring and reporting business performance.

The final practitioner document which is the most well rounded but least detailed is the Government of Canada (2006) guide for implementing CSR. It has a model that covers all the basic areas needed to develop and implement CSR, but only goes into the next level of detail. Therefore it has six phases (or tasks as they are called in the document) that then have at most seven additional tasks associated with each, and each with little detail in the text. Also, because the guide is meant for all industries, for companies of all sizes and types (e.g. MNCs and small and medium sized enterprises (SMEs)) and has very few examples, the discussion is quite general and the level of detail on any particular task is quite low.

Of the academic and practitioner literature on CSR development and implementation, little exists that deals with a wide range of processes from planning to review in any detail, and that is appropriate for MNCs. Therefore, code implementation, particularly within a transboundary environment became the focus of the literature search.

2.2.2.3. *Implementing CSR Codes*

The existing body of literature on code implementation is of little help to corporations in solving issues around how to implement effectively, particularly in a transboundary environment. Of the literature that discusses code implementation (e.g. Hemphill 2000, Murray n.d., Husselbee 2001, Sethi 2002, OECD 2001a, Business for Social Responsibility 2003, 2004, 2005, US Department of Labor 1998, Clean Clothes Campaign 1998), very few works are dedicated to the topic and therefore implementation is covered in a very brief, cursory way. In many cases these are paragraphs or short statements such as ‘CSR initiatives must be supported by a culture that includes a commitment to learn, tolerance of failure, understanding and accepting risk, openness to external ideas, learning from experience, and continuous improvement. This can be encouraged by role flexibility, external partnerships, training beyond core skills, flat non-hierarchical organizational structure’ (Lyon 2004: 136).

Of those that focus specifically on code implementation (e.g. Nijhof et al 2003, Harris 2004, Adam and Rachman-Moore 2004, Sethi and Williams 2000, Smith and Feldman 2004 and Schwartz 2004), even fewer still looked at implementation in a transboundary environment (Mamic 2004, Wood et al 2004, Frenkel 2001), and many are not based on empirical research (Schwartz 2004). Table 1 identifies the key contributions on implementing CSR, CSR codes and implementation in a transboundary environment. It is

used to show two consistent gaps in the CSR implementation literature: the lack of an empirically-based, detailed model of implementation that is useful in practice, and the lack of a model appropriate for companies that operate across borders. Therefore this table highlights the fact that existing work is insufficient in helping to investigate the research objective due to such things as being conceptual, not specific to any organizational type (i.e. MNC), focusing on a narrow set of issues (i.e. environment only and therefore not CSR based on the definition presented at the beginning of this chapter), not in a form useful in practice, or largely ignoring different elements of context etc..

Table 1 Key Literature on Code Implementation

Citation	Purpose of Article	Method	Contributions to Implementation Literature	Gaps
Code Implementation				
Ethical Trading Action Group (2003)	Guidance on how to better assess compliance with labour standards in the supply chain	No method – NGO paper	<ul style="list-style-type: none"> • Eight step guide to ensuring the use of labour standards within the supply chain 	<ul style="list-style-type: none"> • Limited recognition of different org. types • Narrow set of issues • Lack of detail on practices and governance • Focus only on suppliers
Maquila Solidarity Network (2004)	A report on emerging trends in codes and their implementation	No method – NGO report	<ul style="list-style-type: none"> • Highlighting trends such as concerns over lack of transparency and rigorous audit practices in implementation, and increase in the commitment to training etc. 	<ul style="list-style-type: none"> • Narrow set of issues • Limited model/ guidance presented
Nijhof et al 2003	To present an assessment method based on the EFQM model to support this implementation process	Conceptual development of method, four case studies to test	<ul style="list-style-type: none"> • Create process model for implementing codes with 6 sequential processes: <ul style="list-style-type: none"> • Determine function of the code • Put corporate identity into code • Translate the code into terms meaningful to employees in their daily activities as members of the organization • Enact the code • Monitor – find and understand causes of deviation • Accountability – communication between org and its stakeholders • Create assessment model for assessing the implementation process 	<ul style="list-style-type: none"> • Limited recognition of different org. types • Limited inclusion of context • Lack of detail on practices and governance • No empirical support in developing model
Harris (2004)	Identified how to effectively measure codes and their implementation	Conceptual	<ul style="list-style-type: none"> • Provide structure of an effective code • Code assessment procedures and other factors that impact the success or failure of code adoption and implementation • Need for both qualitative and quantitative measure to effectively evaluate codes 	<ul style="list-style-type: none"> • No empirical support • Limited recognition of different org. types • Narrow set of issues • Lack of detail on practices and governance • Limited model/ guidance presented
Sethi and Williams 2000	Provide historical account of creation and implementation of Sullivan Principles	Case study – South African business	<ul style="list-style-type: none"> • Use case of Sullivan Principles to suggest improvements to codes in the future • Improvements primarily around improved 	<ul style="list-style-type: none"> • Limited inclusion of context • Lack of detail on practices and governance • Limited model/ guidance presented

Citation	Purpose of Article	Method	Contributions to Implementation Literature	Gaps
			measurement and auditing	
Smith and Feldman (2004)	Assess the implementation of codes across various industries (apparel, footwear and light manufacturing; agribusiness; tourism; mining & oil and gas)	Interviews	<ul style="list-style-type: none"> Description of key implementation trends in each sector Limitations and opportunities for each industry Common problems with implementation across industries <ul style="list-style-type: none"> Lack of adequate code convergence Need for more multistakeholder initiatives Disagreement over how far down the supply chain companies should monitor Insufficient transparency Too little standardization in training of monitors Inadequate education of workers on their rights 	<ul style="list-style-type: none"> Limited inclusion of context Lack of detail on practices Limited model/ guidance presented Narrow set of issues
Schwartz (2004)	Consider the role code content and process play with respect to effectiveness of codes and their ability to influence employee behaviour	57 in-depth, semi-structured interviews at four large Canadian companies	<ul style="list-style-type: none"> Identified whether certain 'stages' in code development had any relationship to code effectiveness (i.e. if commitments made in the code were clearly justified they were more likely to be accepted and therefore were of 'potential importance' in code effectiveness) 	<ul style="list-style-type: none"> Limited model/ guidance presented Limited recognition of different org. types Narrow set of issues Limited inclusion of context
Adam and Rachman-Moore (2004)	Indirectly measure the effectiveness of perceived most influential implementation process methods by analysing their impact on employee attitudes	Questionnaire within single case company (Israeli subsidiary of US corporation)	<ul style="list-style-type: none"> Companies need to use three levels of control: formal, informal and personal control <ul style="list-style-type: none"> Informal methods create greater commitment regarding employee attitudes than formal methods Personal control results in highest degree of individual employee personal ethical commitment and lowest degree of employee commitment to org values 	<ul style="list-style-type: none"> Limited recognition of different org. types Lack of detail on practices and governance Limited model/ guidance presented
Veser (2004)	Investigate how certain cultural dimensions affect the international diffusion of stakeholder related policies	Single case study with data from four countries – qualitative analysis of	<ul style="list-style-type: none"> Theoretical framework on the impact of culture on acceptance and implementation of stakeholder management Used Hofstede's dimensions to determine countries where: 	<ul style="list-style-type: none"> Narrow set of issues Limited recognition of different org. types

Citation	Purpose of Article	Method	Contributions to Implementation Literature	Gaps
		existing text	<ul style="list-style-type: none"> • Low uncertainty avoidance were open to principles and practices • High uncertainty avoidance were focused on conflicts and formalization of stakeholder management • Feminine cultures had a synergy with the stakeholder approach • Masculine cultures has a restrictive attitude when there was no direct financial benefit anticipated from stakeholder dialogue 	
Graafland (2004)	Investigate how top and middle managers perceived the usefulness of introducing a code of conduct and the kind of code they preferred	Single case study – mixed method design, 12 interviews, 140 respondents for questionnaire	<ul style="list-style-type: none"> • Certain practices not considered unethical if have existed for a long time • Importance of negative publicity in uptake of CSR • Awareness by respondents that codes contain values to motivate changes in behaviour • Necessity for industry wide regulation 	<ul style="list-style-type: none"> • Limited recognition of different org. types • Limited inclusion of context
Kaufman et al (2004)	A description of the labour practices in the Thai garment industry	No method – descriptive of industry	<ul style="list-style-type: none"> • Describes the selection of standards and codes governing labour conditions • Highlights factors governing working conditions, specifically aspects of health and safety 	<ul style="list-style-type: none"> • Narrow set of issues • Lack of detail on governance • Focus only on suppliers
Roberts (2003)	Examines the relationship between CSR, reputation and supply network conditions	Secondary data analysis of three industries	<ul style="list-style-type: none"> • Reputation is key motivator for the adoption of a supplier code • Relative success of certain industries in implementing supplier codes • Some conditions for facilitating more successful implementation 	<ul style="list-style-type: none"> • Focus only on suppliers • Limited inclusion of context • Limited model/ guidance presented
Code Implementation in a Transboundary Environment				
Mamic 2004	Investigates implementation of supplier codes of conduct in retail, footwear and apparel sectors	242 Semi-structured interviews	<ul style="list-style-type: none"> • Describes how suppliers implement supplier codes of conduct • Simple 4 part model • Opportunities and challenges of implementing supplier codes in the three sectors 	<ul style="list-style-type: none"> • Focus only on suppliers • Narrow set of issues

Citation	Purpose of Article	Method	Contributions to Implementation Literature	Gaps
Wood et al 2004	Examined the measures in place to communicate the ethos of codes using two of Hofstede's dimensions of national culture for Australia, Canada and Sweden	Questionnaire with approximately 300 respondents over three countries	<ul style="list-style-type: none"> • Describes best practice implementation techniques for codes in three countries • Discusses how these best practices support or refute Hofstede's dimensions of national culture 	<ul style="list-style-type: none"> • Limited inclusion of context • Narrow set of issues
Frenkel 2001	Investigates supplier codes and employment relations from institutional theory lens	Case study	<ul style="list-style-type: none"> • Globalization of markets and reduction in trade barriers are key factors in increasing convergence of prevailing institutional norms and practices of contracting • Isomorphism largely influenced by the use of monitoring as a tool of ensuring supplier compliance with codes • Key influence in employment relations at supplier factories is the relationship between the global firm requiring the code and the contracting plant 	<ul style="list-style-type: none"> • Focus only on suppliers • Limited inclusion of context

Clearly, existing contributions to CSR implementation are insufficient in responding to the research objective – to investigate, in detail, the existence of and key characteristics outlining an institution of CSR through an investigation of how it is developed and implemented by companies. Existing contributions tend to focus on more generic models or guidance that ignores the unique conditions present in operating across national boundaries and/ or other key contextual factors such as pressure from governments, on single issue areas such as the environment or labour conditions, on the supply chain and therefore not on the MNC who create and enforce the CSR strategy etc. Also, due to the fact that CSR is a novel context in the general management literature, it makes it unwise to select an implementation model to test from this body until more is known about the specific context. As such, the underdevelopment of the CSR implementation and code implementation literature in particular indicates that more research is needed.

Therefore, in examining the existing literature around CSR implementation, there are two clear gaps: one, the lack of an empirically-based, detailed model of implementation that is useful in practice, and two, the lack of a model appropriate for companies that operate across borders. These two gaps highlighted scope for research in this area, which led to the creation of an operational definition of CSR strategy.

2.2.3. Operational Definition of CSR Strategy

In creating the operational definition it was clear from the previous literature mentioned above and previous research projects (Bondy et al 2004, Bondy 2006 and Bondy et al 2008 forthcoming) that CSR codes, policies, frameworks, guidelines, standards, models

etc. all acted as the cornerstone for CSR strategy within the organization². Also, regardless whether the company called this document ‘code’ or ‘policy’ etc. the documents acted in functionally similar ways across different organizations so that it was possible to compare the CSR policy of Company X with the CSR framework from Company Y etc. As such, it made sense to operationally define these heterogeneously labelled documents of commitment to CSR with a single label that better defined the purpose – CSR strategy.

Therefore, the operational definition of CSR strategy used in this research is any high-level document that indicates a set of commitments to and/ or framework for managing social, environmental, economic, ethical etc. issues that a corporation commits to in the name of CSR (or related terms as discussed earlier in this chapter), and which signal an intent to engage in CSR. This includes documents named such things as: business or guiding principles, codes of conduct, ethics, practice or governance, a group of policies on various related issues, frameworks, strategies, and models.

Thus, the existing CSR literature helps to understand CSR and some of the key debates within the literature. It also helps to understand the nature of self-regulation and why it is important to study MNCs as having a distinct context in the development and implementation of CSR strategy. Lastly, it sets a foundation from which to further investigate CSR development and implementation and suggests the need for a more robust theory to help explain and predict activity around CSR. This need resulted in an examination of new institutional theory.

² This point is also supported by the current research where eight participants in the interview research mentioned the centrality of their code/policy/framework etc. although they were not asked this question. ‘But [the code] is the bible if you like for [the company] and sort of everything falls out of that’ (NR3)

2.3. Literature on New Institutional Theory

Institutional theory has a long and rich history in a range of literatures predominantly within sociology, economics and political science. New institutional (NI) theory, as a ‘new’ version taken largely from sociology and adapted for studying organizations (Powell and DiMaggio 1991, Scott 2001) has been chosen as an analytical lens because it provides valuable insight into how CSR is becoming prevalent and accepted within business.

This section focuses on the key concepts within NI theory, paying particular attention to those appropriate for this research. For instance, while ‘organizational field’ is a key concept in NI theory, this research responds to a call from previous work to focus not on the ‘organizational field’ but on the individual organization/ actor level (e.g. Knight 1992). Therefore, the concept of ‘organizational field’ is of less importance throughout. The following discussion thus focuses on key concepts within NI theory that are relevant for more discussions in later chapters.

2.3.1. Key Elements of New Institutional (NI) Theory

Key contributions to new institutional (NI) theory for business begin with a description of the different ‘varieties’ of NI theory in economics, politics and sociology, and of the difference between old and new institutionalism within the sociological tradition (Powell and DiMaggio 1991, Scott 2001). The economics tradition focuses on the individual’s attempt to maximize rational, self-interested behaviour given certain limitations such as incomplete information, but where institutions are created and maintained if they provide benefits to the individual greater than the transaction costs in creating and maintaining

them. In political science, the version of NI theory focuses on how political institutions (domestic and international) affect political decision making, structures and outcomes, and how cooperation occurs internationally. The sociological tradition in NI has had the greatest influence on the application of NI in organizational analysis and thus is the most appropriate due to its focus on understanding organizations within and as part of the wider environment.

Therefore, NI, as applied to organizations, is a powerful tool for analysing how organizations are affected by and affect their wider environments and how these elements impact on the development and implementation of CSR strategy within MNCs. Clearly, MNCs face pressures on their structures and process (e.g. Mueller 1994) to engage in CSR (e.g. Aguilera et al 2007, Frenkel 2001, Stajkovic and Luthans 1997, Sachs et al 2005). Ranging from the transnational/world system to the individual employee/organizational sub-system level (Aguilera et al 2007, Scott 2001), these pressures (otherwise known as stakeholder pressures within the CSR literature) impact on and influence how the MNC functions and how it in turn pressures the external environment in its responses. At the transnational (world system)/ national/ regional/ industry level these pressures can be characterized as the institutional environment (or external environment) in which an MNC operates (e.g. Meyer and Rowan 1977, Scott 2004, Tempel and Walgenbach 2007) or as rule systems that structure social interaction (Hollingsworth and Muller 2002). At the organizational (organizational sub-system), subsidiary and individual level, these pressures can be characterized as the internal

relational environment (e.g. Meyer and Rowan 1977, Scott 2004, Tempel and Walgenbach 2007).³

MNCs, as one type of organization, exist within a complex network of actors and institutions called the institutional framework. This is made up of such components as law, state, education, professional organizations, the organizational field (a group of organizations including the MNC that exist to fulfill a common goal and are interconnected (e.g. Scott 2001)), family and public opinion. The combination of all these components, called society, becomes increasingly complex with modernization due to the increased number and complexity of relational networks. This complexity creates the need for coordination and control of social values and objectives, resulting in the rationalization of these concepts into impersonal techniques that are articulated in rule-like ways (Meyer and Rowan 1977), and provide benefits to the actors that could not be achieved without the creation of these rule systems or at lower transactional cost (Powell and DiMaggio 1991, Scott 2001, Ingram and Silverman 2002). These ‘institutions’ form the building blocks for corporate existence as they determine the starting point for the corporate form and provide the legitimacy, stability and resources required for survival (Scott 2004). They create templates which improve efficiency for the different actors by allowing rapid repetition of socially acceptable forms (Scott 2001) such as corporate structures (CEO and board with different levels of employees tasked with different responsibilities), hiring procedures, standardized degrees from universities, family roles

³ A subset of this literature focuses on differences between the behaviour of organizations based on their home country. This national business system (NBS) literature suggests that companies are inherently bound by the cultures and institutions of their home country, and it is these cultural and institutional elements that primarily influence their attitudes and behaviour (Pauly and Reich 1997, Ferner and Quintanilla 1998, Whitley 1998, Hollingsworth 1998, Lane 1992) resulting in significant divergences in organizational identity and behaviour between different countries. Thus NBS literature tends to focus on divergences between countries while NI literature tends to focus on convergence and isomorphism more generally (see Tempel and Walgenbach 2007 for a description of the similarities and differences). Due to the fact that this research is not a cross cultural comparative study, this literature has not been discussed as the key concepts found in NI theory are shared with NBS.

(mother, son, aunt) etc. They are also embedded and sanctioned through a vast network of social relations (Granovetter 1985).

Each institution has a central logic or ‘a set of material practices and symbolic constructions – which constitutes its organizing principles and which is available to organizations and individuals to elaborate’ (Friedland and Alford 1991: 248). Thus, an institutional logic is the central value set or philosophy that determines how activities and meaning around a particular social action are formed. As will be elaborated in later discussions, two competing logics of CSR and traditional business are identified and distinguished according to the core ideological difference between them – triple bottom line versus single bottom line. While this distinction has been made for ease and clarity of argument in later chapters, it is recognized that ‘prevailing institutional logics are not monolithic entities with one social identity for each actor type but are themselves multivocal with several subversions that reflect a ‘truce’ following past struggles’ (Meyer and Hammerschmid 2006: 1002). This is particularly true with CSR given the lack of standardization of the concept and its contested nature as illustrated in the discussion earlier in this chapter.

2.3.1.1. Defining ‘Institution’

While ‘institution’ has been variously defined,⁴ Scott’s (2001) work brings these definitions together for what he calls the ‘omnibus conception of institutions’:

- Institutions are social structures that have attained a high degree of resilience

⁴ For a full discussion of the definitional issues of ‘institution’ see Powell and DiMaggio 1991 and Scott 2001

- Institutions are composed of cultural-cognitive, normative, and regulative elements, that together with associated activities and resources, provide stability and meaning to social life
- Institutions are transmitted by various types of carriers, including symbolic systems, relational systems, routines and artefacts
- Institutions operate at multiple levels of jurisdiction, from the world system to localized interpersonal relationships
- Institutions by definition connote stability but are subject to change processes both incremental and discontinuous (p.48)

2.3.1.2. The Necessity of Acquiring Legitimacy

To acquire the necessary legitimacy to operate successfully within society, corporations must respond to pressures resulting from institutions by internally incorporating elements of the institution in such things as their products, policies, programs and language. As institutions or ‘rationalized systems’ themselves, corporations influence their institutional framework and thus the pressures that they must in turn respond to for survival. In other words, corporations both respond to and help create or influence their institutional framework, and are understood and judged by their ability to incorporate and reflect their institutional framework (Meyer and Rowan 1977, Scott 2004, March and Olsen 1989, Giddens 1984 in Scott 2001).

The pressures affecting the institutional framework come from factors existing outside the organization (such as in the organizational field), but also from within the organization and its internal relational environment. For instance individual actors also can exert pressure on MNCs to reflect different institutions. These institutional entrepreneurs

(Creed et al 2002), or change agents and champions (e.g. Brereton 2002, Thompson and Driver 2005), have the ability to critically evaluate and motivate cooperation of other actors within the MNC around particular goals. These individuals use their networks and credibility within the organization to push for changes around the relevant institution and also have the ability to strongly influence the culture and cultural changes within the organization (Sachs et al 2005).

Therefore, social structures or institutions are ‘dual’ in that they are both the ‘medium and the outcome of the practices that they recursively organize’ (Giddens 1984 in Scott 2001) as each of the actors within the institutional framework responds to and engages in the creation, maintenance and change/ decline of this framework or its subparts.

2.3.1.3. *Constraining and Enabling Characteristics of Institutions*

Some contributions suggest that these stable social structures (or shared systems of rules) both ‘constrain the inclination and capacity of actors to optimize [but also] privilege some groups whose interests are secured by prevailing rewards and sanctions’ (Powell and DiMaggio 1991: 11, also see Knight 1992). These institutions ‘support and empower activities and actors...[by providing] guidelines and resources for acting (Scott 2001: 50) and therefore, both constrain and enable actors (e.g. Powell and DiMaggio 1991, Scott 2001, Campbell 2004). However, the majority of literature assumes that the primary function of institutions is to constrain both the means and ends of actor behaviour, thereby creating stability through such things as rules, shared frames of meaning and language and common identities (Friedland and Alford 1991), ensuring legitimate and acceptable social actions from individuals who would otherwise act in self-interested, opportunistic and irresponsible ways (e.g. King and Lennox 2000, Barley and Tolbert 1997, Peters 1999

in Moon 2004, Scott 2001, Campbell 2007). Thus the constraining characteristics can be observed in the stability and shared meanings/ practices associated with a particular concept. Presumably, the enabling characteristics can be seen by observing how actors respond to these constraints and exploit new opportunities but little is currently known about them (Scott 2001). This therefore leads to the question of how institutions are created, change and go into decline, and how individuals and groups affect this cycle. These key topics will be discussed throughout the remainder of this section, starting with a brief look at the conditions for institutional development.

2.3.1.4. Conditions for Institutional Development

Institutions develop when behaviours or patterned social activities ‘evoke shared meaning among participants’ (Berger and Luckman 1967) and incorporate rules and resources that are reproduced over time and space (Giddens 1984 in Scott 2001). According to DiMaggio (1988), they can also arise when actors with access to appropriate resources use these to ‘instigate an institutionalization project in response to particular environmental demands’ (in Vidaver-Cohen 1998: 128). Institutions have three elements that exist on a continuum from the formal, conscious aspects of an institution, to the ‘taken-for-granted’ aspects of it: regulative, normative and cultural cognitive (Scott 2001). The regulative element is the more formal part of the institution that creates and enforces rules so as to constrain and standardize behaviour and ensure compliance through sanctions and inducements meted out by a central authority. The regulative element is strongest in institutions like the state, legal system, police force, courts etc. The second element that sits somewhere in the middle of the continuum, is labelled normative and includes both the values and norms that provide a ‘prescriptive, evaluative and obligatory dimension into social life’ (54). In other words, this element deals with the

preferences and desires associated with the institution, along with the acceptable ways of pursuing and evaluating them (also Meyer and Rowan 1977). For instance, this element allows us to play games such as football or tag by telling us the object of the game, how it is to be played, how to determine if we have ‘won’, and how to recognize one game from another. A more formalized version of this element is the ‘role’ – so how we understand what it means to be a ‘student’, what behaviours we should adopt, how we should act, in particular how we should act relative to other related roles such as ‘teacher’ and how our performance within this role is evaluated (e.g. exams). The normative element is predominant in institutions such as religion, family, social groupings, hobbies etc. The final element of ‘institution’ is that of cultural-cognitive which is a mental map, cognitive frame or ‘template of meaning’ that is associated with a particular institution. This element is on the taken-for-granted side of the continuum and is the process by which individuals interact with their social world and interpret these interactions to create meaning. This element assumes that the ‘internal interpretive processes are shaped by external cultural frameworks’ (p. 57, also see Campbell 2007) and thus people act in particular ways that are either taken-for-granted within, or perceived to be appropriate to others in, their institutional framework. The ways of interacting and interpreting the world are in some cases defined by cultural scripts (Vidaver-Cohen 1998, Powell and DiMaggio 1991) where norms and values are turned into taken-for-granted scripts or facts about social life that tell people what values/ norms are important and how to act in a particular role.

As these three elements continue to be repeated and thus to signal acceptance within society, they reach a degree of relative stability that is then called an ‘institution’. All

three parts work in combination but to differing degrees depending on the nature of the institution as illustrated above.

2.3.1.5. Institutions Create Stability through Isomorphism

Thus, institutions develop as a result of entrenched patterns of legitimate social action, creating stability and predictability of these actions through a reduction in legitimate alternatives. In most cases, stability is thought to occur because these institutional forms create benefits for the collective actors through such things as improving efficiencies, reducing uncertainty etc. (e.g. Powell and DiMaggio 1991, Scott 2001, Hoffman 2001). Thus the ideas and actions are deemed acceptable to the collective group of actors who will tend to reflect these ideas and actions and expect others to reflect them as well. This is not to say that these institutions that become embedded are ideal or desirable forms, but they have some degree of persistence whether due to the power of those to maintain them (e.g. Ingram and Clay 2000) or due to a complex set of entrenched networks (Granovetter 1985). This increasing homogeneity or isomorphism is a central tenet of institutional theory which suggests that as institutions become more entrenched, the possible range of alternatives is reduced. According to DiMaggio and Powell (1983) there are three mechanisms by which institutional isomorphism occurs: coercive, mimetic and normative. Coercive isomorphism results from both formal and informal pressures on organizations to live up to the cultural expectations of the society of which they are a part and of the organizations on which they depend. Mimetic isomorphism results when organizations model themselves on other organizations due to uncertainties in their operating environment (e.g. the desires of stakeholders, the will of government to legislate CSR issues). Lastly, normative isomorphism results primarily from the professionalization of certain disciplines. As members of a discipline come to standardize the skills and

cognitive base required to be members of that profession, they create the ‘legitimacy for their occupational autonomy’ (152). Thus, standardized education through specialist degrees and professional/ trade associations help to increase the standardization of the profession and improve its institutional legitimacy. In this way institutions become increasingly isomorphic and attitudes and actions converge around a set of legitimate, accepted and taken-for-granted practices, reducing viable institutional alternatives within society, and become more entrenched and embedded.

2.3.1.6. *Conditions for Institutional Change*

If institutions are created by the repetition and reproduction of patterned social activities through time and space (whether in some form of collaboration towards collective goals, or through a process of conflict), creating rules and entrenched expectations that primarily constrain relevant actors who use resources to respond to and interact with these institutions, then how do these institutions change, weaken and/or decline? Ingram and Silverman (2002) suggest a number of causes of institutional change including technological development, internationalization, shifting in political regimes and unstable/unreliable institutions that were once thought to be stable and reliable. Scott (2001) also quotes a range of studies that discuss external factors initiating institutional change: ‘competence-destroying’ technologies, management innovations (e.g. total quality management), major changes in political policies (e.g. industrial regulation), major political upheavals (e.g. wars and revolutions), social reform movements (e.g. civil rights), economic crises or dislocations, and shifts in cultural beliefs and practices (e.g. changing concept of the natural environment) (187). Knight (1992) suggests that institutional change results from two types of scenarios; one, external events change the nature of benefits produced by the institution and strategic actors with the power to

change an institution are the actors who benefit from the change, or two that other institutional arrangements are found to produce better distributional advantages and the strategic actor has the ability and resources to change social expectations. Knight (1992) characterizes these changes as slow and very costly.

Hoffman (2001) has a slightly different version on the same theme where institutional change results from 'dynamic isomorphism'. This is where the organizational field

'evolves in its makeup and power balances among broad groups of social actors, each of which possesses particular vested interests. With the establishment of a particular field configuration, institutional norms and rules become set. Isomorphism sets in. But with the advent of a precipitating event [such as new technology or a crisis], the field shifts, and the corresponding institutional structures are reset to reflect the political interests of the newly formed field...in effect, the field and its dominant institutions move through stages of stability, punctuated by sudden and dramatic shifts in the institutional environment' (175).

Thus, while Hoffman (2001) believes that institutions change primarily through sudden events that radically alter the nature of the institution, both Hoffman (2001) and Scott (2001) discuss evolutionary or incremental change, as well as revolutionary.

Evolutionary/incremental is when the change emerges slowly out of the existing institutional structures as 'presently arranged' (Hoffman 2001: 192), whereas revolutionary creates new structures (founded within the ruins of the previous institution) that redefine ideas and actions often as a result of uncertainty and problems with stability (also see DiMaggio and Powell 1983). Campbell (2007) also describes institutions as 'dynamic pressures that ebb and flow' (962), but indicates that these change over time, thus supporting an evolutionary approach. As mentioned above, Knight (1992) also suggests that institutional change is a slow, costly process that favours those with the

power to affect the existing institutional arrangements so as to make the distributional benefits more advantageous to them.

For Greenwood et al (2002) this process of institutional change involves six steps: precipitating jolts, deinstitutionalization, preinstitutionalization, theorization, diffusion and reinstitutionalization. Of course not all potential institutions become institutionalized, some unsuccessful ones go into decline. And as one institution in a given institutional framework goes into decline, there is a period of heightened heterogeneity (Scott 2001: 188) where different patterns of social action either become more institutionalized or also go into decline, and this pattern of creation, maintenance and decline repeats itself (Greenwood et al 2002).

Lastly, Tolbert and Zucker (1996) describe three stages of institutionalization (in this case, the process by which an institution is created): preinstitutionalization, where there are few adopters of the norms and practices and where there is little knowledge surrounding them; semi-institutionalization, where the norms and practices have more diffusion within society and there is some degree of wider acceptance but where the history of the practices is quite short and has yet to become taken-for granted, if ever; and lastly full institutionalization where the norms and practices have wide dissemination, wide agreement and are taken-for-granted assumptions within society or a given context.

2.3.1.7. Conditions for Institutional Decline

‘Deinstitutionalization is the process by which institutions weaken and disappear’ (Scott 2001:182). Oliver (1992) describes three pressures that can cause deinstitutionalization: political, functional, and social. Political pressures result from changes in the distribution

of power around existing institutional arrangements (such as changing interests within society) and these pressures can cause organizations to ‘deinstitutionalize’ institutional practices to protect themselves from problems surrounding loss of legitimacy of existing institutional practices. It could be said that increasing interest in environmental issues and the subsequent support the movement received from a variety of social actors, including the state through legislation and regulation both represents a shift in the interests of society and in the underlying power base in terms of who had a say in how business is run. Functional pressures result when there are perceived technical or functional issues that raise questions about the ‘instrumental value of an institutionalized practice’ (571). For instance, the scandals we see in the business world such as fraud at Enron, chemical leaks at Union Carbide etc. show that the traditional business model has functional problems that create significant risks both to the companies and to society such that these practices should no longer be rewarded within the dominant institutional arrangement. Social pressures result when shared meanings associated with institutional practices are lost. Changes occur within the internal and external organizational environment that challenge the taken-for-granted practices, assumptions or traditions, causing changes to the institutionalized practice whether the organization is consciously aware of what is happening or not. For instance if we look at the increasing consumer interest in fair trade, organic, and ‘free range’ products, this suggests a certain segment of the ‘customer’ group believes that how a product is produced is as important as what is produced. This change in customer ‘consensus’ on the criteria of acceptable products is putting pressure on supermarkets to look at how products are produced, and provide labels to that effect on those products. Thus this change is causing organizations to re-think their buying criteria in certain product ranges to include more than price and quality. Thus, political,

functional and social pressures can cause a particular institution to go into decline (Oliver 1992). Actors also have an impact on institutions.

2.3.1.8. *Strategic Responses and the Role of Individual Actors*

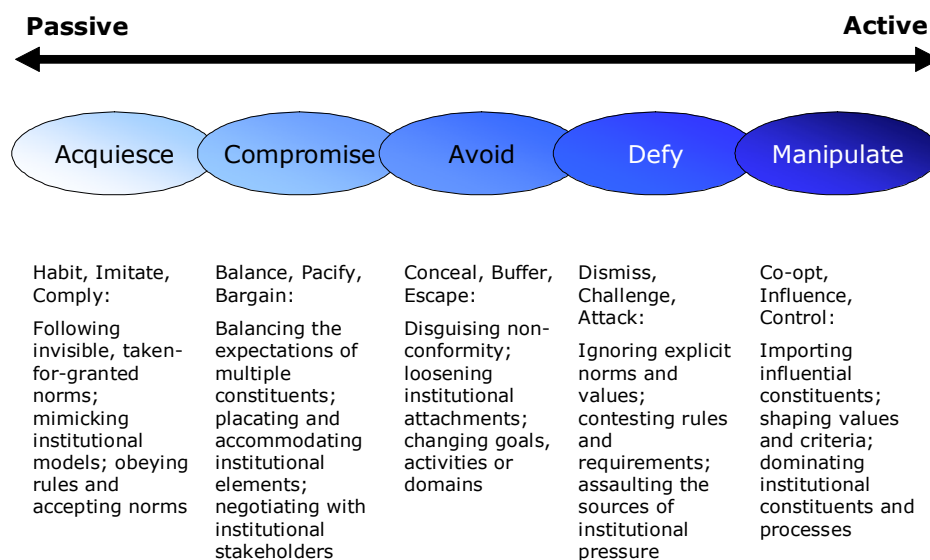
Many contributions in the NI literature implicitly or explicitly discuss corporations as passive, reactive participants who reflect the institutional framework to ensure legitimacy and survival (Hoffman 2001, Tempel and Walgenbach 2007). In other words, they are 'passive pawns, adapting willingly to institutionalized expectations in organizational fields or to dominant business systems characteristics' (Tempel and Walgenbach 2007, p.10). The language of NI theory tends to neglect the role of agency in shaping institutions. Thus, it focuses more on the structural constraints, and less on the strategic choices of actors within organizations and their ability to shape institutions (Child 1997).

One of the more prevalent theories on corporate responses is that of coupling and decoupling where these strategies are used to respond to the pressures of highly institutionalized environments regardless of the impact on efficiency of outputs. Coupled structures are those which are highly integrated with daily activities and which focus on technical aspects of production associated with efficiency and work outcomes. Decoupled structures are incorporated 'ceremonially' to ensure visible similarities with the institutional environment which in turn gives them the necessary legitimacy to continue operating. In both cases, corporate activities have a ritual significance of maintaining appearances and validating the corporation. The assumption behind this set of activities is that if corporations neglect, or decide not to respond to these pressures, they face losing the stability and social legitimacy found in these structures and activities, and therefore

risk their own survival (Meyer and Rowan 1977, DiMaggio & Powell 1983, Weaver et al 1999).

Oliver (1991), however, highlighted corporate benefits from non-compliance to institutional constraints and therefore suggested a set of five strategic responses to institutions ranging from passive compliance to active resistance (see Figure 4).

Figure 4 Strategic Responses to Institutional Processes Based on Oliver (1991)

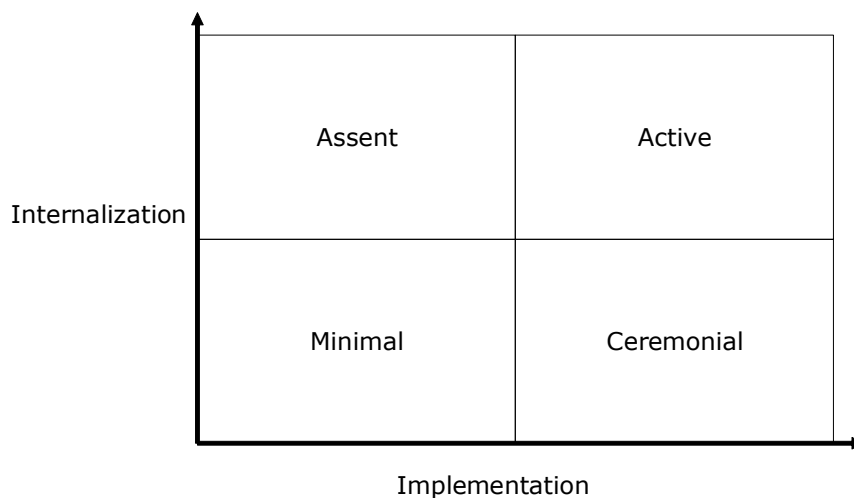


Oliver's implicit assumption in this categorization is that organizations do not actively or passively participate in the framework until they are pressured by the institution. It is only then that the organization determines whether it will respond by passively complying or actively resisting, leaving little room for the possibility that an organization might choose to become involved in actively supporting an institution (before any pressure is felt to reflect the institutional elements) and help it to become more institutionalized. Thus, this framework implicitly assumes that institutional pressures primarily constrain and not enable behaviour. This framework is also limited as it does not discuss the strategic

responses faced by organizations confronted with institutional alternatives or conflicting logics.

Kostova and Roth (2002) used survey data to identify four adoption patterns of subsidiary locations to head office initiatives (Figure 5): active, where subsidiaries were characterized as having deep adoption (implementing and believing in the value of the practice); minimal, where the subsidiary had very low levels of internalization and implementation of the practice; assent, where the subsidiary believed in the value of the practice but had low levels of implementation; and ceremonial, where the subsidiary was quite involved in implementing the practice but where there was little internalization of it.

Figure 5 Patterns of Adoption (Kostova and Roth 2002)



These results highlighted the impact that regulatory structures and relational networks had on the level of implementation and internalization of the practices by subsidiary locations.

While highlighting the heterogeneity of an individual organization, this framework focused on subsidiary locations, therefore providing little information on head office responses to the relevant institution and how this may in fact affect subsidiary uptake.

Both of these contributions implicitly include the idea of coupled/decoupled strategies in the description of the different categories, and highlight a wider range of responses to pressures existing within an organization's institutional framework.

Edelman (1992) provides empirical evidence of how organizations actively shape their institutional frameworks. She looked at how the concept of 'compliance' was created and illustrated in environments where there was 'legal ambiguity, procedural constraints and weak enforcement leaving the meaning of compliance open to organizational construction' (p. 1567). In cases where these organizations were subject to normative pressure from their institutional environments, they created formal structures signaling their compliance with the appropriate law. However, these formal elaborations of structure were done in such a way as to incorporate managerial interests, helping to reduce the conflict between the two interests while also attending to industry norms and standards of professional conduct. Thus, these efforts helped to 'shape legal and societal expectations about what constitutes compliance and good faith efforts to comply' (1568).

Knight (1992) also highlights the effect individual actors have on institutional arrangements based on their engaging in conflict. He suggests that institutions are a 'by-product of strategic conflict over substantive social outcomes' and result from 'efforts to constrain the actions of those with whom we interact' (126). These strategic and intentional conflicts arise from the uneven distribution of benefits associated with existing institutional forms, where individual actors purposefully seek to achieve 'distributional advantages' over these benefits. As these patterns are repeated, they become 'regularized' in the form of social institutions that then provide rules about expectations of others and thus constrain the choices of actors.

These four contributions suggest that corporations proactively respond in a strategic manner to the pressures within their institutional framework. While other contributions indicate that corporations *can and do* strategically respond to their institutional framework, much of the description assumes passive assent to institutional constraints with little if any impact on the nature of the institution (Hoffman 2001).

Therefore, the increasing complexity and uncertainty in the social world creates conditions whereby it is more efficient and desirable for patterns of social behaviour to be turned into rule structures or institutions. Primarily these patterns are thought to result from the creation of collective goals, however Knight (1992) suggests that they are a result of conflict over differential advantages that result in the distribution of institutional benefits. As these patterns become institutionalized, they can both constrain and enable actors and tend to favour those with the power and resources to maintain them. Each of the three key actors (individuals, organizations and states/society) (Ingram and Silverman 2002) plays a role in both responding to and creating/ changing the institutions of which each actor is a part and in some cases are the institutions themselves. Corporations, as one type of organization are affected by their relevant institutional frameworks, but also react to them in passive and active ways. Institutional change tends to result from external crises, or uncertainty and instability generated through functional problems, changes in political interests and power, and institutional alternatives. These changes may be evolutionary requiring little structural change to the institution or its practices, or revolutionary, requiring significant changes to institutional practices and structure.

Therefore NI theory is useful in investigating patterns of social action that become stabilized over time, and in identifying the ways in which patterns develop, change, conflict with other patterns and go into decline.

2.4. Combining New Institutional (NI) Theory and CSR

According to the lens of NI theory, CSR can be regarded as an alternative institution.

Thus corporations need to look at the nature of their strategies and structures, negotiating between the contradictions and conflict of actors both within and outside the organization (Knight 1992, Lane 2001, Mitchell et al 1997) so as to reflect and engage in these concerns to maintain the legitimacy, stability and resources (e.g. Kostova and Roth 2002, Scott 2004) that accrue from reflecting and shaping the social norms regarding CSR.

The development of CSR into an institution can be seen in the creation of rules, norms, habits and conventions in society (Hollingsworth and Muller 2002) surrounding specific issues related to CSR and CSR more generally. Meyer and Rowan (1977) suggest a number of examples of how values become institutionalized, and these have been adapted by showing the examples they use, and examples from within CSR. Therefore, the increasing development of CSR into an institution can be seen through the increase in relevant issues (e.g. corporate scandals, environmental disasters, increasing gap between rich and poor, abusive working conditions) and thus an increasing awareness and importance for citizens within society, the development of trained professionals (e.g. ethics officers, social auditors, CSR consultants, business ethics academics), codification into law (e.g. UK Companies Act 2006, Climate Change bill in the UK, environmental and labour law, international standards on human rights and labour, reporting standards for certain industries such as the banking industry in Canada, codes of ethics on US stock

exchange), modification of market instruments (e.g. governance codes in UK, increase in SRI fund managers and investment specialists, increasing number of shareholder resolutions based on CSR concerns) and public opinion.

2.4.1. The Institution of CSR

It is therefore possible to see how CSR is itself an institution, created by the repeated pattern of social activities imbued with shared meanings, with regulative, normative and cultural-cognitive elements that are becoming increasingly entrenched over time. In looking at Scott's (2001) definition and applying it to CSR, it is clear that while it may not yet (or for that matter ever be) a 'fully institutionalized' institution (Tolbert and Zucker 1996) such that it becomes the dominant institution for business, it does meet the omnibus criteria for institution.

Although resilience is not defined by Scott (2001), it is possible to suggest that the first criterion, 'social structure with high resilience', applies to CSR. Some contributions indicate that CSR is a 20th century invention (e.g. Sethi 1979, Davis 1973, Carroll 1979, Friedman 1970, Hoffman 2007), while others suggest it has much older foundations (e.g. Robins 2006, Logan 2001, Aaronson 2001). Therefore, the basic principles associated with what is now called CSR have been around for decades, if not centuries. This persistence throughout time suggests a certain resilience of CSR and its supporting social structures which are linked to the next point about the elements of CSR as an institution.

The second criterion, composed of cultural-cognitive, normative and regulative elements that imbue meaning and stability, is also to be found within CSR. There is a range of social structures surrounding the concept, 'template of meaning' or *cultural-cognitive*

frame that we call CSR. Changes in how individuals perceive the role of business in society and how society affects individual perceptions around the ‘right’ role for business are creating or reflecting changes in the normative element, with the creation of a whole range of self-regulatory initiatives such as codes/ standards/ frameworks/ guidelines/ policies being created by business and other organizations to ‘realign’ business objectives with those of society. Governments are also putting guidance in place and encouraging companies to enter into direct contact with societal members (stakeholders) to collaboratively work to solve problems associated with the company or address other issues of concern associated with the communities (*normative* element of institutions). Governments are also increasingly putting *regulatory* backdrops in place to support existing work on areas of CSR. These include environmental regulation in many of the countries around the world such as those mentioned at the end of the previous section or on reporting requirements for the social and environmental issues/ impacts of business such as in France with the New Economics Regulations (Hoskins 2005); in Canada with the regulation for banks, insurance companies and trust and loan companies to show their contribution to economy and society under the Bank Act of 1991 (Canadian Legal Information Institute 2002); within the UK Companies Act 2006, which consolidates the Case Law requirement for Directors to act in a way ‘which they consider most likely to promote the success of the company for the benefit of its shareholders as a whole and that, in doing so, they will need to have regard where appropriate to long term factors, the interests of other stakeholders and the community, and the company’s reputation’ (Department for Business Enterprise and Regulatory Reform 2007). Even these few examples highlight that each of the three elements of an institution (cultural-cognitive, normative and regulative) exist with CSR. These structures and activities provide meaning to social life, it is unclear yet how much, if any, support they provide.

Third, CSR is transmitted via the four types of carriers listed by Scott (2001): symbolic systems (a ‘clear instance’ of this type of carrier is standards and standardized systems) through a vast range of inter-governmental, governmental, industry, cross-sectoral, individual corporate codes of ethics and conduct, policies, frameworks etc.; relational systems (described as patterned expectations connected to networks of social positions – role systems) where companies increasingly employ CSR managers and/ or directors, universities have Professors in CSR and Business Ethics, NGOs dedicated to CSR issues are created and maintained, journalists specialize in stories on the environment etc.; routines (described as deeply engrained habits and procedures based on unarticulated knowledge and beliefs) such as recycling in many homes, particularly in Germany, or regular donations to certain charities through direct debit, or at certain times of the year such as Christmas; artifacts (described as material culture created by human ingenuity to assist in the performance of various tasks) or technology such as pollution prevention systems, new agricultural techniques to use less land, pesticides, and nutrients, water sanitation systems for communities linked to natural resources extraction operations, cost effective HIV/AIDS treatments for migratory workers provided by corporations. These examples show how CSR and its component issues are being carried through the range of carriers, thus showing its institutional characteristics.

Fourth, CSR operates at multiple levels, from the impacts felt within organizations by passionate individuals/ champions, to expectations of owner/ investors, to industry-wide codes and initiatives, to partnerships and collaboration with government, to commitments and actions taken across national territorial boundaries. And while it is not yet clear how ‘institutionalized’ CSR currently is, it is clear that CSR is subject to both incremental and

discontinuous (or evolutionary/ revolutionary) change depending on which groups are affecting the change and the agenda they are working to (see Chapter 8).

In addition, by defining CSR according to Scott's (2001) omnibus definition, CSR can also be seen to have its own central logic (e.g. Friedland and Alford 1991) that is philosophically distinct from the dominant logic of business (called the traditional business model). CSR is predicated on a triple (or multiple) bottom line philosophy (Elkington 1997), whereas the traditional business model is predicated on a single bottom line philosophy. The triple bottom line concept is common among many definitions referred to in section 2.2.1, and refers to equal emphasis on social, environmental and economic considerations within business, rather than just financial considerations (as a sub-set of economic) such as profit maximization and shareholder return on investment that characterize the single bottom line.

Therefore, according to the literature, CSR is itself an institution, although perhaps a challenging or conflicting alternative institution to that which currently dominates the majority of business today. Therefore it is subject to the same processes of institutional development, stability, change and decline discussed in the previous section and is considered a legitimate set of norms, rules and practices within society as is evidenced by the growing support for CSR ideas and practices mentioned at the beginning of this section. It has the ability to both constrain and enable actors, resulting in a range of contextual pressures for engaging in CSR but also in strategic responses that can influence how CSR as an institution is formed.

2.4.2. Existing Literature Combining CSR and NI

Looking at the literature that bridges CSR and NI theory, there is a range of conceptual and empirical work. Examples of the conceptual work tend to be theoretical explorations using institutional theory as an analytical framework to understand the nature of CSR. Some of the literature provides models to explain various aspects of CSR such as how institutional pressures at the community level shape corporate social action (Marquis et al 2007); how it is institutionalized (Moon 2004); and whether it is implicit or explicit within the national culture (Matten and Moon 2008); to understand and evaluate the institutional innovation process thus used to encourage moral imagination in organizational decision making (Vidaver-Cohen 1998); and using the ‘institution’ of citizenship as a metaphor for the characteristics that should be included in corporate citizenship and thus the institutional conditions of corporate citizenship (Jeurissen 2004). Other work uses institutional theory to try and predict the determinants of CSR behaviour in corporations based on their institutional contexts (Campbell 2007 & 2006); to show how standards act as institutions that shape corporate behaviour (Terlaak 2007); illustrate codes of ethics as mechanisms of constraint on hierarchical actors (Sacconi 1999); identify four overlapping policing authorities (theoretically the job of the institution) that MNCs are likely to yield to on matters of moral conduct (Maynard 2001); and to show how characteristics of the modern corporation created some of the social activities it then went on to undertake (Hoffman 2007).

Articles based on empirical work provide evidence to suggest: that institutional changes (in the market and state) have led to increased commitments to CSR and cross-sectoral collaboration (four comparative case studies – qualitative) (Hamann 2004); institutional differences in the US and EU result in different expectations around CSR (three

secondary case studies - qualitative) (Doh and Guay 2006); senior managers more often use codes when they feel pressure from market stakeholders, thus treating codes as symbolic and not substantive documents (telephone interviews – quantitative) (Stevens et al 2004); organizations use codes to provide strategic legitimacy which allows them to reflect societal concerns while treating the code with insincerity (content analysis of 7 company codes) (Long and Driscoll 2008); how in attempting institutional translation of one institution (CSR) into another context, a hybrid institution was created (single case – qualitative) (Mohan 2007); regional fluctuations in the adoption of the Equator principles reflect differences within financial institutions (secondary report data – mixture qualitative and quantitative) (Wright and Rwabizambuga 2006); two or more theories in combination, one of which is institutional theory, used to predict CSR behaviour (secondary survey data – quantitative) (Beliveau et al 1994); or to predict the prevalence of OHS programs in a given industry (secondary data base – quantitative) (Corcoran and Shackman 2007).

The majority of these articles assume the corporation is a passive actor, with the exception of Moon (2004), Terlaak (2007), Hoffman (2001) and Mohan (2007). Mohan's (2007) article is one of the few articles to discuss deinstitutionalization in the context of CSR and NI, but views CSR as a foreign institution brought into a new national environment (Denmark), where the institution of CSR undergoes a deinstitutionalization and is then reinstitutionalized in a form better suited to the national context and participating organizations, resulting in a hybrid. Hoffman's (2001) book *From Heresy to Dogma*, is an empirical investigation into different stages of environmentalism from three different levels (each with its own data set): legal influences, industry influences and organizational influences. While he assumes the corporate actor is active, most of his discussion on the

influence of corporate actors shows them as passive and as having little influence on the institutions he examines.

The literature around strategic responses of companies to CSR is also very limited. Weaver et al (1999) discuss coupled/decoupled strategies (e.g. Meyer and Rowan 1977) of organizations in responding to the increasingly vocal calls from society for improved ethics. They describe integrated structures and policies as those that affect everyday decisions and actions such that ‘managers and employees are held accountable to [them], take note of [them], and see [them] as having a valued role in the organization’s operations’ (540). In this sense, integrated or coupled strategies refer to the words, structures, policies, programs, etc. that are deeply embedded within the organization. Decoupling is described as structures or policies that provide visible conformity to external expectations and have little impact on everyday decisions and actions. Their survey findings suggest that in general, external pressures (identified as government, news media and business associations) are likely to result in decoupled ethics program practices, whereas management commitment to ethics is the most essential element in the creation of integrated/coupled ethics program practices. They highlight the fact that management can value ethics for their own sake at the same time as for their instrumental ability in operational success and ability to create or maintain legitimacy.

While theoretically companies may exist where CSR is fully coupled or embedded within the organization, few, if any, exist in practice (Carlisle and Faulkner 2004). Much of what currently happens in practice is believed to be decoupled (window dressing, greenwashing, bluewashing, PR etc.) as a way of impressing stakeholders thereby ensuring continued legitimacy and future survival as a business (Donaldson 1996).

2.4.3. Competing Logics and Conflict in NI and CSR Literature

While investigating the research objective, it became clear that conflict was a key theme in implementing CSR at the operational data level (Van Mannen 1979b). Therefore, this section discusses some of the literature that is used to help explain why this conflict may exist and how it is possible to observe the nature of this conflict. Within the NI literature, conflict tends to be discussed through power and competing institutional logics.

Although the power literature is voluminous (e.g. Weber 1947, Salancik and Pfeffer 1977, Fiol et al 2001, Whitmeyer 2001, Kim et al 2005, Lukes 1974, Hardy and Leiba-O'Sullivan 1988, Gaventa and Cornwall 2001, Furnham 2005, Hosking and Morley 1991, Faubion 1994, Abel 2005, Kotter 1977, Richardson and Swan 1997, Atwater 1995, Pettigrew 1973, Mintzberg 1983, McKenna 2000), explicit discussions of power within NI theory literature are limited and tend to be linked to the role of agency (Scott 2001, Hoffman 2001).

Scott (2001) makes clear that power is increasingly being discussed in the NI literature and the studies he cites all view power as 'vested in institutions but also allow[ing] for conflicting logic and interests giving rise to challenges leading to institutional change' (194). Within the NI literature, power tends to come from the idea that there are multiple institutional alternatives that 'intersect, overlap, compete for attention and adherent, and constrain some actors and actions but enable others' (Scott 2001: 188). These competing logics (e.g. Friedland and Alford 1991) favour certain groups over others (e.g. Greenwood and Hinings 1996) and the power implications of them are often implicit (Hoffman 2001: 173).

However, Leblebici et al (1991), Knight (1992) and Fligstein (1991) make the implicit impact of power on institutions explicit. Leblebici et al (1991) ask the question ‘[w]hy do those who occupy the positions of power in the existing institutions willingly change its practices?’ (337). Their answer is based on the fact that less powerful, fringe members within the organizational field are able to attain ‘success at the periphery’ (359) due to the fact that they are more likely than dominant members to innovate and have less to lose or gain as a result of the innovation. Therefore, marginalized companies within the organizational field are able to take greater risks in product and service innovation. If these risks are successful, the changes in practices that result from this influential innovation and competition over resources within the organizational field, increase the likelihood that dominant companies will adopt the innovation. Although the marginal members are the creators of the innovation and thus instigators of institutional change, this does not make them likely to become dominant members within the organizational field. Thus, the marginal members affect changes in the dominant structure (or institution), and while they may not become dominant players as a result, the legitimacy given to these new practices ‘erodes the centrality of the established players and the institutional practices sustaining them’ (359). Thus the agency of certain actors, particularly at the fringe, is recognized as having the ability to affect changes within the existing institutional arrangements, but not give them sufficient power so as to become dominant members.

Knight (1992) on the other hand predicates his bargaining theory of emergence and change on the premise that ‘most social outcomes...are the product of conflict among actors with competing interests’ (14). These are intentional actors who understand how their choices help to form mutual choices that affect social outcomes, who also

understand that their choices affect others, and that act rationally in their own self-interest while in competition for the distributional advantages that accrue from the uneven distribution of institutional benefits in social life. He therefore puts forward a very different conception of institution where 'social institutions are conceived of as a product of the efforts of some to constrain the actions of others with whom they interact' (19). Thus in Knight's view, an institution is the sum total of all conflicts that have occurred around a given set of rules, norms and related practices, and those with the sufficient and appropriate resources are able to maintain and change institutions to leverage additional institutional benefits which exist to constrain behaviour. These 'strategic advantages' are undermined by the costs of creating, maintaining and changing institutions and are only born when the distributional advantages outweigh them; by uncertainty about future effects and therefore future benefits of the proposed or existing institutional form; and finally by market competition which can diminish the value of resource asymmetries and thus of resulting benefits. The 'existing distribution of alternative institutional forms' (89) takes place by using three mechanisms: random variation, where random events can significantly influence the current institutional arrangements; decision-making forces, where individuals are seen to have the 'capacity to learn about and adopt new institutional rules' (89); and natural selection, where competitive pressures in the institutional environment encourage competition for resources and thus put pressure on alternative institutions. The alternatives that allow organizations to better exploit existing resources and thus to survive, are chosen over the less successful alternative institutional forms.

Thus, Knight (1992) believes that some social actors are more powerful than others and that these actors have a better bargaining position allowing them to take advantage of others by forcing them to comply with institutional rules these other actors would not

normally agree to because they '*simply...cannot do better than to do so* [emphasis in original]' (127). Thus, less powerful social actors comply with institutional rules that disproportionately advantage other groups because they are also, by implication, proportionately better off and could not do any better. As these patterns of disproportionate distribution of benefits become 'regularized' or repeated as patterns, they are institutionalized. Once institutionalized, the strength of this institution and thus its stability and maintenance, is based on the ability of the institutional rules to maintain these disproportionate advantages.

Fligstein (1991) also assumes 'rational' actors are key to shaping institutions, where those in power who have access to more resources, use those resources to ensure their power and control over the institution and maintain the status quo. While institutions both constrain and enable actors', the power engendered by actors gives them the ability to control the existing strategy and structure of an organization and its organizational field, thus ensuring actors interests are embedded within this institution. The individual and collective risks associated with challenging this set of institutional arrangements are sufficiently strong as to encourage inertia within the institution. Therefore, existing dominant institutions, such as that of the traditional business model, require shocks before change is likely to occur and to succeed. When a shock to the institution occurs, such as with the innovation described by Leblebici et al (1991), the 'new' circumstances are interpreted and acted upon by those in power. Fringe members⁵ do not appear in Fligstein's (1991) depiction of organizational change because powerful members tend to maintain their status regardless of the institutional conditions. Therefore powerful members have a significant impact on how institutions are shaped and replicated, but it is

⁵ While he does discuss both individual and organizational actors, they are not discussed separately so as to more clearly understand the different impacts of individual and organizational actors on institutional change.

unclear how these actors become powerful and therefore how their powerful position impacts on institutional forms.

These three contributions share the belief that for change to occur within the organizational field, it must be led by those with the most power. As Fligstein (1991) states, this change is based on the interpretation of these powerful actors to some shock within their institutional environment, and reflects the interests of the positions of these powerful members. Therefore, it is highly likely that only powerful members will become the dominant players in new institutional arrangements (Fligstein 1991, Knight 1992, and Leblebici et al 1991), and others allow this uneven distribution of institutional outcomes to occur because they can do no better (Knight 1992) or because it would invite an ‘individual and collective disaster’ in the balance, and therefore stability that has settled around the existing institutional arrangements (Fligstein 1991: 316). Therefore, while these contributions highlight the significant impact of power on the development, change and decline of institutions, they signify that while marginal members can affect the processes or practices that are associated with certain elements of the dominant institution, these changes are likely to be coopted by dominant players, reducing the ability of those in less powerful positions to shape future institutional arrangements. Also, both Knight and Fligstien suggest that actors rationally agree with the disproportionate outcomes of the particular institutional arrangements.

While not the focus of his investigation, Hoffman (2001) might agree with some of these conclusions as he suggests that powerful members in an organizational field can use coercive force or voluntary cooperation to influence institutional structures and norms to those that better suit them, thus having more control over the rules and resulting stability

of the institutional arrangements within the organizational field. Thus Hoffman would argue that while not the reason for institutional creation, conflict through power differentials can have a significant impact on the form of the relevant institution.

As discussed earlier, the logic underpinning an institution of CSR is fundamentally different from that underpinning the traditional business model. Since both logics apply to business and provide rules, norms and practices articulating the relationship between business and society, the fact that they are fundamentally different indicates CSR is an alternative institution and thus a competing logic. The difference in these logics is illustrated by Jones (2005), where he argues that the role of transnationals is to make money:

‘Transnational corporations, then, are institutions designed, constructed, and maintained to make money for the interests that own them. TNCs are not development institutions, although they often promote certain forms of economic development. Nor do they exist in order to fulfill the aspirations of the people that they employ, although they will often find it useful (sometimes even necessary) to ‘make people happy’ in order to generate increased productivity and desired market outcomes. Nor do they exist to satisfy the wants or needs of their customers (although they must obviously do so to some extent), who are always means and never ends in themselves. Nor, finally, do they exist to make society a better place, despite the fact that their activities often generate wealth, employment, technological advancement, etc. Such outcomes are irrelevant positive externalities from the perspective of these institutions themselves (92)... for the contemporary corporation – manifested most fully in the institutional form of the TNC – is a superbly effective mechanism for creating wealth for its owners, their senior representatives in management, and a relatively small group of core employees, as well as value for its primary customers. All other stakeholders outside of this tight ... will increasingly be excluded from accessing the wealth and value-creating activities of TNCs’ (96).

Jones (2005) is thus suggesting that the CSR logic is not legitimate, and will go into decline, never becoming a dominant institution within business. Whether he is right or not is yet to be seen. However, his quote illustrates the main areas where these two institutional logics compete. Therefore, CSR as an institution (with its triple bottom line logic) is an alternative model and thus a challenge to the traditional business model (with its single bottom line logic). As actors become 'persuaded' by the ideas of CSR (Scott 2001), thus working to shape and change the cultural-cognitive element of the institution of business in the minds of certain groups, this creates inconsistency between the three elements of the dominant institution (cultural-cognitive, normative and regulative) causing tension, confusion and uncertainty, weakening the dominant logic and making it susceptible to challenges (Hoffman 2001: 194). As was discussed earlier in the chapter, the fact that CSR can be defined as an institution means that it has already achieved some degree of persuasiveness within all three elements, thus making the CSR institution more cohesive and generating a more credible challenge to the traditional business model. As an alternative institutional arrangement gains legitimacy by connecting itself to broader societal rules, norms, frames etc. (Scott 2001), thus allying itself to other existing legitimate structures, it becomes a more potent challenge due to its own perceived social legitimacy. Thus CSR is not only a persuasive alternative to the traditional business model, but it also becomes increasingly legitimate when actors with a legitimate say in the ideology and rules that support both CSR and business such as banks, insurers, investors and governments support it.

'Although power certainly matters in supporting legitimacy processes, as in other social activities, power is not the absolute arbiter. Entrenched power is, in the long run, helpless against the onslaught of opposing power allied with more persuasive ideas'. (Scott 2001: 60)

Clearly, the triple bottom line logic of CSR is persuasive, encouraging increased societal support, making the alternative institution more legitimate and thus creating a ‘shock’ within the organizational field for many companies.

Fligstein (1991) highlights that observing this type of theoretical model is difficult, but as Salancik and Pfeffer (1977) state, power ‘while it eludes definition, is easy enough to recognize by its consequences – the ability of those who possess power to bring about the outcomes they desire’ (3). Therefore, to observe, clarify and analyze the impact of power on developing and implementing CSR, two typologies of behaviour were utilized.

2.4.3.1. *Individual Tactics for Influencing Others*

Individuals actively engage in shaping their environment in a plethora of ways that are outside the scope of this research, but include the use of informal authority structures where actors claim ‘power and expertise that potentially allows them to direct resources of the organization’ (Fligstein 1991: 313). Therefore, power sources and influence tactics are observable means of identifying the impact of competing logics on the development and implementation process within an organization. These tactics can be used by individuals to shape and change their environments in ways that better suit their own personal agendas, whether this is based on rational self-interest or other more political reasons.

Yukl and Falbe (1991) have added to the work of French and Raven (1959) to create a set of eight power sources, broken into two main categories of personal and positional power. This set of power sources is used in tandem with the nine influence tactics identified by Yukl and Tracey (1992) and Kipnis et al (1980), to investigate how individuals respond to

conflicting logics within their organization, and how this shapes the form of the CSR institution.

Table 2 Eight Sources of Power inside Organizations (Yukl and Falbe 1991)

Type of Power	Description
Position Power	
Legitimate	The actor has the right, considering his/her position and the target's job responsibilities, to expect the target to comply with legitimate request (s)
Reward	The actor is able to give special benefits or reward to people, and the target finds it advantageous to trade favours
Coercive	The actor can make things difficult for people and the target wants to avoid getting the actor angry
Information	The actor has access to information not available to the target and this information convinces the target that the actor is right
Personal Power	
Expert	The actor has the experience and knowledge to earn the target's respect and the target defers to the actor's judgement in some matters
Persuasive	The actor's logical arguments convince the target that the request or recommendation is the best way to accomplish an objective or get a task done
Referent	The target likes the actor and enjoys doing things for him/her
Charisma	The actor is very charismatic and is able to appeal to the target's values and inspire the target's enthusiasm for a task

Table 3 Nine Influence Tactics (Yukl and Tracey 1992)

Influence Tactics	Description
Coalition	The actor seeks the aid of others to persuade the target to do something or uses the support of others as a reason for the target to agree also
Consultation	The actor seeks the target's participation in planning a strategy, activity or change for which the target's support and assistance are desired, or the actor is willing to modify a proposal to deal with the target's concerns and suggestions
Exchange	The actor offers an exchange of favours, indicates willingness to reciprocate at a later time, or promises to share the benefits if the target accomplishes a task
Ingratiation	The actor seeks to get the target in a good mood or to think favourably of him/her before asking the target to do something
Inspirational appeal	The actor makes a request or proposal that arouses enthusiasm by appealing to the target's values, ideals and aspirations or by increasing the target's confidence that he/she can do it
Legitimizing	The actor seeks to establish the legitimacy of a request by claiming authority or right to make it or by verifying that it is consistent with organizational, policies, rules, practices or traditions
Rational persuasion	The actor uses logical arguments and factual evidence to persuade the target that a proposal of request is viable and likely to result in the attainment of task objectives
Personal appeal	The actor appeals to the target's feelings of loyalty and friendship toward him or her before asking the target to do something
Pressure	The actor uses demands, threats or persistent reminders to influence the target to do what he or she wants

Therefore, the use of these two types of behavioural cues can help to identify individual agency in the development, change and decline of institutions and underscores the conflict

that can occur when individual actors attempt to reconcile and/ or negotiate competing logics within the same organization.

2.5. Conclusion

The review of literature conducted throughout this chapter provides seven relevant insights for this research.

1. CSR is a contested concept but it shares key fundamental elements with other terms such that they can be discussed together under one label,
2. Existing CSR theories are relatively under-developed, and many depict CSR either as a primarily conceptual phenomenon or as an instrumental phenomenon,
3. Limited research exists on MNCs as a distinct context for understanding the development and implementation of CSR strategy,
4. Many of the existing CSR implementation models are conceptual, or lack the detail necessary for application in practice,
5. NI theory is a robust, well developed theory with the explanatory power to investigate CSR in a wider context and to respond to a need for more research combining the two, and
6. While in general NI literature is well developed, empirical research is limited on the enabling characteristics of institutions, the role of agency and of conflict, in particular at the individual level.

First, although definitions and therefore our understanding of CSR is contested, there is some similarity between terms used to describe CSR (such as the emphasis on the triple bottom line) (e.g. Matten and Moon 2008), which allows for the use of one term to refer to all. In this research, the term CSR is used.

Second, one of the ongoing debates within the CSR literature – whether it is primarily a conceptual or applied phenomenon – is problematic in that both are needed to describe it. Many of the more developed ‘CSR theories’ either depict CSR in a more conceptual fashion making the theory difficult to apply in practice, or as an instrumental concern relatively devoid of a normative foundation. Those theories that try to blend the normative foundation with usefulness for practice are underdeveloped and often quite narrowly focused, resulting in a relative void for ‘mixed CSR theories’. Therefore, there is a need for theory development around CSR.

Third, by operating across national borders, MNCs face a distinct set of operating conditions that also apply to CSR. These organizations are uniquely positioned to impact on CSR debate due to their global impact, their maturity with regard to CSR development and implementation and their access to key resources which can be harnessed to create solutions to the problems identified through engagement with CSR.

Fourth, there are two key gaps within the ‘implementing CSR’ literature, to which this research responds: one, a need for an empirically-based, detailed model of implementation in practice, to improve theory building for academics and provide useful guidance for practitioners on how to more effectively engage in CSR, therefore adding to the work on CSR and code implementation (e.g. Nijhof et al 2003, Harris 2004, Schwartz 2004, Veser 2004, Roberts 2003), and two, the need for a model that focuses specifically on MNCs as their distinct operating conditions are not often reflected in existing literature (e.g. Mamic 2004, Wood et al 2004, Frenkel 2001). The resulting model needs to respond not only to the gaps identified in the ‘implementing CSR’ literature, but to a need to incorporate general management research on such things as the process of organizational

change (e.g. Van de Ven and Poole 1995) and elements to capture the fluidity and complexity of implementation (Rijnders and Boer 2004).

Fifth, due to the extensive development and explanatory power of NI theory in relation to CSR, it was chosen as the analytical lens for this research. It therefore responds to the need to better integrate CSR and NI theory (Campbell 2006 & 2007, Marquis et al 2007) by contributing a range of insights such as evidence of an institution of CSR, its enabling capabilities and the role of actors in shaping it, to the existing body of work linking CSR and NI together (e.g. Moon 2004, Campbell 2006 & 2007, Jeurissen 2004, Mohan 2007).

Sixth, the enabling characteristics of institutions, the role of agency and of conflict are underdeveloped in existing NI literature, particularly at the individual level (Hoffman 2001, Scott 2001, Knight 1992, Ingram and Clay 2000). CSR provides a distinct context for further developing these areas of NI theory, and NI theory provides a robust theory with strong explanatory power to investigate the development and implementation of CSR strategy in its broader context.

This review of literature clearly demonstrates the gaps presented by a lack of empirical research around CSR development and implementation, and around the three areas of NI theory mentioned above. It also shows the underdevelopment of CSR theories and the need for theory building that incorporates the wider context of CSR. Based on the concepts already presented, it is possible to suggest that CSR is an institution and that philosophically, it is fundamentally different from the traditional business model. It is also possible to suggest that much scope exists for examining the development and implementation of CSR strategy from an NI perspective. These ideas will be discussed in

further detail in future chapters, following the next chapter which details the multi-method interpretive approach that underpins this research.

3. Research Philosophy, Methods and Analysis

3.1. Purpose and Aims

The previous chapter illustrates the need for empirical research into the development and implementation of CSR strategy from an NI perspective, thus providing scope for investigating the research objective (see sections 1.2.2 and 3.3). This chapter illustrates the philosophical approach behind the research itself, and therefore the beliefs and assumptions underpinning the work. This research project is based upon a belief in the subjective nature of reality from within the interpretive paradigm (e.g. Burrell and Morgan 1979, Saunders et al 2007). As such, this chapter illustrates both philosophical foundations and processes undertaken for the gathering and analysis of two distinct stages of research. The ongoing epistemological and methodological debates regarding the importance or utility of certain paradigms or methods will not be the focus of this chapter. Therefore this chapter has six aims:

1. To describe and discuss the ontological and epistemological underpinnings of the research,
2. To restate and expand on the research objective,
3. To describe the multi-method approach (semi-structured qualitative interviewing and case study),
4. To discuss issues of reliability and validity of these techniques,
5. To describe and provide examples of how the data was analyzed, and
6. To illustrate how this research meets the criteria for good interpretive research identified by Mintzberg (1979).

3.2. Research Philosophy – Ontology and Epistemology

As Morgan (1980) states, ‘knowledge and understanding of the world are not given to human beings by external events; humans attempt to objectify the world through means of essentially subjective processes’ (p.610). It is this subjective view of reality that underpins the research, where the social world is ‘constructed’ by individuals and groups who create the ‘reality’ in which they operate (e.g. Burrell and Morgan 1979, Mertens 1998, Denzin 2001, Aram and Salipante Jr. 2003, Berger and Luckmann 1967). This subjective reality is based on the historical, cultural, political, economic etc. context in which the actors exist and is set ‘against a backdrop of shared understandings, practices, language and so forth’ (Schwandt 2000: 193). Within this subjective reality, the interpretive paradigm suggests it is possible to identify ‘underlying patterns and order within the social world’ (Morgan 1980), to better understand how this reality is constructed.

The interpretive paradigm is focused on the creation of meaning within certain contexts and how those meanings and experiences are understood to constitute social action (Burrell and Morgan 1979, Schwandt 2000, Baker 2001, Spiggle 1994). The researcher acts as an interpreter, who attempts to identify meanings associated with particular social action and/or processes through such things as conversation and interaction, and thus attempts to understand the subjective meaning of action in an objective manner (Schwandt 2000, Mason 2002), or by making strange that which is normal by challenging our own preconceived notions about the process in question (Toren 1996, Baker 2002a). Objectivity in this sense refers to the researcher’s ability and willingness to listen to and ‘give voice’ to participants (Strauss and Corbin 1998: 43). In essence, the researcher acts as an interpreter of the participants’ ‘constructions’ or interpretations of the social world,

looking for patterns that help to describe and explain the social activities under consideration. Thus, both the researcher and the participant are each at the centre of their own hermeneutic circle (Denzin 2002), where the researcher (and presumably also the participant) moves from a stage of preunderstanding⁶ to understanding, which then informs the next stage of preunderstanding/ understanding, forming the hermeneutic spiral. Within the spiral, data are interpreted and re-interpreted as our understanding of the social world grows and changes, resulting in better theory (Gummesson 2003). Within this process of interpreting, the researcher responds as a whole person and acts as ‘an instrument in observation, selection, coordination, and interpretation of data’ (Spiggle 1994: 492).

This paradigm assumes continuous conflict between the individual and his/her social world, where

‘an intricate web of multiple relations established among individuals in constant interaction with one another...the larger superindividual structures – the state, the clan, the family, the city, or the trade union – turn out to be but crystallizations of this interaction, even though they may attain autonomy and permanency and confront the individual as if they were alien powers (Coser 1965 in Burrell and Morgan 1979: 70).

In this way, individuals play a controlling and creative role in influencing their environment through their symbolic interpretation and interaction with this environment but are also largely affected by it (Burrell and Morgan 1979). Thus, there is interplay between the larger structures and the individual, whereby underlying patterns are created and can be observed by researching individuals. Thus, this approach is appropriate for investigating institutions as they are by definition (see Chapter 2) underlying patterns of

⁶ Preunderstanding refers to the knowledge, insights, experience etc. that someone has before they engage in research (Gummesson 2000, Denzin 2002).

social action, and it is possible to see both the influence of the patterns (or institutions) on individuals, and the influence of individuals on the patterns by interacting with the individuals and how they perceive and work to shape (intentionally or not) the nature of the social patterns of which they are a part.

In other words, the interpretivist approach to this research seeks to understand the ‘world as it is’ and to ‘understand the fundamental nature of the social world at the level of subjective experience (Burrell and Morgan 1979, p. 28). It focuses on identifying and investigating patterns in contextually specific emerging social processes and their associated meanings, based on the interaction of individuals and groups with their social environments, and is thus appropriate for investigating institutions.

3.3. Research Objective

According to Ritchie and Spencer (2002), applied research can be distinguished from theoretical research ‘through its requirements to meet specific information needs and its potential for actionable outcomes’ (p.306). This is not to say that applied research is a-theoretical. The opposite is in fact the case where the best applied research is based on a solid foundation in good theory (Gummesson 2003).

This research is based on a simple, practical question - how do corporations develop and implement CSR strategy across their global operating locations? In order to investigate key elements of this phenomenon, the objective of this research is *to investigate, in detail, the existence of and key characteristics outlining an institution of CSR through an investigation of how it is developed and implemented by companies*. This includes three more specific objectives: *to investigate the key governance systems and processes*

involved in developing and implementing CSR strategy, to identify how organizational and individual actors respond to the constraining and enabling characteristics of CSR in their wider environments, and to understand how these actors use their power and influence in shaping CSR to fit their political agendas. While starting from a practical problem identified by practitioners, this objective implies much about the relationship between business and society and the role that actors have in shaping our understanding of CSR and its legitimate form within business. Therefore, the research seeks to investigate how CSR is developed and implemented within its business context, using NI theory as a robust frame for investigating CSR more broadly and for helping to explain why CSR is dealt with and regarded the way it is in practice, resulting from its competition with traditional business imperatives.

Therefore, this research investigates how companies develop and implement CSR strategy, and what these processes and systems can tell us about the nature of CSR, institutions and agency, and uses NI theory as an analytical lens that both informs and is informed by the data collected.

3.3.1. Exploratory Research

Based on the lack of literature to respond to this objective, its inherent complexity and the need to understand it in its natural context to provide ‘actionable’ results, an exploratory approach was taken to data gathering. This, in combination with the overall epistemological approach, means the research focuses on understanding the meanings individuals present about social actions and processes, which can help to identify underlying patterns of social action, where little is currently known. Therefore, the research focuses on how individuals involved in the development and implementation of

CSR strategy understand, ascribe meaning to and take account of their actions and the actions of others, and how these actions are mediated by historical, cultural and institutional contexts. By engaging with these individuals, learning of their experiences and opinions of being involved in these social activities (Denzin 2002) it is possible to identify any underlying patterns in the processes involved in the development and implementation of CSR strategy at a wider organizational level.

3.3.2. Inductive Research

With a research goal focused on helping to solve a practical problem, and results that can be made actionable in a 'real world' context, data collection must be both data rich and data-led. As such, the research began from an inductive, unstructured approach, where no single theory or hypothesis was tested (Crane 2000, Eisenhardt 1989, Baker 2002a), and where theory emerges from the data (e.g. Strauss and Corbin 1998, Mintzberg 1979, Pettigrew 2000). This inductive approach allows for the exploration of the research objective in question without a preconceived notion of what the data would look like or the relationships that might be found within it (e.g. Saunders et al 2007, Mintzberg 1979). Thus, it allowed for an unstructured investigation of CSR strategy development and implementation, providing the opportunity for a more holistic investigation of potential issues and relationships as they exist in practice.

3.4. *Multi-method Interpretive Study*

According to Mintzberg (1979) '[m]easuring in real organizational terms means first of all getting out into the field, into real organizations. Questionnaires often won't do' (p. 586). Questionnaires, and other methods more appropriate for conducting deductive research have been not been utilized in this research. As such, 'qualitative' methods have been used as they are the most appropriate in conducting exploratory, inductive research focused on understanding the meanings and actions of individuals and groups in the social world, where the questions of why and how are most important, where little is known about the phenomenon and where they must be studied in context to produce the kind of results useable by practitioners (e.g. Strauss and Corbin 1998, Saunders et al 2007, Warwick 1973, Van Maanen 1979a, Baker 2001, Ritchie and Spencer 2002, Vinten

1994). Also, based on the philosophical perspective, it is possible to understand a larger social system (such as an institution) by interacting and observing individuals within the specific system.

Therefore, a multi-method qualitative study was conducted and can be understood as a study in which ‘more than one data collection technique is used with associated analysis techniques, but this is restricted within either a quantitative or qualitative world view’ (Tashakkori and Teddlie 2003). If we change the words ‘quantitative’ and ‘qualitative’ with ‘positivist’ and ‘interpretive’ to match with Van Maanen’s (1979a) comments⁷ we can see that this is a multi-method interpretive study. Two distinct methods were used to investigate the research objective: semi-structured interviews (e.g. Rubin and Rubin 1995, Patton 2002) and a single observer-as-participant case study (e.g. Bruyn 1966, Saunders et al 2007).

These two different methods were used because they allow for the gathering of two distinct sets of data: the interview research provides a broader, more ‘public, cleaned-up’ version of events⁸, primarily depicting what and how CSR strategies were developed and implemented within their organizations; and the case study research illustrates what happens ‘behind the scenes’, or the daily activities of a company struggling to come to grips with a changing marketplace where CSR is increasingly an expectation.

⁷ Van Maanen’s (1979) indicates that ‘the label qualitative methods has no precise meaning in any of the social sciences...[and] is at best an umbrella term covering an array of interpretive techniques’ (p.520).

⁸ A useful metaphor to describe the data gathered in the interviews is that of advice given to you by that aunt or uncle you never knew very well. They are interested in telling you the story of how it was done and how important their role was in the process, but not in telling you about the struggles they faced or the things that went wrong. There is also the power imbalance between a more powerful participant who has ‘allowed you to play the game’ but is unwilling to tell anything other than the officially sanctioned ‘version of events’.

Therefore, the interviews generate a better understanding of the conceptual landscape surrounding the research objective based on actual practice, and to help identify some of the potential relationships between these concepts. Also, asking direct questions about behaviour provides information that is more retrospective and presentational⁹ (Van Maanen 1979b) in nature, thus illustrating the more formal, socially acceptable and deliberate presentation of events under investigation. Thus, the interview data allow for a description of the overall process of CSR strategy development and implementation from an idealized perspective, or in other words, the accounts of the participants tell us that the Standardized Practices do and should have certain elements based on their experiences of being involved in the process (see Chapter 4). While this data set also provides information about challenges, influences, and actor behaviour etc., its primary contribution is a thick description of the process.

With an understanding of the idealized process at hand and thus an understanding of ‘what’, the case then provides some operational data¹⁰, or insight into the daily activities of developing and implementing CSR work in practice, what and how this process is influenced by actors, as well as some indication of why it looks the way it does.

Therefore, it allows for the further exploration and explanation of the process and other issues, relationships, meanings and actions identified in the interviews through direct observation (e.g. Mintzberg 1979, Sanchez-Jankowski 2002).

⁹ Presentational data is that ‘which concern those appearances that informants strive to maintain (or enhance) in the eyes of the field worker, outsiders and strangers in general, work colleagues, close and intimate associates, and to varying degrees, themselves. Data in this category are often ideological, normative, and abstract, dealing far more with a manufactured image of idealized doing than with the routinized practical activities actually engaged in by members’ (Van Maanen 1979b: 542)

¹⁰ Operational data is that ‘which documents the running stream of spontaneous conversations and activities engaged in and observed by the ethnographer while in the field. These data surface in known and describable context and pertain to the everyday problematics of informants going about their affairs’ (Van Maanen 1979b: 542)

Thus, the more systematic data gathered from the interviews acts as a foundation for understanding what key relationships (or tensions) exist in the research in their more public, idealized form and provide a frame for understanding what we mean when we say ‘development and implementation of CSR strategy’, and the richer data gathered from the case helps to further understand, refute and help to explain relationships and influences identified within the case and previous interviews (Mintzberg 1979). These two levels of meanings and actions provide distinct sets of information regarding the research objective, thus combining ‘inquiry from inside’ and ‘inquiry from outside’ the organization to improve the quality of research and resulting theory (Evered and Louis 1981).

3.4.1. Inquiry from Outside – Semi-structured Qualitative Interviewing

Interviews are useful because they attempt to understand that which cannot be directly observed such as that which took place in the past, the meanings people ascribe to their experiences and/ or how they organize the world (Patton 2002, Keats 2000). They are also used to ‘unravel the complexities of large-scale social change’ (Gerson and Horowitz 2002: 201) by examining how individuals experience, interpret and shape their responses to these changes. Thus, by talking to those involved in the development and implementation of CSR strategy, it is possible to better understand the processes that are occurring at an organizational level, and the meanings ascribed to it at an individual level.

The interviews were qualitative or active in nature (e.g. Rubin and Rubin 1995, Patten 2002, Holstein and Gubrium 1995). A qualitative or active interview approach sees both the interviewer and respondent as ‘conversational partners’ (Rubin and Rubin 1995) in a process of ‘actively creating meaning’ on a given topic (Holstein and Gubrium 1995).

They argue that, within the interview setting, meaning is created as a result of the perspective taken by the respondent, the relationship with the interviewer, the interview context and the nature of the subject being discussed. Thus, the interaction of these and other dynamics impact on the nature and content of the meanings that are discussed. The idea that the interview context impacts on the respondent and thus on their responses is well recognized (e.g. Patton 2002, Kvale 1996, Rubin and Rubin 1995, Keats 2000), although its acceptance varies depending on the interviewing approach taken. Thus, the respondent and the interviewer together collaborate to understand the meanings associated with a particular topic or research area.

A qualitative interviewing approach is consistent with interpretive, exploratory research, as it focuses on gathering rich, in-depth data in the form of stories, examples and accounts of how individuals understand their own experiences, which can be used to understand social phenomenon (Rubin and Rubin 1995). How CSR strategies are developed and implemented throughout an organization and factors influencing these processes, attitudes and behaviours are based on the beliefs and perceptions of those who are involved in the processes.

An interview guide (Ritchie and Lewis 2003, Patton 2002) was used where each participant was given four topics as the basis for our conversation (open-ended interviews (Gillham 2000)) and was told that further topics would depend upon what we found interesting within the interview. This was to ensure the same basic guidelines for inquiry were followed with each participant (Patton 2002), therefore making these interviews somewhat more structured than the sometimes informal interviews as part of the case study (Fontana and Frey 1998). Also, an inductive and iterative technique was used such

that within the four topics, areas of interest that had come up in previous interviews were also discussed as and if appropriate within the context of the interview. Therefore, participants were encouraged to share their own perspective based on their own knowledge and experience about the topics under investigation (Denzin 2002), and were probed according to the details of our discussion and other related areas mentioned in previous interviews.

Four topics were identified as key areas in understanding how CSR strategy is developed and implemented in MNCs. Although inductive, all researchers enter the field with some level of preunderstanding (Gummesson 2003) and not with the blank slate suggested by Glaser and Strauss (1967). These questions were based on the preunderstanding of the researcher based on previous interaction with CSR literature, and previous research and consulting experience resulting in four topics for discussion:

1. Motivations/ drivers for creating a CSR strategy
2. Major implementation techniques used
3. Impacts of culture on these processes
4. Stakeholder feedback on development and implementation

Where time permitted, a fifth question was added:

5. What were some of the lessons you learned during implementation?

These four topics (and the fifth follow-up question where appropriate) were used as a starting point to guide our discussion into areas related to the development and implementation of CSR strategy. The topics were intentionally general in nature to allow interview participants to say whatever came to mind on a particular subject. In some cases

participants asked for clarification of the concepts – in most cases it was to clarify what I meant by culture. In these cases, I told them that the term was intentionally left vague so that they could respond in the way that most suited them, and then I told them that it can refer to such things as organizational culture or national culture. This was enough for most participants to continue to respond to the question. If the concept was still in question, I would use examples given to me from other interview participants to clarify. For example, if the participant still wanted to clarify the concept of culture, I would say ‘well for instance, have you noticed any impacts that local customs have on how people within certain global operating locations implement the strategy/ code?’.

3.4.2. My Role in the Interviews

Given that data gathered in the interviews is a collaboration of meanings around how MNCs develop and implement their CSR strategies, and that reflexivity is a critical element in good research (e.g. Cassell and Symon 2004, Nason and Golding 1998) it is important to be reflexive on the interview process and the significant factors that affected the process.

In capturing my impressions and descriptions recorded immediately after each interview, and my ongoing reflections during and after all interviews were completed, several issues became apparent as having more significance in influencing the interview process.

Nervousness, physical characteristics (such as young, female) the need to try and understand the participants’ perspective (therefore listening to what they had to say with few challenges to either content or form) and time constraints meant that many participants started to describe rather basic things about their programs, instead of going into technical details of systems or programs. This was more often the case in face-to-face

interviews (where I felt I was treated like an inexperienced younger woman with regard to both business and CSR expertise), than it was with phone interviews. In some cases, the combination of issues mentioned above, along with the fact that the interview was conducted for research purposes, left me feeling like I was supposed to feel fortunate to have been granted the interview.

The other key issue that had an impact on the information gathered within the interviews was the style of questions. In the pilot, 37 questions were identified around the development and implementation of CSR strategy. In each of the three pilot interviews, when a question was asked, immediately the participant would say something similar to ‘well of course we do that – its fundamental to the program’, and while this may have been true of a few of the questions, this type of answer was repeated many times throughout all three interviews, but with no prior indication in the use of language or the topics discussed by the participant that these issues had even been considered. It was therefore clear that a list of ‘direct’ questions only encouraged the social desirability bias of participants in wanting to say ‘yes, we’ve thought of everything and of course it’s fundamental to what we do as an organization’. Therefore, with access being a concern, and with all three pilot interviews potentially heavily biased, the decision was made to use a semi-structured approach, where interview participants were asked to discuss four topics. This allowed them freedom to indicate topics of interest, shape the path of the interview around the four topics, identify what was the most important or at the top of their mind, or what they were comfortable telling the researcher in an interview environment. If they used language that linked to other themes identified in previous interviews, they would be probed for further information on that theme but using their own words.

The semi-structured interview style, in combination with the researchers appearance and demeanour, led to gathering more basic information about corporate practices in those interviews where these characteristics appeared to play a role. In many other interviews, the researcher was treated as an outside expert and offered the cool detachment associated with acting in a professional manner. In these situations, participants tended to provide more technical information about their systems and processes.

CSR can also be difficult to research due to the problems in acquiring access into corporations due to a concern that their reputation may be tarnished by the publication of research reports with a less than flattering account of the corporation, as well as the fact that many participants working on CSR in some way link their own personal ethics and identity with the ethics and identity of the organization. Therefore, many CSR professionals tend to take criticism of company efforts and/ or policies etc. as a form of personal criticism. These difficulties with investigating CSR are likely to explain why there is an underdevelopment of empirically based literature.

3.4.3. Purposive Sampling

Two different strategies were used to identify potential interview participants to form a purposive sample (e.g. Baker 2002b, Mayoux 2001, Saunders et al 2007) – database and network. The sample required identifying companies that both had a CSR strategy, and operated in more than one country world-wide. That meant first operationalizing ‘CSR strategy’ (see section 2.2.3).

To ensure the potential participants had a solid understanding of the processes used by the organization in developing and implementing the CSR strategy worldwide, the key person responsible for implementation of the strategy was targeted.

3.4.3.1. Database

As size is known to be a predictor of whether a company has a code (Langlois and Schlegelmich 1990, Maignan and Ralston 2002), the top 150 corporations from the FAME database were used to create the original list. Of the 150 companies listed, 74 were removed because for instance 26 of them did not list a code online or had very limited policies on single issues such as a recycling or corporate volunteering. The remaining 48 cases were removed as they were owned by other companies already existing on the list. Therefore, 76 companies remained on the list from which a further nine were removed because they were inappropriate. Of the remaining 67 companies that met both criteria, a search was conducted for the contact details of the person responsible for the code within the corporation. In many cases this meant contacting the corporation and asking for the name from the receptionist and/ or speaking to the relevant person if they were available. If I was able to get through to the contact, I asked them whether I had their permission to send a letter requesting participation in a PhD research project. Based on this process, 67 letters were sent with 22 positive responses, resulting in a response rate of 33%.

3.4.3.2. Network

The second strategy for identifying interview participants was talking to well-connected individuals in the field to ask for recommendations of people with appropriate experience, and to ask interview participants for other appropriate participants both inside and outside the organization. Most participants indicated that they would be the only person within their organization with the ability to answer the questions and therefore suggested people

outside. Due to the large number of positive responses, snowball sampling was discontinued after interview number 9 as at this time, 30+ interviews had already been scheduled. 19 additional contact names were acquired and 16 were contacted for participation in the study. Of the 16 names contacted, 14 responded positively and interviews were conducted with each of them. Of these 14, four interviews were the second interview within an organization.

In total 40 interviews were conducted in both the pilot and first phase of interviewing, representing 35 different organizations. These interviews were conducted between February and May 2006 and ranged in length from 25-90 minutes long, with 19 conducted by phone and 21 conducted in person. Of these 36 different organizations, 33 were corporations coming from a range of industries as shown in Table 4.

Table 4 Industry Grouping of Participant Organizations

Industry	# Organizations	Text Citation
Construction	2	CN1-2
Media	1	MD1
Sporting	1	SP(P)1
Telecommunications	1	TC1
Tourism (Case Company)	1	TR1
Public Services	3	PS1-3
Management Consulting	4	CN1-4
Manufacturing	4	MF1-4
Retail	8	RT1-8
Natural Resources	8	NR1-8
Other (NGO, academia, multistakeholder)	3	NG/ MS1-2
Total	36	

The majority of individuals in this stage of interviewing were born and working within the UK, so the sample is more representative of a UK home country perspective.

However, there were a number of individuals who were either not from a UK background and/ or were working in a country different to that from where they were born. Table 5

illustrates the variety and frequency of national cultural influences likely to affect the perspectives of all interview participants.

Table 5 Breakdown of Different National Influences on Participants

Nationality of Birth	Current Country (Living and Working)	Organizational Country of Origin	# of Participants
UK	UK	UK	23
Canada	Canada	Canada	5
US	UK	UK	4
Australia	UK	UK	2
Netherlands	Netherlands	Netherlands	2
Russia	US	US	1
Pakistan	UK	UK	1
Canada	Canada	US	1
Venezuela	Canada	Venezuela	1
Mexico	Canada	Canada	1
UK	UK	Australia	1
Total			42 ¹¹

During one of these interviews, it became apparent that there was an opportunity for more in-depth work with them. As such I negotiated and was granted access for case research.

Using the more detailed, idealized, public understanding of what corporations do to develop and implement CSR strategy within their organizations based on the interview research, the emphasis shifted to examine the same phenomenon (how CSR is developed and implemented) from inside a typical organization (Miles and Huberman 1994).

3.4.4. Inquiry from Inside – Participant-as-Observer Case Study

Mintzberg (1979) states that ‘while systematic data create the foundation for our theories, it is the anecdotal data that enable us to do the building. Theory building seems to require rich description, the richness that comes from anecdote’ (p.587). It is this guidance that leads to the second part of the multi-method study.

¹¹ Although 40 interviews were conducted, two of the interviews involved two people.

The case study methodology is appropriate as the other key set of techniques in this multi-method interpretive study for five reasons: one, case study is appropriate when conducting exploratory, complex or contextualized research (Robson 1993, Yin 2003, Scholz & Tietje 2002); two, it can be used when the researcher is trying to understand the “how” and “why” questions of a phenomenon (Yin 2003); three, it allows for the retention of context and complexity in describing a phenomenon and for an investigation of the impact these contextual factors have on the social processes (Yin 2003, Hartley 2004); four, it can be used to generate theory through exploring new or emerging processes or behaviours (Eisenhardt 1989, Hartley 2004); and five, it is useful in research that aims to also provide practitioners with tools (Gummesson 2000).

The use of multiple methods within a case study is critical regardless of whether you view a case study as something that builds testable, verifiable hypotheses (Yin 1984, Eisenhardt 1989, Scholz & Tietje 2002) or whether it provides in-depth, rich descriptions of a particular phenomenon in a particular setting (Van Maanen 1988). The use of multiple methods within a case provides for internal validity, construct validity, stronger evidence of the relationship between theory and data, and the ability to build theory and thus generalize findings to a wider group (Eisenhardt 1989). Methods typically used in case study methodology include observation, interviews, document analysis, questionnaires, experiments and surveys (Scholz & Tietje 2002, Eisenhardt 1989), and may be either qualitative or quantitative in nature, depending on the particular context. Three methods were applied within the case (observation, interview, and document analysis).

The case is both descriptive and explanatory (Yin 1994) in that it attempts to describe the every day occurrences and attitudes surrounding CSR development and implementation in an effort to explain how this macro-process is ‘managed’ on a daily basis and the contextual factors that influence how it operates.

3.4.5. Case Selection

This case is interesting for a number of reasons. The first is that the corporation is in the early stages of CSR development and implementation. Therefore, this case provides an opportunity to look at the early developmental side of CSR engagement and how the corporation understands and forms its response to CSR. Secondly, this corporation operates in over 40 countries worldwide and therefore is an example of how MNCs develop and implement their CSR strategies within the context of a global operating environment. Thirdly, the concept of CSR is not taken for granted within the corporation, with some members of management in support of increasing commitments to CSR and others either uninterested or suspicious of it. Fourthly, and most importantly, the company, its employees and the industry are all unremarkable or typical in nature regarding their work on CSR (Miles and Huberman 1994).

This company operates in the global tourism industry, which is unremarkable when it comes to CSR development and implementation. As an industry they have begun to talk about CSR and put into place some early initiatives, but they are not world leaders (e.g. compared to mining or oil and gas industries), nor are they lagging behind (e.g. compared to insurance or electrical component industries). Until around 2004, the industry was relatively free of external pressure and is currently learning how to respond to its early critics.

This company is indistinguishable from its competition. For instance they offer similar, and in many cases exactly the same, products and prices as their competition due to such things as volume bed purchasing at hotels where multiple vendors have contracts, targeting the same locations around the world for holiday destinations, targeting and advertising to the same market segment in the UK, and employees who regularly move between this company and their competitors, themselves indicating little difference between organizations. The case company is in somewhat early stages of CSR development and implementation. It is not a leader or innovator in its field or in CSR, nor does it lag far behind the industry leader. The staff involved in CSR development and implementation are not specialists in the field, nor does their knowledge lag behind the average individual working in any management position in an average company. Thus, this case is unremarkable in every sense.

This case has the potential to be both theoretically and empirically rich (Gerson and Horowitz 2002) in its descriptions and understanding of unremarkable or typical aspects of the development and implementation of CSR strategy, and thus to generate rich theory of what, how and why.

3.4.6. Data Collection Strategy

Over 100 hours of direct observation and 12 formal, semi-structured interviews (resulting in 11.5 hours of interview time ranging from 27 to 75 minutes in length) have been conducted with senior managers. Four focus groups were also run with 17 mid and junior level managers resulting in an additional six hours of contact time. A range of documents has also been accessed in order to understand the formal position of the company on

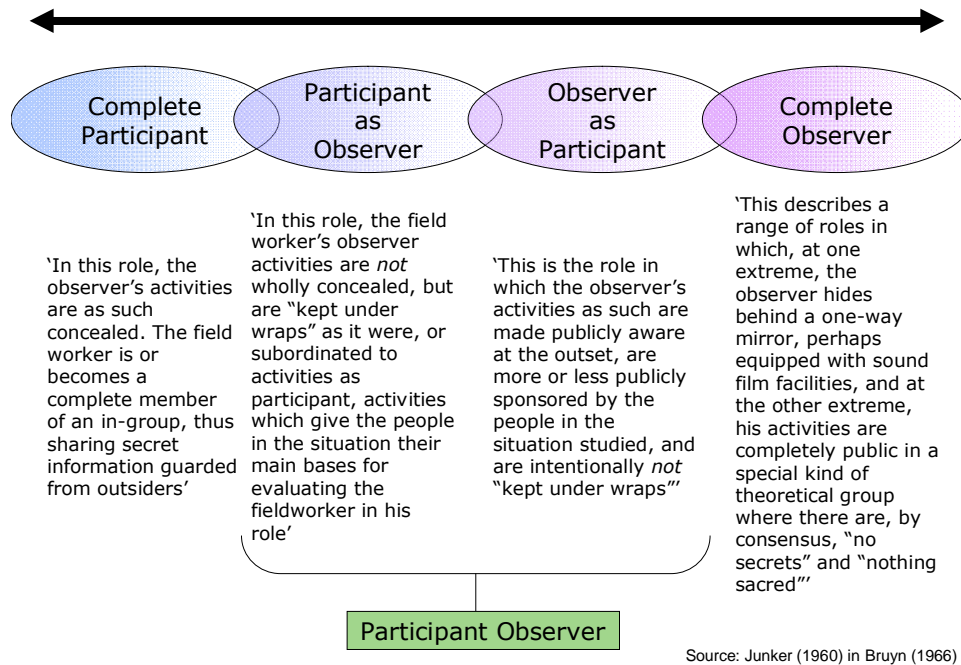
pertinent issues and includes documents like annual reports, policy statements on such things as CSR and human resources, training programs etc.

The outcomes of the case study from both an academic and practitioner standpoint were negotiated at the outset of the project so that each party was aware of the others objectives and helped to facilitate their completion. Earlier visits comprised conducting initial interviews with senior managers and other staff to assess the current state of CSR within the organization, reviewing documents, and observing behaviour in both formal settings (e.g. meetings) and informal settings (e.g. lunch break).

3.4.7. My Role within the Case

Figure 6 illustrates that within a case study and other types of ethnographic work, the researcher plays a role ranging from complete participant to complete observer (e.g. Bruyn 1966, Nason and Golding 1998, Vinten 1994, Saunders et al 2007), where every researcher plays both roles to some degree in all research situations (Bruyn 1966).

Figure 6 Participant-Observer Continuum



Based on the progress the case company had made with regard to their CSR engagement, their desire to move forward, and my desire to investigate these processes from inside the organization, we agreed it was most appropriate for me to work with them in the capacity of observer-as-participant. I was to help provide the case company with some technical expertise on how to improve their CSR practices (e.g. examples of best practice reporting and guides on how to report non-financial information), while at the same time observing and discussing how they have worked to develop and implement their evolving CSR strategy. We had agreed that I would act as an outside expert, and management was made aware of my presence both as a consultant and researcher. Therefore, according to Bruyn (1966), this case classes as a participant observation case.

A participant observation case 'allows the field worker to use the culture of the setting (the socially acquired and shared knowledge available to the participants or members of the setting) to account for the observed patterns of human activity. In organizational studies, the patterns of interest are typically the various forms in which people manage to do things together in observable and repeated ways' (Van Maanen 1979b: 539).

Therefore, it allows the gathering of volumes of rich, first-hand behavioural information on certain social processes within a particular context (e.g. Baker 2001, Warwick 1973, Tedlock 2000, Baker 2002a). It involves becoming an in-group member of the group under investigation, and thereby becoming immersed in events as they progress (Vinten 1994). Lastly, it helps the researcher to identify 'presentational' data (in some cases considering the distortions about how people report their own behaviour (Baker 2002a)) and 'operational' data (Van Maanen 1979b), and thus is a good complement to the interviews where social desirability bias was evident, and operational data difficult to obtain.

The role as 'outside expert and researcher' had both advantages and disadvantages such as being given access to talk to over half of the senior management team, or ask naïve, basic questions (Gerson and Horowitz 2002) and yet being unable to talk to those at the very highest levels of the organization, who the 'gatekeeper' decided were too busy with more important things than CSR, or to break certain rules such as have a friendly relationship with both parties in a conflict contrary to what Gerson and Horowitz (2002) suggested was possible. Therefore, playing this 'outside expert/ researcher had a significant impact on the data gathered (Berreman 1973).

It is critical for the participant observer to try and create a well founded belief that s/he can be trusted with confidential and highly personal information (Gerson and Horowitz 2002, Toren 1996, Berreman 1973), and to remember that there is some element of exchange¹² between her and the participants (Baker 2002a, Gerson and Horowitz 2002). However, the problem in understanding how to conduct participant observation prior to entry into the field is well known. This is due to little information being available on the techniques people have used in the past, and the unpredictable nature of field research (Berreman 1973, Toren 1996).

However, Toren (1996) suggests having four questions in mind:

1. what are people doing?
2. how do they come to be doing it?
3. what am I doing?
4. how did I come to be doing it? (103)

Silverman (2000) suggests that the two issues that are critical in observation are what the researcher can see and hear, and how she is behaving and being treated.

In conjunction with this, Selltiz et al (1959) suggest that there are five key elements to observe in any social situation:

1. participants
2. setting
3. purpose
4. social behaviour (what actually occurs)

¹² An exchange can be anything from activities such as helping each other with tasks, to sharing opinions.

5. frequency and duration (Selltiz et al 1959 in Baker 2002a: 172).

While these elements help the researcher to identify what information to collect, Mintzberg (1979) and Van Maanen (1979b) stress the critical nature of pure, rich description of attitudes and events and other sensual data such as smells etc. Van Maanen (1979b) also stresses the importance of recording whether the data are a ‘first or second order concept’¹³, whether the first order concept is presentational or operational data, and whether and to what degree s/he is being misled with regard to operational data.

3.5. *Reliability/ Validity*

Reliability can be understood as the extent to which a measure can be generalized to other measures. Validity can be understood as concerned with measuring that which is intended. (Warwick 1973, Baker 2002a, Silverman 2001 & 2000). Within qualitative research, reliability is improved by ensuring as systematic a recording of the events as possible, as soon as possible after the event. Within observation, Spradley’s (1979 in Silverman 2001) four types of notes ensure more accurate recording of events and separation of these from the researchers own interpretations. In this way, field notes are more systematic, and more accurate, improving both reliability and validity.

Within interviews, reliability is improved by recording the interviews (e.g. digital recorder), carefully transcribing interviews using accepted transcription protocols and presenting long extracts of data in the write-up, which acts to give readers improved

¹³ First order concepts are what the informant thinks are going on in the setting. Second order concepts are what the researcher thinks is going on in the setting (Van Maanen 1979b: 540)

access to raw data (Silverman 2001). Each of which have been employed in this research with the exception of transcripts not possible for observations within the case.

Validity can be improved within qualitative methods by accurate recording of the events, the use of multiple methods and through a systematic analysis of the resulting data (Silverman 2001, Warwick 1973). Of the 40 interviews conducted, 36 were digitally recorded in full, and one interview was recorded half by a digital recorder and half by notes due to a technical problem. The three interviews that were not digitally recorded resulted from the participant's reluctance to speak while being recorded in that way. As such, no recording device was used other than notes. Within the case, all 11 interviews with 12 senior managers and four focus groups were recorded with a digital recorder. Three meetings within the case were also recorded with a digital recorder, thus recording as much as possible through both digital recordings and with a combination of notes (Silverman 2000) as seen in the following section.

3.5.1. Note Taking and Data Management

Most texts emphasize the importance of detailed notes (e.g. Baker 2002a, Toren 1996, Mintzberg 1979, Van Maanen 1979b,) as they improve both the ability to observe what is going on around the researcher, to improve reliability/validity, and most importantly, form a critical part of the interpretive process (Van Maanen 1979b). However, there is usually a trade-off between 'obsessive' note taking (Toren 1996) and participating in the activities of the organization. Based on this trade off, and on the fact that description is the 'fundamental act of data collection' (Van Maanen 1979a: 520, Mintzberg 1979), copious notes were taken according to the guidelines provided by Spradley (1979). He illustrates four types of notes in order to ensure more accurate recording of events and

separation of these from the researchers own interpretations. He suggests creating four types of notes: short notes made at the time, expanded notes as soon as possible after the field session, research diary with problems and ideas coming out of fieldwork, and lastly, a separate journal with running record of analysis and interpretation (in Silverman 2001 p.227). In order to achieve this level of note-taking, several strategies were employed as indicated in Table 6. These notes formed the basis upon which further interpretation and analysis occurred. As such it was important to properly organize and manage the data for easy retrieval.

Table 6 Use of Spradley (1979) Note-taking Guidelines in this Research

Note-taking Guidelines	Note-taking strategies - Case	Note-taking strategies - Interviews
Short notes at time	<ol style="list-style-type: none"> 1. Offer to be note taker in meetings 2. Take notes (and digitally record) interviews 3. Offer to write up notes of meetings for others (to encourage feedback on description of events) 4. Take 'bathroom breaks' to record and think over significant events 5. Write notes while informants believe I am working on something else 	<ol style="list-style-type: none"> 6. Notes taken during interview on points of interest or areas to refer back to at later points within interview
Expanded notes as soon as possible after the field session	<ol style="list-style-type: none"> 7. While walking back to hotel room at the end of the day, record description of events for the day 8. At the end of the field week, record descriptions of events as they emerged or changed over the week 	<ol style="list-style-type: none"> 9. Notes taken immediately after interview describing observations such as what happened in the reception area while waiting for the interview and my impressions of the respondent and the interview process
Research diary with problems and ideas coming out of fieldwork	<ol style="list-style-type: none"> 10. While walking back to hotel room at end of the day, also recorded my initial impressions and interpretation as separate from the descriptions 11. At the end of the field week, also recorded my impressions of the week and my interpretation of event, as separate from the descriptions 12. Ideas and issues resulting from reflection and changing perspective of events over the course of field work 	<ol style="list-style-type: none"> 13. Ongoing list of interesting and significant themes coming out of interviews, to be brought up in successive interviews if appropriate in the context of discussions 14. Reflections based on individual interviews and on the process as a whole once all interviews conducted
Separate journal with record of analysis and interpretation	<ol style="list-style-type: none"> 15. Separate journal/ sheets/ scraps of paper with ideas and issues as they occur 16. Separate written pieces based on analysis and interpretation that help form further analysis and interpretation (Van Maanen 1995) 	<ol style="list-style-type: none"> 17. Similar to case

According to Miles and Huberman (1998), due to the volumes of data collected through qualitative methods, it is important to have a plan upfront for the types of data to be stored, and therefore how to retrieve them. This helps to ensure the researcher knows ‘what data [are] available, for permitting easy, flexible, reliable use of data...and for documenting the analyses made so that the study can, in principle, be verified or replicated’ (p.183). Therefore, they provide a checklist for researchers to help ensure good data management techniques are being used. Their table has been replicated in Table 7 and has been used in this research to ensure proper data management.

Table 7 Data Management Checklist Taken from Miles and Huberman (1998)

What to Store, Retrieve From, and Retain	
1.	<i>Raw material:</i> field notes, tapes, site documents.
2.	<i>Partially processed data:</i> write-ups, transcriptions. Ideally, these should appear in their initial version and in subsequent corrected, ‘cleaned’, ‘commented-pm’ versions. Write-ups may profitably include marginal or reflective remarks made by the researcher during or after data collection.
3.	<i>Coded data:</i> write-ups with specific codes attached.
4.	<i>The coding scheme or thesaurus,</i> in its successive iterations.
5.	<i>Memos or other analytic material:</i> the researcher’s reflections on the conceptual meaning of the data.
6.	<i>Search and retrieval records:</i> information showing which coded chunks or data segments the researcher looked for during an analysis, and the retrieved material; records of links made among segments.
7.	<i>Data displays:</i> matrices, charts, or networks used to display retrieved information in a more compressed, organized form, along with the associated analytical text. Typically, there are several revised versions of these.
8.	<i>Analysis episodes:</i> documentation of what the researcher did, step by step, to assemble the displays and write the analytical text.
9.	<i>Report text:</i> successive drafts of what is written on the design, methods and findings of the study.
10.	<i>General chronological log or documentation</i> of data collection and analysis work.
11.	<i>Index</i> of all the above material.

3.5.2. Problem of Social Desirability Bias

One of the more obvious problems with validity in the field of ethics is social desirability bias (Weaver et al 1999), as individuals feel the need to demonstrate themselves as ethical both within their personal and professional lives. This is where some of the distortion of the interviews comes in and one of the areas that participant observation may be able to

address within the research. However, within the context of the interviews, it is possible to reduce the potential for social desirability bias by stressing with the participants that the purpose of interviews is not to generate company-specific data, but to focus on learning how companies in general adjusted their ethics programs under different circumstances (Weaver et al 1999).

As this research was certain to face the same concerns with social desirability bias, each participant was not only guaranteed confidentiality for both themselves and their corporation, but also assured them that the purpose of the research was to understand whether it was possible to identify trends in why, what and how large MNCs were engaging in CSR. Although this did seem to reassure individual participants, it is certain there were still elements of social desirability bias impacting the responses given in the interviews.

The use of multiple methods (observation, interview and document analysis in the interview research and document analysis and interviews in the interview research), systematic notes, recording devices, accepted transcription techniques, instructions given to both interview and participant observation respondents regarding the purpose of research and the confidentiality for both them and the corporation, and a systematic analysis of data have each been used to improve both the reliability and validity of data and therefore of theory emerging from this research. The other aspect of good validity in a 'qualitative' study is systematic analysis.

3.6. Analysis

Analysis is a process by which raw data is broken down, re-organized and categorized, and interpretation relies on the insight and imagination of the researcher in identifying what this re-organization and re-constitution means (Langley 1999, Spiggle 1994, Mintzberg 1979). Within interpretive research, the process of developing/ building on good theory is typically based on the iterative process of moving back and forth from data to theoretical concepts (e.g. Langely 1999, Gerson and Horowitz 2002, Silverman 2001), which is further shaped through the writing process (Van Maanen 1995).

In essence, many data analysis approaches require starting analysis with a small portion of the data, generating an initial set of categories, and actively looking to both refute and explain all data within the emerging theory (e.g. Gerson and Horowitz 2002, Silverman 2000 & 2001, Strauss and Corbin 1998, Langley 1999, Miles and Huberman 1998). This is also the basis for the constant comparative approach, where analysis starts with a small portion of data, and the researcher moves back and forth between the data and the theoretical concepts until all data, including deviant cases, have been explained (e.g. Silverman 2001, Glaser and Strauss 1967). This process of analysis is appropriate both for interview and case study methods, because with both methods, data analysis and data gathering are intertwined (Gerson and Horowitz 2002), requiring a movement back and forth from data to analysis until all data have been explained in the emerging theory.

The constant comparative method is embedded within Spiggle's (1994) description of the 'data manipulation operations' used to analyse qualitative data focused on creating emergent theory (493). Spiggle's (1994) set of operations is a synthesis of a number of approaches in qualitative data analysis and therefore is a more holistic and complete set of

techniques used to generate emerging theory from volumes of qualitative data. She identifies seven different operations that are ‘neither discrete nor occur in an ordered, sequential fashion’ (493). These operations are categorisation, abstraction, comparison, dimensionalization, integration, iteration and refutation.

Clearly, this is an idealized process of data analysis and ignores the complexity and messiness of analysis in practice. The case study data and interview data were analysed separately because they provide different perspectives on the research objective. The interviews provide the formal, idealized, ‘presentational’ data that resulted in relatively thick accounts of the positive aspects and ‘cleaned-up’ version of CSR development and implementation within their organizations. This data set helps to identify patterns of behaviour surrounding the research objective at the organizational level, and of structure and process. The case study data provides a rich description of how CSR development and implementation occurred on a daily basis, according to the individuals both involved in the process, and witnessing the process from a less involved position. Thus it provides rich data on the day-to-day factors influencing how the structures and processes are identified, developed and implemented and helps to provide some information on why for instance the ‘standardized practices’ in use within the organization are shaped the way they are, and thus why the institution of CSR is shaped the way it is. It therefore helps to investigate the research objective at the level of both the individual (by observing individual actions) and organizational level (by observing interactions between groups, and how individuals present their interpretations of organizations).

Using an example from the interview research data set, the following sections illustrate how themes were taken from first being recognised, to becoming a part of the overall research results and roughly how it relates to Spiggle's (1994) framework.

3.6.1. Example of Analysis – Interview Research

An Excel spreadsheet was set up with four worksheets, one for each of the topics (motivations, implementation techniques, cultural influences and stakeholder feedback) and the transcripts were broken into three groups, to be analysed in three separate cohorts. Each transcript was read and all themes were taken from the transcripts, whether considered significant or not. These themes were labelled according to the language used by the participant (Manwar et al 1994) and the talk related to this theme was pasted into the spreadsheet, along with the interview code, nationality of the participant, what country s/he worked in, where the company was headquartered and the participant's title. The theme names and where they were located in the spreadsheet were written on the side of the transcript to provide a record of the progression of themes and their analysis. Every time a transcript mentioned a similar theme, it was recorded in the same way directly under where the previous text had been pasted, and the label was adjusted (if necessary) to reflect all thematically similar sections of talk. This 'categorization' of data (Spiggle 1994) continued through all three cohorts of data (each cohort represented by a different colour, again so that the progression of analysis could be tracked backward), and the themes were incorporated into an ever larger, more abstract grouping of ideas under a single theme (thus 'abstraction') as illustrated in Figure 7.

Figure 7 Section of Interview Data Analysis for Theme 'Define Key Areas of CSR Involvement'

Define Key Areas of CSR Involvement							
Simple	PS2	UK	UK	UK	Director CSR	5	<p>SB: and define our key targets and uhm uh definitions for some of the areas that underpinned them</p> <p>SB: uhm so all of that sort of drew together (06:00) into an overall CSR work plan</p> <p>KB: uh hum</p> <p>SB: uh and a very <i>simply</i> defined CSR strategy</p>
Define Key Areas of CSR Involvement	RT4	UK	UK	UK	Director of Social Responsibility	9	<p>RB: What we didn't have at that time was a definitive policy, which which actually uhm <i>identified</i>, where we were going in each of those areas. And what it was what our stakeholders <i>did</i> tell us is that it was a bit fuzzy. They weren't clear so, you know if it was a bottom level, what is is managing the risks, so what was managing the issue, and what was opportunity and where did they fit in and where it was just it was just a little bit unclear. The issues are the same and (21:00) they don't, they haven't necessarily change. So what what we did was take a step back and sort of say okay if that is let's let's really clarify that, let's say, every operating company will take minimum action, our target is to go towards the policy, this is the policy, very clear you know this is what [RT4] believes in, and then beyond that is leadership. And so it really took what we had looked at it and reworked it, refined it.</p> <p>KB: right</p> <p>RB: simplified it to a certain extent, and then put some real measurable against it because that was the other thing was we were asked was well it's great to have all these things, but you know, show us show some targets and our stakeholders were saying you know one. we want to see some <i>real</i> key indicators, we want you to publish those, we want you to set some targets around those, and we want you to verify those and sort of none of that was in place at that time. So that's what we really were trying, but keeping the 12 issues very sort of similar.</p>
Easy to understand	RT1	UK	UK	UK	Corporate Social Responsibility Manager	9-10	<p>RE: right, those 21 things were chosen because they deemed to be important elements of the CSR agenda for [RT1]</p> <p>KB: OK</p> <p>RE: I think that that that if you look at lots of the CSR formats that have been developed</p>

Text surrounding the themes was compared to characterize the theme based on its context.

The 'charting' technique (Ritchie and Spencer 2002) was also used. Each central theme was put as the heading for its own chart, with the different sub themes (determined from the data) listed across the top of the chart. The different participants who have made reference to this theme were listed along the side, and the appropriate matrix cells populated with a summary of the text. The relationship between the pieces of text can be easily seen allowing for the characterization of that theme, typically along a continuum that describes the characteristics indicated by participants. For instance, if the text indicated that some participants talked positively about the theme and others talked negatively about the theme (i.e. including stakeholders in the development of a draft code), this would be highlighted by the charting technique and helped to characterize both ends of the continuum suggested by Figure 8.

Figure 8 Example of Charting Technique for Data Analysis

Chart 2: Development of Draft Code/ Strategy				
Participant	Written internally by senior management	Written with participation of head office employees	Written with participation of world wide employees	Written with stakeholder input
NR4	we started working with senior leaders ... we had top senior management support from [CEO] and his senior team and uh we spoke to management teams, we spoke to regional leadership teams			
NR6		it was important really I guess to put down on paper what we stood for and what our principles and values and supporting beliefs were and uh get agreement for that so that was developed, was brought up through the Senior Exec's and the uh uh the Board of Directors and health and safety committee for endorsements		
MF1			we then had a group which we asked to write the code ... we wanted line managers who were seen as being credible	
PS3				the way we approached it was to engage in quite a lot of stakeholder engagement so we involved all of our employees at the time ... and we also conducted research with customers in the US, and then from the US and the UK point of view government officials, NGOs, lead investors, institutional investors, individual retail investors, some shareholders, the media, uhm whole raft of people something like 4000 people were involved in the process

This technique was useful in ensuring that all ‘outlier’ or conflicting evidence was adequately captured. Thus, thematic analysis and the use of the charting technique for central themes were used to conduct the comparison, dimensionalization and integration of data. Iteration and refutation were part of the ongoing process of moving through the different stages of data analysis and in following the constant comparison method. Every word captured on transcripts, and every theme captured in notes (along with direct quotes and close paraphrasing noted during case study research) went through this process to ensure that all data was adequately captured, and that resulting conclusions represent the full story presented by research participants.

3.7. Meeting the ‘Criteria’ for Good Interpretive Research

To ensure this study is both methodologically appropriate, sound and rigorous, the researcher applied the seven elements Mintzberg (1979) used in his research on organizational strategy.

Table 8 Application of Mintzberg's (1979) Seven Elements of 'Direct' Research

Seven Elements	Application in Current Research
1. The research has been as purely descriptive as we have been able to make it	All data gathering began without a preconception of what was to be found, and was gathered and recorded in as much detail as possible given the situation. Events were described as quickly as possible with every attempt to distinguish between my perceptions of the event, and the participant’s perception of the event.
2. The research has relied on simple – in a sense, inelegant – methodologies	Although multiple methods were used, they were simply asking people to describe a phenomenon, and watching them act and make sense of the phenomenon – interviews and case study.
3. The research has been as purely inductive as possible	<p>I went into the field with preunderstandings about CSR and about business but knew very little about how implementation works in practice. No hypotheses, propositions, a priori constructs were developed prior to data gathering.</p> <p>I made the following assumptions prior to data gathering:</p> <ul style="list-style-type: none"> • The topic is interesting to more people than myself and thus they would find research on it useful • It is currently a problem many corporations are facing • I am studying a process • Culture might influence this process so it will be interesting to ask about culture <p>Both the ‘detective work’ of tracking down patterns, and the ‘creative leap’ in generalizing for theory building were used.</p>
4. The research has, nevertheless, been systematic in nature	Each interview participant was sent the same invitation letter, and the interviews were each started with the same preamble and ended in similar fashion. Semi-structured interviews guides were used to form a foundation for comparison between participants and the analysis structure suggested by Spiggle (1994) has been used. Copious notes of different types were taken on observations within interviews and the case. Within the case, every effort was taken to check informants perception of events, record similar groups of information including the setting, the mood between participants, organizational context (recent organizational events), level in organizational hierarchy, informal relationships between informants, content of conversations, nature in which that content was discussed. Case notes were analysed using the structure suggested by Spiggle (1994).
5. The research has measured in real organizational terms	Both data sets required interaction and observation of organizational members engaged in the process of CSR strategy development and implementation.
6. The research, in its intensive nature, has ensured that systematic data are supported by anecdotal data	The case data provide anecdotal information to support and explain the process under investigation. The Standardized Practices (Chapter 4 and the strategic responses (Chapter 6) reflect ‘ideal’ types.
7. The research has sought to	This research is data rich and attempts to both capture the complexity

Seven Elements	Application in Current Research
synthesize, to integrate diverse elements into configurations of ideal or pure types	of the phenomenon, but also to synthesize in ways appropriate for both academics and practitioners.

3.8. Conclusion

In providing a detailed discussion of the research philosophy, methods and analysis techniques employed in this research, this chapter highlights six key points:

1. The interpretive paradigm is consistent with the concept of ‘institution’,
2. Exploratory, inductive research is appropriate for investigating development and implementation of CSR strategy,
3. A multi-method study allows for investigation of the research objective by gathering both presentational and operational data (Van Maanen 1979),
4. Activities to ensure reliability and validity of data are consistent with expectations for ‘qualitative’ research,
5. Analysis of both data sets is consistent with the constant comparative approach, allowing capture of all data, and
6. This study meets Mintzberg’s (1979) seven elements of ‘direct’ research.

First, this multi-method study, underpinned by the interpretive paradigm is consistent with an interest in investigating institutions and agency. The interpretive approach suggests that reality is subjective and that it is possible to see patterns in social action.

New institutional theory suggests that institutions develop as a result of entrenched patterns of social action that become taken-for-granted, and agency looks at how individual actors affect these sometimes taken-for-granted patterns of social action.

Therefore, an interpretive approach is consistent with the literature that describes institutions as subjective constructions that over time become entrenched, stable patterns

of social action, which exist beyond the relationships that created them but are largely affected by them. The interpretive paradigm is also consistent with investigating these larger patterns of social action at the level of the individual, where the interplay between the individual and larger social structures significantly influences both (Burrell and Morgan 1979).

Second, the review of literature conducted in the last chapter illustrates the underdevelopment of literature in a number of areas around the research objective and the lack of empirical research to support existing theory around CSR implementation. Therefore, exploratory, inductive research is most appropriate to investigate these systems and processes involved in developing and implementing CSR strategy in a transboundary environment.

Third, the multi-method interpretive study, comprised of 40 semi-structured qualitative interviews and a single case study, provides two distinct but combinable data sets, allowing investigation of the research objective from two distinct perspectives. The interview data set provides more formal, publicly appropriate information on the ‘current or best practice’ structures, processes and activities existing for CSR at the time of interview. It therefore primarily answers the ‘what’ question. The case data (which includes interviews conducted with case participants) provides more informal information on such things as attitudes, conflicts and how actors influence the processes described by the interview data set. Thus, the second data set – the case study research – primarily answers the ‘why’ question.

Fourth, to ensure reliability and validity of the research, multiple methods were used, all interviews (from both interview research and case study research) were digitally recorded where possible, allowing for the creation of accurate transcripts and included field notes based on non-verbal cues presented at the time of the interview. Also copious notes were taken at different stages of the research (e.g. during meetings at case company) and to record different elements of the research process (e.g. research diary) as suggested by Spradley (1979 in Silverman 2001) and Miles and Huberman (1998). Social desirability bias was also noted and steps taken to minimize it.

Fifth, the analysis techniques used for both data sets were consistent with the constant comparative technique (e.g. Spiggle 1994, Silverman 2001, Strauss and Corbin 1998), where a small proportion of the data was used to general the initial categories, and remaining data was added in two successive groups to actively refute and explain all categories and data. Both data sets were analysed independently due to the different perspective represented in each, but where themes in each data set were cross referenced to identify links between the two data sets. All data was coded and used to inform the conclusions, and thus to help build theory around CSR and the research objective.

Sixth, this study meets the 'criteria' of good research: it is descriptive (see Chapters 4 and 5 in particular), uses simple methodologies (interviews and case study), has been as inductive as possible (use of four topics in interviews and no agenda other than investigating the research objective in case study), has been systematic (same process and topics used in interviews, recording of similar elements where possible within the case), measured in real organizational terms (both data sets grounded in practice), systematic data supported by anecdotal data (primarily provided by case study and informal chats

with interviewees prior/post interview), and integrate diverse elements into ideal or pure types (standardized practices – Chapter 4, strategic responses – Chapter 6).

Therefore the multi-method interpretive study provides the opportunity to investigate the research objective from both a presentational and operational perspective, generating a more holistic understanding of the formal structures and processes, but also the informal influence of actors on these structures and processes of how MNCs develop and implement CSR strategy across national borders. The next chapter focuses specifically on the interview research conducted in the multi-method study that illustrates a relatively stable set of practices around CSR at the MNC level, thus providing evidence to suggest the existence of the institution of CSR, the particular ‘pattern of social action’ of interest in this research.

4. Standardized Practices of CSR

4.1. Purpose and Aims

The previous chapter indicated how interview and case data were collected and analyzed so as to investigate the research objective – *to investigate, in detail, the existence of and key characteristics outlining an institution of CSR through an investigation of how it is developed and implemented by companies*. This chapter is the first of those discussing the findings from research, and *focuses primarily on the data gathered from interview research*. It describes how MNCs in the sample develop and implement CSR strategies within their organizations. It is thus presented as a set of Standardized Practices which in effect highlight the sameness of approach to the systems, processes and activities associated with CSR at the MNC level. This set of practices describes a phased approach, built from three parallel processes (substantive process, process management/ governance, and diffusion and integration process) similar to that described by Rijnders and Boer (2004) in Chapter 2. The substantive process illustrates the activities and decisions related to CSR; process management/ governance describes the changes necessary within the organization to activate the substantive process; and the diffusion and integration process describes how actors are creating and transferring the practice of CSR within and outside the organization. The context that influences this process and the institution of CSR more broadly is found in Chapter 5.

While many of these practices are held in common between the different MNCs in the sample, areas of difference or debate in the systems are also described. These are further described in Chapter 6 where the key difference in the Standardized Practices are

investigated with data from both the interview research and the case study research to support the findings.

This chapter therefore contributes to the overall research findings by providing empirical evidence that a set of standardized practices exists around CSR. The fact of this standardization is evidence of stability in norms and activities around CSR and thus an institution of CSR. This chapter has four aims:

1. To introduce and describe how the Standardized Practices were created,
2. To provide a detailed description of *all* systems, processes and activities mentioned by interview research participants, organized into an ‘ideal’ form (Mintzberg 1979),
3. To highlight one of the key applied research outputs, and
4. To illustrate that the Standardized Practices provide empirical support for an institution of CSR.

4.2. Creating the Standardized Practices

This set of practices is an aggregate based primarily on interview research. It details all activities, decisions, sub-processes, systems, and timing of these activities etc. mentioned by participants during the interview. Due to the semi-structured interview approach, interviewees were free to present specific issues they deemed significant either to themselves, the company, to present publicly or to present to the researcher as someone interested in these issues. Thus the prevalence of any particular activity (indicated by the number of interview codes behind the theme) represents the importance of those issues to the interviewees at the time of interview and given our interaction.

In every case, the activity is in use by at least one MNC within the sample. In some cases interviewees indicated their organization *should* be pursuing a particular activity and this was added to the Standardized Practices. There were no cases of interviewees mentioning their organization *should* be involved in a particular activity where it was not already ongoing in another. Thus, the set of practices represents current practice, but the involvement in these activities are expected to increase given that some interviewees indicated they were trying to move their organization into the particular activity (i.e. collaborative industry initiatives). In some cases there are activities with only one interviewee code. In these cases, the activity was an important part of the overall development and implementation activities of that organization. Most interviewees described a range of activities occurring within their organization around CSR development and implementation but the constraints of the interview did not allow them to exhaustively describe their efforts. Also, although all activities were mentioned by interviewees, in some cases the timing was left ambiguous, requiring a ‘creative leap’ (Mintzberg 1979) to organize the data into a form useful for academic description and practitioner use.

4.2.1. Creative Leap

Mintzberg’s (1979) ‘creative leap’ allows researchers to abstract from their data to create pure and/ or ideal forms. There are two steps: the first is the ‘detective work’ step where research is conducted as inductively and descriptively as possible, followed by the ‘creative leap’ step where the researcher breaks away from their data to describe something new. This helps to provide not ‘true and false theories so much as ... more or less useful theories’ (p.584). There are many creative leaps in this research, the timing and presentation of the Standardized Practices is the first, designed to aid academic

understanding of CSR implementation and in practitioner usefulness, and is a small leap from the data. This leap is around the timing of activities in the Standardized Practices, where the timing is informed by the broader context of the interviews and in a structure that facilitates clear understanding for the reader of the themes expressed in the interview research. The following example illustrates why it is essential to describe current practice in an ordered form represented in Figure 9.

It is worth noting here that the Standardized Practices are the culmination of action around the development and implementation of CSR strategy, and not simply the result of formal strategy. Therefore, they represent an aggregate of both formal and emerging strategy around CSR issues within the sample MNCs, based on the experience of interviewees as key participants in this macro-process.

4.2.1.1. Empirical Example of Problems in Presenting Implementation in Practice

Company NR2 became engaged in CSR as a result of intense negative external stakeholder pressure. It responded first by creating a policy for its global operations in-house, prior to conducting any research on CSR, prior to engagement with its stakeholders and prior to developing any competencies in-house. The resulting five principle CSR statement, with vague wording and lack of measures created an uproar and the impression to external groups that the company was trying to ‘green wash’. The company was, however, engaging in a number of CSR related activities such as pollution prevention and global rollout of strict health and safety measures, none of which were reflected in their CSR statement, and the activities found in the statement had yet to receive the attention external stakeholders were expecting. The company was threatened with expulsion from one of the major world stock exchanges, and as such, decided to invite stakeholders for

consultation as a first step in the revision of their CSR statement. The next iteration of the CSR statement included the results of their industry research, stakeholder dialogue, conversations with government and other CSR related activities. It was supported by the initial stages of governance systems to ensure more effective implementation of their much expanded CSR statement, and early performance information to signal action on commitments.

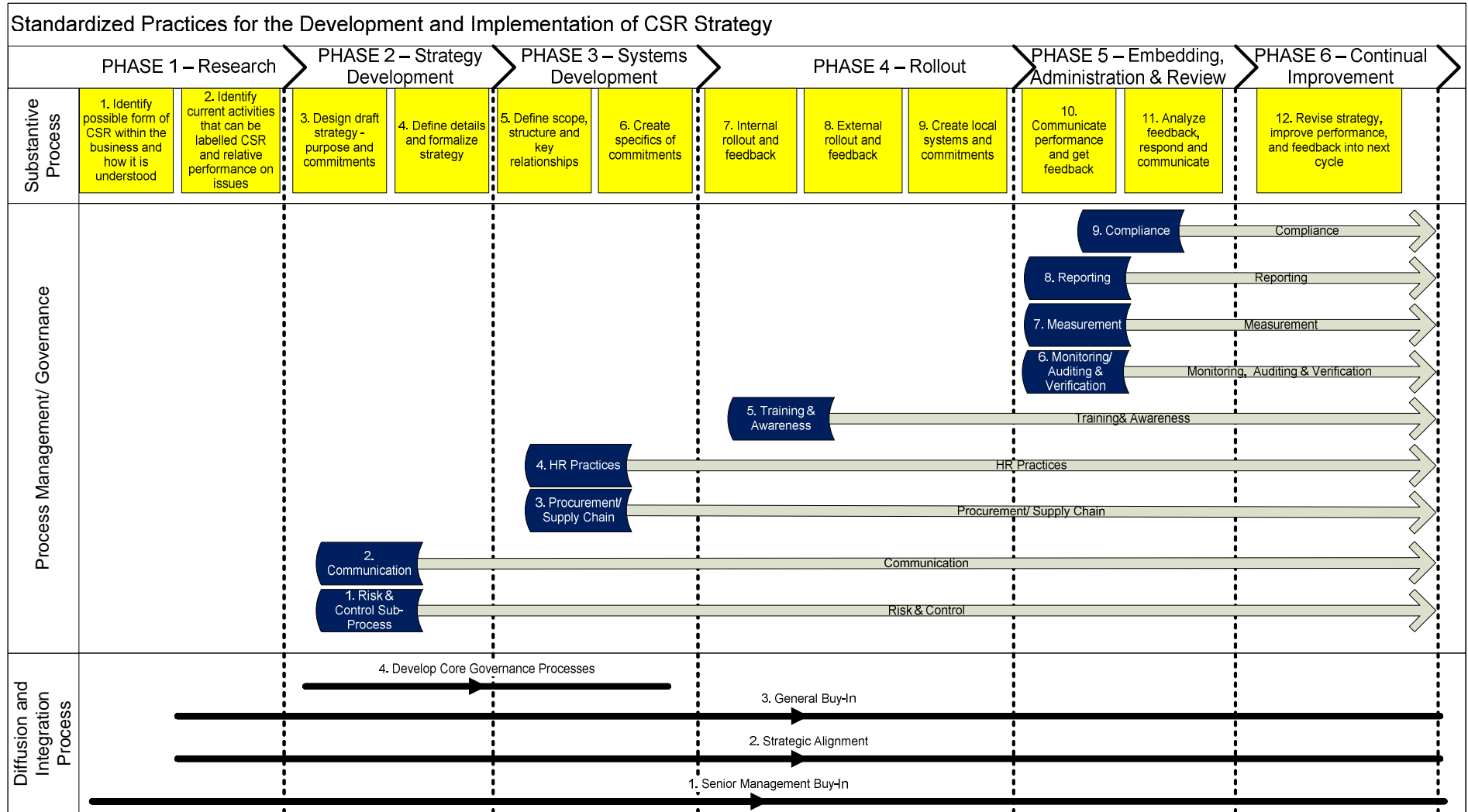
Clearly NR2's attempt to implement their CSR statement was chaotic and involved considerable conflict.

4.3. Standardized Practices of CSR Strategy Development and Implementation

The Standardized Practices are comprised of six phases: 1. research; 2. strategy development; 3. systems development; 4. rollout; 5. embedding, administration and review; and 6. continual improvement. Within the substantive process, each phase has clusters of activity that highlight the key decisions and actions within the phase. These are represented by yellow boxes which denote decisions and actions that should be conducted at roughly the same time and in no particular order of completion. There are two parallel processes, the first process management/ governance is comprised of a range of sub-processes which are depicted as arrows in the middle third of the figures, and appear roughly at the stage on the Standardized Practices in which their implementation becomes important (see Figure 9 for a summary diagram). The second parallel process, diffusion and integration, is comprised of lines along the bottom third of the figures that illustrate the systems and activities used to create and transfer CSR practices within and outside the organization.

Beyond these more analytical levels is a descriptive level detailing what the decisions, activities and sub-processes mean in practice, or in other words the key issues involved and how they are being conducted within sample MNCs.

Figure 9 Overview Diagram of Standardized Practices



4.3.1. Phase 1 - Research

Phase 1 is the first of two planning phases, where the company scans its internal and external environment for CSR current practice, performance and expectations (on CSR more generally) both within the company and outside.

4.3.1.1. Cluster 1 – Identify Form and Understanding of CSR

The first cluster of activities focuses on identifying the possible form of CSR within the business and how it is understood internally.

4.3.1.1.1. Determine CSR Motivators

When individuals within a company decide that CSR is important and must be investigated, they are basing this decision on certain reasons/ motivations that shift and change depending on the nature of those involved, the culture of the organization, the pressures from inside and outside the organization either to become involved in CSR or not, the industry etc. These motivations for CSR engagement also change as the company's understanding and practice of CSR mature. Therefore, motives for CSR engagement exist whether they are deliberate, formal and/ or deemed appropriate to communicate more widely, or have emerged from the individuals involved in the initial stages of engagement and their wider justifications for the importance of CSR.

Interview research resulted in a wide range of justifications for creating CSR strategies that can be roughly grouped according to strictly business case reasons and mixed win-win reasons.

Business Case:

- Improve profitability (PS2, NR1, CN2, RT1, PS3)
- People want to work for a responsible company/ attract and retain talent (MF4, NR2, MF3, NR4, MF2)
- Formalize values/ identity/ standards/ commitments (RT5, SP(P)1, RT3, NR6) and make them visible (MF1)
- To create a consistent global standard (PS1, MF1, NR5, MF2), explore issues on a global basis (NR4)
 - Where there is cultural agreement ('local worldwide') (PS1)
- Risk management tool (CN2, RT3, RT4, MF2)
- Reputation (CN2, RT3, NR3)
- Expectation in marketplace (CN2, RT3, MF2)
- Create common purpose or identity/ internal alignment (NR5, MF2, RT4)
- Consolidate values/ policies (MF3, NR4, MF1)
- Identify gaps in business performance (CN2), revise processes (MF1), and drive organizational change (NR4)
- Competitive advantage (PS1, CN2)
- Create license to operate (NR3, PS3)
- Counteract claims in popular culture/ media (MF3, RT3)
- Response to incident (RT5)
- Long-term survival of business (MF2)
- Business opportunities arising from CSR engagement (RT4)
- Leader in CSR (PS1)
- Compliance (MF2)
- Create legitimate access to countries with problematic governments (NR6)

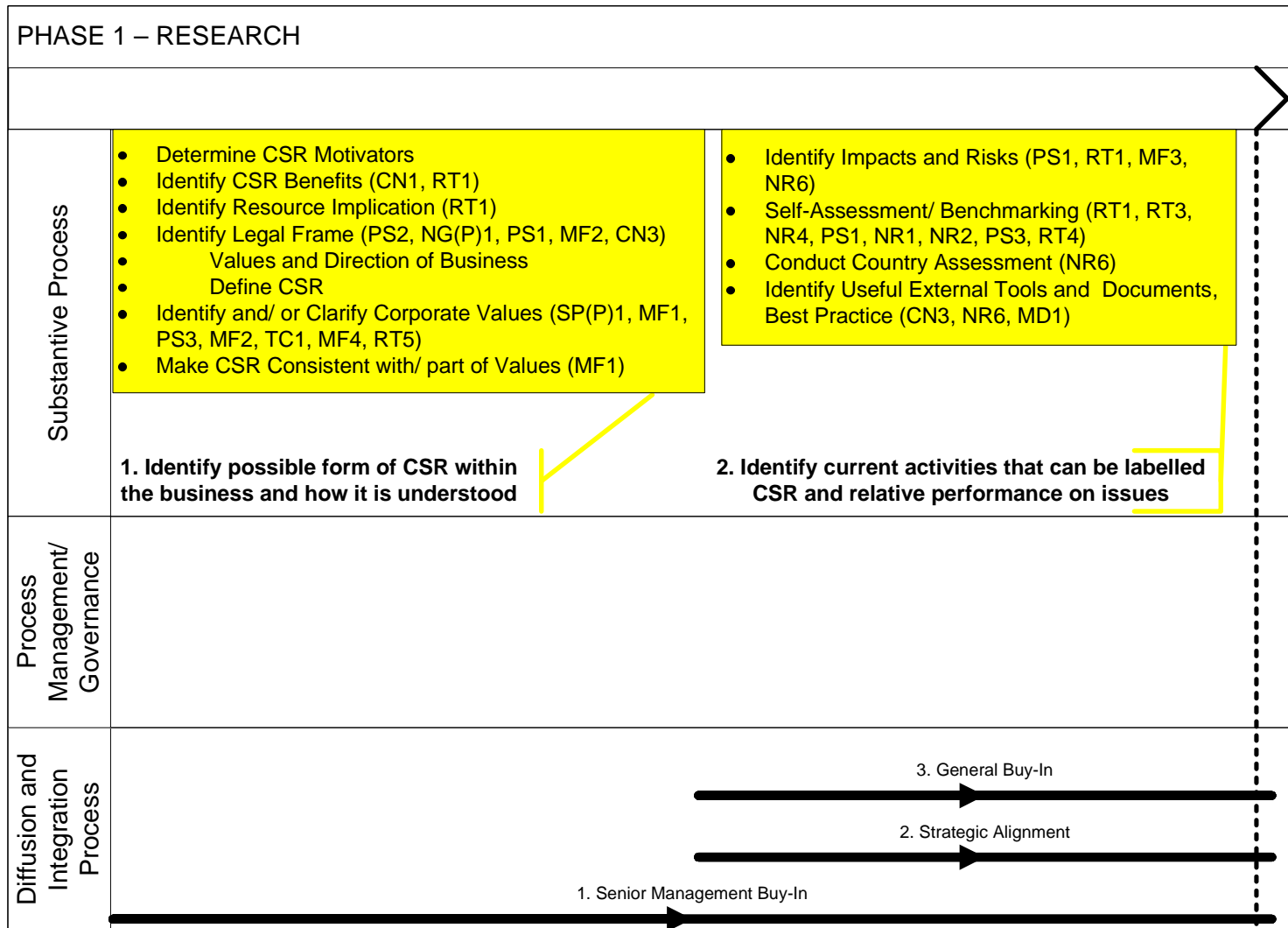
- Performance on indexes (RT3)
- Expectation from shareholders (MF2)
- Influence public policy (RT4)
- Police the company (MF3)
- Guide for behaviour (MD1)

Mixed Win-Win Reasons:

- Improve accountability (MF1, CN2, NR5), transparency (RT5)
- Respond to expectations/ create value for wide range of stakeholders (NR5, PS3, CN2)
- Build/ maintain good relationship with key stakeholders (RT3, NR6)
- Make values explicit (NR5, MD1)
- Identify universal issues for global business (RT4)
- Failure of governments requires need for business action (NR3)
- Anxiety over the consequences of continuing with business as is(SP(P)1)
- Identify areas for improvement (CN2)
- Individual awareness of importance of CSR (RT3)
- Champions (RT1)
- Create CSR strategy that speaks for all stakeholders (PS3)
- Motives shift depending on audience (RT1)
- Reflect best practice (NR2)
- Reflect commitments in 3rd party codes (NR2)
- Act as catalyst for development (NR6)
- Act as part of commitment to CSR/ethics (CN2)

In looking back to the literature in Chapter 2, one would expect to find motivations under both the business case and the ethical categories. This is not the case in practice. In fact, only one purely ethical reason was given by two participants – right thing to do (SP(P)1, CN2), and a vast range of motivations were given where both the company was expected to benefit (from a business case perspective), and where there were benefits to other parties. In some cases the benefits to others were ancillary benefits that the company took advantage of (e.g. to improve their reputation) and in other cases the benefits to others were intended. As is clear from the two lists above, in practice, companies are motivated either by how it benefits them, or some mix of how it benefits them and at the same time benefiting other stakeholder groups. *Thus, whether they are motivated by benefits for themselves, or for benefits to themselves and stakeholder has a significant influence on the nature of CSR within the organization and is one of the substantive areas of difference discussed in Chapter 6.*

Figure 10 Standardized Practices – Phase 1



4.3.1.1.2. Identify CSR Benefits, Identify Resource Implications, Identify Legal Frame and Identify/ Clarify Corporate Values

In order to justify spend and required changes to the organization, companies identify the potential benefits CSR will have on the organization (CN2, RT1), at least in the short-term, and if possible into the medium and long-term. They commit resources (RT1) appropriate to its size as an organization, issues according to industry (e.g. natural resources companies have higher environmental protection expenditures than financial industry, whereas the financial industry may have more expenditure in human resources due to vastly higher staffing levels), and maturity with regard to CSR. Companies with little experience allocate a small budget that may include the salary for a middle manager to investigate and plan early initiatives on CSR where quick wins are possible so as to increase likely involvement and participation in future years. In year two or three, companies with now slightly more experience with CSR may need to allocate more to allow for the creation of systems, sub-processes and initiatives that are more specific, detailed and further reaching. These are however thought to be offset by savings from early initiatives. Companies in subsequent years tend to adjust their allocations to account for both cost savings due to CSR initiatives and spend on continual improvement.

Companies also investigate the legalities of their operations and CSR related issues (PS2, NG(P)1, PS1, MF2, CN3) to ensure a solid understanding of the legal backing in both the home country and in host countries of global operating locations. This involves both an understanding of the formal rules (legislation, regulation, guidelines) but also the informal practices dictating how these rules work on a day-to-day basis. These companies tend to start with compliance and move forward from there, keeping government guidelines in mind such as the DEFRA environmental reporting guidelines. They may also work on

identifying values of the organization and how CSR might fit within existing values or may be added to complement existing values (SP(P)1, MF1, PS3, MF2, TC1, MF4, PS2). This involves creating a better understanding of how the organization defines CSR and a clear direction for the business which includes operating based on CSR principles. For more mature companies, these activities tend to be reviewed only as part of the regular review in phases 5 and 6.

4.3.1.2. Cluster 2 – Identify Current Activities that can be Labeled CSR and Relative Performance

Cluster two focuses on a better understanding of current activities, their impacts on stakeholder groups, associated risks for the organization in CSR terms, what activities could be labeled as CSR and how this range of issues and performance compares with other organizations in a range of industries.

Identifying impacts and risks (PS1, RT1, PS3, NR4, MF3, NR6) necessarily includes investigating those associated with products (MF3), and all environmental concerns through environmental impact assessments (NR6). The risks and impacts associated with different countries are also investigated (NR6), not only from an operational perspective, but also from a CSR perspective which includes both a desk audit and a site visit to understand different types of political risks around bribery and corruption, and taxation; social risks around level of human rights abuses, age of workers, and population pressures; environmental risks around brownfields sites, and endangered animals; and other groups of risks etc. Due to the complexity of country assessments, companies may choose to use external specialists who can provide them with a general overview of the challenges and opportunities of working in a particular country.

In this cluster, companies look at their current practices to identify what CSR type activities are in place and how they are performing on them relative to their counterparts in the same or different industries depending on their current level of engagement. This means identifying the current measurements and performance level, and the gap that exists between the current level and the desired level based on the measurements and performance of other companies and expectations of stakeholders (RT1, PS1, PS3). These levels may be different depending on the advancement of different business units (RT4), and efforts to close the gap depend on whether the company wants to maintain a leadership position in that area, be on a par with the peer group, or simply meet legal requirements (RT1, PS1).

In conducting these assessments, companies identify best practice policy, documentation, strategy and activities relevant to CSR and their business (RT3, NR4, TC1, MD1, NR2), in some cases focusing specifically on one industry or region (NR4). Useful external tools/ documents etc. include the Global Reporting Initiative (CN2, MD1), AA1000 management system (CN2), ISO 14000 series (CN2), different stewardship programs such as the Forest Stewardship Council, the United Nations Development Program (NR6), other multistakeholder codes such as Global Compact, OECD Guidelines for Multinational Enterprise, and the Equator Principles, and external research (MD1). They conduct research to determine performance against stakeholder expectations (PS3) and can use indices (RT3) and codes (RT3, RT4) as one effective form of external benchmark. KPIs can be used as a baseline internally to drive future performance on CSR issues (RT4), with lifecycle assessments of products and suppliers as the best practice way of determining performance relative to CSR concerns and other companies.

4.3.1.3. Diffusion and Integration Process 1 – Senior Management Buy-In

As senior management drive the personality or culture of the organization (CN1), getting their buy-in early is critical to the success of any management initiative. Therefore, the senior management buy-in process starts as soon as possible in the CSR investigation and planning phases. Active support and consistent involvement is critical (SP(P)1, MF1, CN1, NR2, NR4) to build a CSR culture/ brand (NR6) where the CSR vision for the business is clear (SP(P)1). Participants indicate that for CSR to be effective within the organization, senior managers need to be looked up to and respected (CN1) and act as role models (MF1, CN1, NR4, MF2, TC1) where their behaviour is visible to all (MF1) and consistent (CN1). This type of leadership on CSR behaviour is crucial (CN1, CN2), and can be gained through workshops (RT3), preparing senior managers for the hard work ahead (NR4) vs. presenting the work to be done in stages (RT6) so as not to overburden them and cause excessive fear. Some companies begin the buy-in process by discussing how CSR can help with business imperatives (RT1) and ensuring protection for senior managers who lose business as a result of adhering to CSR strategy (MF2). By the time the organization is creating the specifics of their commitments to CSR, there should be some degree of at least minimal senior management buy-in and therefore the key CSR person can reduce the amount of time dedicated to involving senior managers in CSR. This is due to the fact that senior managers will necessarily be included in all major decisions on CSR strategy and initiatives, in the least through approving the CSR strategy if not through more direct involvement and therefore active efforts on buy-in may be reduced during Phase 3.

4.3.1.4. Diffusion and Integration Process 3 – General Buy-In

The general buy-in process refers to encouraging active support and involvement in CSR primarily from the wider organization, but also of other stakeholders. As such this involves encouraging employee (and other stakeholder) participation in the development and implementation of CSR strategy, procedures and initiatives (CN1, CN2, PS2, PS3) to generate ownership and interest through such things as developing marketing materials (NR4), developing KPIs (PS3, RT4), multi-stakeholder review of reports (CN2), work on specific issues such as climate change (RT1, NR2), multi-stakeholder monitoring/auditing (PS1, NR6), etc. Employees and other stakeholders are encouraged to participate through such things as polls (e.g. MORI) (PS2, TC1), focus groups (PS2), workshops (PS1), feedback from reports, websites and inviting comments from critics (PS1, MF3, TC1), research with specific groups (e.g. consumer research) (PS1, TC1), forums (MF3, PS1, TC1), adhoc email (MF3), surveys (PS3, RT3, MF1, MF4, MF3, NR4, TC1), online and face-to-face debates (TC1), and meetings/ interviews with key people (TC1, NR4).

Participants suggest that generating buy-in with employees and other stakeholders is most effective when there is a clear definition of CSR within the organization (RT4) that is communicated by senior management of the relevant business unit (RT3) in a gently persistent way (SP(P)1). Active efforts are made on general buy-in at least until Phase five where systems and initiatives have already been developed and agreed upon by key stakeholders, and are being enacted. As with all sub-processes, they should be ongoing, but active efforts for general buy-in may be reduced in Phase five when it is believed that some minimal level of buy-in will have been attained.

4.3.1.5. *Diffusion and Integration Process 3 – Strategic Alignment*

Strategic alignment of CSR to core operating philosophy and actions ensures a more coherent CSR strategy that fits within the organization's core purpose, competencies and resource abilities (SP(P)1, RT1) and therefore potentially reducing costs and increasing benefits of engagement. Activities such as donations/ philanthropy (RT1), community investment/ development (MF2, RT2), reducing the impact of products (MF2) should be aligned with products (MF3), historical behaviour and competencies (RT1), needs of the customer (RT1) and the business case for those activities (RT1).

This sub-process begins by looking at what activities the company is already engaged in to see which are a natural fit for CSR. These are then evaluated for practical issues around what the company wants to achieve and how it can be achieved (RT1).

4.3.2. Conclusion of Phase 1 – Research

Phase one is the first of two planning phases where the company identifies what CSR is, what it means to them, how they are performing on relevant activities and how this compares to other organizations either within their industry or outside of it. In the main, this stage is no longer necessary in future reviews of CSR with the exception of continuing to scan the environment for future issues and best practice, and making any adjustments for changes in values or key priority areas. These activities are typically conducted as part of Phases five and six.

4.3.3. Phase 2 – Strategy Development

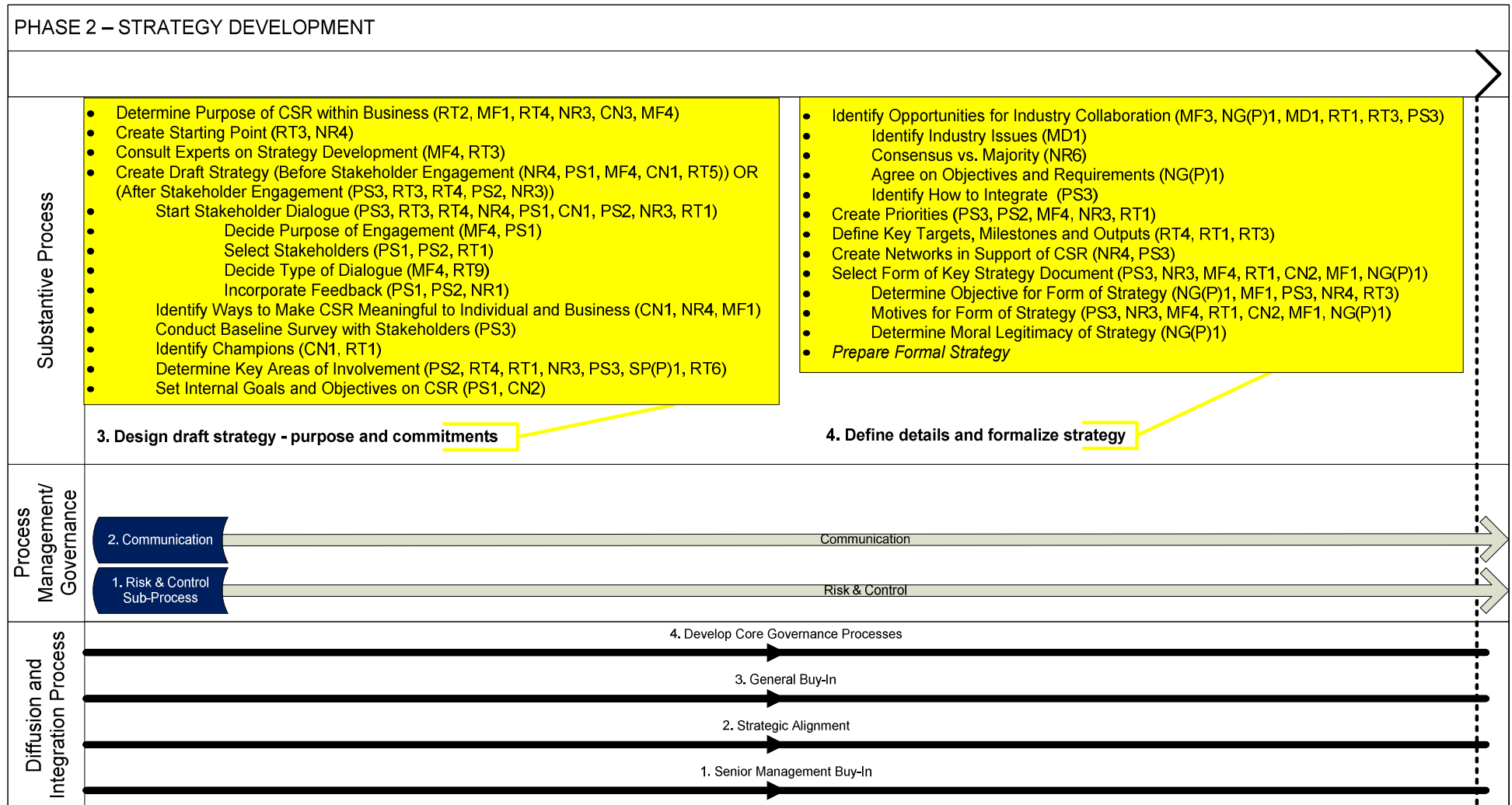
Figure 11 is the second of the two planning phases, where the issues and background that are identified in Phase one are used to develop the overall CSR strategy. It is important to note that although this phase is called ‘strategy development’ this refers to the intentional process of creating a formal CSR strategy. This is where strategy is ‘deliberately’ created and formalized (e.g. Mintzberg and Waters 1985), possibly to reflect already existing activities and/or aspirations of future activities. The other element of strategy development is emergent and results from the day-to-day activities of those who influence CSR within the organization. It is these activities that may be reflected during periods of deliberate strategy creation or revision.

4.3.3.1. Cluster 3 – Design Draft Strategy – Purpose and Commitments

In drafting a formal strategy for CSR, many companies first decide the purpose of CSR within their organization, whether it is to change the way the business runs (RT2), to create accountability and/ or transparency of individuals and the organization (MF1, RT4, NR4, CN3), to reduce impacts (MF4), to formalize its position on CSR issues (RT4), to improve the quality of life for customers and suppliers (RT4), and or to become a leader/ world class organization (PS1). This is followed by a starting point (RT3, NR4), such as a list of issues for stakeholder consultation or draft model/ code etc. The form of this starting point depends very much upon whether the next step in strategy development is to engage key stakeholders or to create a full draft which is then taken to stakeholders. *The timing on initial stakeholder engagement is the second of the substantive areas of difference discussed in Chapter 6 where interview participants disagreed on whether to engage early or later on in this process.* If in-house expertise is not available, outside

experts are consulted on the most effective ways to develop strategy around CSR issues (MF3, RT3).

Figure 11 Standardized Practices – Phase 2



4.3.3.1.1. Create Draft Strategy Before Stakeholder Engagement

Participants who believed that a full draft should be created prior to stakeholder engagement (NR4, PS1, MF4, CN1) tended to suggest the creation of a draft strategy (model, code, framework, principles etc.) by a small group of internal personnel, typically at a mid to high level within the organization.

The process used by NR4 and MF4 was to identify the opinions, concerns, priority areas etc. of key, high-level people within the business, and develop the strategy from there. The key CSR person (in both cases dedicated) started with the benchmark that was completed in Phase one, looked at the risks, concerns and areas where there have been previous issues, and at the existing policies. They then commissioned external expert help to shape the initial ideas which were brought to high level executives such as the board and senior management. These members were then interviewed to understand their opinions and priorities, followed by a similar process with opinion formers mainly within but also to some degree outside the company. A synthesis of the perspectives were used to create a draft strategy. The key CSR person then cascaded the draft strategy to functional people to *incorporate CSR within existing policies, standards and strategies*, and worked to create a draft of the metrics, communications plans etc. to be used during stakeholder engagement.

RT5's model was based on the fact that certain processes were already ongoing prior to CSR engagement and as such the key CSR person took advantage of those processes to drive development of CSR strategy. In this case the strategy developed in a less deliberate fashion, as a natural off-shoot of a process to identify and solidify the values and identity of the organization. They already had draft positions on certain issues and a methodology

for implementation prior to investigating CSR. As a result of this they put together a team of influential directors to guide the process of synthesizing this information and identifying how it would be communicated and implemented. They then used this information to test perception of different issues in a number of markets (operating companies). The feedback indicated that the markets did not have the time to conduct internal dialogue and wanted direction from head office on how to approach and implement CSR issues. Head office responded with another layer of strategy that brought together a wider range of existing policies, which was then written into a formal strategy with board approval.

4.3.3.1.2. Create Draft Strategy After Stakeholder Dialogue

With participants in this group, dialogue was the starting point for the strategy (PS3, RT3, RT4, PS2, NR3) which they indicated allowed for a realistic strategy to meet the needs of all stakeholders, not just internal business personnel (NR3).

In each of the following examples, companies started the development of their strategy with stakeholder dialogue and the slight differentiation in models is the degree to which external stakeholders were consulted.

PS3 had the purest model of this type by starting with a list of key issues and asking a vast range of internal and external stakeholders to rate the importance of these issues, their perception of current company performance, and their expectations of future performance. This survey was followed by an intensive period of interviews, focus groups with internal and external stakeholders to identify the key issues, wording and likely action plan.

RT3 used a variation on this model that focused on development of CSR strategy, processes and procedures through functional groups and thus starting with internal stakeholder dialogue. They started with internal workshops for functional people from the same department looking at CSR to determine the standards, codes, concerns, risks etc. relevant to the different functional roles within the business, as well as risks for the business overall. They identified existing processes and procedures that could be utilised in developing and implementing CSR strategy and additional processes and procedures necessary to ensure effective engagement and identified how these would be measured and monitored. They then delegated responsibility for the creation of these new processes and procedures, within a particular timeframe, to certain high level individuals.

The difference in outcomes from starting with a draft, and creating a draft at the 'end' of this stage of dialogue is arguably that companies who start with a draft strategy that they take to stakeholders are less likely and in most cases, less interested to make substantial changes to the document. Stakeholders therefore have less creative ability to add or remove issues, change the way they are articulated etc. which gives the company more control over how they plan and are able to articulate and implement CSR. Companies that create a draft after intensive stakeholder engagement allow much creative freedom to stakeholders but remove some control from the company in terms of the final commitments made in the strategy and how they will be implemented.

Whether the strategy is created before or after stakeholder dialogue, companies roughly went through the same process identified in the following sections.

4.3.3.1.3. Start Stakeholder Dialogue

This is where wider stakeholder consultation and engagement begins with both internal and external groups. The range of tools for encouraging buy-in listed in section 4.3.1.4 are also used in the stakeholder dialogue process but tend to be focused more specifically on certain groups, particularly in the early stages of consultation and engagement. Focus groups and interviews with representatives of key stakeholder groups tend to be the most popular tools used by companies to actively encourage participation, although many companies have a range of strategies they use to engage with stakeholders (PS1). With internal stakeholders it is important to talk to all parts and levels of the business to ensure appropriate coverage (NR4).

The first step is to decide the purpose of engagement. This can include such things as:

- Identifying gaps in performance and processes (PS1)
- Discussion and debate on issues of concern (MF4), whether ‘real’ or not (PS3)
- Provide direction for business (PS1)
- Reduce the knowledge gap (MF4)
- Find areas of common ground (MF4, PS3)
- Create realistic expectations (NR3)

Some companies talked about the need to take care in selecting key stakeholders for engagement (PS1, PS2) according to criteria appropriate to the company and its industry, while keeping in mind the ‘NGO problem’ (MF4). This refers to the fact that some NGOs will not engage with certain companies for a range of reasons such as producing certain products, previous accidents and incidents etc. (MF4) and the fact that some NGOs have their own agenda that is not representative of those they are meant to represent (CN1).

Certain types of dialogue are naturally appropriate for certain situations. For instance, it is likely that initial dialogue with a new stakeholder group will take the form of a formal meeting where issues are presented and each party listens to the other. This meeting is then followed up approximately six weeks later with responses from the initial meeting (MF4). As the company and its stakeholders become more comfortable with each other, dialogue becomes much more informal and occurs regularly (MF4, PS3, RT1, RT3) such as over a pint of beer in the pub or a quick telephone call to touch base on any news (RT9). Some of these meetings occur in end markets/ locally so the strategy can be adapted locally (MF4, NR3) but this set of meetings does not typically occur until the last cluster of Phase four. Face-to-face meetings with stakeholders only tend to occur with a small representative proportion of critical stakeholders such as highly impacted community groups (NR6), highly vocal NGOs (MF4), customers through research groups (PS1) and employees (CN1). It is also thought by some participants to be more effective if the objective is to gather information on specific issues, to have one-on-one in person discussions with the relevant people company personnel who better understand the issues and can respond effectively (RT1). Other methods of gathering stakeholder feedback are added throughout the development and implementation process as is appropriate in order to gather feedback, for instance comment cards in the back of reports or dedicated areas on the company website.

The feedback generated from these dialogue sessions tends to be collected centrally (NR1), collated (PS2), filtered (PS2), sent back to the board and senior management (PS1, PS2, NR4), fed out to the rest of the business (PS1), and fed back into future reporting cycles (PS1, PS2) where it is made available to the general public (PS1, NR5).

4.3.3.1.4. Identify Ways to Make CSR Meaningful, Conduct Baseline Surveys, Identify Champions, Determine Key Areas of Involvement and Set Internal Goals and Objectives

Once dialogue has begun, it is important to identify ways to make CSR meaningful and relevant to both individuals within the business and the business as a whole (CN1, NR4, MF1). This may involve identifying the CEO's personal interest in something such as climate change issues or animal welfare and keeping this as an important theme of early CSR strategy and initiatives to generate the buy-in and passion of the CEO and thereby the board of directors. This provides organizational leverage that can be used to elicit quicker decisions on projects, acquire necessary resources and positive buy-in for future initiatives. Another tactic which is used in conjunction with the first is to ensure that engagement with functional people includes identifying triggers for action. These can be processes that are inefficient and need to be changed anyway, areas where functional people would like to see change either on traditional business imperatives (and find the CSR angle) or on CSR related issues, and getting the CSR person to help 'run interference' (CN1) on new CSR initiatives so that they do not see the changes as adding much work, and in creating a positive relationship between the CSR person and functional groups. A third tactic is to include opinion formers early in the process to create engagement and ownership in CSR and related initiatives (NR4). These tactics help to ensure that CSR is personally, organizationally and culturally relevant (CN1).

Some companies conduct baseline surveys with stakeholders (either before or after face-to-face engagement with critical stakeholders). Some companies also work to identify champions (CN1, RT1) or individuals at all levels within the organization who have a personal interest either in CSR more generally, and/ or in particular related issues. Once

identified, participants indicate the need to support these individuals to participate in CSR strategy development and implementation and help them to encourage the participation of others within the organization.

Companies also defined the key areas of involvement and emphasized that these areas are simple (PS2, RT4), easy to understand (RT1), a natural fit and relevant to both business (RT1) and society (RT4), determined in-house (RT1), and be clearly defined (SP(P)1, RT4). Some participants (NR3, PS3) think there is a global consensus on these key issue areas, therefore making them easy to negotiate across borders:

- Health and safety
- Health and welfare
- Environmental stewardship
- Community development
- Education
- Empowerment
- Transparent communication
- Governance
- Climate change

Based on these activities, the companies set internal goals and objectives appropriate for business imperatives, the needs of stakeholders, and the overall direction of CSR going forward within the business (PS1, CN2).

4.3.3.2. Cluster 4 – Define Details and Formalize Strategy

This cluster focuses on identifying the remaining details that are required up to and including the formal drafting and finalization of the key strategy document on CSR.

The first detail is to identify opportunities for industry collaboration (MF3, NG(P)1, MD1). Participants thought it best to encourage broad participation from as many industry organizations as possible (RT1), to help protect the reputation of the industry from a few ‘bad apples’ (RT3). The collaborative group works to identify key issues common across the industry (MD1), decide whether it will be a consensus based group or rely on majority opinion (NR6) recognising that consensus-based organizations can come to a stand still if certain members (such as those without shareholders) disagree with certain activities. Once this is established the collaboration works to identify and agree on its objectives, what is required to achieve those objectives (NG(P)1), and work towards an understanding of best practice implementation to integrate CSR ideas into day-to-day operations (PS3). Some participants engage in debate through such media as industry publications or newsletters where key issues can be debated transparently and to which all members within the industry have access (RT3).

Participants indicated the need to establish priorities (PS3, PS2, MF4, NR3, RT1) due to the range of issues based on internal goals and objectives, industry objectives, stakeholder needs and concerns, and business imperatives. Priorities are normally found either in areas of high risk to the company (PS3), stakeholder concerns (MF4), or as a result of benchmarking (RT1). Priorities are established around the targets within those goals and objectives (PS2) and key targets, milestones and outputs from the stated goals and objectives are identified (RT4, RT1, RT3). This is supported by a network of champions

or others interested in actively promoting, discussing, debating and/ or implementing CSR within the organization (NR4). This network can be online, or meet regularly throughout the year via video conferencing etc.

Participants discussed the need to determine the form of the formal strategy document (PS3, NR3, MF4, RT1, CN2, MF1, NG(P)1). They indicated it should be flexible to allow for unforeseen events (RT1), and should create a worldwide set of commitments (NR3, MF4, NR5, MF1, PS1, MF2). Many interviewees used a set of policies typically focused on single issues. These documents together made up the core CSR strategy (NR3, CN2, MF1, NR3, MF4, NG(P)1). The problem with a set of policies is that they are not often well integrated and there are a range of practical problems including distribution (i.e. does everyone have a copy of each policy?) and compliance. One interviewee in particular indicated that their experience told them that a framework or model is better than a set of policies (PS3) for a range of reasons including its flexibility and usefulness in communicating the overall strategy etc. Every company in this study had a code, model, framework, guide or something functionally similar, although a code or a set of policies was by far the most common.

In determining the objective of the form of strategy, two decisions are most common, deciding between a rules-based or principles-based approach (MF1, PS3, NR4), and deciding whether the key strategy document will be used mainly as a communication tool or as an implementation tool (PS3, RT3). Motives for choosing a particular form include:

- Updating an existing code or policy
 - With the current time (RT1)
 - To ensure philosophy matches with new executives (RT1)

- With current issues (NR2)
- As a guide for behaviour
 - Minimum standard of behaviour for individual employees (NR4, MF2)
 - Set core standards of behaviour (NR5)
 - Guide for corporate behaviour (NR6)
 - Guide for international operations (NR4)
 - Guide for how to behave on the job (TC1)

Some companies also determined the moral legitimacy of the code (NG(P)1). In other words, whether it is based (morally) on the existing legal framework and/ or international agreements such as the UN Declaration of Human Rights, ILO Conventions, or based on a different moral justification of the authors.

With those details addressed, companies move forward with the writing of the formal strategy (although this is not to say that they are permanent but that some decision has been made and activities have commenced). This central CSR strategy document from which all other decisions and activities on CSR are initiated (MF4, NR3, NR2, NR5, RT4, NR4, NR6, TC1, MD1, RT9, RT6) is in some cases written exclusively by the board and/ or senior management (RT3, NR4, NR6) but this is not seen as best practice. Participants suggested best practice is for the strategy to be written by people seen as credible within the business (MF1), which in many cases are functional people who understand how the business operates and the impacts that changes are likely to have on those working for the company (RT3, NR6). There is debate on whether it should be based on legislation and/ or meeting external compliance issues (NG(P)1, TC1) vs. founded on the values and identity of the corporation (RT5). There is also debate on whether the document should be

principles-based so as not to be too descriptive globally, causing concerns with cultural imperialism (NG(P)1), or a combined approach using both rules and principles-based commitments (NR4). NR4 suggested an ideal structure as encompassing key sections, each with an aspirational goal and statement describing ‘why the company is doing this’, along with the relevant corporate values associated with it. Within each of these key sections, there should be specific action points on how to achieve the aspirational goal. MF2 however would suggest that aspirational goals are not practical as formal documents can only ever set minimum standards. Anything beyond this must be up to the different operating units due to significant differences in culture, legal frameworks, operating conditions etc.

The formal CSR strategy document is comprehensive and consistent (MF1) with both relative and absolute commitments (NR3, MF1, RT4) that are monitorable (NG(P)1), implementable (MF1, CN2, NR4, PS3), commit the company to continual improvement (NR5) and are lasting (MF1). Semantics are important (PS3, NR5) and every effort is made by some companies to ensure it is meaningful across cultures (PS3, NR4), using simple language (NR4) that ensures the responsibilities are made clear and unambiguous (CN2, NR1, RT4, NR4) and clarifies expected behaviours (NR4). Some companies *include measures of these commitments* in the formal strategy (RT4) and construct it using examples of best practice (MF2) that captures the essence of negotiation between groups (NR3), with cultural issues considered up front (MF1, RT5), so as to reflect these differences in the writing of the strategy (PS3) although of all the companies in this sample only RT5 and PS3 did this to any degree. It is through stakeholder involvement (or the process of negotiating commitments) that the document obtains its credibility (CN2), is reviewed by stakeholders both prior to rollout (NR3) and on a regular basis after

the fact such as every 3-5 years (NR2, NR6) and requires approval by the board (PS3, RT3, MF4, NR6, TC1, RT5). In some cases this key CSR strategy document becomes a key supporting document for all business functions such that it is referenced prior to other more traditional business activities (i.e. proposals for new finance projects) (NR5, RT3). Participants describe having a range of lower level sub-documents that help to specify, clarify and support the CSR strategy and its implementation in different business units/ areas etc. (MD1, NR6).

Ideally the core governance processes discussed in the following section are already underway and formalized to be incorporated into the formal strategy document. However in many cases this is not practical with the first iteration of strategy. This is more likely to occur in the first or second revision of the strategy, where all necessary systems are in place and formalized.

4.3.3.3. Diffusion and Integration Process 4 – Develop Core Governance Processes

During Phases two and three, the majority of core governance processes are developed for implementation throughout the different phases. Core governance processes coincide with the blue block arrows in the middle third of the Standardized Practices. The remaining processes to be discussed are:

- Risk and control
- Communication
- HR practices
- Procurement and supply chain
- Training and awareness
- Monitoring, Auditing and Verification

- Measurement
- Reporting
- Compliance

In most companies, these processes will already exist in some form for use in other business imperatives. Therefore, in the main, these processes are to some degree replicated and revised for use with CSR and will each be discussed in more detail with the relevant Phase.

4.3.3.4. Process Management/ Governance Process 1 – Risk and Control

This sub-process focuses on integrating CSR into the risk process (PS1, MF3, RT1, PS3), where each functional area determines their top risks on a regular basis (such as monthly), and this information is fed back into a risk and control group who discuss and prioritize the risks (PS3) and their relationship to each other, how the business is dealing with these risks, how effective these actions are, what external stakeholder have to say about them, what the potential impacts of these risks are and systems in place to mitigate systematic and future risks (PS1, PS3). The risk process helps to identify the areas of highest priority and to ensure due diligence, and acts as a starting point for what to measure (PS3). In some cases the risk assessment process is overseen by external experts (RT1), but whether driven internally or externally, both formal and behavioural controls are used to change the way individuals think about risk within the organization and to change their behaviour while at work (PS3). Stakeholder dialogue is an important risk management tool to help identify and mitigate current and future issues (RT3). This process is heavily linked with internal audit functions.

The risk and control process is important in early iterations of the strategy and within the timing of the Standardized Practices in part to prove the vulnerabilities that businesses face if they are not engaging in CSR and thus mitigating these risks, but also to help increase buy-in through articulating CSR as a business imperative and helping to integrate it early on into top-level decision-making processes.

4.3.3.5. *Process Management/ Governance Process 2 – Communication*

Early iterations of the communication sub-process are implemented soon in the Standardized Practices for a similar reason to the risk and control sub-process of helping to generate buy-in but also to get individuals participating in CSR whether through working on early initiatives or facilitating learning within the organization on CSR, or through debate about the relative merits or challenges posed by CSR etc. This helps to provide some initial guidance on how the company will communicate with its stakeholders during consultations and how it plans to disseminate the strategy once formalized.

Many companies target communication to specific audiences (PS2, RT1, PS3, CN1) and include information that identifies ‘what’s in it for me’ (PS2, SP(P)1, TC1), or in other words, how it will affect the individual or group, and what the benefits and drawbacks are of participation in tangible terms (RT1) that are given both non-monetary and monetary values (MF4, RT1). For instance:

RT1: so uhm the energy manager used to talk in terms of tonnes of CO2 ... Now on an annual basis the actual costs were in the region of £600,000 of energy that being [wasted on particular practice] and therefore you can then turn turn that energy into tonnes of CO2. Now, as soon as you start talking to the finance director about being able to save £600,000, he loves you

R: and he gets it

RT1: yes (pp. 23-24).

It also includes information on what is happening and why (PS2) and constantly repeats the company values and CSR messages (SP(P)1). Each strategy component is given its own branding and identity (RT1) with the eventual goal of creating a CSR brand for the entire company (NR6). The strategy is published on the web (RT3) and used as a tool for external communication (PS3). Targeted communication events are timed appropriately so as not to coincide with the launch of another event or other critical communication piece (PS2).

The purpose of the communication is to provide information to stakeholders on CSR (RT4), indicate company expectations of stakeholders (RT3) and indicate performance against commitments made in the strategy document (CN2). One respondent indicated that non-compliance issues should not be seen as taboo and should be communicated openly (RT2).

4.3.3.5.1. Internal Communication

Participant companies work towards integrating CSR issues throughout the internal communications system (PS1) as it is a key part of transparency and accountability with stakeholders (CN2). There is a two-way information flow between the board, local offices and all levels in between (RT1), to help identify and consolidate CSR efforts (RT3).

Communication focuses on awards and performance in relation to other companies so that employees have a point of reference for actual progress on CSR issues (PS3). The strategy is widely circulated to all parts of the business (MF2, NR5) for those who are interested. However, targeted communication is crafted for different groups and only includes those aspects of the strategy relevant to the audience (RT1, RT3, PS3, NR6). This makes it

easier for employees to digest and understand, and most individuals working in the company do not need to understand the entire strategy to do their jobs effectively and engage with the strategy.

Basic marketing skills (NR4) are very useful in communicating with employees and are used internally. These tools include:

- Road shows (MF3)
- Workshops (MF3, RT3)
- Kinaesthetic tools such as games and fuzzy toys (NR4)
- Presentation/ slide pack for managers (RT3, TC1)
- Articles in internal magazine (MF3)
- Video of interview with CEO and executives on web (MF3, NR4)
- Videos (NR4)
- Poster campaign (MF1, PS3, NR5)
- CEO briefing/ broadcast to global operations (PS3, NR5)
- Dedicated website (NR5)
- Card summary version of strategy in areas where literacy is low (NR5)
- Employee networks (PS3, NR4)

4.3.4. Conclusion of Phase 2 – Strategy Development

Phase two is the second of two planning phases where CSR is further detailed and designed for implementation. This phase begins by identifying a starting point for the creation of the formal strategy document and ends with the formalization of this document with some degree of participation from key stakeholders. In future reviews of CSR, this

Phase is still important to review the strategy with internal and external stakeholders and the value they (and the company) have received through CSR engagement. Clearly, with systems in place and existing relationships with stakeholders, these activities are likely to take less time and may be more informal. However, they should result in a formal strategy which takes into account all behaviours and activities that have contributed to emerging strategy and the regular review.

Phase three is where the structures supporting the strategy are adjusted for use with CSR and formalized.

4.3.5. Phase 3 – Systems Development

Phase three encompasses the decisions, activities and sub-processes required to develop the core management positions, structures and documents that will support the remainder of the phases. This is where the organization sets itself up for the implementation of specific initiatives that are rolled out in the next phase.

4.3.5.1. Cluster 5 – Define scope, structure and key relationships

With the strategy formalized during Phase two, the next set of activities are to determine the breadth of its application, create the structures and systems that will ensure more effective implementation and management of CSR within the organization, and identify the key technical specialists and partners to help in these endeavours.

Many of the MNCs in the study have a global code/ policy document that is mandatory for all employees worldwide, and in some cases extends towards sub-contractors and suppliers. In some cases, the MNCs have created specific, mandatory code/ policy

documents for their suppliers but different documents for themselves. As such, participant companies decide the scope of their key CSR strategy documents, whether they will be made mandatory and for whom (MF4, NR5, NR3, PS1, MD1, RT6). Some participants indicated that global companies are judged globally and therefore needed to have global, mandatory standards (NR3, MF4, NR4), with the same rules and language applying to everyone within the company (NR4), and that these standards needed to come from the corporate head office perspective (MF4). However, there was a caution against trying to impose standards on businesses that ‘you don’t own’ (NR5), although mandatory supplier codes were deemed acceptable as part of best practice (RT6, RT2, RT9).

Companies identify and/ or recruit technical specialists to help in the creation of core governance structures and management systems for CSR implementation, administration and continual improvement (PS2).

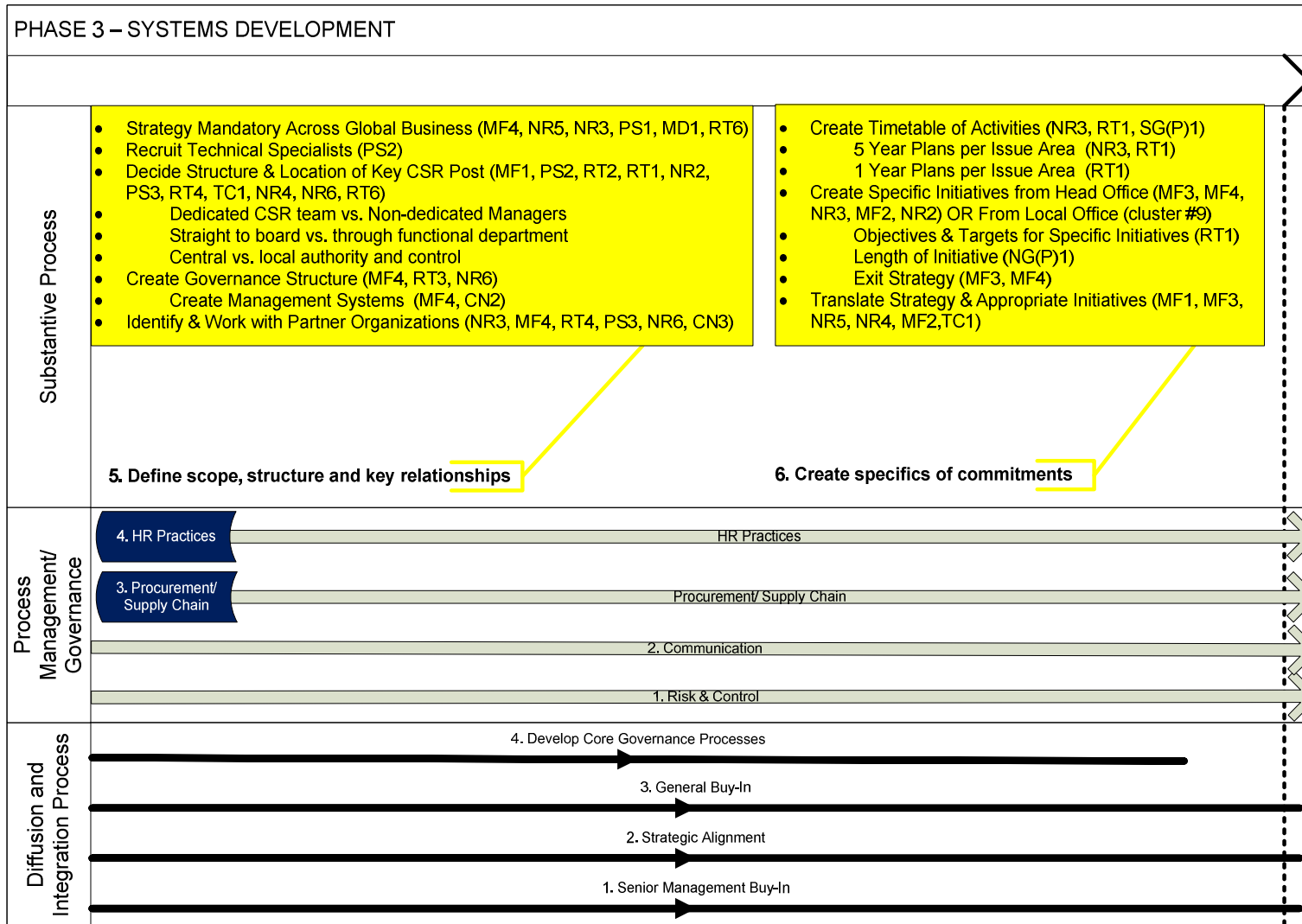
4.3.5.1.1. Decide Structure and Location of Key CSR Post

It is possible, although not advisable to determine the structure and location of the key CSR post at this late stage in the Standardized Practices. The reason for its appearance at this stage is that it needs to be formalized to ensure that the systems, reporting lines, cross-functional teams etc. can be set up with few structural changes after the fact. Many companies hire their key CSR person long before major systems development occurs but it is at this stage that decisions should be made to ensure that this key resource is placed appropriately within the organization and is tasked appropriately.

There is always a need for a dedicated person within the organization to ensure that CSR strategy is moving forward efficiently and effectively (MF1) and many companies lead

their CSR efforts through executive management (MF1). A senior person is appointed with responsibility for setting up CSR and related policies and procedures (PS2, CN1) and can be either a generalist or a specialist depending on the support this person has and their access to external expertise (RT1, RT3). In most cases, this person acts as a facilitator or internal consultant for the different operating units, working to bring them together on a common CSR agenda (RT2, RT1, NR2, PS3, RT4, TC1, RT6). In some cases the key CSR person reported directly to the board (RT4, MF4, RT6) and some through other departments (TC1, RT3, TR1), but it was generally considered best practice in terms of moving CSR forward for this person to report directly to the board.

Figure 12 Standardized Practices – Phase 3



While some companies use dedicated CSR teams to implement the strategy (MF4), it is more common to see implementation as a responsibility of non-dedicated personnel (MF1, RT1, NR2, NR2, NR4, TC1) and in some cases almost exclusively at the business unit level (NR5, RT3, MF2). However, neither is considered best practice, but often the best use of limited resources due to scepticism over the usefulness of CSR for the organization at the highest levels. This has implications for who has authority and control over the CSR strategy and its implementation. With central CSR teams responsible for implementation, the authority is centralized. With CSR implemented by non-dedicated personnel, it is unclear where decision-making authority sits and must be decided based on an appropriate reporting line.

Tasks of the key CSR person include:

- Coordinate/ advise/ assist various business units (RT1, NR2, NR6)
- Oversee strategy and subsequent documents (NR4, NR6)
- Ensure consistency of approach and language (RT1, NR4)
- Creation and ensure smooth operation of governance systems (TC1, PS1)
- Develop the strategy (NR4, NR6) vs. create format/ framework for others to develop strategy and set parameters for consistency (PS3, RT1)
- Integrate, embed CSR into operations (RT1, NR4)
- Verify that the strategy is being adhered to across the business (if made mandatory) (NR6)
- Responsible for:
 - Training (NR2)
 - Reporting (NR2, TC1), vs. reporting guidelines and approach (NR6)
 - To awards, indices and rating bodies (TC1, TR1)

- Stakeholder dialogue/ building relationships (NR2, NR6, RT5, NR4)
 - Liaise with government (NR2, NR4)
- Website (PS3, TC1)
- Roll-out of formal strategy (NR4)
- Auditing (TC1)
- Issue specific areas where matches expertise (i.e. investment, human rights) (NR2, PS3, RT1, RT4)
- Communicating CSR activities and performance to different media and groups (NR4)
- Participation in industry initiatives (NR6, TR1)
- Public policy development (NR6, RT4)
- ‘Work myself out of a job’ (RT1)
- Leave lasting legacy in operational countries (NR6)

4.3.5.1.2. Create Core Governance Structures

With the key CSR position within the organization formalized, and decisions made about where authority and control for CSR sits, the core governance structure can be completed and formalized. Again, some of these structures will be in place earlier within the Standardized Practices and are likely to overlap with activities already underway. However, final decisions and the formalization of structures tend to happen around this point. This does not mean that these systems and how they relate to the key CSR position cannot change. What it does mean is that they are formalized until the next CSR review so that all those participating in CSR know the structure, reporting lines, key decision-makers etc.

Companies have a board level committee (PS2, MF4, RT1, PS3, RT6) where board members are given formal responsibility either for CSR (RT3) or for specific issues (i.e. human rights, community, labour conditions, animal welfare etc.) (RT1, PS3, NR5, RT3, TC1). They also have a CSR strategy steering committee or forum (MF3, RT3, MF1, MD1) that is in some cases headed by the CEO, with senior executive representation from each of the key business areas (MD1). Some companies include CSR as a regular item on the board and senior management meeting agendas (RT4, MF4), with CSR debated and discussed (including performance information) more broadly in all levels of management meetings (MF1, RT3, NR6, SP(P)1).

If the structure involves a dedicated CSR team, there tends to be a local/ regional CSR committee (MF4) and a code implementation group (MF1, RT1). If implementation is run by non-dedicated managers, then responsibilities tend to be cascaded to local/ regional people (MF3), and managers rotated around different business areas to understand and share best practice (MF2). Irregardless of structure, implementation teams are tightly linked with internal audit (MF4, RT1, MF1, NR5) and include personnel representing the different business functions as well as areas (PS2, RT1, PS1). Ownership of each element is assigned (NR6, RT1) and issue specific teams are developed based on expertise and interest (NR3). Champions are included in these different groups where possible (CN1) to help increase buy-in, commitment, and ownership of CSR initiatives.

This is also where the remaining core governance processes are developed and formalised. As with everything within this Phase, it is likely that the development of these processes are already underway and or exist in another form simply requiring adjustment for CSR purposes.

Some participants also develop management systems on specific issues such as human rights (MF4), environment (NR6, NR2), or on other issues based on the virtuous circle/ Deming cycle (CN2, MF4, CN4). However, in most cases the management systems are a specific sub-section of the core governance processes and/ or not in use at head office with the exception of environmental management systems.

4.3.5.1.3. Identify and Work with Partners

Partners are important for a number of reasons such as capacity building (NR6), helping to improve the diversity of the workforce (PS3), helping achieve a license to operate (CN3), helping understand and work on complex issues (RT2), working in areas or with groups the company may not have access to (NR6), pooling resources to gain additional benefits that no one group could achieve on its own etc. There are a vast range of partnership organizations mentioned by participants and these tend to fall into four categories:

- Community groups
- Specific issue NGOs or charities (e.g. Kew Gardens, Biodiversity Partnership)
- Development agencies (international and domestic) (e.g. UNDP, local groups)
- Business/ industry coalitions (e.g. Ethical Trading Initiative, Federation of Tour Operators, International Petroleum Industry Environmental Conservation Association)

4.3.5.2. Cluster 6 – Create Specifics of Commitments

In this cluster, timetables for major activities, creation of specific initiatives and the timetables associated with them are created, as well as cascading the strategy to the appropriate level within the business and translating necessary documents.

Many participants talked about the need to timetable CSR events (NR3, RT1, SGP(P)1), in particular five (NR3, RT1) and one (RT1) year plans created for each key area identified within CSR. These are updated (or created) annually (NR3) and are designed to ensure good local processes, ensure that key stakeholder issues and concerns have been represented within the initiatives and that provide solid evidence that certain processes are in place (NR3). The five and one year plans assign ownership to a particular individual and include objectives, outputs, resource implications, a risk assessment process, measurement, milestones, timescales, benefits and benchmarks (RT1). The owner of the five and one year plans reports back to the CSR committee and/ or board on progress and performance (SG(P)1). In some cases, these more detailed plans drive the development of more generalised policies for specific issue areas.

4.3.5.2.1. Create Specific CSR Initiatives from Head Office

When to create the specific CSR issues is the third of the substantive areas of difference to be discussed in Chapter 6 and is linked to the global operating strategy in use by the company (see section 2.2.1.2). Some companies create the majority of these initiatives at head office and cascade them to local business units utilizing a centralised approach. As will be seen in section 4.3.7.3, others decide the specific initiatives in conjunction with local offices, where the local offices have much more say in the nature of the initiatives. In either case, these specific initiatives focus on areas where the company can make a difference (NR3, MF2), that are of benefit to both the stakeholder and the company (MF4, NR2), and that respond to what the stakeholder group wants such as farming techniques or water sanitation and not something because it is what the company knows how to provide (NR2, NR3).

Participants indicated that companies need to create a budget for development projects (NR6) which can be made easier and more efficient by working in partnership with other agencies (CN1, NR6), although this is not always the case and therefore each company needed to decide for itself whether it works directly with local stakeholder members to create joint solutions, or through another agency where they give money (NR6). Within the partnerships, participants negotiate the objectives and targets for a specific initiative (RT1), the length of time the company needs to be involved (NG(P)1) before the project is self-sustaining (NR6), and the company's exit strategy (MF3, MF4) to ensure common expectations and understanding of the duration of the project under consideration and how the company will be leaving the project.

Many participants thought these projects should focus on capacity building (NR3, CN1, NR6, CN3) to ensure long-term, lasting benefits (NR6) through improved outcomes (NR3) for the stakeholder. The focus tends to be improving the living conditions of people and/ or animals through such things as education and training (NR3, CN3, NR1), employment opportunities (NR3, NR1), helping create local businesses (NR3, NR6), and helping build basic infrastructure (NR6, NR2). The goal is to create long-term, sustainable projects (NR6) that can be managed by the relevant stakeholder once the company has exited and requires daily face-to-face contact with local people (NR6), where both (or all) parties work together to complete different projects using whatever resources are available to them. For instance, in building a local school for a community to help local kids learn how to read, in the hope that they will also work for the company when they are of the legal working age, the company may provide the money for building materials, pay local suppliers to supply local materials, supply an engineer to design and project manage the build, and community members to put in time and energy for the physical build.

Participants indicate that to do this, it is important for the company to understand the local structure and to try as much as possible to work within it (NR6). In certain cases where there have been irreversible changes to the local area, offsets can be appropriate, such as creating a conservation area in a nearby tract of land where reclamation is not possible (NR3).

This tends to be where the idea of corporate philanthropy, community investment, donations and employee volunteering come into play. Companies were using the following criteria to select charities and/ or community investment projects:

- The personal experience of the workers (RT1, TR1)
- Strategic alignment with core business functions (RT1, RT3, MF2)
- Local staff to determine where to put money and resources (NR2, NR6)
- As a response to global disasters (RT1, TR1)
- Where maximum leverage can be obtained for the company and relevant stakeholders (MF4)

Participants highlighted that the criteria are flexible (NR2, RT3) to ensure that the programs are both a reflection of what the stakeholder wants as well as meet a business imperative for the company which is supporting the program, such as help to improve or maintain the reputation of the company or its relationship with this stakeholder, and/ or is something that employees support and appreciate the company's involvement (NR2). The vast majority of participant companies are involved in corporate philanthropy typically through cash or in-kind donations and employee volunteering programs (NR3, SP(P)1, RT2). However, donations (particularly of money) were considered by some participants to be insufficient to make the real changes they are driving for in their operating locations

(NR6, PS1, NR2) due to the fact that community investment was not only found to be an unimportant issue for stakeholders during extensive corporate research (PS3), but is an unsustainable model for engaging in development (NR6). In fact two participants warned against cash donations due to the potential problems with corruption and creation of dependent relationships with the donor stakeholders (NR2, NR6). Some companies also helped by creating trust funds and foundations for research (NR3, PS1).

Lastly within this cluster is the translation of the strategy, key supporting documents such as sub-policies, local policies, suppliers codes etc. the details of appropriate five and one year plans and relevant initiatives (MF1, MF3, NR5, NR4, MF2, TC1). This includes extra measures in areas where literacy is known or suspected to be low (NR5).

All documents are thus translated into the official local language, and the more common local languages spoken by employees if there are a range of languages in use. Best practice for translation starts with documents translated into the local languages by one translator (or a team) and translated back into English by another translator (or team) to verify the quality of the translation. Translators are encouraged not to focus on literal translations, but to translate the meaning of the values, philosophy and concepts (MF4). In cases where marketing and training materials are created at head office and cascaded to global operating locations, these are also translated into the local language(s) (TC1, NR4).

4.3.5.3. *Process Management/ Governance Process 3 – Procurement/ Supply Chain*

This sub-process deals with ensuring CSR criteria are embedded within the supply chain/ procurement areas of the company (PS1, TC1), with the recognition that there is a dependent relationship between suppliers and the company for mutual gains (RT4). CSR

requirements for suppliers are critical (MF1, MF4, RT4, MD1, RT6, RT8) and tend to be embedded into the supply chain in two ways: work to ensure supplier compliance with the company's own formal strategy (NR3, RT3, TC1), or create a separate sub-document for suppliers (RT4, RT1, RT2). In both cases, the document becomes a part of the supply contract (TC1) which is sometimes developed in two-way dialogue with the suppliers involved (RT3).

Ideally, the goal for participants is to develop long-term supply relationships with fewer, more integrated suppliers because these relationships tend to be more successful (RT2). In industries with long supply chains and/ or 'hard to identify' suppliers, the goal is also to reduce the length of the supply chain to ensure better relationships between the suppliers and the company (RT2). Participant companies are working to better integrate CSR into decisions of the buying teams through such things as the creation of responsible procurement guidelines (RT2, PS1). In cases where suppliers are non-compliant, many companies work with these suppliers to improve their practices (RT2, RT4, NR5) and provide resources to help suppliers engage more fully with CSR (NF3, RT4). In some cases, suppliers are expected to report on their performance against the strategy (RT3). The most significant problem, however, is when individual suppliers must respond to several different buyer codes with different expectations and priorities (NG(P)1, RT6), which can force significant additional costs on these companies (RT4) and cultural problems.¹⁴

¹⁴ In Islamic countries, women are not allowed to work with anyone other than their husband. Therefore, setting up a factory system where women and men work side by side to produce garments or manufacture such things as toys is culturally unacceptable unless the factory is staffed only by women. Women tend not to be in management positions and so the factory style manufacturing system does not work (NG(P)1).

This, and the costs to the buying companies for monitoring and auditing (RT6) are two key reasons why many companies are now engaging in industry wide (and in some cases cross-industry) collaborations to provide one set of commitments for suppliers, and to share the costs of monitoring and auditing common supplier sites (RT6, RT2, RT1, MS1). Such initiatives include the Ethical Trading Initiative and Sedex. The problems of compliance can be more easily solved when companies select suppliers which have similar CSR values and behaviours, and the willingness to achieve CSR goals (SP(P)1, RT4).

4.3.5.4. *Process Management/ Governance Process 4 – Human Resources Practices*

Participants mainly discussed HR practices around two key areas: performance reviews and hiring practices. With performance reviews CSR becomes part of the job description and requirements (PS1) so that it can be included in performance reviews and assessments (PS1, MF4). These CSR criteria are important in determining the yearly pay and bonus of senior executives, up to as much as 25% of their yearly bonus is based on CSR metrics (NR4), with KPIs, executing management plans, discussions, briefings, all included as measurements of performance in the performance management system (PS1).

With hiring practices, the values of the business are made clear up front (including advertising for posts) to ensure the potential new hires have similar values, and potential hires can be sought through networks of like-minded people (SP(P)1). For some companies, the strategy document is a key part of the employee contract and they attempt to hire people with a passion for the business and for operating responsibly (NR5, MF2, TC1). CSR is also included as part of the induction training (SP(P)1, NR2, PS3, NR5, MF2, TC1, MD1).

Participants indicate that staff feel good when they belong to a responsible company and thus work harder and are more loyal (MF1, NR4, MF4, MF3, NR2, MF2) and therefore it is important to them to create and maintain a reputation as a responsible company to attract highly skilled people. This is also true at the local level, where some companies emphasize local employment over ex-patriots (RT4, NR1).

4.3.6. Conclusion of Phase 3 – Systems Development

Phase three focuses on finalizing the structure of the different systems required for CSR implementation and the creation of CSR initiatives.

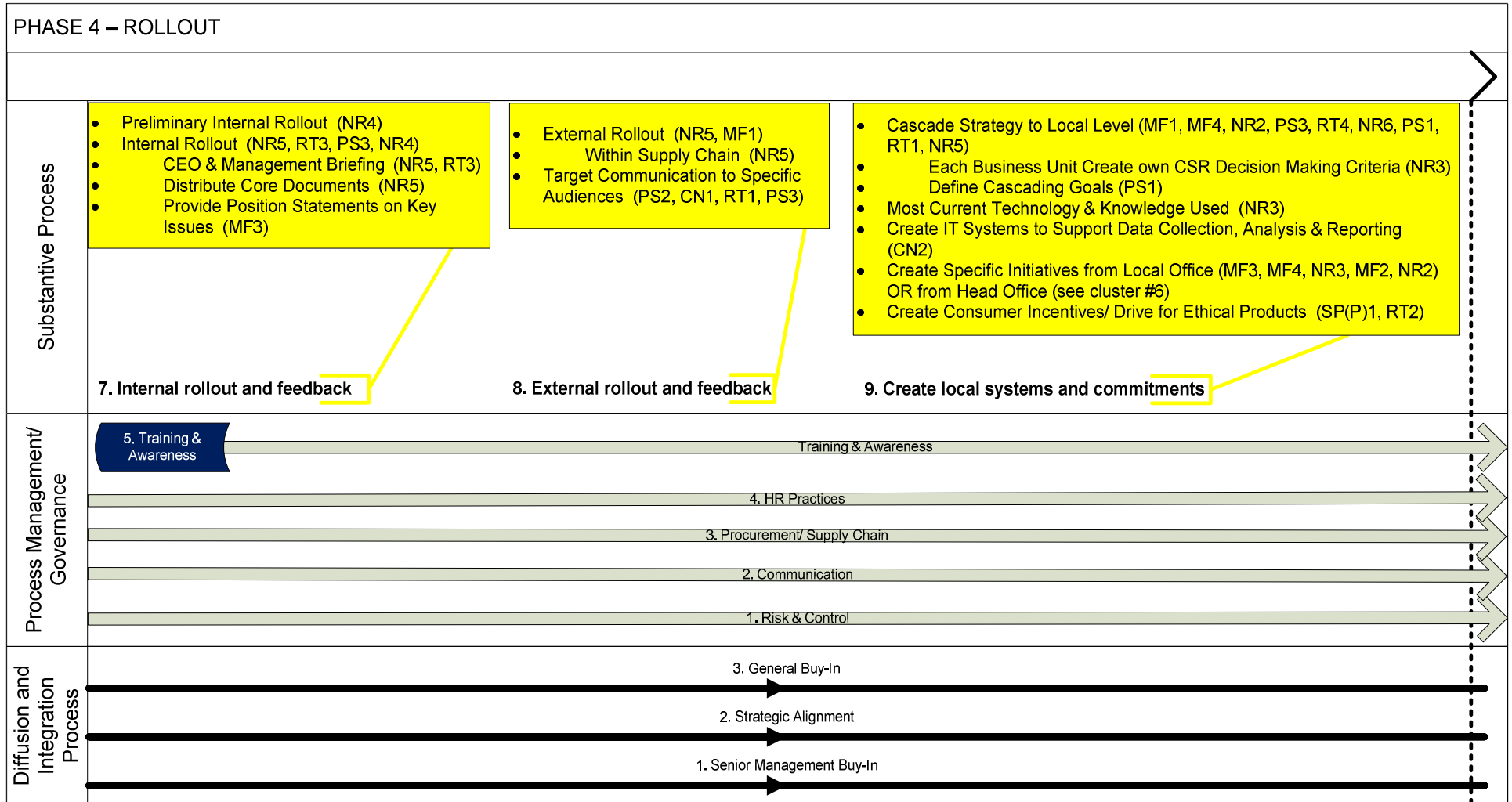
As with Phase one, the activities in this phase are not as critical during subsequent reviews unless major changes are needed to the structure or systems developed. It is expected that most changes will occur within the first and second reviews unless there are significant changes in the operating environment of the organization. More importantly, the separate initiatives need to be reviewed to identify the outcomes, but these are reviewed extensively in Phase five, meaning there is little need to return to Phase three once CSR implementation is well underway, unless or until operating conditions have changed significantly to require a revision.

4.3.7. Phase 4 – Rollout

Phase four details the specific activities that participant companies use in launching the formal CSR strategy document both internally, externally, and in global operating locations. This is the first of the two implementation phases and is a bridge between

finalizing development of the CSR strategy and supporting documents, structures and processes, and the initial stages of action.

Figure 13 Standardized Practices – Phase 4



4.3.7.1. Cluster 7 – Internal Rollout

One company in particular began their rollout by sending a final draft of the strategy and governance structures to all business functions for final comments prior to ‘going live’ (NR4). This preliminary internal rollout may also be interpreted as including all stakeholders who were internal to the development process, however this was not the case with this company.

Few participants discussed rollout, but of those who did, all but the company mentioned above began their rollout internally where senior managers were briefed (RT3), and the CEO conducts a briefing/ broadcast to all global operations (NR5) on the final version of core documents and structures. A manual is created for operational managers (NR5) on what the strategy is and guidance on how to implement it (NR4), a dedicated website is created and launched (NR5), copies are distributed to all employees (NR5), with company position statements on key issues (MF3), and the employee networks (possibly created earlier in Phase two) are further encouraged as a support mechanism to understand, implement and administer the strategy (PS3, NR4). All marketing and communication are used to help create a smooth launch, and are passed to operational managers as guides for their own business unit/ area launches (NR4).

4.3.7.2. Cluster 8 – External Rollout

Participant companies indicate that the external rollout (which tended to happen *after* the internal rollout) incorporates many of the same techniques as used in the internal rollout such as distributing copies of the strategy to key stakeholders (NR5), launching the external version of the website (NR5) and working these documents into the supply chain through the line managers or business units responsible for those relationships (NR5). The

purpose is to increase visibility of the strategy (MF1) and to consistently push the strategy through global operations and operating partnerships (MF1). The external rollout is typically managed by those responsible for code implementation (whether at head office or in local offices) to ensure the rollout hits all key stakeholders and relationships (MF1, NR4, NR5).

Understanding and uptake of the strategy is improved where communication is targeted to specific groups such as employees or specific communities, letting them know the purpose of the strategy and the intended benefits to the specific group. However, some participants indicated that contrary to popular belief, there was no need to communicate the entire strategy, but only those aspects that are relevant to that group (discussed further in Phase two).

4.3.7.3. *Cluster 9 – Create Local Systems and Commitments*

This cluster is focused on the creation of local initiatives, and other final details for furthering engagement and buy-in to CSR initiatives.

The strategy, internal and external goals and objectives, and other core supporting documents (such as policies on specific issue areas, supplier codes, five and one year plans, manuals, guides, schematics of governance structures etc, created as a result of or in support of the strategy) are cascaded to the appropriate level and geography for completion (MF1, MF4, NR2, PS3, RT4, NR6, PS1, RT1, NR5, RT6). The formal strategy document and supporting sub-documents are used to create local policies which support the overall strategy (MF1, MF4, NR2, PS3, RT4, NR6, RT6) where priorities are readjusted as needed to accommodate the appropriate business environment (PS1) and

linked with associated targets, milestones and outputs (RT4, RT1, RT3). This becomes the responsibility of the functional manager at the local level (RT1). Therefore, the international strategic goals and objectives are translated into more specific business goals and given responsibility at the local level (PS1). Each business unit must then create their own CSR decision-making criteria to aid in implementation and administration of the strategy (NR3).

According to MF1, an effective policy structure defines what is acceptable (value/behaviour etc.), the internal process (how the values or behaviours are deemed acceptable by the organization and how they will be acted on), define what is not acceptable (including sanctions), show the reporting line for this issue and how to report, show who is responsible for this issue and how to contact head office (particularly on issues that must be vetted first by head office), and indicates who will review the policy and performance on it.

This is where most companies begin to think about 'being local worldwide'. The strategy is created at head office (in some cases with both internal and external stakeholders included in the creative part of development, and in rare cases with either internal and/ or external representatives from foreign subsidiary locations included in development), main initiatives are determined, timetables and measures are put into place, and then these are cascaded to other operating locations around the world. As was the case with most of the participant companies, this is where any concerns with culture become apparent and where necessary, they create specific modifications on existing commitments within the strategy to better fit within the culture of different countries. For instance, a number of participant companies adapted, or created localized policies with different provisions for

facilitation payments. In each case, these companies made commitments indicating they did not support or engage in facilitation payments. In some operating locations however, facilitation payments are perfectly acceptable and an expectation of conducting business. In these locations the companies needed to be more flexible so as not to seriously jeopardize their market positions in these areas and therefore identified either a maximum allowable payment and/ or a plan for phasing out facilitation payments at some future date.

Using the most current technology and knowledge was important to some participants to ensure up-to-date and accurate initiatives with the most potential benefit for all stakeholders (NR3). Information technology systems (databases, data capture, analysis and reporting systems) are created to allow the company to monitor and report on its performance towards stated commitments (CN2).

Whether the vast majority of commitments are made in this cluster, or in Phase three, Cluster six depend mainly on where authority and control for CSR are held within the organization. The activities and decisions used to create specific initiatives for CSR in section 4.3.5.2.1 also apply here in the creation of specific initiatives at the local level. However, the decisions, issues and actions determined are more relevant at the local level and may be difficult to aggregate.

Lastly in the rollout phase is the need in some cases for companies to make their consumers aware of their CSR activities and create brand and/ or product propositions based on these different operating conditions and initiatives underway. The purpose of

this activity is to generate increased consumer interest in products, services, ideas, and companies where production of the ‘product’ is responsible (SP(P)1, RT2).

4.3.7.4. Process Management/ Governance Process 5 – Training and Awareness

Information on training and awareness provided by participants tended to form around the type of training needed for key stakeholder groups and the methods used to train them.

Training was most important for employees (RT1, MD1) which in some cases was adhoc (SP(P)1), was provided at induction (SP(P)1, NR2, PS3, NR5, MF2, TC1, MD1), focused on the company handbook/ manual (SP(P)1), focused on their rights (CN2), cultural awareness if working in different country (NR3), safety (NR3), leadership (CN2), only on strategy and not on full CSR program (TC1), and/ or on elements of strategy and/ or issues that are relevant to them specifically (RT1, PS3, RT3, NR6, NR4). Additional emphasis was given to employee groups with a higher risk of non-compliance (e.g. sales people given additional training on competition law and facilitation payments) (MF1).

Some participants also mentioned training stakeholders (SP(P)1), customers (SP(P)1, RT2, NR4), community members (MF3), suppliers (RT4) and local people (NR1, NR3).

Training and awareness activities for all groups should be conducted by locals and internal staff (MF1) where training is personalized for a particular group (SP(P)1, NR1, CN2) and focuses on specifics of the strategy (and other relevant sub-documents) appropriate for the group (MF1, CN2).

Training and awareness activities are conducted online (CN2, MF3, NR2, NR4, TC1, MD1) with regular refreshers or reviews of previous information (NR5, TC1, RT2). The methods used to conduct the training include:

- Case studies (PS3, RT3)
- Masterclass (SP(P)1)
- Scenarios (MF1, CN2, MF3, NR4, TC1)
 - Used to highlight cultural differences in different countries (NR2)
- Audio-visual (NR4, TC1)
- Presentations/ qualified or specialist speakers from inside and outside the organization (NR1, SP(P)1, NR4)
- Issue-specific conferences (PS1)
- Subscriptions to magazines, journals etc. (SP(P)1)
- One-to-one meetings (MD1)

4.3.8. Conclusion of Phase 4 – Rollout

This phase focused on rollout of the strategy and its supporting documents, structures and processes both internally and externally and was the first of the implementation stages.

Although not discussed by many participants, it was clear from the discussion that the rollout phase is a critical one in future iterations of strategy, key supporting documents, structures, processes, and/ or major company initiatives. The decisions, activities and processes are likely to be similar, with the exception that by the time the strategy is being revised, it is more likely to have achieved a critical mass of buy-in and support, therefore only requiring launch/ rollout of the changes and a refresher of the rest.

4.3.9. Phase 5 – Embedding, Administration and Review

Phase five focuses on how participant companies are integrating CSR into the daily operations of the organization by setting the structures and processes developed earlier into action. This is the second of the implementation phases and focuses on embedding CSR (TC1) by making it part of the DNA of the organization (SP(P)1, NR4). While two participants indicated this process of embedding happens differently in different countries (NG(P)1, NR3), very little evidence was put forward by any of the participants to indicate how this happened differentially (other than differences in formal policy) – they just intuitively knew it was a different process.

Embedding/ integrating CSR into the organization was recognised by most participants as critical for its success and as not effective if it is just a ‘bolt-on’ (SP(P)1, RT1). This means that CSR becomes a regular part of day-to-day activities (PS3, RT4) and conversations (RT3). Not only does the CSR strategy help to identify issues of critical importance to the business and therefore embed issues (SP(P)1), but key leaders, champions and the key CSR person have a significant impact in encouraging participation and ownership of CSR, thus helping to embed it more deeply with the organization (NR4, RT1, RT3).

In order to embed CSR, some participants felt that companies must move from a rule-based approach to a culture-based approach to CSR, where people learn CSR values and incorporate them into all aspects of their life (PS3), using all best practice elements available to the company through a range of disciplines (e.g. best practice on communicating strategy comes from within the marketing discipline) (NR4). Embedding

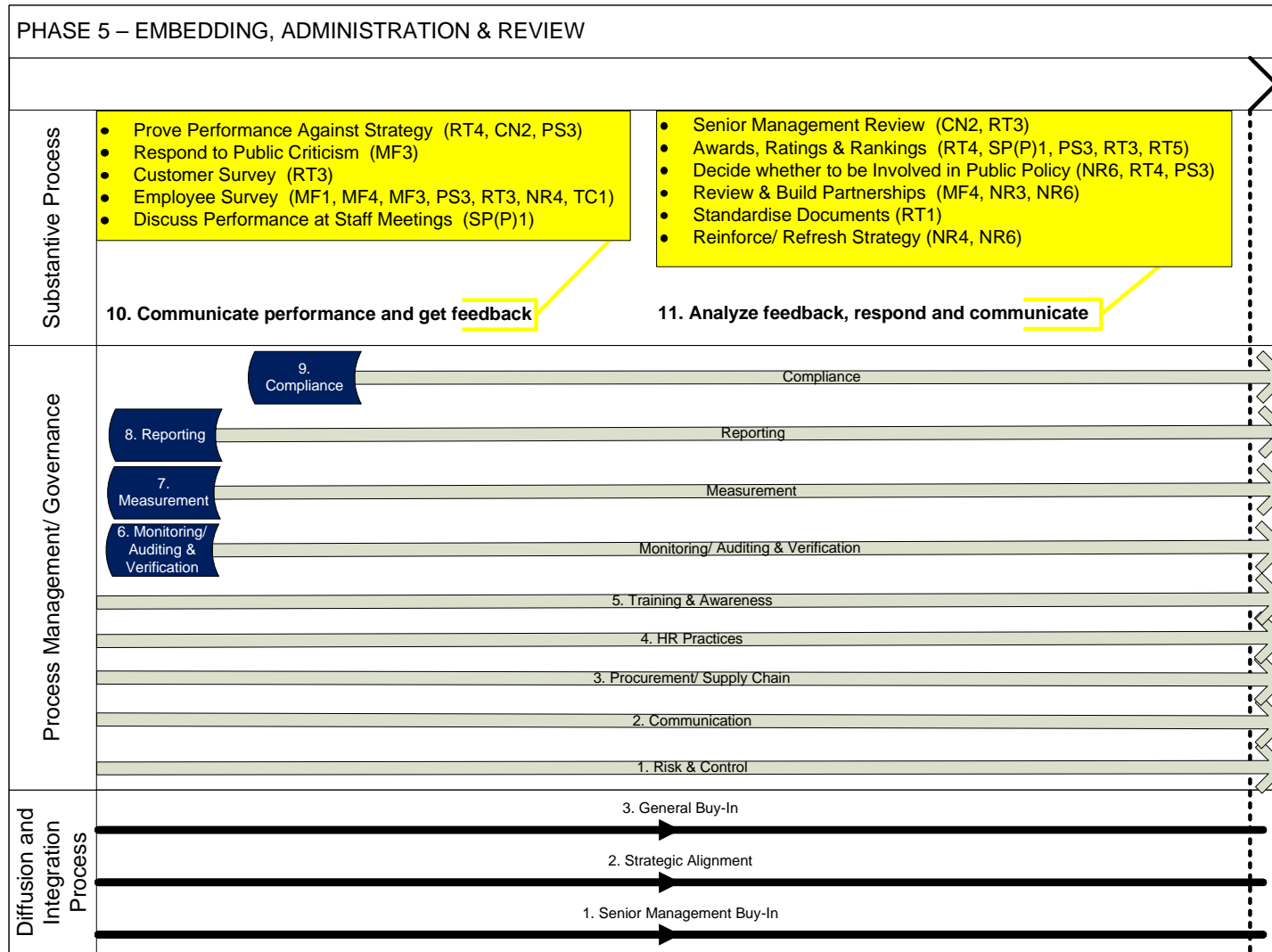
CSR is also made more effective when similar values are used throughout the entire value chain (MF1), creating a common identity and goal between suppliers, the company and its customers etc.

As CSR becomes increasingly embedded, it achieves better visibility and emphasis within the company (NR6), allowing the company to achieve a leadership position within industry on CSR more broadly (RT4). Although recognized as difficult, some companies attempt to use metrics to monitor levels of embeddedness (MF4), with the ultimate goal of working towards there being no need for a formal CSR strategy separate from the overall business strategy (MF1, SP(P)1, RT1).

While Phase four is partially organized around obtaining the values, commitments, systems, structures and initiatives in place at the appropriate level, Phase five is organized around activities related to how those systems are performing and reviewing them to improve future performance.

Monitoring, auditing, verification, measurement, reporting and compliance sub-processes form the bulk of implementation activity included within Phase five and are the last of the key systems critical in implementing CSR that were identified by participants. As mentioned at the beginning of this chapter, the timing of the sub-processes on the diagram corresponds to the latest point in the overall process that the particular sub-process needs to be created and ready for implementation. Because these sub-processes are the key implementation instruments and form the bulk of Phase five, they will be discussed prior to the two clusters.

Figure 14 Standardized Practices – Phase 5



4.3.9.1. *Process Management/ Governance Process 6 – Monitoring, Auditing & Verification*

Monitoring and auditing are seen by participants as one of the key methods for generating evidence of performance (NR3), which may be part of the financial (MF4) and/ or yearly (RT1) audit or may be a separate internal (CN2, MF2) or independent (NG(P)1) process. Companies decide on the structure of their audit team with some participants using multistakeholder teams (both internal and external stakeholders) (PS1, NR6), multidisciplinary teams made up of different functional people from around the business (NR3), or having a senior manager responsible for commissioning external audits (PS1).

RT1 and NR6 suggest a very similar formal audit process where the internal audit group (linked closely with the risk and control sub-process found in Phase 2) look at everything done by the CSR people (RT1) to make sure what is being said and done is both correct and verifiable (RT1). Audits conducted by external groups are conducted on a yearly basis with a confidential report submitted to the board which highlights all points of risk exposure based on CSR issues (RT1). The CSR strategy and systems form the basis of audits conducted by both internal and external groups (NR6), which is a critical factor in providing assurance to the public that the company is taking action on its commitments and is doing everything possible within current operating conditions.

RT2 indicates the Ethical Trading Initiative process is a typical best practice for social auditing in the supply chain which includes:

- Management interviews
- Health and safety audit of the building
- Worker interviews

- Examination of the document trail on range of issues
- Feedback on non-compliance
- Creating an action plan for the supplier with corrective action and timeframe

Types of audits mentioned by participants include:

- Internal audits on complaints (MF1)
- Human rights (MF4)
- Community development projects (NR6)
- Procurement practices (RT2)
- Suppliers (RT3, RT4, RT6, RT8)
- Against strategy (MF4, NR6)
 - Five year plan (NR3)
 - Impact of strategy (PS1)

4.3.9.2. Process Management/ Governance Process 7 – Measurement

Many participant companies were experiencing difficulties with measurement, particularly in identifying metrics that were appropriate for helping to measure performance accurately, and to help identify the root cause of problems in improving performance. Thus, many were working to improve and/ or create measurement systems based on CSR issues (RT1, SP(P)1, MD1, PS2, CN2, PS1, MF4). While KPIs are used to signify important issues (RT4) and motivate action within the business (RT4), the existing metrics were too crude, and too quantitative to be effective in measuring either accurate performance and/ or root cause. Thus, some participants suggested that to create appropriate metrics, both qualitative and quantitative measures (e.g. stories, case studies, near misses) at different levels of specificity and within the business needed to be grouped

to see the bigger picture (PS1, CN2, PS3). These metrics need to focus on outcomes (PS1), be clear about what is being measured (PS1) and provide trends over time so companies can see relative performance (MF4). They are intended to provide assurance to all stakeholders that the company is acting on their CSR targets and making satisfactory performance given operating conditions (NR3, MF4).

Participants suggested that when KPIs are developed they should be ‘proper KPIs’ or in other words, measures that are relative to other business measures (PS3) and should only be reported when the business knows they can achieve them (RT4, TR1). There were some concerns with the challenges around tracking and reporting metrics on varied global assets (NR2) and on the difficulties associated more generally with measuring ethics (MF4) or systems designed to prevent behaviour (MF4). One suggestion was to create KPIs only where they are appropriate across different operational locations and are relevant to the business and the way it operates (PS1). However, this was considered to be the holy grail and as yet unachieved (PS1).

Four different participants provided models of how they develop their key metrics:

PS1 starts by considering the issues affecting the relevant stakeholder groups, possible measures for these and all implications of these measures including risks to the company. They ask ‘what do I want to measure?’ and ‘does this potential metric measure what I intend to measure and/ or understand?’. Depending on the issue, they then focus on measuring the effectiveness of the commitments, investment in programs, replicability, how much support was needed for the programs and projects, short and long term impacts

on the stakeholder groups (including the company), whether the objective was achieved, the effectiveness of the task force etc.

PS3 starts with their risk assessment and identifies the significant risks to the business from individual businesses and across the business. This means that they also take on board issues that are identified externally such as investor concerns. They determine how significant the risk is to the business overall even if only relevant in a few areas. They look at the rating bodies and indices to see what the key issues are and look at what stakeholders are saying during their dialogue with them. They also refer to external guides such as (GRI, BITC, DEFRA) for performance indicators that are being used and what is considered best practice. They then cross-reference these external sources with their risk assessment to see if the indicators are useful and how the risks map to the different guides.

RT4 starts with the CSR strategy and chooses indicators to measure key areas of the strategy, and what investors and indices are asking them to report on. They then try to justify these indicators based on business reasons (e.g. justify measuring energy consumption because it is critical to the business). These indicators are then used to report information to the board and to identify best practice internally so that successful practices can be moved to other parts of the business and are used as a baseline for future performance. They also ensure the indicators fit within the legal frame, refer to external guides such as GRI and AA1000 to see if they have useful information, talk to external stakeholders, use information gathered in discussions at industry collaborations and have the numbers verified externally to ensure their accuracy and usefulness for them as an organization. They review these metrics on a regular basis.

TC1 indicated that their model began by talking to the different functional areas about what KPIs they have, which ones they should have and are very influenced by, and external guides such as DEFRA and GRI.

4.3.9.3. *Process Management/ Governance Process 8 – Reporting*

Virtually all participating companies are involved in preparing some kind of CSR report, whether it is a few pages in the annual report, a small section on their website, or a full 150 page CSR report with 450 pages of supporting information and data online.

In some cases, participants indicated the legal requirement to report (PS3, MF2) although this did not apply to all companies in all jurisdictions. Most companies make their report available publicly (PS3, CN2) with every attempt made to represent a transparent account of the activities during the time frame covering the report (NR2, RT4). Participants suggested either that their reports are or should be rigorous (CN2), consistent (NR4, NR6) and focus on issues material to the business (PS3, PS1), with additional supporting material online (PS3, MF4). Some suggested that their reports are created by a multistakeholder group and ensure that stakeholder feedback is collated and fed back into the future reporting cycle (PS2, PS1), some preferring case studies, and others evidence based-reporting (PS3, RT4).

Reports are written in a tone appropriate for the target audience (PS3), such as investors and employees (PS3, RT4). Reports also focus on a wide range of areas including key issues, priorities and risks (PS3), issues of interest to stakeholders (RT4), include accidents and incidents (CN2), audit results (PS1), payments to governments (NR2), supplier performance (RT3), KPIs (RT4), performance/ progress on initiatives and

strategy (RT4, MF1, CN2), complaints (MF1, use of sanctions (NR5) and methods for data collection (RT4).

Some companies were moving away from paper-based reporting to strictly online based reports (PS1, CN2, PS3) in part for environmental reasons but also because most people do not read the reports. The belief is that stakeholders do not read them so it is an additional cost that the company does not need to spend (PS3, TC1). Best practice is to have the reports (paper and online-based) assured externally by either qualified agencies or by multistakeholder groups (MF4, PS3, RT4, TC1, NR6, NGP(P)1). Reports can force the company to look more closely at itself, the relevant issues, and how they have responded to these issues historically (CN2).

4.3.9.4. *Process Management/ Governance Process 9 – Compliance*

The compliance sub-process is comprised mainly of a regular assurance and audit process, channels for whistleblowers, investigations and a set of sanctions for breach of the strategy.

4.3.9.4.1. Annual Compliance Process

This is the process whereby the managers of all business units and/or geographical areas report back to a central function to certify or provide assurance on their performance against the CSR strategy, supported by evidence of this performance. This certification is subject to audit (MF2, NR2, NR5, NR4, TC1, SP(P)1, RT6, MD1). Five different participants provided models of the self-assurance process.

TC1 starts with an email from the CEO which is cascaded down through the business, any breaches in the strategy or internal controls are identified, these are investigated and then certified as to whether a verified breach has occurred. This information is then fed back through the different levels eventually reaching the CEO (TC1).

NR4 starts at the local level where team leaders/ managers/ supervisors etc. sit with their team to discuss the strategy and their conduct relative to it. Team leaders etc. are then asked to verify that a conversation has taken place and that the strategy has been rolled out to their team. They are also asked to forward information about any challenges they faced, decisions they made regarding the strategy and when they needed to refer to the strategy to shape their behaviour. Each team leader then sits with their boss and the information is cascaded up to the CEO.

NR5 starts by asking each business head to write a letter of assurance to the CEO that is guided by a set of questions about issues that have arisen in connection with the strategy. Questions include how the business promoted the strategy, how many people it disciplined during the year, what it has done with suppliers and contractors and what it has done with regard to significant issues such as human rights, labour issues, personal development, community relations etc. These responses are summarized for the board and then debated. The CEO, on behalf of the board, then writes back to the business heads with a letter indicating trends around the group, how that relates to the performance of the specific business, where the board thinks they have done well, areas where they have more work to do and priority areas for the coming year.

NR2 asks all employees and major contractors around the world to sign off on the strategy and send a certificate of compliance to the CEO every year.

MF2 asks the manager of each business unit to sign off on the strategy to indicate that for the business for which they are responsible, they have adhered to the strategy and if not to indicate why this was the case.

4.3.9.4.2. Independent Whistleblower System

This is normally a phone-in line where employees, contractors, sub-contractors etc. can call in any breaches they believe have been made of the CSR strategy (MF1, MF4, CN2, NR5, RT3, NR4, MF2, TC1, MD1). In some cases due to problems with telephone exchanges, physical mail systems have been set up to provide concerned staff with a confidential, anonymous route for making a complaint. One participant highlighted the need to ensure the system is capable of responding to concerns in the language of all operating countries (MF1).

Non-retaliation policies are in place that would see those retaliating against a good faith complaint are fired from their jobs (NR4, MF1). Some companies however have had problems with this type of anonymous reporting, particularly in Asian countries, where people make malicious complaints against bosses or co-workers.

4.3.9.4.3. Investigations

Most companies have some rudimentary (if not advanced) system of investigations for breaches of the strategy (NR1, CN2, RT3, NR4). More advanced companies begin with a set of guidelines stating how the investigations will be done and by who (both internal and

external people where possible) (NR4). All complaints are investigated in good faith, by impartial professionals, regardless of who is implicated (NR1), with the purpose of identifying the root cause of the breach (NR1). If the complaint is severe and looks likely to be true, the accused person is suspended pending the outcome of the investigation (NR1).

4.3.9.4.4. Sanctions/ Corrective Actions

These are put in place for individuals who breach the strategy (NR3, MF1, NR5) or who retaliate/ provide a malicious complaint (MF1). Sanctions are applied consistently regardless of level within the business (CEO treated the same as a factory worker) (NR4, TC1, MF1) and include warnings (NR5), systematic corrective actions (NR5, CN2) and dismissals (NR5, RT3, MF2).

4.3.9.5. Cluster 10 – Communicate Performance and Get Feedback

In this cluster, the company looks at the effectiveness of the sub-processes and uses these to prove performance against the strategy (RT4, CN2, PS3). This includes responding to any public criticism of existing activities (MF3) and conducting customer (RT3) and employee surveys (MF1, MF4, MF3, PS3, RT3, NR4, TC1, TR1) to determine what each groups thinks about company practices including CSR and how the company is living up to its values and commitments. These surveys tend to be conducted on a regular basis (e.g. every 2-3 years) by an independent organization that can ensure the anonymity of the respondents.

This performance is then discussed at staff meetings (SP(P)1), typically as part of the annual compliance process.

4.3.9.6. Cluster 11 – Analyze Feedback, Respond and Communicate

All information gathered through the sub-processes and other activities is then subject to a senior management review on CSR. Managers report upwards on performance against values and commitments, where key issues and risks are identified based on the current and past data and to set priorities for the coming years (CN2, RT3, MD1). Again, these typically happen once a year in conjunction with the annual compliance process but sometime require more significant review processes every 3-5 years which includes a review of the strategy (CN2, RT3).

Information collected in this and previous phases is used to create the necessary documents for rating and ranking bodies and for awards (RT4, SP(P)1, PS3, RT3, RT5). Some companies also decide to become involved in public policy debates and thus become more involved in the politics of CSR (NR6, RT4, PS3). During this phase, companies also re-evaluate their partnerships to determine whether they were valuable and should be continued, or whether they should be discontinued (MF4, NR3, NR6). This re-evaluation tends to happen on a more adhoc, informal basis as the two parties get to know each other better and can decide whether it is mutually beneficial to continue the partnership.

Documents are standardized if this has not yet been completed during other processes (RT1) and participants indicated it is important for the company to engage in a process of reinforcing/ refreshing the strategy (NR4, NR6, TR1). This includes such things as organizing values days, adding messages of the day on employee intranets regarding upcoming and past CSR activities, encouraging people to participate in discussion groups, development of upcoming initiatives, volunteering to work with external stakeholders or

to participate in site audits and report creation etc. These are major publicity campaigns that refocus people's attention on recent activities and reinforce the underlying values and commitments (NR6).

4.3.10. Conclusion of Phase 5 – Embedding, Administration and Review

Phase five focuses on the core of implementation through the key sub-processes that either have already been introduced, or are introduced in this phase, and looks at how they are performing. Regardless of how mature a company is at CSR engagement, this phase is always important. Certain activities may no longer be appropriate but others may be identified as part of the regular review system.

4.3.11. Phase 6 – Continual Improvement

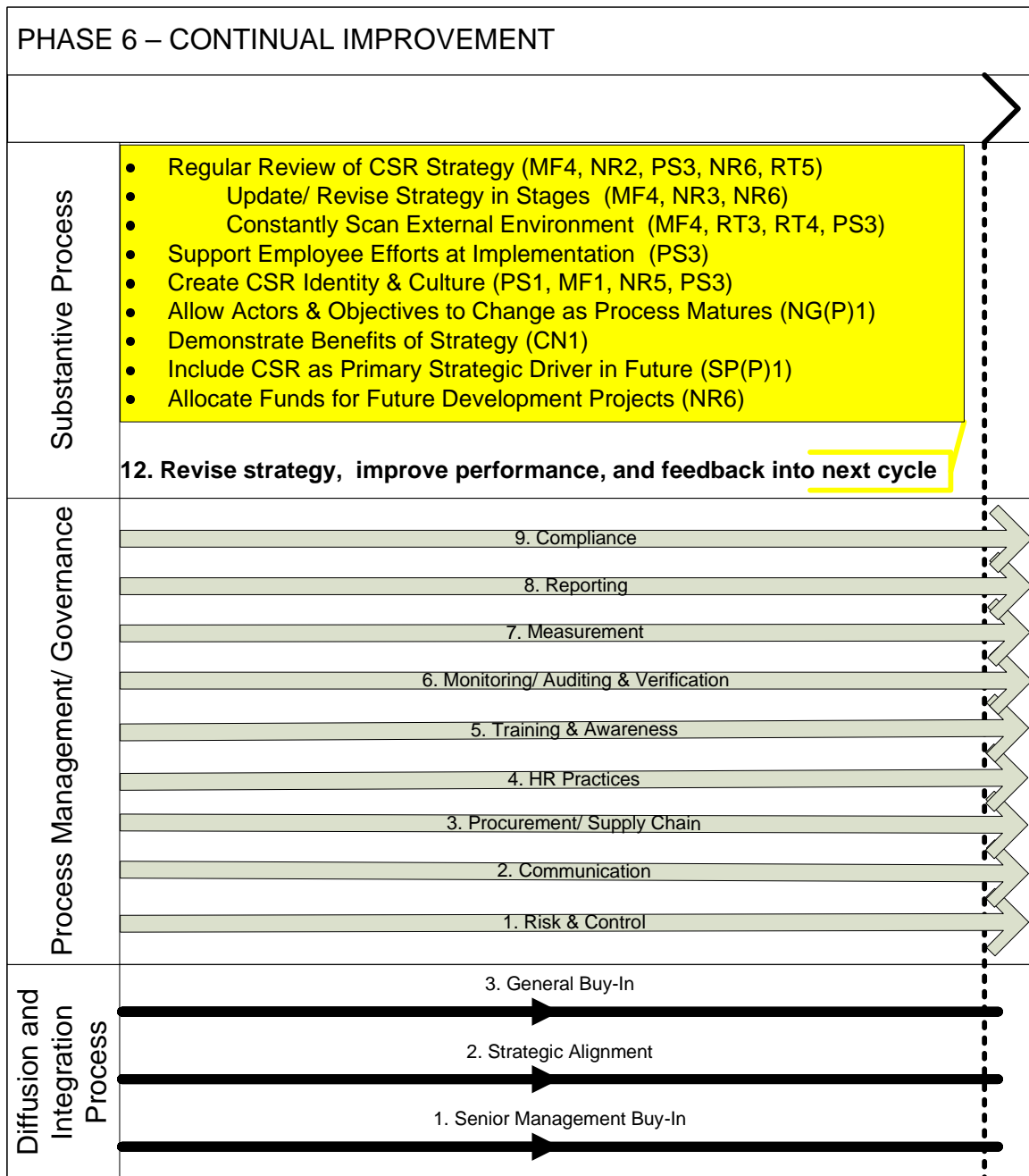
This phase focuses on scanning the environment and creating a culture of CSR. It has one cluster focused on revising strategy to improve future performance and outcomes for all stakeholders.

As was suggested earlier, participants review their performance, and the strategy, values, commitments, structures and processes on a regular basis such as every three to five years (MF4, NR2, PS3, NR6, RT5). This does not mean that every review will result in major changes, but ensures that these elements are still relevant to the business and its key stakeholders. These reviews tend to occur in stages to ensure they are not cumbersome for those involved in the process and can build upon each other (MF4, NR3, NR6). This includes constantly scanning the internal and external environment to be aware of new issues, concerns, and opportunities as they first arise to determine their applicability or

relevance to the company and ensure they are fed back into company decision-making (MF4, RT3, RT4, PS3). Some participants suggest that their companies engage early in areas of potential concern to key stakeholders, or stakeholders that may become more significant in the future (RT3, PS3).

Participants indicate that at later stages in the implementation of CSR, the company works to build a culture of CSR (PS1, MF1, NR5, PS3) where CSR considerations are an integrated part of day-to-day operations and considered equally among other business imperatives. This means allowing actors and objectives to change as the company matures in its CSR engagement (NG(P)1), to demonstrate the benefits of the strategy and involvement in CSR (CN1) and ensure that CSR is one of the key strategic drivers in future iterations of business strategy (SP(P)1). This includes allocating sufficient funds for future CSR activities (NR6).

Figure 15 Standardized Practices – Phase 6



4.3.12. Conclusion of Phase 6 – Continual Improvement

Phase six emphasizes the need to make continual improvements on CSR efforts based on the review conducted earlier in implementation efforts.

4.4. *Evidence of the Institution of CSR*

The Standardized Practices reflect the fact that the MNCs in the study develop and implement CSR strategy using very similar systems, processes and activities. The striking similarity between participant companies and their approach to CSR indicates some kind of wider environmental pressure for sameness in approach. Whether this is a result of primarily coercive, mimetic and/ or normative pressure (DiMaggio and Powell 1983) changes depending on the organization, although all MNCs were responding to elements of each type of pressure. Thus, the isomorphic pressure for certain types of systems, processes and activities suggests that there is some degree of stability around these practices, and the norms and rules underpinning them. Therefore, it is possible to suggest that the Standardized Practices are an isomorphic form of CSR that is in fact empirical evidence of the existence of an institution of CSR. The Practices, in combination with the conceptual work presented in Chapter 2, suggest that an institution of CSR exists, and that it has a particular form when implemented in MNCs. Whether this represents convergence or sameness is unclear based on the current data. What is clear however is that these Practices have attained a level of legitimacy sufficient for their replication within MNCs as credible tools for developing and implementing CSR strategy. This replication is aided by the fact that the majority of systems and processes in place for addressing CSR are already in use by business but for other more traditional organizational requirements. For instance, the annual financial reporting system has been slightly modified to create the

CSR reporting systems with similar reporting styles, structures, types of measurements etc. This is also true of the risk procedures, hiring and training practices, communications devices and channels, measurements and to some extent even monitoring and auditing. Even the most uncommon of the traditional business tools – stakeholder consultation – has been in use for marketing purposes to identify who the organization’s customers are, their preferences, and even co-creation in some cases for new products. None of the systems or processes in use by the sample companies were new to them, and were generally agreed to be the best use of corporate resources for engaging with CSR from a business perspective. Thus the Standardized Practices of CSR have primarily been coopted from other parts of the business and utilized extensively with CSR, and reflect the existence of an institution of CSR.

4.5. Conclusion

The discussion in this chapter results in five key points:

1. All systems, processes and activities mentioned by interview research participants have been organized and presented in the form of the Standardized Practices or ideal form (Mintzberg 1979),
2. These Practices represent the creation of a detailed model or guide for companies operating across national borders and that is supported by empirical research that is useful to practitioners. It is therefore one of the key applied outputs of this research and responds to both gaps identified in the ‘implementing CSR’ literature,
3. The Practices surrounding CSR within MNCs are largely similar,

4. This similarity is a result of pressures existing within the external environment, pointing to isomorphism and stability of these practices and the existence of an institution of CSR, and
5. The majority of systems and processes in use for CSR are already understood by business.

First, the similarity of approaches to CSR at the MNC level provides an opportunity to present an aggregate of *all* systems, processes and activities mentioned in an ideal form that is useful for practitioners and academics alike. Second, the Standardized Practices thus respond to the two key gaps in the ‘implementing CSR’ literature indicated in Chapter 2 by providing detailed, empirically based guidance that reflects the fluidity and complexity of implementation in practice (Rijnders and Boer 2004), and that is appropriate to companies that work in a transboundary environment. Third, the fact that these practices are largely similar between participant companies leads to fourth, that this provides evidence of isomorphic pressure within the operating environment of these companies, that creates stability in the understanding of what is legitimate and credible with regard to CSR, thus providing empirical support for the existence of an institution of CSR. Fifth, the majority of these Practices are ones that business already understands due to their use in existing functions, therefore aiding the replication and uptake of these practices within MNCs.

While this chapter details the Standardized Practices and what they mean for the institution of CSR, Chapter 6 looks specifically at the three substantive areas of difference identified in the research and the implications this has for our understanding of the institution of CSR and the role of agency in shaping institutions. The next chapter

however creates a bridge between the two chapters by discussing evidence of the individual, organizational and national/ transnational context that affects the form of CSR within organizations.

5. Contextual Influences on CSR within MNCs

5.1. Purpose and Aims

The previous chapter illustrated the Standardized Practices of CSR, thus providing evidence of an institution of CSR with relative stability and development. This chapter discusses pressures existing at different levels (individual, organizational and national/transnational) and how they influence the nature of CSR as indicated by *both interview and case study research evidence*. It is possible to understand these different levels of context influencing CSR by investigating how individuals working to implement it perceive the pressures they face from both inside and outside the organization. It thus draws on the Aguilera et al (2007) model as an organizing framework for the pressures identified, although no significant distinction was made by research participants between the national and transnational levels. Therefore, this chapter is broken into three sections: individual level pressures, organizational level pressures and national/ transnational level pressures. The chapter has two aims:

1. Describe the individual, organizational and national/ transnational pressures affecting CSR within MNCs, and
2. To link these pressures with NI theory as further evidence of isomorphic pressure on organizations resulting from an institution of CSR.

5.2. Contextual Influences

Based on the discussion in Chapter 2, it is clear that pressures within an organization's operating environment have a significant impact on how it is formed, operates and thus how decisions are made on a range of issues including developing and implementing CSR

strategy. For the remainder of this chapter, the discussion of pressures will focus not on what is stated in the literature, but on those factors deemed important by interview and case study research participants. Both groups indicated contextual influences at three levels: individual, organizational and national/ transnational.

At the individual level, the influence of these factors was not as deliberate and/or constructive as was suggested by the NI literature. The data suggests three areas at the individual level that were significant in the development and implementation of CSR strategy: perception of CSR, perception of the appropriate role of business in society, and individual values and characteristics. At the organizational level, there is evidence to suggest that three organizational factors were influential in CSR development and implementation: the culture of the organization, its legacy, and its attitudes towards its employees. At the national/transnational level four distinct areas were highlighted within the data: the law, government, other stakeholders, and foreign national culture. The three levels of context impact how the companies understand and shape CSR within their organization by affecting both attitudes and actions around the development and implementation of CSR strategy. Therefore, the context (or institutional framework in which the organization exists) has a significant effect on the Standardized Practices and thus the institution of CSR described in the previous chapter, and is mitigated and shaped by the strategic responses of MNCs discussed in the next chapter (Chapter 6).

5.2.1. Individual Influences

At the individual level, data from this research suggests that the development and implementation of CSR strategy is affected in the main by three areas: the perception of CSR in either positive or negative terms, the view of the appropriate role of business in

society from a social institution to a profit-making vehicle, and the values and characteristics that support these attitudes.

5.2.1.1. Perception of CSR

Individual perception of CSR can be understood simply as being on a continuum from positive to negative, where individuals who have positive feelings and attitudes towards CSR will tend to encourage and expand CSR development and implementation within the organization, and may in fact act as champions or institutional entrepreneurs around CSR issues (e.g. Creed et al 2002, Thompson and Driver 2005). Those with negative feelings and attitudes towards CSR will tend to minimize and undermine CSR activities. Thus, positive or negative attitudes towards CSR impacts key decisions are made around CSR.

Rather unsurprisingly, CSR was viewed in a relatively positive light throughout the interviews. Interview participants were primarily those responsible for implementing the CSR strategy within their organization and many were relatively uninterested or uncomfortable talking about the challenges they had or were facing. Most interviewees presented their company's CSR activities in the best light possible and themselves as highly moral and fully engaged. Because interviews are limited in time and thus in relationship building, it is difficult to identify the difference between presentational and operational data in some of them. Therefore it is difficult to determine whether the interview participants had a positive attitude towards CSR, or rather wanted others (including the researcher) to believe that to be the case. Within a number of interviews, it was suspected that those in charge of CSR implementation within the organization viewed CSR as an obligation that must be met within the marketplace and had little value outside business case reasons. Because CSR is increasingly an expectation within the

marketplace, being seen to engage and thus have a reputation for CSR is critical and may explain why CSR was rarely discussed in negative terms within the interviews.

With those observations in mind, the interviewees tended to articulate CSR in positive language. The tone of these discussions is best illustrated by MF2's comments where he describes the universal agreement he gets across their global operating locations about the validity and importance of CSR:

MF2: I think uhm I've never had any push back, I've never had any body say I don't understand why the business does this, uhm I think every, **I've always met universal agreement, around the world everywhere I've ever been and talked about this that the business needs it and that its right and proper.** Uh its, there are certain parts of the world where, uhm where I get told yes you know we agree, we absolutely agree with it but you must understand that there are certain business practices in this culture in which you know we've not, we we wouldn't altogether great if you discussed them in London or New York ((laughs)) uhm and I always make the point that you will never change that business conduct uh practices unless you stand up for what is right and proper, so you know can I swear 100% that our sales practices in certain parts of Latin America or our labour practices in China are 100% absolutely clean? No,

R: but no company can

MF2: no company ever can

R: nope

MF2: uhm but generally speaking culturally I've always found it readily accepted, uh and from the majority of people I've always found not only that they accept it but very wholehearted support for uh the fact that the business is ethical, does have standards, and will stand up for what is right. Its very straight forward (pp. 17-18).

As illustrated by MF2, CSR is articulated as being a fundamentally positive, uncontested concept that businesses are engaging in 'wholeheartedly'. This theme ran through many

of the interviews in a much more subtle way through the use of positive language when talking about specific CSR initiatives and reasons for engaging in CSR, although again there is some speculation about whether the positive attitude of some interviewees was purely presentational.

The way in which perception of CSR affected the development and implementation of strategy was much more striking from within **case study research**. At the point of entering the field, two departments were formally involved in the development and implementation of CSR within the organization. The CSR group, comprising the Responsible Tourism (RT) manager and her two bosses generally spoke of CSR in positive terms, while the Communications department on the other hand, tended to speak of CSR in more negative terms. The RT manager (as the main force for CSR within the organization) did put some effort into making CSR more visible within the organization through discussing CSR with colleagues in close physical proximity to her desk, in trying to further a paper recycling program within the head office, and in attending industry events focused on creating CSR based supplier assessment criteria. While clearly disinterested in CSR at a personal level, the RT manager did speak in positive terms about CSR and work to move the agenda forward, if only slightly. The Communications department however actively worked to reduce CSR to a compliance activity, which according to other managers was due to the fact that the senior manager in charge of Communications believed CSR was irrelevant and a waste of time.

TRI11: and we're always gonna stay a little bit behind [with regard to CSR initiatives], so those are self-imposed constraints that we've put on ourselves uhm so I guess you could say yes we've got the costs, yes the fact that we've committed ourselves to lagging everybody else uhm which is, I mean those are the things [the senior manager of Communications] is constantly discussing... **this [CSR report] is mainly a negative and reactive exercise and its**

like it says at the bottom of [the draft version of the CSR report] you know [the senior manager of Communications] wanted me to put this line in because that's his view in a line. We're complying, effectively. So it's not you know it's not legal but it's still regulatory there is a there is a requirement for something to be done.

Thus, in the **case study research**, the generally positive attitude of CSR held by the RT manager resulted in some forward movement on CSR within the organization, whereas the negative attitude of the senior manager in charge of Communications had a limiting effect on CSR progress. For instance, the senior manager in charge of Communications wanted to reduce CSR to a compliance activity that required little action. According to the informal accounts of others, he did not see CSR as having anything other than marginal benefit for the organization in the form of complying with market expectations, and believed anything beyond this was a waste of resources. This attitude is reflected in the following quote discussing the creation of their CSR report:

TRI11: so, my aim is to get a piece of work [on CSR to put in the annual report] that's honest, that's open, that doesn't stretch the truth, that doesn't on the other side that doesn't commit the business uh unfairly, or tie its hands in the future ... because we don't see it as being particularly relevant to staff, or customers, largely uh a few external bodies, investors who want to tick the box and for institutional uh investor bodies. Uh now both of those could be dealt with privately. **So we're tucking this into the annual report which is only read by those people largely, uh in all of the, they tick a box. Now that philosophy, is has got us this far, but it can't take us much further.** So in 5 years time we may be still on this, which will get updated each year because if that's the goal we've set ourselves, we're already you know, largely there. So your achievement is limited by the goals you set yourselves. Ya and that's it. We have set ourselves very very restrained goals.

Alternatively, the RT manager wanted to maintain tight control over the development of CSR strategy, in part to fit with her own agenda for CSR within the organization and in

part as a response to the actions of the Communications department. She appeared to believe in the benefits possible from CSR both for the MNC and for its stakeholders although these benefits did not seem well defined or understood. She clearly also saw CSR as having benefits for her personally in part because she believed that as CSR became more important within the organization, her position of RT manager became more secure. The results of her activity, largely supported by her two bosses, were to continue actively working with industry bodies to create a set of supplier assessment criteria around CSR issues, further work on the recycling policy within the head office locations, and to re-work the existing responsible tourism policy to include information from a previous CSR statement made by the MNC. Thus, she continued to expand the visibility of CSR both within, but mainly outside the organization.

Therefore, individual perceptions of CSR heavily influence the attitudes of those involved in the development and implementation of CSR strategy, and thus the institution of CSR. The view individuals have of the appropriate role for business in society also plays a role in how individuals perceive CSR and thus in how it is developed and implemented.

5.2.1.2. *Perception of the Role of Business in Society*

While it is recognized that businesses have a legal fiduciary duty to maximize owners investments, some people believe that an MNC must consider more than just single bottom line considerations (Elkington 1997) or non-market issues (Baron 2003) during the course of operations to ensure that their legal and ethical duties are met. Thus, an individual's belief about the role of business in society, as a profit-making vehicle on one hand, or a social institution on the other, also has an impact on the development and implementation of CSR strategy. Interviewees ranged from viewing business purely in

terms of its ability to generate profits, to believing in the necessity for business to fulfill its obligations as one of many social institutions within society.

Some interviewees emphasized the importance of making a profit:

MF2: now I'm sorry we think our business is to make a return on our shareholders money and run a business and give consumers very good products, increasingly good products. We think that's what we're here to do. We don't think its our responsibility to uhm move the debate forward on global ethical standards. We think its our job to live by acceptable ethical standards around the world (pp. 21-22).

CN1: you know do they care about their employees, do they care about their neighbours, or is the company, as many are, truly uh launched head long into profit for profit's sake and nothing else, damn the torpedoes, and that happens, **I uh let's face it industry is in business to make money and and anybody who thinks otherwise is a fool**

R: exactly, I mean that's their mandate isn't it so

CN1: absolutely

R: ya

CN1: absolutely that's number one. And this other stuff is part of the package but its not at the heart of the package (p.32).

PS3: well even know there's there's a whole debate about whether businesses have anything to do with human rights at all I mean there is one view, take the Amnesty view of business is you know should be very heavily involved in. And you take the CBI, which its got nothing to do with business. **I I guess our thoughts were that most people would be in the 'what's the benefit to the business'**, particularly our employees, and particularly our American employees (p.7).

Other interviewees described business as having a social role above and beyond making profit, where the role of a corporation is to fulfill multiple social and environmental goals including generating wealth at the same time as contributing to society:

MF4: I mean, obviously, the fiduciary responsibility of our board is to maximize shareholder return. **But I think now there's an ongoing recognition in business that if you don't take account of stakeholder concerns you may actually reach a buffer and then you can fall off the cliff.** So really it's a question of getting that uhm that balance correct (p.12).

NR3: **but but we must take responsibility for it. It's no good, the answer to the question used to be – well you know we employ people and pay taxes ... our ethos [now] is very very strongly based on on reciprocal responsibilities.** But we certainly acknowledge ours and we acknowledge the need you know to put funds in them because you know, but but even more in a sense we acknowledge the need to engage, to put our skill sets and our experiences and our assets you know vehicles, accommodation. We can build things, make things, you know so the things that the company is good at, can be brought to bear to the value, for the value of a community (pp. 22-24)

NR6: At a more senior level it's recognized that uh you know we have a a broad range of stakeholders ... that have expectations of us and our industry around uh you know being, you know, **focused on more than just you know our own profitability, that we have duties and responsibilities to society in general.** Uhm it's at least within within the our senior ranks and their board of directors and its accepted that that's that is, that is the case that you know, that the way we interact with society, the way we have to be seen as and actually helping on you know societal needs uh where we can. And that it has you know long-term business value (pp. 17-18).

Within the **case study research**, this range of perspectives was also in evidence, from the belief in business as a profit-generation vehicle, to the business as a social institution.

When asked about what he thought CSR was meant to achieve TRI14 said:

TRI14: I mean if I was a financial institution uh like I don't know lets pick HBOS first as an example uhm I can't remember their profit number from last year but I imagine it is somewhere between 6 and 10 billion pounds, well uhm is that uhm is that just obscene or is it uhm fair and equitable and should they be making that much money. Personal view because of my political stance is I say good luck to them get on with it that's what they're in business to do (p.3).

When TRI12 was asked the same question, he responded with a very different answer:

TRI12: well I think all corporations need to be good citizens I mean we treat corporations as fictitious legal entities but corporations need to be good citizens and if we come through history from the industrial revolution and into my my time as a manager, lets say the last 25 years, uhm where corporations have, not all corporations have approached their business as good social citizens and they're done things to the environment which have you know polluted rivers, polluted water ways ... and so I think that the purpose of all of this is to get corporations on the same track as what society believes is a good societal goal, and if that is we want clean waterways, we want clean air, uhm we want our workers to work in safe environments, then who the corporation you know who's a corporations its its a legal entity, corporation made up of the people and the managers who run them (pp. 5-6).

These two informants illustrate the range of perspectives found at senior management levels within the case and serve to support their belief in what the MNC should be doing with regard to CSR. For instance, when TRI14 was asked whether he would like to see the company making commitments towards CSR and if so, what kinds of commitments, he responded by saying

TRI14: uhm again its back to the caveat that I'd like, I I think one thing I'd want to know is, and I don't think we know this, is the degree to which its important to our customer base and if it is important to our customer base then the company should be making commitments to it (p.15).

However, TRI12 talked intermittently throughout the interview about changes to business in general, changes within the case company regarding the importance of CSR, and also of the challenges associated with implementation.

While these two informants illustrate the different ends of the spectrum regarding perceptions of the appropriate role of business in society, the majority of managers believed that business ‘should’ have a wider role within society, but due to their current financial difficulties, it was almost impossible for them to engage in any further CSR activities until the financial situation was resolved. Some informants, such as TRI12 believed that CSR might in fact help to ‘improve the overall funding of [the company]’ (p.36) but this opinion was in the minority and appears not to have been given much thought as a viable part of the recovery strategy.

Individual perceptions of the appropriate role for business in society thus have an influence on the isomorphic form of CSR practices. For instance, if an individual perceives the role of business in society as that of a profit-making vehicle, they tend to think of non-market issues as existing outside the scope and purpose of the organization and thus the remit of other bodies such as government.

MF2: uhm yes I think we would we would see it in terms that its government’s job to govern and only governments can make decisions about government that are in the best interests of all. Business is absolutely and essentially partial in how it sees the world. We think it is our job as a business to operate according to the law and to regulate our business in a way that we believe to be in the best interests of [pause] society while delivering an acceptable return to owners of the business. Which means I don’t think its for us to move best practice, you know its not our responsibility to move best practice on, trade union organization in China or uhm bribery in Latin America, that’s not our role. It is our job to ensure that the labour standard we

apply in our plants and in our and in procuring from other suppliers in China are at an acceptable level (pp. 22-23).

Thus MF2 made it very clear that the company is not interested in pushing forward the voluntary side of CSR and would follow the industry and any government regulations that were developed. MF2 believed the company exists to generate a profit and should be advised by government on what constitutes legal operating practices, including on CSR issues. Within this company, the strategy was created based on expectations existing in the marketplace, in isolation by senior managers at the head office location, and was controlled almost entirely by local offices due to a decentralized structure and belief that CSR needs to be relevant to those who are implementing it.

On the other hand, NR6 knows that their business depends on good relationships with local communities and thus believes that the appropriate role for their business is to work collaboratively with stakeholders, local communities in particular in the development and implementation of their CSR strategy. It is in this way that NR6 ensures its continued license to operate. As such, the CSR strategy has increasingly been developed in collaboration with both employees and the details of implementation with a few other stakeholders from foreign communities near operating locations to ensure benefits continue to accrue both to the business and its stakeholders, with control of CSR held in the main at head office but with flexibility in the details left to local operational staff in conjunction with local stakeholders and head office staff.

Therefore, individual attitudes surrounding the appropriate role of business in society influence the form of CSR within organizations and thus its shape as an institution. This is particularly true if these individuals are powerful members of the organization, influential

stakeholder groups, or members of the team working on CSR. Both the perception of CSR and the appropriate role of business in society are impacted by individual values and identity.

5.2.1.3. Individual Values and Characteristics

How individuals perceive the world is heavily influenced by personal values and characteristics (Furnham 2005). Personal values and characteristics came through as subtle, yet clear overlapping themes resulting from the data which tended to highlight experience in business, strength of personality to push or limit CSR and a sense of morality in business. These three areas were often discussed together through discussions of CSR champions or those who wanted to limit CSR within the organization.

Within the **interviews**, two participants highlighted the importance of the values/ morality and personality of managers/ change agents and their experience in business as critical in shaping and moving the CSR agenda forward.

CN1: so in that case, because of his personality and because of his exposure to the industry world-wide, he was obviously aware of trends and aware of uh what was the best practice (laughs) at the time. It was really his instigation that led [company X] to begin a much uh more intensive look at [environmental management systems] and social responsibility, corporate governance. Uh so he was the one who in fact precipitated the emergence of an environmental and safety management unit within [company X] (pp.8-9).

RT1: I would argue that so many businesses uhm their CSR agenda is focused upon the area that reflects the background knowledge and the understanding of the person in charge and then that will determine where it then sits. So what might happen is if it then sits in HR the chances are that the person who runs it will understand a lot about diversity and training, employee forums, they won't have a clue about environmental issues. If they, if it sits

within communications it will be much more community programs, so the person will understand about charitable giving. If its an environmental team then they will probably sit within somewhere like manufacturing. Now the big issue is they don't necessarily have the understanding to take in what their colleagues in the other areas think. So what I try and do is just give each of those things equal balance and that's where I sort of say that I'm I I I don't have knowledge as an expert in any one of those things but I know a little bit about a lot of things. And then being able to then say Ok lets lets deal with this in a consistent way so its a difference between what and how and then giving them frameworks within which they operate. I think that's what the key is. **So so that I think is a personal belief about how to make things work but when you start to then look at the motivations and why things happen and those things are many many and varied.** Our HR director here has a real passion for cultural diversity. So therefore cultural diversity is something which is up his agenda, previous HR directors didn't have that (pp.39-40).

In both these comments it is clear that personal beliefs, values, characteristics and experience come together to influence the form of CSR within the organization. In CN1's comment, it was the strength of character, industry experience and some personal motivation that led the individual to push for increased engagement with issues specific to environment and safety. RT1 demonstrates how the personality, knowledge, experience and interests of those in charge of CSR have a large influence on how it is shaped through such issues as what concerns are given priority and resource within the organization.

NR3 highlights that the importance of individual morality in a corporate setting, illustrating how individual values and ethics impact corporate values.

NR3: No I think people understand that there are certain occasions when uhm, one one's moral underpinnings say to one, help is needed and we all feel that as human beings. The company is after all a group of individuals, someone once said brought together in order to leverage capital. You know that's a company. But you know so our moral, our morality is its

in all of us so you do those things. However we do believe that it, that broadly speaking shareholders funds should be used to build shareholder value (p.29).

This belief in the moral nature of business was highlighted in one of the interviews in the **case study research** where he suggested that business is moral by virtue of being made up of humans, thus business 'morality' is based on individual morality. He argues that since humans are moral beings, everyone should have a moral case for the roles that they play, including their profession.

R: so then why should there be a moral case for the business. You talk about the kind of the financial case and the moral case, why should a business care about the moral case

TR11: uhm because we are moral beings, and our development as human beings uhm will get no where if you're not moral, I mean, you know if I say there is no moral (code), businesses are not moral institutions, they have no moral fiber. I wouldn't say that to my wife, to my children you know so why should I be you know like uhm why should I not care about morals in the business when I care about them with my friends, I care about them if my partner is cheating on me, or my children are lying to me or stealing. So its basically just saying look I want (), and I I'm not gonna lie to my friends. I'm not going to lie to my suppliers or my customers ... so, I think uh the moral case is that we are, we are all recognize individually that we all want to live in a moral society and that has great benefits ... that's the test effectively, its what you're doing would you mind, the golden rule effectively would you mind other people doing it to you. So I think, you know, that this is primarily a uhm a case to individual business leaders to say that you're the CEO are you acting on the moral case. I'm a little bit skeptical as viewing corporations as as as single entities effectively with () individuals and each the each individual person, whatever they're doing whether they're a teacher or housewife or businessman uhm has to have a moral case for what they're doing (pp. 5-7).

While the majority of the previous example illustrates how individual values and characteristics help to shape CSR in a particular direction, or help to expand it within the

organization, TRI11 also shows how values and characteristics can be used to limit CSR within an organization.

TRI11: I mean from my own point of view I I I'm pleased to be involved with it, you know I think its doing to everyone involved with CSR its good for them because they're having to think about their area ... but at the moment I think it's a risk mitigation will be a really good thing for the business ... [the CSR pages for the annual report are] mainly a negative and reactive exercise and its like it says at the bottom of (that was why) you know [senior manager] wanted me to put this line in because that's that's his view in a line. We're we're complying effectively. So it its not you know its not legal but its still regulatory there is a there is a requirement for something to be done (pp. 30-31).

Individual values about what is important with regard to CSR, knowledge, experience and identity within the organization can have a significant impact on CSR strategy and how it is shaped.

The above quote from TRI11 also shows the importance of organizational factors in determining whether these individual values, characteristics and perceptions will become significant in shaping CSR within the organization. The person referred to by both CN1 and RT1 were senior manager level individuals with considerable influence at board level. TRI11 at middle manager level, however interested he was in CSR, was unable to push the agenda forward in any meaningful way due to the negative opinion his boss held of CSR.

5.2.1.4. *Organizational Factors Mitigating Degree of Individual Influence*

Whether an individual and their perceptions, values and characteristics are influential within the organization is in part determined by organizational and group factors including their position, the position of their department relative to others, the respect they

have of others within the organization and the range and strength of both their formal and informal networks (Pfeffer 1992).

When referring to position and department, in the main, interviewees discussed whether CSR should be a part of existing line manager responsibilities or whether they should have dedicated individuals. However, few interviewees talked about the actual position of CSR and the department relative to others. Some discussed the fact that the key CSR person acts as a facilitator between different operational units within the business.

RT2: I act as an intermediary between the company and the suppliers which works well (p.2).

RT1: OK, uhm, **my job is to uhm coordinate all of the individual elements** of [RT1]'s CSR activity uhm so that we can maximize the opportunities that this presents and **so that all of the various individual elements can come together in a coherent fashion** uh so, I don't own any of the CSR ingredients as such but what I try to do is join up the dots (p.1).

NR2: so I am uhm responsible for assisting the various business functions in the implementation of the the policy, uh development of guidance and and uh sub-policies that fit within the overall framework of the [company code] (p.1).

The few that did discuss these two points illustrated the need to appoint key CSR people who are senior, and to ensure that this person (and his/her team) have good access to the board.

CN1: and uh what they did initially was to appoint once again a quite a relatively senior engineering person who had quite a lot of research experience and that person was to develop this uh this unit, was to hire the staff, develop the policies and procedures and so on (p.9).

RT4: What we didn't have at that time was actually mainstream so so again, what we've done there is changed it so rather than a separate committee, I report directly back in to the the

[RT4] board and the executive committee. So it's really on their agenda now so the chief executive puts it on their agenda. They're responsible for coming and talking to the [CEO] who is our chief executive our global chief executive (p.9).

While these comments hint at the importance of the position of the key CSR person and the relative position of the department within the organization, the **case study research** detailed how individual perceptions, values and characteristics in fact were limited based on the position of the RT manager and the relative position of the department she was in. Her job as RT manager sat two levels below senior manager (therefore she had two line managers) in a department focused on the quality of holidays. This position was characterized by little resource, authority or control over organizational practices, and most of the senior managers interviewed saw this position as having too little 'profile' within the organization to be able to effect real change.

TRI10: I think she's battling on her own at the moment, its actually quite difficult for her in her position uhm to network and influence the company.

TRI3: and the problem that we have at the moment is that we have uhm you know CSR sort of sits with [the RT manager] who I don't think is a senior enough person in the business.

Absolutely not because she can come to me or any of my colleagues and we can just literally just say well you know ((laughs)) no we're not interested.

Therefore the CSR function was set at too junior a level to be given much authority and resource, as well as the ability to influence senior management. Therefore the RT manager's ability to influence CSR at the senior management level was considerably limited, particularly when the conflict began between her and another department within the organization that had higher status. This higher status in the other department was identified mainly through indirect evidence in informal conversations with case

informants such as the other department had more financial resources, and CSR was seen as a cost-sink, not an operationally necessary department (TRFG1), the fear and depth of threat that could be heard in the comments made by the RT manager and her two line managers about the other department and the fact that the other department was in the 'main' head office building, in close physical proximity to the most powerful individuals within the organization, whereas the RT manager and the department she was in were in a different head office building a half an hour away by car. The size, decoration and care given to each of these buildings was also telling in regard to where it was seen as important to spend money and create a 'head office image'. The 'main' head office building housed 1000 employees, was in a new development with specially designed 'eco' building with a large cafeteria, new carpets and office equipment etc. The head office where the RT manager and her department resided was a much smaller building that was over 100 years old, where older equipment was both used and stored for both head office locations, with a small cafeteria, and was not kept very clean during the field work period.

The fact that the communications department was more powerful relative to the one that housed CSR had a considerable impact on the ability of the RT manager to influence CSR during the period of the other department's involvement. Mid 2006, the case company was contacted by one of its major shareholders who wanted more information about the company's policies and performance on CSR issues. This request was made through the other department who had operational responsibility for dealing with external stakeholders, shareholders in particular. Within this department, a manager of similar level to the RT manager was put in charge of researching and writing a report about CSR to inform the company and to respond to shareholder questions and concerns. Although

this individual was aware of the CSR manager position within the company, he conducted his own research into CSR and did not include the RT manager in the research or writing of the report until much later versions ‘because he had been directed by the company secretary to investigate CSR for his own department’ (TRO11). No definition of CSR had been put forward and it was the other department’s manager’s information report on CSR that was to inform senior managers on what to put in the report. The RT manager was informed that this process was occurring and was ‘let into the loop’ (TRO1) but was not given any authority over the process. Authority and responsibility for facilitating the writing of the CSR report was completely in the hands of the other department.

Thus, her position was undermined, and the relative position of her department to other business units mitigated the potential influence for the RT manager on the development and implementation of CSR.

5.2.2. Conclusion of Individual Influences

The perceptions, values and characteristics held by individuals involved in CSR can have a significant influence on the way in which CSR is shaped but may be mitigated by such things as the position they hold within the organization, the position of the department relative to others, how well respected they are within the organization and the strength of their formal and informal networks.

Clearly, the individual level of the context is important in shaping the isomorphic form of CSR practices. While it is possible to have institutional entrepreneurs/ change agents, or individuals that limit the possibilities of CSR within an organization, their influence can be mitigated by organizational and interpersonal factors. Thus the mitigating factors can

enhance or detract from their ability to influence CSR strategy and in combination are critical in shaping the development and implementation of CSR within the organization. The organizational level is also significant in shaping CSR through such things as culture, legacy and attitudes towards employees.

5.2.3. Organizational Influences

As illustrated in the previous section, individual perceptions, values and characteristics can have a significant influence on how CSR strategy is developed and implemented. This is also true of organizational factors including culture/identity, legacy and attitudes towards employees.

5.2.3.1. Organizational Culture

According to Schein (1985: 9) culture is ‘a pattern of basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems’ (IN Brown 1995). In many cases, these assumptions are ‘implicit, invisible, intrinsic and informal’ (Scholz 1987:80 IN Brown 1995) as was highlighted by some of the interviewees. And where some of these cultural elements were formalized in writing, it was found that they already existed in many parts of the global business before being formalized.

NR5: With a huge sort of cultural footprint and everyone who worked for us I think had a sixth sense about what [NR5] was about. **We weren't great ones for writing it all down you know, but it was a small enough sort of community ... for people to have a sense about what was expected of them if they were an [NR5] employee.** They'd read about [NR5]

every day in the newspapers and and it was also the sort of company where if you started working for it, in 90% of the cases you promote worked for it almost all of your career (p.4).

RT3: The day-to-day business isn't actually explicitly put down uhm and to a point it may not even be within the the overall job description enough (p. 18).

MF2: I think thirdly what I would say is that we have had the experience of starting from scratch, with a relatively blank piece of paper which is unusual. **I would say that uhm the biggest surprise was the extent to which having implemented global policy or global policy suite, when you actually went out into the countries and looked into what was being done, it was mostly being done anyway.** So I don't think that, I don't think the practice of major western companies is going to be far away from ethical standards, even if you haven't implemented. So don't think you are going to massively change the world with what you're doing, you're probably only going to refine what is already in place (p.32).

These often times implicit but also explicit assumptions were recognized as having a significant impact on the development and implementation of CSR strategy, whether in how it is shaped or formalized.

CN1: I've worked in a lot of different different countries. We've collectively probably worked in 25 different countries around the world. **Everything from ... safety, environment, social, you know once again is much dependant on the uh the uh, I suppose I'm using the term culture but it is the personality of the company,** which is driven by the senior management, you know do they care about their employees, do they care about their neighbors, or is the company, as many are, truly uh launched head long into profit for profit's sake and nothing else, damn the torpedoes (pp. 31-32).

MF1: 3-4 years ago one of the things we didn't have in our great scheme of uh of of policies was anything on human rights uh we thought well why do we need a policy on human rights. I mean the idea that we would employ 14 year old children to fill cylinders is you know, we'd never do it. But then the question was raised well OK are you certain that all of your sub-

contractors around the world are not employing people who are at a young age – uhm no. OK so the questions were being asked and we started uh thinking well OK perhaps we should [formalize our culture and values] (p.34).

Culture of the organization therefore has an impact on CSR strategy but also on individual identity of those working within it. The following interview participants illustrate that having a ‘CSR culture’ has a positive impact on employee identity, morale and attitudes towards the MNC.

PS1: in fact the first uhm and one of the most prominent questions that was uhm, raised to our new CEO was uhm, what his level of commitment to health and safety, you know beyond how our job is going to be maintained or secured and what is going to happen and where am I going to move to the question that uhm the CEO’s kind of first attention among all of the employees was we’ve developed this strong commitment where what is your stand on it. Uhm which **just shows a really uhm solid commitment by the employees in the sense of identity that they’re taking** uhm in ensuring that the organization is both a safe and secure and that it maintains the commitment to personal safety (p.14)

MF1: well I think, I think we had some very positive responses from our employees. Uh uh , it was people saying yes **we understand why you are doing it and its good to belong to a company that is prepared to put these sorts of things out positively and to uh measure itself against it** etc. (p.29).

NR4: uhm and I think its just the concept of how you achieve success, as important as success and you know if you do empirical studies they will tell you that employee’s morale is always higher when they feel they work for a a an ethical company. **It actually goes to the core values of people and when they feel a company has a code and it really uh does stand behind it.** I think it makes it a better place to work, and people feel good about themselves because look at all the time we spend at work, so they feel very good about their jobs because they are doing them with the right boundaries. (pp. 26-27).

The assumption here is that the positive attitudes towards CSR existing within the organization's culture enable forward progress on CSR activities with fewer internal obstacles. On the basis of one interview in each of the different companies, it is difficult to say whether the organizations represented by interviewees did in fact have generally positive assumptions or signals within the culture around CSR. However, the organizations were presented as such along with benefits for the brand that were associated with positive attitudes towards CSR.

NR6: [The board and senior management team], they believe we have built and are continuing to build essentially a culture that is not only visible internally, but has built a if you will a brand, a [NR6] brand that is you know becoming increasingly recognized externally as well (p.17).

Case study research suggested otherwise. The majority of senior managers had a bottom-line mentality which Wolfe (1988) describes as focusing only on financial success and the success of short term, financially sound decisions at the expense of longer term issues. These managerial values are 'rarely beneficial to the organization and may lead to excessive political behaviour' (Furnham 2005, p.418) such as the creation of two conflicting groups described in detail in Chapter 7. With regard to CSR, senior managers viewed it as a 'luxury' either in which the corporation would engage when it did not conflict with 'real' business concerns, or as something important that the MNC should be thinking about but was restricted due to its financial situation. Examples of those who believed CSR was not in line with 'real' business concerns said:

TRI14: and I think the danger with, the danger with something like CSR, it will it will get put to one side if push comes to shove so, if we're trade if uh I don't know we've got a disaster I don't know we've got to evacuate people from Mexico because of a hurricane uhm and somebody's saying well actually this month we're gonna do a big CSR push on this ya well,

sorry this people are gonna die, if we don't move them or our reputation will be damaged significantly more than the advantage in the CSR stuff might do so, **I think there is a little bit of you're got to take reality into account** (pp. 29-30).

TRI8: **well ultimately we are in business to make money and to return the shareholders wealth, that's why we're sitting here.** We've got to balance responsibility in the community against the requirements and our responsibilities to our shareholders ultimately uhm if they are well you know if they would be unhappy with us or want us to go in a certain direction then they would probably show it ... so you know an outside pressure group really wanted to influence the way we operate I think it would buy part of us (pp. 7-8).

Examples of those senior managers who believed CSR was important but would not become a priority at least until the financial situation had improved had the following to say about CSR within the business:

TRI6: I mean and uh I'm sure everybody can give reasons uh for becoming not more uh CSR uh we have come through a very very difficult period and this company 2 years ago was technically bankrupt. Uhm we are still in the early days of our recovery plan that we you know we persuaded the banks to support us and turn the debt for equity, uh they did that on the basis that we gave them a three to five year plan that we believe would see returns for them. We've got to deliver on that and to my mind that's got to be the main uhm focus on the company because we are still pretty much in survival mode and uhm **if becoming more uh socially responsible uhm detracted from our survival plans then I would say you (thwarted) your survival plans uh because without [TR1] as a corporate entity we can't be socially responsible** (pp.8-9).

TRI5: I think there is an awareness that we should be doing better than what we're actually doing. I don't think any of us understand where if any the benefits would lie and this is, for the very nature of it a a business that has total focus at the moment, well had focused on a) surviving, b) turning round, which has taken up the last 2-3 years and **this is a, probably in**

the past a would like to have had but we had too much to think about in actually keeping our heads above water (p.7).

Thus, the majority of informants within the **case study research** viewed CSR as a luxury either because it was nice to do when not in conflict with real business concerns, or was out of their reach due to financial difficulties. Thus, the organizational culture around CSR was not very supportive, and efforts towards CSR, outside provision of the information to interested investors through their annual report, were viewed as insignificant given other business imperatives.

The culture of the organization, in particular the assumptions held around CSR have an impact on the importance of it within the organization and thus on the nature of strategy developed. Cultural signals and their impact on the approach taken to CSR depend somewhat on the company's definition of CSR. If there were positive signals around CSR within the culture and the culture defined CSR in positive or expanding terms, then it is possible to expect a more collaborative strategy. Companies that are more positive towards CSR tend slightly towards more collaborative engagement because it is increasingly being defined as a collaborative idea within society, and thus within the context of the operating environment. On the other hand, negative signals and a restricted definition of CSR lead to very limited practices, typically based on compliance activities (see Chapter 6 for details of different strategic responses).

Thus, organizational culture influences the isomorphic form of CSR within the organization, and due to mimetic and coercive pressures faced by MNCs, may also influence the potential form of CSR within other organizations within the same industry or across industry sectors.

5.2.3.2. *Organizational Legacy*

The legacy of an organization, specifically its history and nature of the products/ services it produces can also have a significant impact on CSR strategy.

Organizational history was highlighted by some interviewees as particularly relevant in shaping their CSR activities:

PS1: uhm so things like the provision of energy, ensuring a secure supply for the future, all of those things, uhm, as well as, the kind of more typical or more traditional corporate responsibility areas such as health and safety, uhm labour relations uhm, fuel poverty considerations, green power and uhm, kind of the future of the energy make up, are all kind of embedded in the industry in which we're in. **One other factor that has changed the way or shapes the way our industry has approached this and indeed the way our company has approached it, is the fact that uhm, we come from a regulated background, uhm in the past as government owned uhm, kind of 15 years ago,** the company uhm, had a strong responsibility uhm tied to its uhm, government uhm, uh, the connection under regulation uhm, to attend to or to uhm, take account of the kind of broader social issues and was held responsible for a number of those issues. Uhm even though we're no longer government owned and government controlled, uhm, some of that responsibility has uhm, maintained has maintained has been maintained. All of our kind of hearts and minds and their expectations for what the company does (pp. 5-6)

RT1: uhm I think a lot of people who work for [RT1] are very proud of it and recognize the traditions of the company which goes back to [pre 1900's]. And what people see is that this is not a knee jerk reaction to some external event. Uhm perhaps I'm being a bit unkind here but if you look at say MacDonald's ... almost as a knee jerk reaction they have done a whole series of things to try and make themselves appear a healthy eating organization ... and I think, for for MacDonald's the test will be are they still doing this in 10 years time ... now I don't have those issues because I can point to the fact that we had electrically powered

vehicles on the site in 1914. In 1911 [employee] was appointed the first dedicated female welfare worker. I can point to the fact that uhm in the 1930's we introduced uhm uh equipment here so we could recycle glass. You know we build CHP power plant in 1923. Now you know people are talking about CHP now, but we did it in 1923 and we've been doing it ever since. Now all of those things give people confidence that as a company, this is what what [RT1] is really all about and **if you think about trust and reputation, that is all really bound up in uhm [RT1] attitudes and behaviours and the things it stands for a very long period of time** (pp. 19-21).

As seen above, PS1 highlighted the importance of their product range in shaping CSR activities, which was echoed by a number of other participants:

MF3: Yeah, and it's it's it's **it's back that to the fact this is a controversial product** and we you know, we we need to get good people to work for the organization because we are a commercial organization, and we have to deliver shareholder value. And we have to retain those people, and it is, it is tougher in [industry X] because its people will always have a view on [our products]. You know, if I said I worked for Marks & Spencer people would say oh that's nice, if I say I work for a [industry X] company, they'd have a view on it because it's an emotional subject (p.16).

MF4: And human rights in the workplace is a real key issue these days, and it's quite interesting that you know, we are a [industry X] company, and **obviously there's a lot of controversy about the product we sell because of the attendant health risks**. It's quite understandable (p.6) ... But it all depends at the end of the day, though on the individuals and we believe that people want to work for a company that seen to take its social responsibility seriously, even given the products we actually make (p.17).

Thus, history and product range can have a significant influence on the nature of CSR strategy because they affect the range of concerns that result from a given MNC's production processes, and the organizational tools in place to deal with these concerns.

Organizational legacy overlaps with organizational culture as it is the history and product base from which current organizational culture exists. As described earlier, the legacy of financial difficulties within the **case study research** created a culture of ignorance around CSR because it was not considered a priority within the business, thus limiting the resources allocated to its development and implementation:

TR18: uhm we are a company thats, not got resource in abundance, a company that hasn't got a lot of money to waste well waste could you know **we're so focused on trying to do our jobs and so much to do all the time which is just purely related to the job and getting the job done that you you could see some of the, some activities under a CSR banner being distractions** because you don't see the immediate reward for it and that is you know again that has got to do with whether or not you are doing it for the marketing reasons or you're doing it for you think it's the right thing to do. And the focus of this company right now is obviously on getting the job done (pp.16-17).

At this stage in the **case study research** and by the end of fieldwork, the CEO was reported to have no plans regarding CSR and no interest in pursuing it beyond ensuring investors concerns were met. Again this shows how corporate legacy influences CSR strategy.

Legacy therefore creates the 'boundaries' of CSR within an organization through its products and services, which determine what concerns and stakeholders should be involved, and its history, which determines the capabilities of the organization and tools available to respond to CSR within its unique operating context. Thus, legacy creates the CSR boundaries from which all future activity originates within organizations.

5.2.3.3. *Organizational Attitude Towards Employees – Individualistic vs. Paternalistic*

Interview research also highlighted the issue of organizational attitudes towards employees: whether employees were treated as adults and given full responsibility for their actions, or whether the MNC took a ‘paternalistic’ attitude towards them. Those companies where individual responsibility was an important part of their culture spoke very passionately about this issue:

MF1: but uh, the principles of the code, and again I think you know its it’s the debate which everyone has about, and which we had in an executive management board at the beginning which was, **if you make it prescriptive, i.e. you know you will do this and you will do that, then you take all thought away from the individual as to why its like that.** You don’t end up necessarily with a principles being established and the ability of people then to take sensible decisions and and it just becomes a yes/no scenario (p.25).

PS2: **one of the problems we had as a business was we had almost an adult-child, parent-child relationship with our employees and what we’ve tried to do is try and re-balance that relationship** so it is an adult-adult relationship and we try and get, there’s been a deliberate strategy to try and get the employees much more involved in shaping their own destiny, right across the place (p.11).

NR5: uhm ((looking through document)) **‘we encourage employees to take personal responsibility for ensuring that our conduct complies with our principles.** No one will suffer for raising with management violations to policy or any legal or ethical concerns’ which was always intended to pave the way towards a whistleblowing program, process which we have (p.9).

MF2: I think you’re absolutely right, we are not a paternalistic organization. We uhm we are probably the reverse of that in the sense that we generally speaking give people enormous self-determination within the company. We we say it these are the ethical standards we

believe as an organization we should have, this is the minimum standard of behaviour we believe we should have and now its up to you to uhm respectful of the workers uh and bring your unique talents to bear on the business and take personal responsibility and **really that's a key tenant of our culture is to take personal responsibility, personal responsibility for delivering business results, personal responsibility for living the ethical and cultural values of the business** (p.25-26).

Companies who took a more paternalistic approach to their CSR activities were more subdued in their comments, and their attitude in dealing with employees was not often highlighted directly.

NR4: and when [employees] feel a company has a code and it really uh does stand behind it, I think it makes it a better place to work, and people feel good about themselves because look at all the time we spend at work, so they feel very good about their jobs because they are doing them with the right boundaries. **People want boundaries. People want to be told what the boundaries are with respect to compliance and ethics and their (behaviour)** (pp. 26-27).

PS3: Which and that involves uhm managers carrying out uhm safety tours where once again it's not a case of walking up to you and saying, you're not wearing your safety hat, why aren't you. It's more about what are you doing, what are the sort of safety issues associated in your current job, are there any issues and and eventually you somehow get around to well, you know why are you not wearing a safety hat, is there a problem with it. (pp. 10-11).

Thus, the choice to leave employees to be personally responsible for everything they do at work and therefore be free to choose their behaviour or to give them guides and boundaries from which to ensure a particular range of behaviours also affects how CSR strategy is developed and implemented and is thus the isomorphic form of CSR. Within these interviews, it was unclear what impacts the individual vs. paternalistic approaches would have on implementation efforts, but it was clear that it made a difference in how

strategies were developed. For instance there was evidence of impact on the length and form of CSR strategies where individualistic companies had stronger sanctions in their formal strategies and paternalistic companies spent much time and energy creating *all* materials that accompany the strategy such as games, marketing material etc.

Case study research was not able to help clarify in this regard because the company attitude towards employees was scattered and inconsistent due to a number of issues including the newness of most senior management and the current financial difficulties. Therefore, while the prevailing attitude towards employees clearly has an impact on the form of CSR, it is unclear exactly what impact it has in particular on how the strategy is implemented.

5.2.4. Conclusion of Organizational Influences

Organizational factors such as culture, legacy and attitudes towards employees impact the nature of CSR strategy within organizations and the people involved in shaping its form internally.

Whether the organizational culture generally supports or limits CSR, the legacy created by the organizational history and products/ services it offers, and its attitudes towards employees were all important in influencing how CSR strategy was developed and implemented.

5.2.5. National/ Transnational Influences

Where the previous two sections focused on the contextual factors affecting the institution of CSR from a business perspective at individual and organizational levels, this final level of context illustrates the key isomorphic pressures existing outside the organization according to interview and case study research participants. At the national/ transnational level of context, a wide range of issues and actor groups have influence including the law, state, family etc. The data highlighted four areas in particular at this level: the law, government, other external stakeholders and foreign national culture. However, in some cases the perspectives on the influence these pressures have were quite varied. What was common was that these four areas are highly influential in shaping the isomorphic form of CSR.

5.2.5.1. *The Law*

The law was discussed from a range of perspectives, some where the law is the minimum requirement from which all business activity stems, to discussion of specific acts and their requirement for the creation of formal aspects of CSR strategy, while others still talked about the limiting and enabling impact the law has on commitments and actions towards CSR.

Those who discussed the law as a minimum requirement tended to mention it in passing, almost as something given:

RT3: By going through the process, it will make people much more aware that the company has responsibilities, and they not only have to be seen to meet those responsibilities, uhm you know people have got to be thinking about, thinking about them and understanding them.

And it isn't just a case of comply with the law, you know, it's actually really thinking

about your business hard and and making whatever adjustments safeguards whatever are needed (p.16)

NR1: [Interviewee's] final comment was about the electrical utility company he worked with 8 years ago where they had a discussion about whether a company can make profits just based on the law or whether they should include other ethical considerations. When it was suggested that other ethical considerations should be included, the CEO at the time said 'what, don't you think we are ethical?' This happened after being questioned about whether they should have an ethics policy or consider anything other than the law when making a profit (p.17).

MF2: and only governments can make decisions about government that are in the best interests of all. Business is absolutely and essentially partial in how it sees the world. **We think it is our job as a business to operate according to the law and to regulate our business in a way that we believe to be in the best interests of society while delivering an acceptable return to owners of the business** (pp. 22-23).

Those referring to specific Acts simply stated how these Acts created a requirement for certain documents and behaviour with regard to CSR:

TC1: Now, this, I think the business principles is also in line to meet requirements of the Combined Code of corporate governance ... Sarbanes-Oxley ... so its kind of in-line with external legislation (p.6).

PS3: Yes, I mean I think we have to have people (comply to some degree). **I mean under the OFR and under the uhm the Company Law review uhm it's a requirement that you do, so it's a legal requirement I guess.** Uhm I guess the way we report is has changed and its in fact gonna change again this year. Uhm we don't have the huge amount of interest in [reports] to be fair (p.22).

NR2: I mean things like insider trading, bribery, corruption issues, you know we've tried to uhm uh incorporate best practice in those areas and so, for example the corruption area, **we**

have to be compliant with both the uh Corruption Reform of Public Officials Act in Canada as well as the Foreign Corrupt Practices Act in US. Those are global standards that we have to expect all of our employees, regardless of where they are located, to adhere to (p.6).

Other interviewees discussed how different laws and statutes within different countries impacted on their ability to implement CSR commitments across their global operations:

NR5: And this comes back to there are two different versions for what the problem is, and I still haven't quite managed to sort what the reality is. **One is that whistleblowing causes problems with French Privacy law.** The other is that it is politically unacceptable in France to have a whistleblowing process because it is associated with Nazi era collaboration (p.10).

PS3: This is it ya and I think that the reason that I think the US tends to be more rules based than the UK, which tends to be more uhm I want to say cultural based but its not the right word is that. It's values based I guess. Uhm so I think that reflects it. I think there are certain requirements in the US, that they have to say certain things. Uhm, and therefore, if a particular statement is missing, it doesn't comply with the law where in the UK it's less so, so. Some of those things are there because they have to be there (p.26).

MF2: and you know what you can say about, you know at least within say Europe or within North America uh you can lay down minimum labour standards. **Now those labour standards would actually be illegal if you set them up for aspirational level in China** because for example uhm uh encouraging uhm uh what's the word I'm looking for labour combination is illegal in China. So you know, you subscribe to the international labour organization's minimum standards and you find they are actually not legal in China. So you're requiring your local management to break the law pretty much. I'm exaggerating to make the point (pp. 12-13).

While these interviewees saw the law as a limiting factor in implementing CSR commitments, the following interviewees illustrated how the law can in fact can enable and empower action on CSR issues either at the industry level (as is the case with industry level codes) or at the local, community level as a ‘place to start’:

NG(P)1: the first stage was actually to find out uh the basic objective of that, what is exactly that the uh industry wish to achieve and what is the legitimacy behind it, whatever they are achieving. So for example in China the code **you could see uh child rights, uh labour rights and in some cases the legal uh legislation around labour laws as a legitimate base to develop code**. Right, so so one things always which came up in both cases, both in carpet industry and football, was to think about what is the legitimate ground to do code (p.3) ... so because there is always a uh legal side of it, on the global uh standards of it, so the language of code, or the objectives of codes are very similar to what is been already articulated in standards or embedded in legislation (p.5)

CN3: you know it’s the same thing with a lot of the work we did in the sub-Andean basin was related to really **focus on regulatory development because once there was that little piece of law that said you have to consult with indigenous peoples, then all of a sudden they had something to hold up and say no you are supposed to be doing this and it is**, without something in writing whether it is the company’s own policy themselves or a regulation of some sort, you, really communities really don’t have any way to to effectively make companies engage them ... but I think that the value of having had the company or the government put that stuff into writing is really important because you don’t have any where to start your conversation if you don’t have that (pp.12-14).

Therefore, interviewees were mixed on whether the law was a constraining or enabling element of CSR within organizations, but were united in the fact that it was important.

There is little direct evidence from **case study research** regarding their view of the law and its impact on their CSR activities. Having said this, both formal pieces of CSR communication with the general public (the policy and the pages for the annual report) were both requested and vetted by the Company Secretary. This was to ensure that these documents did not create additional risk to the company either by saying anything considered negative, or by committing it to any activity that might create a financial or reputational risk for the company in future years. Therefore, the final approval for external CSR communication on policy and performance was given by the legal team headed by the Company Secretary. There was also some talk regarding changes to the Director's Report due to the Companies Act 1985 OFR Regulations 2005, but these were thought to be minimal and of little consequence to the ongoing CSR efforts within the company.

So while the law is clearly a significant factor in both shaping attitudes and actions on CSR, how it affects CSR (either as a foundation for further action, an Act declaring specific action, a constraint or an enabler) is varied according to context dependent factors such as what the organization is trying to achieve, how wide spread they would like their commitments to be, and where these commitments are developed etc. Clearly, the law acts as a significant factor in shaping CSR development and implementation inside organizations both by enabling and constraining acceptable action on it and thus the shape of the institution of CSR.

5.2.5.2. *Government (state)*

Aside from providing the legislative backdrop which we have seen is critical in determining the foundation from which many CSR activities originate, governments have

a multitude of impacts on the development and implementation of CSR strategy. Many interviewees talked about the fact that the government should be doing more to protect their own citizens and to lead companies on both the general and specific ways in which it should engage with CSR. However, one interviewee (discussed at the end of this section) described how the corruption of government interfered in corporate operations meaning that CSR activities were reshaped and reduced.

CN3 talked about a traditional view still held by many in business where the business pays taxes to government, and government therefore has a responsibility to ‘offset’ the negative impacts of production for its citizens:

CN3: So in [country X] you, there’s the expectation that I as a person who owns a company, pay my taxes and pay my royalties and then that goes to the government and the government should be providing all these services to these people that are needed to offset the impact of my project (p.6).

Some interviewees suggested that they worked with government (as one of many stakeholders) to develop their CSR strategy and initiatives:

PS3: And the way we approached it was to engage in quite a lot of stakeholder engagement so we involved all of our employees at the time ... and we also conducted research with customers in the US, **and then from the US and the UK point of view government officials**, NGOs, lead investors, institutional investors, individual retail investors, some shareholders, the media, uhm whole raft of people something like 4000 people were involved in the process (p.2).

NR2: but at a fairly early point we uhm we began engaging with human rights groups such as Human Rights Watch, Amnesty International and dealing directly with the voluntary principles uhm uh **people at the US state department and the British government** and others (pp. 12-13).

Others talked about the need for government to provide more direction to companies through such tools as legislation and other incentives to ensure all business operates in a more responsible way:

SP(P)1: uh, and **I think another obstacle ... at the strategic level is the, is the government's continuing lack of uhm policy direction** to make it easy for customers, for our clients, big companies to start acting in ways that become one with a different way of, you know with a different future ... so you know I think there is confusion and **a lack of leadership at the government level, are definite barriers to to, they are definite barriers to us implementing the code** at a local level because it just doesn't fit with national policy (pp. 9-10).

RT1: uhm **equally I think that the government has a role to play because they can influence the agenda through a series of levers and pulleys**, some of which are based around legislation of which are based around uh incentives. So so the government influences the the the the agenda uhm but I think there are laggards who just choose to generally ignore it and I think its, it's the issue is how do the laggards uh uh how are they brought on side and how do you raise the bar and and how do you stop talking to the converted (pp.27-28).

Others who largely agree with the lack of direction from governments and the need for improved guidance about what CSR means to business suggested this indirectly by defining their own boundaries in relation to what they believe are government responsibilities.

MF2: **its government's job to govern and only governments can make decisions about government that are in the best interests of all.** Business is absolutely and essentially partial in how it sees the world. **We think it is our job as a business to operate according to the law and to regulate our business in a way that we believe to be in the best interests of society while delivering an acceptable return to to owners of the business**, which means I don't think its for us to move best practice, you know its not our responsibility to move best

practice on, trade union organization in China or uhm bribery in Latin America. That's not our role. It is our job to ensure that the labour standard we apply in our plants and in our and in procuring from other suppliers in China are at an acceptable level (pp. 22-25).

MF4: We identified three zones of responsibility, if you like, uhm first of all the zone where we we primarily have control. Second zone was kind of like a shared zone where we could work with others, and the third zone was an area where perhaps someone else should take the lead in initiative and we would support it if we thought it was appropriate ... **and often we find in that third zone that [what works are] partnerships, sometimes with local government** (pp.3-4).

MF3: **What those [health] warnings should be however, is a matter for governments. We shouldn't be interfering.** It's a fine line between what we should be doing and public health policy, and we don't feel that we should be dictating what health warning should be. But we should be saying to the government here's your box this is your space. So uhm it is a fine line (p.11).

The impact of government on the development and implementation of CSR strategy is even more significant when there is unclear or vague guidance from government, and when the government is unable or unwilling to provide for the needs of its citizens. Thus, when the government fails, some companies believe they have no choice but to engage further in CSR through the provision of basic needs for group(s) of citizens.

NR6: It's particularly important, though, in countries like [Middle Eastern country], where you know communities in the vicinity of our operations are really uhm undeveloped you know, and we work at a more, we focus on more basic needs there, like like health, water and sanitation, health clinics, supporting health clinics. And to some extent supporting educational programs in more developed regions like [Latin American country], its its uhm you know those things, but less I would say, more emphasis on things like education and helping with

infrastructure, you know supporting electrification or improvement of roads and things like that. (p.19).

CN3: in most developing countries, or the the you know, I don't know the companies in Economies in Transition, whatever they are called now, uh you you I think the industry goes in knowing they are going to have to do something. Yes, they are going to have to pay taxes to the government, and yes they are also going to have to provide the schools or the clinics or the rest of it ... I think down there the industry knows that they just have to, that just an expectation. **And even I don't know if its written or not written but I think even government expects that these industries when they are in these, especially in remote areas, that they are going to provide a lot of those services to the communities** (pp. 6-7).

NR3: for example we had a situation a few years ago. [Country X], we had a [resource] that is closed down now, where people were starving or you know there was a crop failure. Uhm and we fed them. We brought the grain and uh, well what else would you do. Of course you would, of course you do that, you have the ability to do it so we just brought it in and distributed it with local aid agencies and things like that, but we but we footed the bill. And uh, you do things like that (pp. 28-29)

MF3: Uhm they're learning you know, because that's its within the education system and some of our less, some of the less developed markets, that's not the case. So the so we then have government bodies or education bodies saying coming to us saying could you fund this project, its to educate children [on dangers of product]. Initially we were like no because we don't talk to children in anyway shape or form. **But then we started to think well actually, if there is nobody doing it, because it's not within their curriculums on their education its not it's not in the health agenda then perhaps we should be participating** ... helping with funding, helping with uhm sharing best practice for teachers and saying look this is what they do in Europe, and so we have we we we do to adopt a different style in Russia because of the very fact that nobody else is doing it (pp. 9-10).

But as was noted by one interviewee, companies cannot and should not replace government:

MF4: Things change, and I think it's particularly difficult for a company like ourselves who has quite a major presence in the developing world because what you will find than is **the some stakeholders expect you to take the place of failing government. And that's a dangerous place to be for a corporation.** So it's very difficult. Sometimes there are win wins, I think it was in Uganda where the people wanted to have a new road built, uhm we actually needed a new road I think because we wanted to get the[product] from, you know these particular farming areas. So I think we did contribute to that. But I think you got to be very careful otherwise, you encourage a kind of dependency culture (p.33).

The failure of governments to provide adequate guidance on CSR, or the provision of basic needs for their citizens has meant company responses to CSR are more in line with the expectations held of them from other stakeholder groups such as local communities where basic infrastructure or services are needed for companies to be granted a license to operate, or from institutional investors where companies must be seen to be actively mitigating both financial and non-financial risk.

One interviewee however highlighted how corrupt governments can have a significant negative influence on the overall well being of national citizens, but also of the MNCs operating there. NR7 described the situation in Argentina where his company was involved in a range of CSR type issues (paving roads, building and maintaining water and sewer systems, charity projects etc.) and had been for years due to the need for a societal license to operate. However when Chavez took power, he used the resentment of the poor against what was considered the 'elite' who were mainly NR7's workforce, to justify seizing the assets of this company, and diverting funds from it to help fuel his populist governmental regime.

NR7: no matter what we did, there was always this resentment on the poor side. And then uh Chavez was, and then the governments were indeed very corrupt and Chavez exploited that and the fact that poor people and uneducated people are very easy manipulated. He manipulated them. They think now that the [NR7] is really doing what they should do, what [NR7] should do which is make sure what God gave us on the ground is the better uhm shared by everybody. And again in principle, we never had a disagreement with that we just saw we just saw that our part of the game was to produce the money as an enterprise and then they're part of the deal, that being the government was to uh be responsible for it ... but me as a company I didn't have to worry uh to optimize the social programs. We had some social programs around our operations ... but it wasn't like we have social programs to raise the level of the country, that wasn't in our mandate (pp. 16-17).

According to NR7, Chavez had manipulated the poor majority to strip assets that were then used for his own political gain. This resulted in the company moving from profitability, to losing money, and meant that many of the social programs and charity associated with the company's operations were no longer possible.

Therefore based on the data, governments appear to have a significant potential to influence CSR as legislators, but little influence as policy-makers or in shaping the informal elements of the institutional environment around CSR, except where corruption is a major issue. Due to the fact that companies may ignore political efforts to shape CSR efforts (see RT1 below) while actively engaging in influencing government (see RT4 and NR6), may in fact suggest that companies have more influence on CSR than governments.

RT1: I think that uhm people 2 years ago accepted what the green party had been saying about climate change and it was adopted and it was an issue for uhm each of the political parties at the last general election. I'm tempted to say that it is only since energy prices have doubled, that people have started to really understand some of these issues and some of these debates ... **actually it was Tony Blair as the #1 theme for G8 and his presidency of the EU, but**

has it, its really been a huge increase we've seen in the energy prices that have engaged board rooms of the group because it's a huge cost and its, appears to be something over which people don't have any control and if suddenly your energy bills has grown from £20 million to £40 million then that has a big impact upon your profitability (pp. 26-27).

These two interviewees suggested that their organization actively worked to influence government policy on CSR:

RT4: Also to to ensure that we work with partners, both NGOs, governments, investors, customers, other stakeholders to to to both talk to them and seek their views and their help, but also to communicate uhm both what we do and also to **hopefully have some influence on the way society is moving forward, both within changes to legislation within Europe, and also you know global issues** (p.1) ... Governments, clearly it's important for us to work with governments because you know, changes in legislation, changes that are affecting our business, how can we influence that and help that. **You know if it's got to be legislation or if it's going to be legislation, lets make sure it's the right legislation that's helping us rather than hindering the progress of our business** (pp. 19-20).

NR6: uhm **I'm engaged in a lot of uh public policy development through almost entirely through uh industry associations** be they domestic uh Canadian CAPP you know organizations or uh, international as IPIECA which stands for International Petroleum Industry Environmental Conservation Association ... anyway uh so through that organization we, well we do a lot of things around uh developing best practices uh, to some extent influencing public policy in in various countries or uh or you know through through UN organizations like the Commission on Sustainable Development uh UN United Nations Development Program, you know anything to do with environment or community affairs so (p.2).

Again, there is little evidence in the **case study research** to suggest if and/ or how governments impacted on the development and implementation of CSR strategy within

the company. It was in the conversation to negotiate access that government was discussed. The senior manager in charge of the Responsible Tourism manager was recounting the current state of CSR within the industry and some of the reasons for increased interest in CSR industry-wide. He noted that the Travel Foundation, now an independent UK charity (formerly called the Sustainable Tourism Initiative), was set up by the Blair government¹⁵, thus the government were acting as an enabler of CSR at the industry level. However, he went on to describe a number of threats to the industry in the form of possible taxes such as on capacity, NOX release and a movement tax that was being disguised as an environmental tax. While these were identified as important reasons to 'get ahead of this' (TRO2) and thus engage in CSR, this was the only direct or indirect mention made of the government outside the law during field work. Based on observations, interviews and document review within the case, the government did not appear to be a significant factor in the daily activities surrounding the development and implementation of CSR strategy, but it is unclear what role the government may or may not have played in the company's initial interest.

Thus it would seem that instead of companies reflecting the behaviours and norms set out by government as one of the key groups in their context (other than complying with the law), companies are in fact more involved in shaping this environment around CSR than are governments. These companies have been more involved than their respective governments in shaping the rules, behaviours, norms and values of society with regard to CSR through such things as working with government as one stakeholder in many to develop CSR strategy and initiatives, working to shape the boundaries of corporate and

¹⁵ 'British Prime Minister Tony Blair launched the UK's Sustainable Tourism Initiative (STI) at the World Summit on Sustainable Development in 2001. At the heart of the Initiative was the establishment of an independent charity, the Travel Foundation. The Travel Foundation aims to help the outbound travel industry manage tourism more sustainably, changing the practice of tourism from the UK to make a greater contribution to local people, the environment, and local economy in destination countries' (UNEP n.d.).

thus government action in some CSR contexts due to the lack of government direction, in fact acting as governments in situations where governments are seen to be failing their own citizens, and lastly, in purposefully expending resources to influence government attitudes, policies and tools for CSR.

5.2.5.3. *Other External Stakeholders*

With the perception of research participants that governments are not taking the lead on CSR, the increasing importance of CSR within society must result from other groups within the society who have a significant impact on why CSR is an important part of this environment for business and how it is shaped. Clearly there is a wide range of stakeholders, many of whom were mentioned in both interview and case study research: investors, customers, suppliers, competitors, trade unions, government, media, communities, NGOs and of course the general public. For instance, as with governments, ‘stakeholders’ were often mentioned in the context of engagement:

PS1: but we last year for the first time brought together people from across the kind of stakeholder spectrum. We brought together suppliers, people who were largely involved in our community activities, we, a couple of representatives from the media acting in just uhm, kind of non-reporting capacity, uhm we brought uhm some major kind of commercial industrial customers and professional representatives groups and some kind of social groups that were represented in uhm organizations like Age Concern or [industry related NGO] which uhm, supports uhm [customers in poverty situations]. So we brought all of them together to talk through our 12 impact areas (p.36)

RT3: We have, group will have stakeholder dialogue with investors and all the rest of it and that's routine. So you know what they expect and all the rest of it, but in terms of what all the other stakeholders expect, uhm we do we do bits of it, you know, we do customer surveys, uhm but, and we do staff surveys, but I don't think we sort of formalize it and and kind of put it under the whole sort of umbrella of corporate social responsibility (p.19).

While these comments illustrate that stakeholders were recognized and their opinions were in some way solicited, responses from the two data sets suggest that certain groups featured more prominently in the day-to-day operations of companies than others. For instance, within **interview research** suppliers were rarely mentioned in a context other than as a list of stakeholders, similarly with trade unions, who were mentioned only by two interviewees, both with very little to say about them. Interestingly, the media was mentioned by only one interviewee and in the context as another stakeholder, not as an impartial ‘reporter’ of stories. Where NGOs were mentioned, it was in the main to emphasize either partnerships between them and the company, or to illustrate the problems with them such as a lack of accountability, not understanding business concerns, being focused on criticism and not wanting to engage with companies. However, other stakeholders such as governments (see previous section), the general public, communities, investors, customers and competitors, were mentioned with relative frequency although in some cases not in much depth.

Many interviewees illustrated their recognition that the general public (or a range of external stakeholders) had expectations of them with regard to CSR:

PS1: uhm and then one of the other things is we’ve funded some substantial research, uhm even asking people who’s responsibilities this area was, it came out that uhm people largely thought the government was responsible but that [companies] were somewhere on that spectrum (pp. 23-24).

PS2: uhm I think that some of the external feedback is actually around uhm facing up to the challenges around sustainability and uhm being more uhm what’s the word, being more radical in in in in moving faster towards adoption of of of you know uh, and and and pushing

us towards uhm uh uh more than minimal compliance, they are hungry for us to effectively role model rather than uh do simply what's necessary (p.15).

RT1: I mean our people feel strongly about things, our people have got views and that influences certain things that [RT1] does, uh the NGO community [pause] influences [RT1], government influences [RT1], I mean all of these stakeholder groups have an impact upon us uh but everything is going to be different for different companies (p.28)

MF4: I think it's particularly difficult for a company like ourselves who has quite a major presence in the developing world because what you will find then is the some stakeholders expect you to take the place of failing government (p.33).

These more general expectations and their ability to shape CSR strategy and activities within organizations are highlighted by discussions on the societal license to operate. While the company is expected to respond to particular issues in particular communities and this drives their activities in that region, it is the *fact* of their participation in social, environmental, economic, ethical etc. activities that allows these companies to continue operating in people's backyard's across the world. Thus, by meeting the specific needs of the community where they are operating, this provides companies with the reputation necessary within the general public to allow future operational prospects.

PS3: And I think we, I guess as an organization we always have taken a stakeholder view because, the very nature of our business means we have to have a license to operate. I I mean we cross people lands without actually supplying them. So, so our [infrastructure] everybody knows they are there, we cross people's land we don't actually supply [product] so we don't have that supplier customer relationship with the majority of people. What we do have is a relationship with landowners, local authorities etc. uh all part and parcel of the license to operate ... and so yes there's no one answer. It's it's actually a requirement (p.21).

NR3: so our approach to engagement is is uhm, built on the basis that uh we need to be an engaged company, we need to be uh working at the local level around sustainable development, uhm because that is that is effectively our license to operate. So we need to help communities build build their futures while leveraging the that wealth we create uhm and the skill sets of the company with civil society organizations both across the the sort of triple bottom line if you like of of responsibility (p.2).

CN3: everybody needs the sort of the official regulatory permit and then the permit, the communities permission to go ahead and operate like you say uhm and, but I think there is a different perception of what that means down there uh or in developing parts its, ya they better put in the clinic and they better get us some teachers and they better get us a school because that's what we expect. But here in [Western country] I don't think people expect that. They don't, they don't expect that industry is paying for core services infrastructure. They do like to see industry pay for you know maybe a recreational centre or something that's not a fundamental service (p. 7).

One interviewee highlighted the 'game' that is played between the community and the company to ensure each party gets what it needs, where both sides understand the rules and play accordingly.

NR7: They would use, you know, because there was maybe a spill and we knew that they knew and they were using the newspaper just put some pressure to have the meeting because they wanted more money for things that they should have maintained. **So there was always this game between the community and us.** They thinking that they should try to get as much as possible from us because we were rich. **And then uh it was considered fair play on both sides.** We would have our own campaign saying on the newspapers saying that we were great, to show much to do for the committee and they would try to use the newspaper also to say that we were not that great. And try somehow to get in on a on a discussion table with us to see how much we can get for the projects.

R: So that's interesting. So it was considered fair play by both sides to use the media in that way.

JC: Yes, yes. We knew that that was the case and there was, would probably, uh I think in our culture, we thought that was okay. I mean they, they were just uhm being uhm trying to outsmart us so we'll do our work and of course we need to help them so uh in the end we always knew that if we don't help and establish good communication and good report with them the money still to go to the government. And then it will have, but it will go to the central government in Caracas. **They have a tough time getting the money from the central government. So it was a way, a more more direct way of helping themselves uh helping ourselves and helping them and so we were willing to take the the you know the the game as it was.**

Therefore, whether considered a game or not, it is clear that companies not only recognize the importance of CSR to the general public and the resulting expectations society has of business, but also how specific expectations of certain groups such as communities have a specific and significant impact on the CSR strategies and activities of business, in the same way that their operations have a significant impact on the lives of those in the communities.

Another stakeholder group that was often mentioned and also has a significant impact on the uptake of CSR and the form of their engagement was investors and the indices created by investment and business interests.¹⁶ PS3 discusses not only how investors were instrumental in shaping their CSR strategy, but also emphasizes the role different indices have had in determining the important issues of the day for companies and in how these indices can affect employee morale.

¹⁶ While investors are owners of the business and therefore technically a part of the organizational level within the institutional framework, the investors and the indices that influence their opinions on CSR are unlikely to be influenced by internal organizational factors such as culture, or the perception of CSR. Their opinions of CSR strategy, and how it should be developed and implemented come almost exclusively from the external organizational environment and thus have been considered part of the external institutional environment, not a part of the internal relational environment.

PS3: uhm I think the motivation was to ensure that we ended up with something that would speak for everybody. So [the CSR strategy] wasn't just, you know employees I mean clearly, our employees were key to it because if they didn't believe it then it wouldn't happen. But equally we wanted to make sure that it was resounded with our key stakeholders so uhm in particular with investors, so necessarily talked to institutional investors and individual shareholders (p.6).

PS3: So you have, you have a view of where your risks are. We talk to investors, both in, so investors will come in and ask us questions and therefore you gauge their interest areas. And you can see over a period of time, their interest areas, move uhm so three or four years ago, climate change was just about here [puts hand low to the table] in terms of people's interests. No one was talking about human rights. Now climate change is the central agenda. You've got things like the Carbon Disclosure Project with all the investors signed up to that. They all want to talk about climate change, leader of the BITC index and all that etc. etc., it's all about climate change (pp. 17-18).

PS3: Where we do get, the one thing we do get feedback on internally particularly is the Business in the Community Corporate Responsibility Index ... the reason we get feedback is our CEO. We became [top five] in the first one and [top five] in the second one so you know, we've got a lot to shout about internally. The CEO will on every occasion, e-mail or write to all the employees, saying this and this is you know (the result) and recognizing all the work you've put into this, and he gets an awful lot of feedback then to his e-mail back from people actually saying that you know, we're very pleased about it, and I think partly because it's because it's in the public domain, it's it's printed in the FT, uh they people can see themselves that they are better than Tesco's and etc. so they can relate it to companies they actually know. Whereas if you, when we say oh we're constituent of FTSE4Good or we're in the Dow Jones doesn't actually mean so much to our employees because they don't actually see how that compares. But if you see your name you know in the newspaper comparing you with Marks & Spencer's and Tesco's and and I guess companies that individuals think are responsible and

you're better than them in terms of the, whether in reality or not, but that's what the index says.

Uhm I think that does sort of uhm strike a chord with people (p.36).

Thus, in PS3, investors, and the indices they use can have a significant impact on company practices and attitudes towards CSR. This influence was echoed by other interviewees:

RT3: We did last year's CR Index for Business in the Community and, and I see that as getting some form of sort of stakeholder feedback as well ... they did did did a FTSE4Good environmental report back in 98. And that sort of was a bit of a rocket up the proverbial. So now we have a lot of KPIs on on environment and all the rest of it. Which is terrific, it works. It did its job ... Because because uhm stakeholders, you know, particularly the investors, pay attention to these things and where people come on these things and where people come on these damn league tables (pp.19-20).

RT4: And of course our investors. Very regularly our investors are contacting us, every week, every couple weeks, you know, we we will get asked questions about our business. What we're doing, how we're doing it, how we're monitoring it and you know, such as areas say indices like FTSE and Dow Jones it's important that we're as a publicly listed company in the FTSE 100 you know making sure that we're responding to those. So members of the London Stock exchange in terms of sort of questionnaires those sort of issues. So they're sort of the range of of business contact (p.20).

Investors also played a significant role in **case study research**. Up until the beginning of 2005, the case company saw CSR as something that affected other companies and was not of any real concern either in their industry or for them specifically. Since the early 2000's, external groups were known to be talking about industry-related concerns, and in 2003-2004 the other major competitors appointed CSR managers so they followed suit, but CSR was not seen either as an opportunity or a threat, just something they did not want to

be behind on. Since 2001, the Director's Report had one paragraph dedicated to CSR indicating that 'as part of our ongoing commitment to make a positive impact on society and minimize the effect on the environment of Group's operations, the Group continues to review its corporate social responsibility programmes' (2005 annual report).

However, in 2006, not only did the NGOs become louder and the government talk about stiffer climate change regulations (neither of which had really affected Company X in the past and was now only an indirect effect) but their largest majority investor made a specific request regarding CSR issues. This institutional investor had concerns about non-conformities with the Combined Code (governance) such as the proportion of independent directors, remuneration, and activities of the CEO etc., as well as some concerns regarding insufficient or missing policies on environment, community, stakeholder engagement and labour issues such as freedom of association and bribery and corruption, concerns over the lack of performance reporting on employees and the environment, and the lack of director responsibility for certain areas such as community (Source: internal company documents).

By forcing the issue within the company, and by outlining issues of potential concern to the investor based on financial body guidelines, CSR became a risk to be mitigated. Thus, CSR became a more visible and credible concern within the organization, with certain aspects of CSR highlighted for action. It was this concern from the institutional investor that caused the Company Secretary to task the Communications team with researching CSR and in working with the senior managers tasked with 'CSR responsibilities' to create a report for the annual report. This of course created action on CSR that was parallel but not connected to the work being done by the RT manager. Therefore, in the case, their

activities on CSR were significantly impacted by investors, and thus the internal relational environment was changed by an external stakeholder largely influenced by activities outside the company's internal relational environment.

Interview research discussed both customers and competitors, but in ways that would suggest their utility with regard to CSR was limited. For instance, customers were often discussed as being part of stakeholder groups during consultation processes (as seen in the quote on engagement above), and often mentioned in terms of research that was being conducted with them, or feedback mechanisms that existed to encourage their opinions. Reputation however, was often discussed as an asset that provided either risk mitigation or access to markets, capital, land etc. The majority of interviewees did not discuss reputation as a response to customer concerns but common sense and RT1 would suggest that there is an important link that indicates how customers may in fact shape the institutional environment around CSR and how reputation may be a corporate response to those expectations.

RT1: and if you think about trust and reputation, that is all really bound up in uhm [RT1s] attitudes and behaviours and the things it stands for a very long period of time. People shop at [RT1] and the things that they buy by and large they uh ingest it in some way or it goes in some sort of orifice or it goes on the skin and there is absolutely no way you are going to buy something from [RT1] and swallow it unless you are absolutely certain that you trust that brand (p.21).

Comments on competitors focused around engaging in certain CSR acts because competitors were doing it, and the company did not want to be left behind. This sentiment is best illustrated by CN2:

CN2: but uh as far as motivators, I know that some, **certainly some companies uh have done it just because the expectation is there**, not because they see a great deal of value uhm that

you know that Oh we've got to do this because it's gonna bring great internal value, it will enable us to manage that much more consistently and clearly some of it has been driven by my uhm my neighbor, my competitor is doing it and uh so I better be seen to be making the right strides

Although both customers and competitors did not come across clearly in the interview data as being significant within interviewee companies, both were important within the **case study research**. Interestingly, many senior managers within the case company believed that if CSR was important, then customers would tell them. Once that happened, they would embrace CSR without question. For instance TRI8 talked about how if stakeholders were really interested in the company becoming more involved in CSR, then they would do something to let the company know, but they had yet to do it. This is what he suggested:

TRI8: we've got to balance responsibility in the community against the requirements and our responsibilities to our shareholders ultimately. Uhm if they are well you know **if they would be unhappy with us or want us to go in a certain direction then they would probably show it**. So you know if an outside pressure group really wanted to influence the way we operate I think it would buy part of us (p.8) ... If [customers] want me to do things in a certain way that's more CSR like then I'll get that feedback from they'll tell me that. And we and and we can change our offering to them ya

R: do you have any kind of feedback mechanism for them to?

TRI8: oh yes absolutely absolutely we uhm we have regular correspondence from well our customers write in obviously and they'll write in on issues, whether its specific to their holiday or whether its general issues. Uhm they've got those opportunities through what we call a CSQ [customer service questionnaire] to collect data from them ... so they can tell us if there is an issue. They can tell us uhm or they can ask us, so you know I believe there is plenty of mechanisms for them to talk to us if there's something particular they wanted us to do (pp.9-10).

What is interesting about TRI8's comments regarding the feedback mechanisms available to customers is that the CSQ is not set up to ask questions specifically about CSR or any aspect of CSR, but focuses instead on the quality and price of the holiday, such as how clean the accommodation was and whether the holiday rep was helpful and on time. Space for other comments is limited to a small box at the end of the questionnaire that follows demographic information. Given the overall content, number of questions and layout of the questionnaire, it would be unlikely that customers would comment on CSR aspects of their holiday unless it was a major concern to them personally or as a result of something that happened while on vacation. The RT manager and her immediate line manager were interested in including questions regarding aspects of CSR, however they had yet to be discussed and approved/denied by management.

Other senior managers echoed the importance of customers on the degree and nature of the company's commitment to CSR.

TRI14: uhm again its back to the caveat that I'd like, I I think one thing I'd want to know is, and I don't think we know this, is the degree to which its important to our customer base **and if it is important to our customer base then the company should be making commitments to it** (p.15).

TRI5: I think the customer is probably demanding [CSR] more and more, any customer, more and more to know, let's look at industry where is the food coming from, do little Pakistani boys sew footballs up at the age of 5, do I have 10 yr olds serving drinks in hotels in Turkey. They are becoming more aware. **I think businesses up up to a certain point are forced into what, doing what the customer wants and I think that's what it comes back to**

Thus, within the **case study research**, customers were deemed responsible for determining the degree and form of CSR commitments for the company. It was stated by these senior managers that if customers wanted CSR, they would get CSR. However, it came across in these interviews that in fact customers were being used as an excuse *not* to pursue CSR. The company did not actively consult its customers to determine the importance, if any, of becoming more responsible but suggested that this was because their customers had not mentioned CSR as being important to them. They consistently referred back to the different demographic groups (A1, B, C2) and suggested that if their customer base were the A's and B's, then CSR would be a priority, but their customer base were C's and D's and thus price, and beach front location were the key factors.

TRI5: Its its what that group of customers and that group represent uhm uhm I would hate to say that I think most of those customers, that those numbers wouldn't reflect our more normal customer base for this business. Ya it will lose a, if you were looking at A-E social categories you'd lose the A-B. Our business is mainly C2's, Ds and it depends whether you, those numbers are clear enough to identify which social strata they're in

R: right OK so then basically at this stage, customers that, kind of the mainstream market just don't care at this stage

TRI5: ah, that would be my view. Uhm I'm I think, it may be unfair to say they don't care, I don't think anything that would involve anything with any extra cost to them (pp.13-14).

Therefore, while customers were recognized as being a significant potential driving force behind CSR for many senior managers within the organization, the fact that customers had not mentioned CSR or aspects of it was used as an excuse to stall action on CSR. Customers were therefore a significant influence within the institutional environment for the company: their perceived lack of interest meant that the company did not feel the pressure to engage at the current time, but it was recognized that if their perception of

customer concerns changed to include consideration of CSR, the company would become more involved.

Therefore, it would seem that when interview and case data are combined, customers are an important stakeholder, and their opinions are important within the development and implementation of CSR, but there had yet to be much consistent signaling from them to suggest that CSR is a critical factor in their purchasing decisions.

As with customers, competitors were also important in the **case study research**. Senior managers, and those involved with CSR knew the company position on CSR was not to lead, but to follow the industry. As such, the actions of competitors took on greater significance.

TRI14: I call it table chips. You you need to take so much along to play in the game, uhm but then you need to have a little bit more if you think you're going to win it, so you you you've got to spend, it's a bit like advertising if you put uhm TV advertising out there's no pointing spending £100,000 probably because it would just get lost in the mess. There's a point at which there's no point in spending money until you reach a certain point and I think that its probably the same with this is that we're if we're not **if we're not going to be proactive about it then we need we need to be uhm not negatively impacted by the fact that we're not doing a lot** (p.22).

TRI12: and I also think there's a competitive issue, we want to show a competitive advantage as we see this becoming a competitive issue. **We certainly do not want to be the one company that does not adhere to the standards.** (pp.40-41).

TRI7: and again **peer pressure from our competitors so competitive pressure from others who maybe make a bit more of a noise about it, uhm we could be perceived as being kind of left behind** because I think you know its gonna happen some someone's gonna use it as a

PR message, **so if you are not doing anything then you you you could be seen as being at a disadvantage** (pp.29-30) ... as a result of the competitive sort of pressure, you know they are they'll do it and if we don't then it may be a slur on our reputation if we can keep up with them at least you know we're there you know with them, we're not at a disadvantage (p.31)

Both the company and the RT manager were also very concerned with the activities of their competitors with regard to CSR activities. The RT manager position was made available within the company due to other companies within the industry creating such posts. Once filled, the RT manager continued to follow the activities of the other three competitors closely and styled the CSR policy, draft report ideas, and key initiatives after those of the industry leader. Therefore, when recycling on board airlines was introduced or the use of fair trade coffees and teas by their competitors, the RT manager pushed for similar initiatives in-house without first determining whether they were appropriate within the practical constraints of the business.

TRI3: I talked to you about there is probably some scope for some more recycling on board. I can't do that because I've not got enough space. I'd have enough space if I got rid of a couple of extra bar carts but we sell drinks on board, it is a huge profit stream for us. So I think anything that is put forward has to be balanced off commercially and again I've had approaches from [the RT manager] to say uh ,well what about selling fair trade coffee on board' and I said that's absolutely fine, get in touch with fair trade organizations and make a proposal but I have to tell you now I can only consider it if it is a neutral margin position from the coffee that I'm buying from Kenko and if it is, and its neutral and we can make that work then of course (p.15).

Therefore, both for many senior managers and for the RT manager, competitors had a significant impact on the scope and nature of CSR activities. Thus, within the case, competitors were a key influencing factor within their institutional environment. This was

also the impact felt by interviewee companies but the issue was not mentioned with much frequency within the interviews. Clearly then, industry level effects within the institutional environment were significant in shaping the CSR strategy.

5.2.5.4. *Foreign National Culture(s)*

The final element within the institutional environment that can influence an MNC at the national/transnational level is foreign national culture(s). Due to the fact that all interviewees and many case informants were aware of an interest in the cultural aspects of CSR as it was a part of the proposals and interview guide (with the exception of the interviews held in the case) it is not surprising that ‘culture’ was discussed. What is fascinating however about the discussions is that the vast majority of the companies represented by the interviewees, as well as the case company, largely ignored ‘culture’. What that means is in most cases, these companies rarely considered ‘culture’ whether it was their own national culture, or the national culture of their operating locations in the development and implementation of CSR. Companies either ignored these differences purposefully, or simply did not think to consider them, particularly at the development stage of their CSR strategy.

When asked about whether they were aware of any cultural influence on CSR within their organization, most of the interviewees spoke either in terms of organizational culture and how there were changes needed or occurring internally to include CSR, or they described situations where operating practices were different in different countries. For instance NR1 described the situation within head office where ‘if people did not know ahead of time that what they were doing was in breach, they were not prosecuted. However, in Venezuela, if employees were caught violating the policy within [NR1] they were

immediately let go because the culture [in Venezuela] is such that if a person does it once, they know that person would do it again' (p.16). Other brief illustrative examples of these descriptive differences include:

RT1: it is part of the mind set and part of the culture of a German to want to recycle. Now, is it part of the mind set of somebody in the UK to do that at the moment? No its not (p.34).

PS2: and I I mean the main difference in culture there is the difference between unionized traditionally confrontational culture [in the UK] uhm versus, you know a collaborative, cooperative uhm continuous improvement type of culture which was much more common in our European operation ... what it meant for us as a business when we started was that in, certainly in our UK businesses there was certainly a lot of resistance to change difficulty in actually recognizing the the uh scale and pace of change uh which wasn't as uh you know, certainly in the European operating businesses they were more used to to working in a deregulated market with open competition, and were used to being more flexible and and and fast on their feet uh so uhm, it's the dinosaur vs the you know, the dinosaur vs. the cheetah isn't there (p.13).

And while only one interviewee indicated the fact that they were unaware of cultural impacts on CSR:

RT3: I, I think, certainly not aware of any cultural impacts yet. What I suspect would happen is that and its and it's connected with the whole CSR agenda. By going through the process [of engaging in CSR], it will make people much more aware that the company has responsibilities, and they not only have to be seen to meet those responsibilities, uhm you know people have got to be thinking about, thinking about them and understanding them. (p.16)

Not one interviewee talked about how foreign cultures were important in shaping the CSR strategy, particularly as it would be the people in these different foreign (and home)

operating locations that would in fact be implementing the strategy. Interestingly however, two interviewees acknowledged their understanding that in fact these formal strategies implicitly carry values influenced by the home culture in which they are written.

NR3: and uh **whilst the prevailing you know culture is sort of you know Anglo-Australian, US, so so sort of uh it's fundamentally western if you like in its in its outlook** uhm they're uhm, you know the ways that that a lot of countries work need to be understood although we don't have a culturally relativistic approach to this work, uhm the [formal CSR strategy (code)] is quite specific (pp.6-7).

NG(P)1: it is much more easy to have specifications with code and you go with a code and a specification and ask the buyer to reorganize the social system around that uh and you check whether it is organized or not. It is far less creative but at the same time it is far more problematic from the development perspective because you are changing, you are imposing a particular model of development or industrialization, you're not trying to negotiate that model (p.26) ... at the same time I would say there is no need to detail the code. Detailing the code means, uh simply, uh describing how it should be implemented. There is no need to do that. I think if you, uh based on one experience, if companies start, and there are quite a lot of them, **if they start describing how it should be implemented at supplier level, then what they are doing is they are homogenizing the different cultural environments** (p.29).

So while these two interviewees above knew that culture is implicitly captured in formal CSR strategies, neither explicitly included people from other national cultures in the development of their CSR strategy. Another two interviewees stated that their companies purposefully ignored culture during the development and much of the implementation of CSR strategy.

RT4: Absolutely, and they're there are the cultural differences. I mean, there's you know if I don't know if you've been in any factories in China for example

R: I haven't

RT4: where where people live or in India. I mean if you go into them, you do immediately, culturally find it very different, you know in terms of people sleeping in in one room, because that's the accommodation in China, people work in the factories and live in the factories for 98% of the year because the only time they probably go home is Chinese New Year because their home is probably 4000 miles away. If these people are living there you know accommodation is small. They only have a small small space you know the washing facilities are very basic, toilet facilities are pretty basic and if you went in there as a Westerner you sort of say ((intake of breath)) oh, this is a bit you know ... and and it hits you. You need to somehow get beyond that and understand that OK culturally, and the factory manager was able, actually if you went into these peoples homes in the country there's probably about 10 people sleeping into one small room. They don't have a toilet facilities, they don't have any washing facilities. Don't even have any water at some stages. And you sort of need to understand that but then you also need to understand well okay but you know from our point of view it's important for our brand that you know, we don't see people that don't have these basic facilities in place and that they don't have a bit of the space they can have some privacy. That they don't have some place to wash, they don't have some privacy in terms of you know their toilet and washing facilities **so we sort of say, ya we understand, if they're in their homes it might be like that, but culturally, you know, our customers in the UK will expect certain things to happen. So therefore you've got to reach a certain baseline with this** (pp.14-15).

MF3: So we've got cultural differences in in arguing the case with regards to all, well we might say that from a British perspective that this is absolutely unacceptable, but in some of our markets they might argue back and say well no it's not. Uhm however, we we get final say so (p.6) ... so it it's those kind of differences, it's it's more the it's cultural, but it's sort of our perception but I we take the view that regardless, of uhm it sounds awful, **regardless of cultural differences at the end of the day we are under the microscope every day, as an industry and what could be perceived in one market as being acceptable, the Internet has been you know is is a fantastic tool for getting information around the globe very**

quickly, and that published in a newspaper in the UK looks, you know, saying this is what the [industry X] companies are doing (p.8).

Thus, while some interviewees recognized the importance of culture in CSR strategies, particularly during the development as the values of those who participate in its creation implicitly enshrine their values within it (including national values), most interviewees either purposefully ignored culture as a factor in shaping their strategies, or simply did not consider it.

Therefore, while culture (whether home or foreign) tended not to be an explicit consideration by many of the interview research companies at the development stage, their implicit attitudes towards foreign national culture became more clear during the implementation stage and whether or not it is better for MNCs to standardize global operations or leave local operations to operate according to local practices continues to rage. The range of approaches, from local control of CSR strategy to the use of universal standards were represented within the research.

The ‘culturally relative’ approach or the local standards approach (see section 2.2.1.2.1) is supported by those who believe that how CSR is implemented depends on the people involved and the specific influences they face such as local governments and groups:

MF2: [CSR practices need to be decided] country by country so you know France for example has a very legalistic approach to business and therefore the legal department in France, the French business would be much more involved in implementation and in terms of what you can do and what you can't do and what kind of conversations you can have in a bar with somebody and what kind of conversations you can't. Uhm compared to uh say in Italy where they regulatory framework is much less strict, practices are frankly much laxer uhm and you know and where there are regional differentiations in terms of how business is done between

the north and the south so that uhm I think it has to be done on a on a local basis rather than on a global basis (p.10) ... uhm but what you cannot do is you cannot legislate or regulate from the centre, the maximum standards that you require because it is not possible, even within Europe its not possible. You would think Europe would have a single market, not at all absolutely not. The very nature of doing business is is somewhat different uh the nature of competition for example is different between Germany, France, Italy, Spain (pp.11-12).

CN1: and it depends, you know so much depends upon the the culture of the people, the culture of the company and the abilities of the uh the people who are involved in rolling it out and making it happen (p.20).

RT1: so I think uh uhm it its really difficult to to to look at what happens culturally. I mean our people feel strongly about things, our people have got views and that influences certain things that [RT1] does, uh the NGO community influences [RT1], government influences [RT1], I mean all of these stakeholder groups have an impact upon us uh but **everything is going to be different for different companies** (p.28).

The implication is that head office does not know best, and that practices must be heavily influenced by those involved in ‘making the strategy real’ at the local level. Therefore, the assumption is that due to the inherent differences in culture and other institutions such as legal frameworks etc., CSR should as much as possible be culturally relative. In fact MF2 goes on to suggest that in fact the maximum that can be expected to be implemented by foreign operating locations is a minimum set of principles suggesting and guiding appropriate behaviour.

MF2: ya I think our response to that would be that you can lay down a set of aspirational minimum standards and you can insist on your people generally meeting them around the world although interesting when we come to talk about experience, you will find that there are certain parts of the world where it is very difficult even to hit minimum standards because its just not the business culture of the uh a local business culture if you will. Uhm but what you

cannot do is you cannot legislate or regulate from the centre the maximum standards that you require because it is not possible, even within Europe its not possible ... now I defy anybody to draft type set of business regulations that cuts all through those countries, it just it doesn't make sense and then we haven't even talked about China (pp.11-13).

Other companies used the 'universal standards' approach (see section 2.2.1.2.2). NR3 is an example of this where the foundations of their CSR strategy are considered to be those issues which are universal:

NR3: the first is that there are **some elements of what we do that uhm, are not in, are not at all culturally relative, they are culturally absolute.** Now a good one, a good example of that is safety, health and safety. Every worker has the right to go to work safely and come home safely everyday. Anything less than that is not good enough ... a person's right to life uhm is absolute and not relative, human rights are absolute, they are not relative, you know so if they are relative they are meaningless (pp.31-33).

Safety was not the only issue deemed by interviewees to be universal. NR3 also suggested a range of other issues they found to be universal in their own cross-cultural research.

NR3: and they are obviously around things like environmental stewardship, uhm community development, education, welfare, health uhm, safety, health and safety and in fact our, **we do a lot of stakeholder research uhm a across cultures, uhm and the the the sort of top line results of that research are remarkably similar. Close to identical actually** (p. 9).

Other areas indicated by participants as universal were bribery and corruption (NR5, RT4), working conditions and pollution (RT4), climate change, environmental impact, ethical procurement and ethical suppliers (MF2).

Other interviewees also illustrated the importance of a global standard regarding CSR.

NR5: because the General manager thought that in there there is a statement that ((looking through document)) 'we support free enterprise as a system best able to contribute to the economic welfare of society, as well as to provide individual liberty' he said was offensive to his Communist trade unions, and he wasn't prepared to put it out. So in the end, we had to say well actually if you're going to be general manager in [NR5], this is not a matter of you saying that some people do not agree with it. This is our statement of our values, and that's part of it. So, ultimately, he was bludgeoned into doing so. With what degree of uhm enthusiasm I'm never quite sure (p.9).

NR2: I mean things like insider trading, bribery, corruption issues, you know we've tried to uhm uh incorporate best practice in those areas and so, for example the corruption area, we have to be compliant with both the uh Corruption Reform of Public Officials Act in Canada as well as the Foreign Corrupt Practices Act in US. Those are global standards that we have to expect all of our employees, regardless of where they are located, to adhere to (p.6).

NR4: uhm it is a challenge to write a book that can resonate with people of all different cultures. What we've done in that space is that we have appointed these local you know compliance and ethics leaders and we've said you need to drive this in a way that makes sense for you, so uhm they can customize their marketing materials, their teaching materials, there awareness materials, they could also have discussions about what this particular policy means in their region (pp. 27-28).

Clearly there were more companies represented in the interview data that were in favour of CSR strategies that could be used across their global operations and thus formed a standard of behaviour common to all operating locations. This had to do with broadly similar issues of importance in a range of operating locations such as health, safety, environmental issues, working conditions etc. and with the increased visibility of global brands and thus a need to be in control of these operating locations from a risk mitigation perspective. In essence, this is a form of cultural imperialism as indicated by NR3 and

NG(P)1 above, and thus fits on the other end of the spectrum from the previous section where the approach was relative.

The most common approach from within the interviews was to ‘be local worldwide’, where the formal CSR strategy, usually in the form of a code, guidelines or standards and without much stakeholder input from external or foreign stakeholders, is fed down to all operating locations with instructions to change the details to fit within the local culture, but without the authority to change the intent of the strategy commitments themselves. Other forms of this include setting ‘universal’ standards and other standards which are flexible to cultural differences.

The majority of interviewees described their implementation strategies as ‘being local worldwide’ to some degree (see section 2.2.1.2.3).

PS1: we let the metric or the individual goal or the individual item being tracked change but things like you know if the goal were to support economic development in the US that might be community development consultation where in the UK that might be uhm, oh serving on kind of chambers or committees or in the US attracting, uhm working with government to attract industrial commercial new build, in the UK it may be uhm, just serving on committees or just uhm integrated as part of our approach to customer information different uhm support that may be needed in that area so that we allowed them the differences where possible but still got the the fundamentals and the overall commitment from the company were able to be secured (p.31).

MF1: So its its an attempt to both to localize it and try and uh and to give, make statements. We also have things about you know donations and how that may vary. Again we have an overall policy which is no political donations but but you know gifts donations and entertainment for government officials, in [MF1] Bangladesh, they have a paragraph on that etc. and indeed for gifts and entertainment for colleagues **so those are the general elements**

but where there is a local things such as a sum of money or an appropriate value, that is included in the local policy (p.27).

MF4: So every single company in the [MF4] group has adopted the business principles. And there have only been slight variations in the wording to count uhm to colour for local things, like in South Africa, we had to put something about black economic empowerment, in Canada we put something about Health Canada and their role. But overall 100% of companies have adopted the group's statement of business principles. And that really is this [points to hardcopy of CSR strategy (code)] and this is the credo if you like this is how companies are expected to behave in terms of responsibility. And that's how they'll be judged (p.2) ... So, I mean, in Venezuela, for example, we we sponsor a foundation ... which is a foundation dedicated to preserve ethnic arts and dancing and music. And some people in the West for example wouldn't think we should sponsor that kind of thing. When you speak to local stakeholders, they say yes it's very important for the country (pp. 4-5).

PS3: I mean it's a different its different business in the US than it is in the UK. So you, there are particular places where there is need to be different. But where it doesn't need to be different, we started moving towards not being different ... I think it is its down to some of the legal. Its its where it's where the the legal side of it comes in, and I say, we need to do different things in the US in terms of that than we do in the UK, and we always need to ... at the moment we need to have separate [codes] because it reflects the different organizations, the different regulatory requirements of the group. So, that would be I guess an example of where you know a difference exists because it has to. But on safety it's a common vision. On uh inclusion and diversity its a common vision. So where you don't have to have uh differences then it's a common vision (p.28).

Therefore, while foreign national culture was either unintentionally or purposefully ignored at the development stage of CSR strategy in many of the companies, their implementation strategies included a range of approaches reflecting a belief in cultural

relativism, cultural imperialism, or somewhere in the middle of these two poles with the 'being local worldwide' approach. These approaches, and what they implied about dealing with differences in culture show that culture was a significant factor shaping the institutional environment in which these companies operated and thus on the isomorphic form of CSR.

It was anticipated that culture would be an important feature of the **case study research** due to the fact that their business was based on travel to other countries. This was in fact not the case with this company. Destinations (or suppliers) were not included in the discussions around CSR development, as the attitude held by the RT manager and the senior manager was that suppliers must be made to comply with their needs. There was very little discussion about destinations and there were no observations to suggest that suppliers were or had been considered even briefly when determining what CSR meant to the company and how it would be acted upon. While the company was in early stages of CSR development and implementation, suppliers were not being considered as legitimate participants in the development process.

The RT manager was however heavily involved with both the Federation of Tour Operators (FTO) and Travel Foundation in the development of brochures, guides, videos etc. for overseas staff and customers on how to 'care for the places we visit' through such things as minimizing waste by recycling and using towels more than once etc., creating colouring books for children that teach them about endangered species, and on quasi-regulatory initiatives such as the FTO Supplier Sustainability Handbook and the FTO Supplier Sustainability Checklist (Source: internal company documents). The implication with the last two quasi-regulatory initiatives is that they have been created (whether

purposefully or not) to ensure compliance with Western standards of sustainability and provide the opportunity for these Western companies to audit their suppliers in different countries against these standards. This implication can be made due to the fact that FTO members are all tour operators or travel companies that are heavily influenced by Western culture¹⁷, as are the resulting documentation from the Travel Foundation¹⁸ and thus supplier issues are not represented in these bodies by the suppliers themselves, and it is difficult to determine if they are represented through the tour operators, government and NGO bodies that play a role.

Suppliers (or destinations) were viewed by the company in terms of how easy it would be to sell holidays on the basis of the destination due to the three key elements desired by all C2's and D's (described above); 'location, price and quality' (TRI5). Thus, suppliers were viewed as providing a service that was to be negotiated with the company, not as partners in the provision of these holidays, thus they were viewed as outside the CSR development process. Suppliers were included in the implementation process through acceptance and follow through on UK industry initiatives. In this way, the culture of destination communities was ignored both by the company and possibly also by the two key industry bodies (FTO and Travel Foundation). So while the variety and health of different countries (culture being a key element of this) is a critical component of the case company's business, individuals and/or groups from these communities were not participants in the development of the CSR strategy to date, nor were there plans in the

¹⁷ As of October 22 2007 and based on the information given on the corporate websites of these companies, the 14 members of the FTO comprise 9 companies head quartered in the UK, 2 UK subsidiaries of larger companies (one Swiss, one Cypriot), 1 head quartered in Switzerland, and 1 head quartered in the US (www.fto.co.uk/resources/fto-members/).

¹⁸ The Travel Foundation as mentioned earlier is an independent charity comprised of tour operators, government and NGO members. There is no direct mention in any of the Travel Foundation's online documentation to suggest local suppliers have been invited and/ or participated in the development of their documentation. Whether the supplier interests are represented by NGO is unclear.

immediate future to include them, and the suppliers were involved in the implementation to the degree that they complied with the FTO Supplier Sustainability Handbook.

Therefore, foreign national culture has the potential to have a significant influence on the development and implementation of CSR strategy, even when this culture is being ignored, because the ignorance of different cultures, mean simply that it is the home culture that is enshrined in the strategy, which has different implications for the nature of strategy that is created and implemented.

The findings within this section support the range of strategies for operating in a global marketplace identified in Chapter 2. Empirical evidence for the local standards approach was the least common. Some participants indicated a belief in the universal standards approach, but the most common was ‘being local worldwide’. As will be discussed in the following chapter, these strategic approaches to operating in a global marketplace assume certain types of control over the activities. For instance, a local approach tends to be controlled by local operating units as opposed to head office, where control tends to be held when companies use a ‘universal’ approach.

5.2.6. Conclusion of National/ Transnational Influences

Again, the interview and case research make clear that the external institutional environment has a significant impact on the development and implementation of CSR strategy. These parts of the institutional environment such as the law, government, stakeholders and culture differ greatly between companies in terms of whether the influence is positive or negative, or whether it is a conscious part of deliberate strategy, or something implicit in direct and emerging strategy. However, it is clear that the

institutional environment has a significant influence on the isomorphic form of CSR practices discussed in the previous chapter.

5.3. Conclusion

The discussion in this chapter highlighted two key points:

1. Interview and case study participants believed the company's approach to CSR was mitigated by influencing factors at three levels, and
2. These influencers operate in the main as pressures to conform to 'CSR', providing additional evidence of the institution of CSR.

First, research participants from both the interview and case study research highlighted significant influencing factors from both within and outside the organization. These three levels of context acted in the main as pressures that affected the nature of CSR within their organization. At the individual level, actors were influenced by perception of CSR, perception of the role of business in society and individual values and characteristics. At the organizational level, actors were influenced by culture, legacy and the attitude towards employees. At the national/ transnational level, actors were influenced by the law, government, external stakeholders and foreign national culture. In some cases these influences are clear and obvious, in others, they are implicit and indirect.

Second, these pressures, largely in mimetic and coercive form (DiMaggio and Powell 1983) were the strongest mechanisms in shaping CSR within these organizations, resulting in a high degree of similarity in approach and thus the Standardized Practices presented in Chapter 4. Thus, these largely isomorphic pressures signify the existence of

an institution of CSR by the constraining and stabilizing effect it has on the practices around CSR.

Where this chapter and the previous focus on the constraining and stabilizing effects of an institution of CSR, the next two chapters focus on the enabling characteristics of an institution of CSR. The next chapter uses the few areas of difference in the Standardized Practices to highlight the role of agency in shaping CSR by identifying the range of strategic responses employed by organizations in engaging in CSR.

6. Strategic Responses to the Institution of CSR

6.1. Purpose and Aims

Chapter 4 presented the Standardized Practices of CSR employed by MNCs, where the few substantive differences in these practices were noted and discussed such as in sections 4.3.3.1.1 and 4.3.3.1.2, so as to show the whole of practices employed by MNCs with regard to CSR. The fact that there are few areas of substantive difference indicate that these practices are in fact standardized to a large degree and this standardization has been explained through isomorphic pressures resulting from an institution of CSR. Where Chapters 4 & 5 illustrate this standardization based on pressures existing in the internal and external environment for organizations, and thus the constraining elements of an institution of CSR, this chapter is the first of two illustrating the significant influence actors have in shaping the nature of the institution of CSR. Therefore, this chapter highlights not only how CSR is a suitable context for understanding the enabling characteristics of institutions through the range of activities provided to organizations as a result of CSR engagement (e.g. Scott 2001, Powell and DiMaggio 1991, Campbell 2004, Moon 2004), but it also responds to calls for empirical research at the microfoundations of institutions (Knight 1992) and the need for a better understanding of agency and its effects on institutions (Geppert, Matten and Walgenbach 2006). As with Chapter 5, this chapter *combines both interview and case study research* to investigate the role of agency within the research objective.

The chapter has five aims:

1. To describe the three substantive areas of difference in MNC practices of developing and implementing CSR strategy,

2. To respond to the need for empirical evidence at the level of the individual organization (Hoffman 2001), and on the role of agency (Tempel and Walgenbach 2007) to help understand how organizations affect the form of institutions,
3. To use the substantive areas to help highlight the nature of strategic action towards CSR,
4. To describe these ideal/ pure forms (Mintzberg 1979), and
5. To reflect on how these strategic responses demonstrate the effect of agency on the institution of CSR.

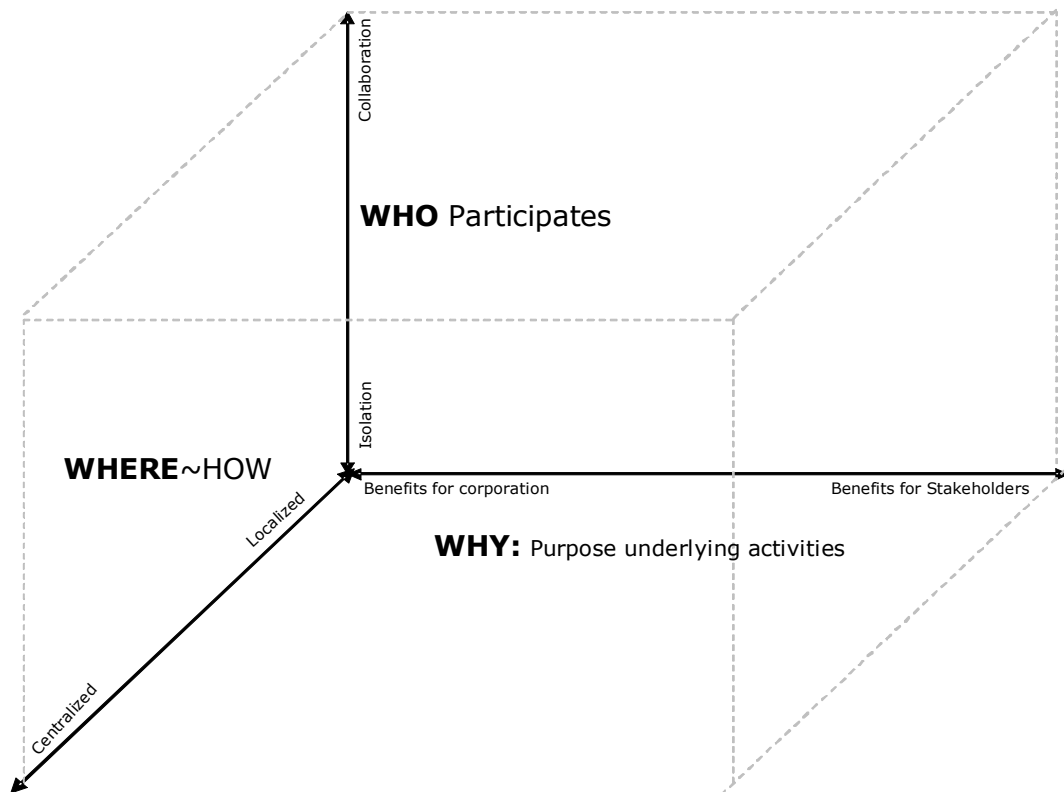
6.2. *Three Substantive Areas of Difference*

Figure 16 represents the three substantive areas of difference in the isomorphic form of CSR described in Chapter 4. These three areas represent debates regarding best practice of CSR within MNCs and are therefore useful in understanding how the existing form of CSR as an institution may have been influenced by organizational agency.

Where a company sits within Figure 16 is not static and shifts constantly based on a range of factors such as the contextual influences in Chapter 5. The company's maturity with regard to development and implementation is also likely to have an impact as more mature companies tend to be able to move more towards the middle of the continuums and therefore have a blended response than do companies newer to CSR. Thus, the remaining discussion in this chapter and the company examples are based on a snapshot of their activities as recorded in the interviews and over the period of case study work.

Figure 16 Three Substantive Areas of Difference in Development and Implementation of CSR

Strategy



Each of the substantive areas will be discussed separately, highlighting both the theoretical and empirical end points in the range of activities around the area.

6.2.1. Who Participates in the Development and Implementation of CSR Strategy

The first key area, ‘WHO Participates’ is critical because it identifies in-group members who’s perspectives are validated, given legitimacy and acted upon through participation in the development and implementation of CSR strategy. The continuum runs from *isolation* where the strategy is formulated in relative isolation by a few members typically from senior management, through to *collaboration* where a range of affected stakeholders

both internal and external to the organization are involved in multiple aspects of development and implementation such as issues identification, formal strategy formation, planning, creation of measurements, auditing and reporting systems and participation in those activities. Therefore, this continuum reflects both the development of CSR strategy and its implementation. It is important to note that participation levels of external group members are higher during the implementation of CSR initiatives than during identification, planning and strategy activities. This impacts strategy development because once the background philosophy defining the approach to CSR has gone uncontested and the nature and range of issues to be acted on, those who were not included in these decisions will have a much less significant impact than those who were involved. Thus, the decision of who participates has the most significant impact on CSR strategy because it defines the normative and cultural-cognitive scripts that are validated through such things as the working definition of CSR through the issues included in the scope and the range of acceptable actions. This therefore has a significant impact on the institution of CSR, as the shape of it is redefined internally to meet with the perspectives of those who participate. This redefinition or shaping of CSR is then exported to all global operating locations, and becomes a model from which other MNCs mimic and governments look to codify. In other words, the shaping of CSR internally through creation of a CSR strategy and implementation plan affects the shape of the institution of CSR through primarily mimetic and coercive isomorphic pressures.

6.2.1.1. Isolation

Based on the interviews, a majority of the companies represented in the interview sample prepared their formal CSR strategy in relative isolation. It was typically formulated by

senior managers with some participation by a limited group of employees at different levels within the organization.

NR4: yup we **we only involve internal stakeholders uh in the development of the code** because we feel that that was appropriate uh we have received uhm powerfully positive uhm feedback from our internal stakeholders (p.30)

RT3: right, uhm **those standards were effectively written uh last year, uh at at a group level**, I don't know who the author was, but and they're being looked at uhm because we had a CSR consultant in who thought it was a little thin. But none the less it was written and approved at group level (p.1).

NR6: so uh it was, it was important really I guess to put down on paper what we stood for and what our principles and values and supporting beliefs were and uh get agreement for that. **So that was developed, was brought up through the Senior Exec's and the uh uh the Board of Directors** and health and safety committee for endorsements and you know, really we needed something to point to uh to guide our way (p.11).

Within the **case study research**, as described earlier, the policy was written by one person and vetted by two others prior to being accepted as company policy on CSR. Thus, there was no formal participation in the process, although the RT manager did ask the woman who sits at the next desk to read over the policy to 'see how it sounded'. With regard to the CSR statement in the annual report, TRI11 said the following:

TRI11: so, in terms of who should, OK we've got, was was your question who should contribute to it or who should we consider when writing it because we we're we're considering, the customer we're considering the staff, we're considering suppliers, **we're not actually asking for their contributions. That's the difference, we are writing it from our perspective**

In limiting the perspectives involved in formal strategy development (as well as development of other CSR systems such as monitoring/auditing, measurement and reporting), it creates a very limited understanding of CSR that is unlikely to reflect the global nature and operating conditions of an MNC. It tends to favour those with a 'corporate' view, where business exists to make profits by whatever means possible within the law, where the values incorporated into the document are based on Western ideals of older, professional men who are accustomed to being a member of the most powerful groups within the society, and where discussion of CSR exists due to outside pressures, or because of a paternalistic desire to help improve the lives of others through the moral code of the strategy designers.

However, it does not appear that those who make the decision about who participates in CSR activities have a clear understanding of the implications of this decision for the nature of strategy developed. For instance, a decision is made somewhere within the organization that CSR strategy is to be developed solely by senior managers. However, as was illustrated in the previous chapter it appears that little or no consideration is given to how the formalization of Western values and business practices will impact the ability of foreign operating locations to implement this strategy and what impact it will have on their operating practices in trying to comply. Recalling from Chapter 2, Hofstede (1994) indicates that all business practices, such as organizational structures, leadership styles, motivation patterns and training and development patterns, are culturally relative. Therefore in his view, MNCs must focus their energies on deciding what practices, and *not* what values they will hold in common, as the values must be different to respond to the varied cultural environments.

6.2.1.2. *Collaboration*

On the other side of the continuum is collaboration, where both internal and external groups share in some degree of participation with the drafting of a formal strategy.¹⁹ This was evident in some of the interviews.

PS3: And the way we approached [the development of a sustainable development policy] was to engage in quite a lot of stakeholder engagement so we involved all of our employees at the time ... and we also conducted research with customers in the US, and then from the US and the UK point of view government officials, NGOs, lead investors, institutional investors, individual retail investors, some shareholders, the media, uhm whole raft of people something like 4000 people were involved in the process and we asked two very simple questions. We listed something like 20 attributes of responsibility, so financial control, climate change, health safety and environment etc. and we asked which of these on a scale of one being unimportant and five being very important do you think a company like PS3 should be concerned about? (p.2)

RT4: what we started to do when we wanted to create a framework was to speak to our stakeholders and find out what they were looking for in terms of some support and direction across [RT4] (p.2).

PS2: we had stakeholder involvement through things like MORI polls and focus groups and those sorts of things. We had the unions involved in the development of the plans, we had the key internal and external stakeholders involved in the consultation exercises as we developed them (p.5).

As these responses show, some companies were involved in engaging with stakeholders during the development and implementation of strategy. In providing the opportunity for a range of stakeholders to participate, particularly in strategy formation, the organization

¹⁹ Time is an important factor in the stakeholders ability to influence strategy formation. The earlier a stakeholder is involved in development, the more influence they have over the outcome.

strengthens the philosophical and ideological foundation of the strategy, as well as the anticipated outcomes, ensuring better ownership and participation in the strategy by those individuals and groups who have either the means and opportunity to impact the corporation, or who are affected by its operations. Therefore, the strategy becomes more relevant and beneficial to those who participate in its formulation, and may also be easier to implement at local level.

This is of course also true of participation in other aspects of the development and implementation Standardized Practices. For instance, participation in such areas as the planning of systems including measurement of corporate performance, monitoring of activities, what is reported, how and to whom, compensation activities, risk and control procedures etc. impact how that systems operates and its key outcomes. Earlier participation in the creation or modification of these systems ensures that they reflect the global operating conditions of the corporation and not only those anticipated by head office. Also, participation by a range of stakeholder groups in the implementation of these activities ensures greater transparency and stakeholder trust about the corporations intentions, commitments and stated performance on CSR.

Thus, the decision of who participates in CSR strategy development and implementation has a significant impact on the types of issues that are voiced, considered relevant and given legitimacy within the formal CSR discourse and thus what issues or concerns become the legitimate basis for action. Making this decision:

- determines the predominant ideology/ philosophy behind the strategy as in-group members legitimize their own 'world view'.

- effectively acts as a filter on issues and concerns, allowing those that are relevant to the dominant ideology.
- defines areas of priority and thus the areas more likely to receive sufficient resources.
- affects which individuals/ groups are considered legitimate members of the CSR group and therefore who can make decisions regarding CSR.
- shapes a model of CSR that is replicated in part throughout other companies and incorporated in government policy, thus influencing the form of CSR as an institution.

6.2.2. Why Engage in the Development and Implementation of CSR Strategy

The ‘Why’ continuum describes the purpose underlying corporate engagement in CSR based on who is the target beneficiary of these activities ranging from the *corporation* through to a *group of stakeholders*. This continuum reflects the reasons/ motivations why corporations engage in CSR which indicate where the corporation is intending the majority of benefits to accrue. In practice, most companies have a mix of reasons why then engage in CSR that are based predominantly in either wanting to benefit the corporation through CSR, or to benefit a range of stakeholders (including the corporation) through CSR as will be seen in the following sections. These motivations underlie decisions around priorities and specifics of particular initiatives. Thus, a particular bent in motivations has a related bent in nature of activities conducted. It is in this way that motives can shape the institution of CSR, by influencing the activities of MNCs and thus implicitly communicating internally and externally what CSR means to the corporation. Again, this formation of CSR is replicated and challenged, influencing the shape of the institution of CSR more generally.

6.2.2.1. *Benefits the Corporation*

At the extreme ‘benefits the corporation’ side are companies that engage in CSR purely for business case reasons such as reducing costs, competitive advantage, attracting and retaining skilled employees, mitigating risks, improving reputation, but also because CSR is increasingly becoming an expectation in the marketplace and therefore must be seen to be engaging in CSR. At this end of the spectrum we would expect to see symbolic CSR activities, where the activities either ‘represent sheer rhetoric and thus only target a signalling effect or are designed in such a way that these [activities] and measures should or could not be realised and implemented in the same way as they are announced’ (Matten 2004: 216). Other terms used to describe this end of the spectrum would be ‘greenwashing’, ‘bluewashing’ and PR activities.

Although no companies within the sample were at the extreme end of the spectrum, many were in the main motivated by the benefits they believed would accrue to the organization through engagement in CSR.

Table 9 Illustrative Quotes for Business Case Motivations

Benefits the Corporation	Examples
To improve profitability/ reduce costs:	PS2: yup, uhm [PS2] is a a a company that has hit a corporate crisis, so uhm we have hit a situation where uhm we, we’re effectively losing £1 M pounds a day. We weren’t hitting our, any of our customer uh quality standards of service so we were being heavily fined by the regulator and whichever HR measure you took uhm basically defined the company in crisis, so we had lost control of absence, we had poor industrial relations we had [unclear] very poor employee morale, motivation etc. and so we spent some time deciding, what what, well one is we we brought in a new leadership team and as part of that leadership uh team’s work we defined a very simple recovery plan which was around, uh which was around restoring profitability, returning the uh the quality of service that we needed to to satisfy our customers and making the place a better place to work in, so that we delivered the service that we needed to. So the CSR strategy was seen as a core part of uhm identifying some of the loses uhm and controlling some of the loses and of developing the employee engagement that we needed to to uhm to basically underpin the customer service (pp 1-2).

Benefits the Corporation	Examples
	RT1: I'm tempted to say that it is only since energy prices have doubled, that people have started to really understand some of these issues [around climate change] and some of these debates. So I think its uhm you know which came first the chicken or the egg, and I think that uhm I'm sure that energy would've been much higher up the uhm boardroom agenda because of all of the comments that are being made by various groups in government about climate change. Actually it was Tony Blair as the number 1 theme for G8 and his presidency of the EU but has it, its really been a huge increase we've seen in the energy prices that have engaged board rooms of the group because it's a huge cost and its, appears to be something over which people don't have any control and if suddenly your energy bills has grown from £20 million to £40 million then that has a big impact upon your profitability (pp. 26-27).
	PS3: So there's various drivers, uhm there is the uh [the sustainable development policy], you know, this came this this didn't start us down the route, you've got the emissions trading scheme and some of our activities are covered by that scheme, so obviously there is a financial incentive there (pp. 19-20).
Competitive advantage	PS1: uh its to the company's credit that it has acknowledged those and continued to invest in its communities and to take account of the responsibilities as part of its competitive edge rather than uhm, a burden that it has thought to get rid of (p.6).
	CN2: Now I do work with a couple companies that have adopted external codes because they see them as uhm something of a competitive advantage, they can be you know, they can set themselves apart as uhm either a more sustainable company or ethical company through their adoption of those things. They are using it as a positioning tool to kind of say you know this this adoption of this is going to lead us to some you know big shift in how we operate and could even lead us to you know re focusing the company on a different path but actually provide those seed changes (pp. 4-5).
Attract and retain talent:	MF3: Yeah, and it's it's it's it's back that to the fact this is a controversial product and we you know, we we need to get good people to work for the organization because we are a commercial organization, and we have to deliver shareholder value. And we have to retain those people, and it is, it is tougher in tobacco because its people will always have a view on tobacco. You know, if I said I worked for Marks & Spencer people would say oh that's nice, if I say I work for a tobacco company, they'd have a view on it because it's an emotional subject. So uhm and our, you know, our staff retention rates are God most people in this company been here for 20 years you know our turnover is so flat (p.16).
	NR2: uhm and you know has to be something that our employees also appreciate, I mean a lot of what we do is because we want our employees to feel good about working at the company (p.9).
	MF4: But it all depends at the end of the day though on the individuals and we believe that people want to work for a company that is seen to take its social responsibility seriously, even given the products we actually make (p.17).
Risk management tool:	CN2: ya, ya I think that uhm, you know, that's a good point that uhm most of these companies are using it as more of a risk management tool, not not so much the opportunity identification tool, but ya, I think that that's a fair assessment that uhm you know the these systems whether its an EMS or code of business conduct or signing up to some of external code uh I think they are more from a risk management. (p.4).
	RT4: And I think, the third thing is really to look at [RT4] as as a holding company as as a a basically a stock market listed company. To ensure that across its environmental and social footprint that we manage the risks associated with brand, reputation etc. but also we look for opportunities across [RT4], uhm some key areas, so that's my day job (p.1).
	MF2: so uh I I think, [pause] I think there's another uhm (05:00) aspect to this which is I see increasingly shareholders look for a reassurance that companies have in place a full suite of [pause] policies and statements that allows them to check that the companies are taking care of this stuff not so much because they, shareholders are generally perhaps excited about the ethical behaviour or businesses, but more because they are concerned to see the reputational and ethical risks are being covered off (p.4).

Benefits the Corporation	Examples
Reputation	<p>R: OK, right interesting, and how often do you hear reputation as a justification for becoming involved in you know corporate responsibility, corporate social responsibility or sustainability</p> <p>CN2: too often</p> <p>R: too often OK</p> <p>CN2: too often, ya I I do hear that fairly uh consistently uhm I think a lot of this is uh you know people are looking at well, there are these demands that are coming out, [discussion of GRI and AA1000] uh but uh you know a lot of people that come to reporting and to some of these signing up to external codes, it is, it is a lot for reputation burnishing uh and uh so I mean uh I've seen that fairly consistently, uh you know people joining different, like [industry groups focused on CSR] or the UN Global Compact or or whatever. Uhm ya, I've I've asked you know do you think you are going to get a lot from uhm best practice sharing, well maybe ya you know but deep down a lot of it is well we want to be seen to be uh you know in this group or adhering to this set of guidelines (pp.5-7).</p>
	<p>RT3: which it was but I then made the point that you can't just ratify it and stick it on a website or an intranet site, and we have to brief it in because its too important. Because if somebody breaches the code and that's public knowledge, becomes public knowledge, and there's been no training of the code then by god that will backfire on us and and that's worse than not having a code in the first damn place. So I I sort of put forward some ideas about what we need to do which is uhm get the managers to look at it uhm decide which parts of the code are actually sort of relevant to their functional roles, who within their department needs to know (pp.1-2).</p>
	<p>NR3: that all the work the work that we do you know builds value for them but I'm certain it does including work we did with the Indian government on the earthquake because you know that, you don't do it because it enhances you're you're you're reputation but it does, inevitably, enhance your reputation, I I I would hazard to say again that's not why you do it. You do it because it is the right thing to do in those cases</p> <p>R: but then it does have that ancillary benefit as well kind of thing</p> <p>NR3: of course it does ... and in the end reputation is the license to operate (pp. 30-31).</p>
Expectation in the marketplace:	<p>CN2: but uh as far as motivators, I know that some, certainly some companies uh have done it just because the expectation is there, not because they see a great deal of value uhm that you know that Oh we've got to do this because it's gonna bring great internal value, it will enable us to manage that much more consistently and clearly. Some of it has been driven by my uhm my neighbor, my competitor is doing it and uh so I better be seen to be making the right strides (p.3).</p>
	<p>R: Okay, do you know why the decision was taken to create [the code]?</p> <p>RT3: I think it I think it's partly because of uhm investor expectation. I mean, I'm I'm making an assumption, but I suspect that is. We are now FTSE 100 and have been for a couple of two or three years now. And with that comes, you know, a stronger spotlight, uhm and I think it was despite the fact that we had, you know very uhm ethical standards, they needed to be, somebody had to decide they actually need to be written down. We need standards that we can you know apply across the whole organization. We are too big to leave it to individuals to, you know, do it on an ad hoc basis. So we've got to set some kind of framework. But I suspect that you know the, the sort of part of the motivation of come from the fact that it's an expectation of FTSE 100 company and therefore you know we ought to have it (pp. 4-5).</p>
	<p>R: uh hum. OK, excellent uhm what brought you to that point? What brought you to deciding that you needed to have [the code] as one of the parts of the uhm governance system or part of a constitution of the company?</p> <p>MF2: uh I think 2 things. Firstly a recognition that we needed a set of minimum ethical criteria, but also I think recognition that it was becoming best practice amongst large PLCs that you should have a written uhm code of business conduct or similar (p.3).</p>

Within the **case study research**, the reasons for engaging in CSR in the first place, and for continued engagement were not clear. The Responsible Tourism manager position was created because the competition at the time had recently created a similar role and the case company did not want to be left behind the competition. Once hired, the RT manager was tasked with writing an RT policy, again to ensure that they were ‘keeping in step’ with their competition. Continued engagement in CSR was unclear as both the company and the RT manager did not have a plan for moving CSR engagement forward within the organization. The RT manager was left up to her own devices to determine the course of action for future CSR moves within the organization, as it was not considered an important issue at senior management level, and therefore was not discussed or planned for at this level.²⁰ Clearly, the company was engaging in CSR because they believed their competitors were trying to gain a competitive edge by engaging in CSR, and therefore engaged themselves to remain competitive within the industry. The RT manager’s involvement in CSR appeared to be motivated by a desire to keep her job (as she had been hired for this position following a redundancy within the same organization) and to engage in as little conflict over CSR issues as possible. Thus, she mainly was involved in CSR activities outside the organization (such as industry conferences), or in activities such as introducing recycling to the office where no conflict was necessary. One senior manager highlighted the fact that there must be known benefits to the company before organizations will participate in CSR.

R: right, so then how do you think you get a company to want to do it?

TRI5: I think they need to see benefits. All right, absolutely benefits and potentially not commercial benefits in uhm pure money sense, but there may be retention benefits, customers coming with you because they think its a good thing

²⁰ The one exception to senior management disinterest was around creating four pages on current CSR performance for the annual report based on the concerns of a major institutional investor.

In therefore appears that in the case study research, as with a number of the interviewee companies, understanding the benefits to the company and the employees involved in CSR was very important to continued involvement in CSR activities.

6.2.2.2. *Benefits Stakeholders*

At the extreme ‘benefits stakeholders’ side are companies that engage in CSR activities that have little, if any, real or perceived benefit for the corporation as one stakeholder whose interests are in balance with a wide range of other affected stakeholders. It is theoretically possible that a corporation on the extreme side of the continuum engages in activities such as infrastructure development, mentoring, capacity development, philanthropy etc. where the intended recipient is also the intended beneficiary and where these activities are not used for such reasons as to enhance the reputation of the organization, improve employee morale, help create a societal license to operate etc. At this extreme side is where one would expect to see motivations based on pure ethical reasons as suggested by the CSR literature indicated in Chapter 2. However, both interview and case study research did not empirically support this category of motivations, instead supporting business case reasons, and ‘win-win’ reasons.

‘Win-win’ reasons were the closest any companies in the sample came to this theoretical end point on the WHY continuum. In practice, companies always had a mix of reasons intended to benefit both themselves and their stakeholders, where the benefit to themselves was a strong motive for engaging. As demonstrated while describing the other end of this spectrum, many companies were focused primarily on the corporate benefits associated with CSR. However, other organizations were engaging in CSR with the

intention of benefiting themselves, and other parties, although not necessarily equally. For instance, one company identified its desire to act as a catalyst for development:

NR6: But know, you know, the overarching philosophy is that we're you know, we want to be accepted in people's backyards. We also uhm want to act as a catalyst for making sure that there is a stream of revenue and benefits the flow back to the local communities that often doesn't, wouldn't happen without our without our encouragement without our intervention. (p.19).

Another highlighted the need to engage in CSR and related activities when there is a failure of government.

NR3: I think it changes, I mean in some places where we work, there is effectively not government so there we do things that we wouldn't ordinarily be comfortable doing, because nobody else does (p.40-41).

By implication, responding to the failure of governments means there is a need within a community that is supplied by the corporation. Therefore, a corporation moving into an area with a weak government must necessarily engage in CSR that is beneficial both to the corporation and to those it is impacting in the local area.

Other interviewees talked about the importance of responding to stakeholders:

PS3: uhm I think the motivation was to **ensure that we ended up with something that would speak for everybody**. So it wasn't just, you know employees I mean clearly, our employees were key to it because if they didn't believe it then it wouldn't happen. But equally we wanted to make sure that it was resounded with our key stakeholders so uhm in particular with investors, so necessarily talked to institutional investors and individual shareholders ... So we just look to the various interested parties really. And they just wanted to make sure that not necessarily we addressed all of them because you can't necessarily address all of them, but

certainly that we involve all of them in the process to to try and get something that would speak to say everybody (p.6).

CN2: ya but uh the drivers, uh a couple of companies I'm working with do see you know, these things really can highlight uh where we're going wrong , where we need to make improvements and uh where you know where we will drive down costs or uhm you know create some value for external stakeholders be they community members or uh NGOs or whatever (p.4).

NR5: uhm expectations from a wider range of stakeholders, uhm a need to be clear about our accountabilities. So it was motivated by a range of those issues - so, internal alignment, external accountability uhm and reflecting the international nature of the company in trying to bed down some core standards of behaviour (p.5).

Others have discussed the importance to those within the business who have a personal commitment to CSR and focus on driving it forward within the organization:

RT1: cause its right for [RT1] to do this as a company, so what drives us is a combination of the two of those things because there are people that want to do this, that believe passionately, and that's, for them, its solving the problem, its an intellectual challenge (p.37).

SP(P)1: the first level commitments was made because it was the right thing to do and uh, you know, it was kind of how we pinned our colours to the mast, and as we've got more and more aware, you know, of the seriousness I suppose of the you know the constraints on the ecosystems and so on, our commitment and passion has got stronger as well (p.7).

CN2: I've heard more you know, uh more from the you know it's the right thing to do whether its an EMS or uhm or a code like a code of business conduct or whatever, that that like, that that's what I'm hearing more of (p.4)

Clearly, these responses indicate some interest by companies to identify and respond to the needs of stakeholders and to ensure that elements of the strategy benefit them as well as the corporation. As illustrated by PS3 'it's a combination of a number of things' (p.20). This combination of motivations was a more common response to discussing the motives for CSR involvement and was found within a majority of the interviews with some motives focused more on benefits for the corporation, and others focusing on a range of benefits for both the corporation and its stakeholders. There were no indications that corporations were engaging in CSR activities solely to benefit stakeholders and not themselves.

Thus, why a corporation engages in CSR and the underlying assumption of who benefits, has a significant impact on the nature of CSR strategy and the institution of CSR. Making the decision (implicitly or explicitly) of who benefits:

- sends signals to corporate actors indicating in whose interest these activities are taking place.
- focuses in-group members attention on intended beneficiaries and ways to achieve benefits for these groups at the expense of other groups due to limited resources.
- legitimizes the participation of beneficiaries in the development and implementation of CSR strategy.
- shapes the types of initiatives that are developed, what outcomes are considered acceptable and/or preferred, how these are measured, how long the initiatives run for, who is involved in their development and implementation, where these activities take place etc.

- informally communicates a particular way of understanding CSR to internal and external groups, influencing the discourse and activities surrounding CSR and thus impacting the way the institution is shaped.

6.2.3. Where Control of CSR is Located

The third and final substantive area is where the decision-making, control and authority for CSR sit within the organization. This continuum refers to where the majority of decisions regarding the nature and form of CSR activities take place, which then has a significant impact on how it is implemented in practice, and thus on how the institution is perceived and shaped. It ranges from complete control over CSR and its implementation *centralized* through head office, through to complete control over CSR and its implementation *localized* through local offices. When CSR control is mainly centralized at head office, the standards associated with CSR tend to be those that are appropriate to head office culture (organizational and national), and if control is localized, standards are created that are appropriate to the culture of the local office. Again, in practice, no interviewees indicated their companies were at the extreme side of localized on this continuum. However, it was more common for companies to hold control over most aspects of CSR at head office. Thus, the where control sits significantly influences the issues and emphasis given to certain initiatives, which influence the shape of the institution of CSR as communicated, acted upon, replicated and contested by both the MNC and other stakeholders.

6.2.3.1. Centralized Head Office Control

In practice, there were no companies who held all control for all CSR activities at head office. Companies where most elements of CSR were controlled from head office did show some flexibility in the details of implementation.

NR2: uh, ya, I mean I think there are some interesting uhm kind of divergences uh depending on where we operate, I mean a good example is our policy on business conduct uh, we have a guideline for gifts and donations uh for North America, in that, in that guideline uh it states that you know that we do not support uhm religious or sectarian uh causes, so we don't support construction of churches and you know kind of religious oriented events ... you, ultimately you have to, you know the whole point of community involvement is to reflect what the community wants you to do, and in Indonesia, the the Mosque uh is so tied into the everyday community activities that we have had to kind of be more flexible in terms of the company supporting those types of efforts (pp. 7-8).

NR4: and uhm we look at for instance things in that region practically. So for instance we have a law, we have a rule that there is no, don't bring any weapons to work. Well in Alaska, apparently people need to carry guns because there are polar bears, so you know, that's something that has to be different in Alaska so we we we we understand that there are different aspects. Now there are more difficult ones like gifts and entertainment in Asia ... so there are ways we have in which to fit the code into the culture of that particular country to really uhm have it meaningful for them (p.28).

MF3: So it it it's those kind of differences, it's it's more the it's cultural, but it's sort of our perception, but I we take the view that regardless, of uhm it sounds awful, regardless of cultural differences at the end of the day we are under the microscope everyday. As an industry and what could be perceived in one market as being acceptable, the Internet has been you know is is a fantastic tool for getting information around the globe very quickly, and that published in a newspaper in the UK looks, you know, saying this is what the companies are doing, even though the intent wasn't to to advertise to children and in fairness to our marketers they say no no it's not about that, the perception will be such (p.8).

As MF3 illustrates, the increasing visibility of global operating practices is one of the key reasons why some organizations keep control of CSR at head office. This sentiment is echoed by RT4 and MF4:

RT4: Absolutely, and they're there are the cultural differences ... ff these people are living there you know accommodation is small. They only have a small small space, you know the washing facilities are very basic, toilet facilities are pretty basic and if you went in there as a Westerner you sort of say ((intake of breath)) oh, this is a bit you know ... and and it hits you ... **but culturally, you know, our customers in the UK will expect certain things to happen. So therefore you've got to reach a certain baseline with this** (pp. 14-15).

MF4: Because there are no local issues anymore. That's the important thing with the Internet. You know someone's only got to make a mistake in outer Mongolia or something and then the next day it's on the front page of the Guardian. So everybody understands this now (p.28).

Clearly, there are expectations in Western markets about acceptable conditions under which people live and work. If these expectations are not met, companies who depend on Western markets (particularly if they are based in a Western market) may face considerable pressure to change those operating practices. Gap and Nike exist as good examples of the consequences that may result from this type of organizational structure,²¹ and include such consequences as consumer boycotts and long-term damage to reputation. It is the knowledge that these consequences can occur, rightly or wrongly, that cause some companies to maintain control over CSR at head office. Head office control therefore has a significant impact on what counts as acceptable practice with regard to CSR in all global operating locations.

²¹ This is not to suggest that there are not concerns with certain types of operating practices. However, the morality of these practices are not under discussion in this section.

6.2.3.2. *Localized Control*

In only one interview did the respondent indicate the company felt it more appropriate to delegate responsibility and control over CSR standards and practices to local offices, with minimal direction from head office.

MF2: and all of them operate to an agreed strategy and executional plan, but that, what that means is that the general manager in an individual country has a considerable amount of flexibility in terms of how he will execute the business locally. We manage these, this aspect of our business also in a very similar way which is we give them the policy, to the general manager and his team and said right here it is. It is up to you how you ensure that this is implemented and complied with and lived in your organization. We suggest you translate it into local languages, we suggest you circulate it and have it easily available, uh we suggest you put it into the joining pack for all new joiners etc etc. But its up to you exactly what you do because practice varies from country to country as well (pp. 7-8) ... because what's best practice in Scandinavia might be completely inappropriate in Italy, simply because business practices are very different, culture is extremely different uh people practices are very different (p.9).

Most companies nearer to this side of the continuum took the 'being local worldwide' approach and had certain minimum standards that exist in critical areas, with other areas open for interpretation by the local offices.

RT4: Yeah, I mean, culture is clearly interesting and what we don't do, even in their business practices is is we never you know, **we always rely on the local the local culture, the local managers uhm to be the one that understands the business understands the culture and and really knows what's happening**, because if it's like when we move to China or Russia. Now, we we might start off by maybe, you know giving some support from the center from the UK or maybe from France to to start the business but very quickly we move on ... we very much believe that it can only be driven within the local culture. **However, having said that, you know, there are certain, if you like critical areas**, and we would sort of say, that it's

important for us to know that whatever culture you're in that these don't for example, our factory and working conditions (p.11).

PS3: I mean it's a different its different business in the US than it is in the UK. So you, there are particular places where there is need to be different. But where it doesn't need to be different, we started moving towards not being different ... it's where the the legal side of it comes in, and I say, we need to do different things in the US in terms of that than we do in the UK, and we always need to ... **So, that would be I guess an example of where you know a difference exists because it has to. But on safety it's a common vision.** On uh inclusion and diversity its a common vision. So where you don't have to have uh differences then it's a common vision (p.28).

MF4: And the other thing that's very important though is that, you have all these frameworks in place, but bearing in mind we operate in 180 different countries, we've got to be culturally sensitive. Ya, because what CSR actually means in the Middle East for example is somewhat different than what it might mean here ... so it's not a question of going to preach to people. **It's a question again of saying look, here's our basic framework for CSR you know the business principles adapt this and develop your own framework for corporate social responsibility as you think will work.** There is no point in force fitting things into organizations if they don't work culturally (pp. 16-17).

As the quotes in this section show, few companies have localized control. More often they either work to be 'local worldwide' or to control CSR from head office. Thus, where the CSR strategy is controlled has a significant impact on the nature of standards deemed acceptable and where the responsibility and authority for CSR activities takes place.

Therefore, where the company sits on this continuum:

- impacts the feasibility of participation by certain individuals and groups.
- determines who controls CSR activities and thus the organizational and national cultural influence on them.

- has implications for the particular groups and individuals that benefit, and the way in which these benefits take shape.
- forms part of the working definition of CSR held by the organization, influencing how the institution of CSR is perceived and shaped.

6.3. *Summary for Three Substantive Areas*

Clearly, these three substantive areas of difference, whether made with a full understanding of the consequence on strategy or not, have significant impacts on the nature and form of the resulting CSR strategy and practices. The first area, deciding who participates, has impacts on the types of issues that are voiced, considered relevant and given legitimacy within the formal CSR discourse and thus what issues or concerns become the legitimate basis for action. The second, why companies choose to engage in CSR, has implications for who in the main benefits from CSR activities. The third and final area, where control is held, impacts which standards of behaviour are considered acceptable regarding CSR issues. Clearly there is overlap between these areas and a position on one continuum is likely to affect the position on the others. For instance, companies that restrict participation to head office employees only tend to focus their efforts on CSR activities that benefit the corporation above stakeholders whose concerns they tend to know little about, and thus the acceptable standards of behaviour are based on their determination based on their own perceptions and cultural influences.

The impact of the substantive areas will be shown in more detail in the following section where each substantive area is grouped with another to help illustrate the range of strategic action employed by MNCs in responding to the constraints and exploiting opportunities provided by the institution of CSR.

6.4. *Strategic Responses to the Institution of CSR*

When investigating how CSR works in practice, there is a high degree of overlap between the three substantive areas. As with the first section in this chapter, for analytical reasons, the areas will be described two at a time to show how placement on one continua influences placement on another. Exploring these combinations provides the opportunity to identify how corporations are strategically responding to and actively shaping the institution of CSR.

As indicated above, in many cases, the extreme poles were not in evidence within the participant companies, thus the best match has been provided. For instance in the WHERE/WHY comparison, no companies in the sample engaged in CSR or related activities purely for the benefit of all stakeholders equally. All had strong business reasons, but in some cases these were mixed with motives based on benefiting stakeholders. Because the labels and examples to follow are based on the real life practice of participant companies, many do not represent the polar extremes where these continuums intersect, but somewhere further toward the middle. Each example will also include information about how far it sits in relation to the polar extreme of the two continuums in question. The north-east quadrant of each matrix is not assumed to be the ideal as in most cases to be both realistic and effective from a practice perspective requires a blend along both continuums.

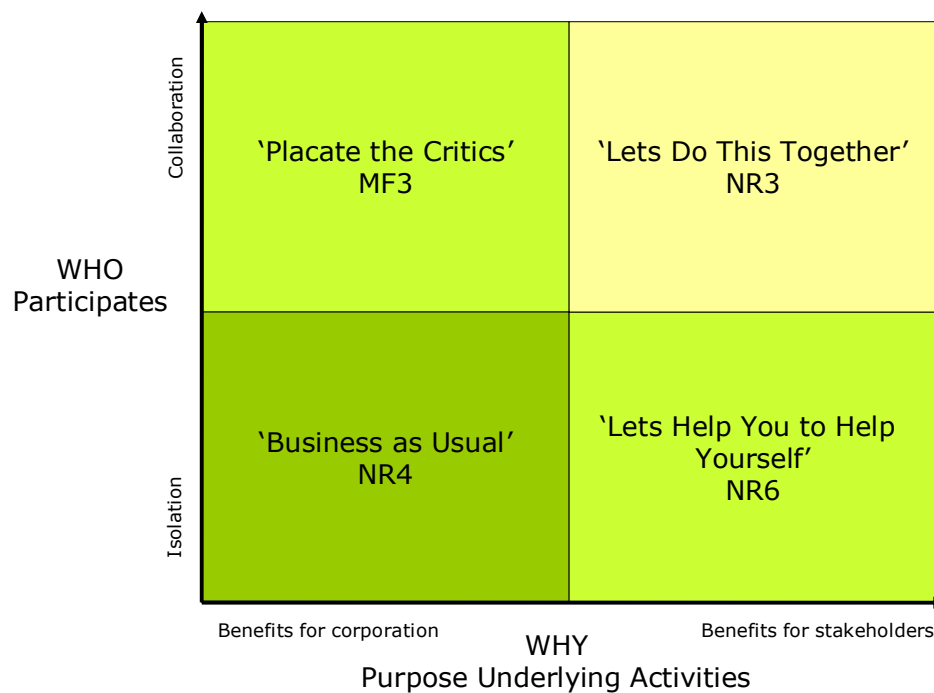
The remainder of this section details the range of strategic responses utilized by participant companies based on the three substantive areas of difference. The quadrants where the most participant companies would reside are in the darkest colour, gradually getting lighter with the lightest being the least populated quadrant. These are rough

estimates based on the snapshot taken during interactions with participants and on accompanying documentation. This is due to the fact that company positions within these quadrants are likely to change as a result of the fluid and dynamic nature of the institution of CSR and the actors involved in shaping it, therefore making it irrelevant and inappropriate to quantify. As such, best empirical examples are used to describe companies in these quadrants.

6.4.1. WHO/WHY Combination

The WHO/WHY combination illustrates the strategic responses that result when the formal strategy is created either in isolation or in collaboration in conjunction with the natures of benefits it is designed to accrue.

Figure 17 WHO/WHY Combination of Strategic Responses



6.4.1.1. *'Business as Usual'*

When companies develop their formal strategy in isolation (typically at head office) for the purpose of benefiting the corporation (business case reasons for engagement), the response tends to be quite ceremonial/symbolic or decoupled. Companies do little to internalize the values and practices associated with CSR, except in highly visible terms, focused on principles of marketing and communications. These companies want to 'be seen to be doing' CSR while still conducting business as usual. NR4 is very close to this polar extreme where those in charge of developing the formal CSR strategy provided only powerful members internal to the organization with access to participate in the process, and focused on providing employees with a document that would guide them in the appropriate way to act as a member of this organization. While this guidance did have elements pertaining to groups outside the organization and how employees might contribute to society, it was constructed so as to ensure that reputation was improved and risk reduced through the 'proper' behaviour of employees.

6.4.1.2. *'Placate the Critics'*

Companies who collaborated with a wide range of internal and external groups to create their formal CSR strategy but who focused on the benefits they as an organization would accrue did so mainly to satisfy hostile external pressure. These collaborations were conducted to test the opinions of the external groups and seek ways of reducing the conflict, while expressing the limitations of the organization in being able to accommodate these requests. MF3 is also a good example of a participant company close to the extremes on these two continuums. It is in a controversial industry where the external critics are very loud, hostile and visible. Thus, the company has developed very sophisticated stakeholder engagement processes throughout its operating locations, but

particularly where the critics are the most potent, and works with them to and reduce the hostility. However, because it is the nature of these products that are in debate and this company (and others in its industry) continue to produce the controversial products, these companies do what they can within their production processes to placate their critics. For instance, rather than change the products that they produce, MF3 works to ensure no child labour in its supply chain and engages in partnerships with environmental NGOs. Thus, the company puts measures in place to reduce criticism as much as possible so as to continue business as usual by continuing to sell controversial products, thereby ensuring its long-term survival in the face of potent critics.

6.4.1.3. *'Lets Help You to Help Yourself'*

The data did not suggest that companies focused purely on the benefits for stakeholders, but in fact on a blend of reasons including benefits to themselves and their stakeholders. Therefore, the example in this and the next section represent the companies who are furthest towards this side of the WHY continuum and reflect the appropriate positions on the WHO continuum. Companies who demonstrated more interest in the benefits accruing to stakeholders and who developed their formal strategy in isolation at head office tended to have strong strategies in place that relied on providing for the needs of local stakeholders, as a way of maintaining their ability to operate in the area. These companies tended to focus on infrastructure development and maintenance in local areas. NR6 has a very strong hierarchy headed by their CSR policy (which they also call a code), and is supported by a range of procedures and standards in that detail the social and environmental responsibilities of those within the organization. The top level policy (or code) was developed around a business coalition code that NR6 headed up, and was intended to set a leadership position around CSR issues for these businesses operating

globally. Thus, the formal strategy is influenced by the coalition code by developed internally within a head office environment. However, in implementing their strategy, NR6 clearly ‘don’t focus on empowerment...that would be a secondary benefit’ (NR6:25) but ‘just [on] improve[ing] the living conditions of the people’ (25). This included drilling water wells, constructing water reservoirs, water distribution systems, water sanitation facilities, power generation and distribution systems, schools and technical training institutes. NR6 stands out from other companies in this area due to their work with local NGOs on ensuring that some of the payments the company made to the government in taxes were then distributed back to the communities in which they were working. NR6 is focused on helping communities create sustainable projects that would provide them with a better quality of life long after the company left the affected area, as well as getting their own house in order but the internal activities and the parameters for the community activities are determined in relative isolation.

6.4.1.4. *‘Lets Do This Together’*

Again, the pure form as outlined above was not supported empirically. Companies who collaborate on the development of their strategy and who are interested in ensuring some benefits also accrue to stakeholders more equally tended to work with partners who affected the development of further iterations of CSR strategy. NR3 is heavily involved in stakeholder engagement and is involved in a range of partnerships at the local, national and global level including Royal Botanic Gardens Kew, Conservation International, Bird Life International, the Nature Conservancy, research organizations, museums, local community groups etc. During the interview with NR3, he stated very clearly that these partnerships have a direct, intended impact on future developments with regard to CSR.

‘We have quite you know very strong documented partnership agreements with those organizations. The programs are developed jointly, you know all that sort of thing so its not

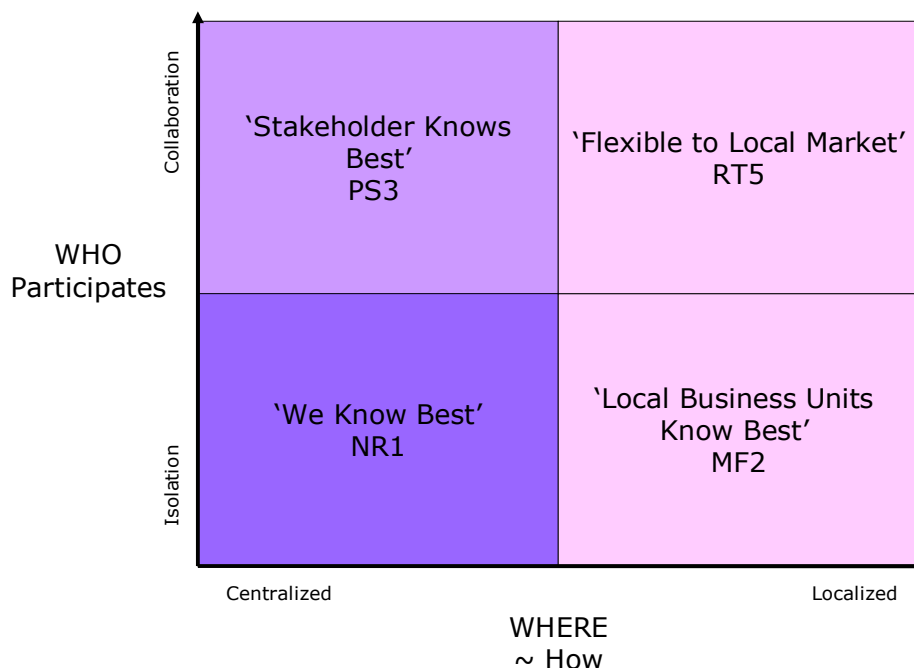
philanthropy, its not about just writing cheques, its actually about working together and we find that through that working together process, that's where you, you know you think of it as sort of a Venn diagram that's where you maximise the intersection of the circles and more we, we found the more we work together the greater the intersection becomes' (NR3:19-20).

To summarize, the majority of participant companies would fall somewhere within the two southern quadrants, as most developed their formal strategy internally, with some companies who appeared to be interested in creating real improvements for affected stakeholders. Organizations who were most open to 'revolutionary' changes (see Chapter 2 & 8) in their operating practices tended to be those who were facing well organized, hostile critics who based their criticisms on the controversial nature of the products produced. The least populated quadrant would be 'Lets Do This Together' as many companies appeared reluctant to let 'outsiders' have significant control over decision making within the organization as well as be the beneficiary of a majority of the initiatives implemented by the organization.

6.4.2. WHO/WHERE Combination

The WHO/WHERE combination illustrates the strategic responses that result when the formal strategy is created either in isolation or in collaboration in conjunction with where control for the implementation is held.

Figure 18 WHO/WHERE Combination of Strategic Responses



6.4.2.1. 'We Know Best'

Companies in this quadrant are focused on controlling both the development of their formal CSR strategy and the implementation of it typically from head office location. While operating in 40 countries worldwide, NR1 ensures all operating locations 'sing the Stars and Stripes Forever' and do not change the CSR policy to meet local conditions, unless under proper disclosure certain flexibilities are allowed so long as they fit within the overall framework of NR1's policy.

6.4.2.2. 'Stakeholder Knows Best'

Companies in this quadrant focused on engaging a wide range of internal and external stakeholders early in the development process and worked with these stakeholders to develop a centralized strategy. PS3 is a very good example of companies in this quadrant where they engaged over 4000 different internal and external stakeholders across two

countries to determine the content and form of their CSR strategy. These stakeholders were engaged prior to the development of a 'strawman' and asked to rate the company on a preliminary range of CSR issues they had drawn up to begin consultations – whether the issue is important, ranks how important in the overall, how well the company was performing with regard to the issue, and whether certain issues should be added or dropped. This information was then taken into focus groups where the text of the CSR commitments were drafted, with all possible care taken to ensure the words used were understood similarly between groups in the two countries. Once this was achieved, the formal strategy (a code) was drawn up and its implementation controlled centrally by the CSR team.

6.4.2.3. *'Local Business Units Know Best'*

Within the group of participant companies, none were at the extreme end of 'localized' on the WHERE continuum. All head offices maintained some control over CSR although in rare cases it was minimal. Therefore, companies within this quadrant left control of CSR up to the local operating units with only minimal guidance, where it was up to the local business unit to get to grips with CSR and report back to head office with the results. Only one company within the sample could be characterized as fitting firmly within this quadrant. The next closest company would likely sit somewhere around 25% on the localized continuum. Both of these companies characterized themselves as highly decentralized and this is likely to be a major factor in why these companies operate this way with regard to CSR. However, this is outside the scope of this investigation. MF2 found that with the cultural (and accompanying legal) environments so different across countries, it did not make sense to dictate from the centre what CSR should look like and gave only minimal guidance through a short code supporting internationally agreed

standards such as ILO conventions and the UN Declaration of Human Rights. This code contained minimum commitments that could be expected internationally, and if this minimum was not met it was sanctioned with strict punitive measures.

‘I think our response to that would be that you can lay down a set of aspirational minimum standards and you can insist on your people generally meeting them around the world.

Although interesting when we come to talk about experience, you will find that there are certain parts of the world where it is very difficult even to hit minimum standards because its just not the business culture of the uh a local business culture if you will. Uhm but what you cannot do is you cannot legislate or regulate from the centre, the maximum standards that you require because it is not possible’ (MF2:11).

MF2 left these decisions up to its business unit managers and these individuals were responsible for developing and implementing CSR, including its systems and processes (e.g. training) with minimal reporting back to head office. Those CSR initiatives that occur are very tightly aligned to their core strategy and are few in number. They also focus on consumer awareness campaigns to help consumers utilize their products in a more ‘CSR’ friendly way.

6.4.2.4. ‘Flexible to Local Market’

Again, there were no companies in the far extreme of ‘localized’ on the WHERE continuum. Companies closer to the ‘centralized’ side in this quadrant worked in collaboration to develop a strategy controlled somewhat locally. RT5 is the most ‘extreme’ example (although is not extreme on either continuum) to fit within this quadrant where functional experts from within head office created a code that they then went and tested in their different markets to see what their perceptions were on different elements of importance such as corruption, sexual-harassment, employee

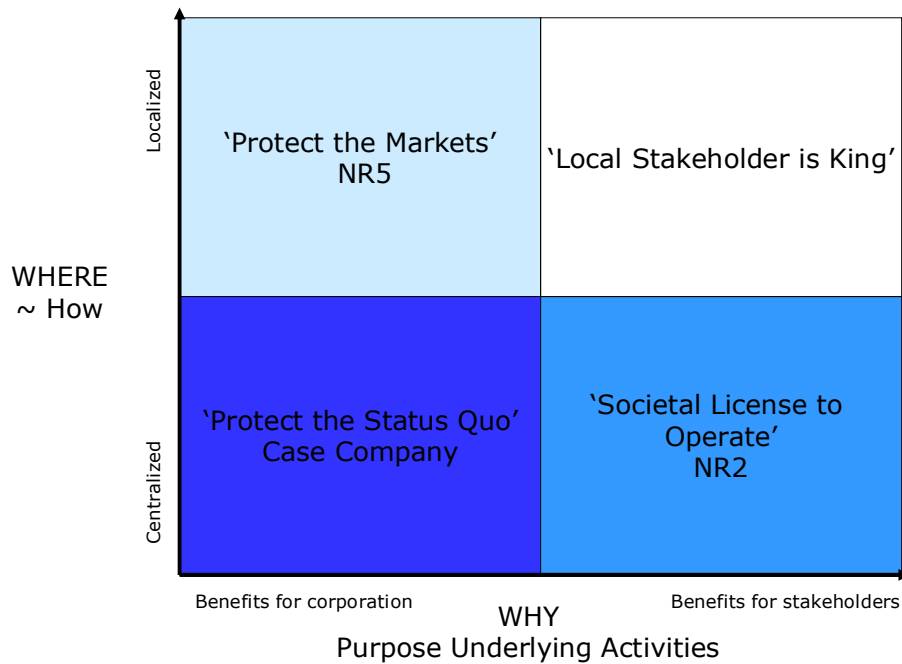
representation etc. Their research highlighted that the local businesses did *not* want to create their own strategies as they did not have the time and expertise so asked for head office guidance on strategy development. Head office engaged in dialogue with a range of stakeholders on specific issues in the creation of specific policies (e.g. environmental groups to create the environmental policy), many of which were combined to create the guiding principles for the global business. The codes and policies that support these principles are in most cases (with the exception of issues dealt with through legislation such as competition law) left to the operating locations to make 'relevant in their own context addressing the issues that are most relevant within their own culture, but also uses a language that's most common in their business environment' (RT5:7). Thus, internal and external collaboration was used to create a set of principles, supported by a range of policies, codes etc. that are developed in some cases in dialogue with local stakeholders. Therefore, the local markets have considerable influence in the overall CSR strategy developed by the organization and in particular in their own operating location.

To summarize, as was seen in the previous combination, most of the companies adopt a strategy whereby they develop their CSR document(s) in isolation at head office, many of which also keep control of the development and implementation centralized. However, *very* few companies localized the control of their CSR strategy, meaning that the North-east and South-east quadrants represent far fewer companies than the western quadrants. Of those companies that engaged external stakeholders in the development and implementation of their CSR strategies, most began their engagement with a draft or 'strawman', allowing for varying degrees of change based on stakeholder comments.

6.4.3. WHERE/WHY Combination

The WHERE/WHY combination illustrates the strategic responses that result depending on where control for CSR strategy is held and who it is intended to benefit.

Figure 19 WHERE/WHY Combination of Strategic Responses



6.4.3.1. 'Protect the Status Quo'

Companies in this quadrant were keen to ensure CSR either enhanced traditional business concerns such as profit, efficiency etc. or was minimized so as not to get in the way of traditional business concerns and to do this had to keep control over it centrally. These companies actively worked to adapt CSR into something that did not challenge existing notions of business and its key objectives but could be used to further the value propositions or reputation of the product and brand. As Chapter 7 illustrates in detail, the case company approached CSR from the perspective (although there was some internal conflict over control) that CSR was only as good as the benefits that would accrue to it by taking part. These companies focus on controlling CSR as tightly as possible from head

office to adapt it in such a way as to achieve maximum benefit for the organization with the minimum amount of work on it.

6.4.3.2. *'Protect the Markets'*

Companies in this quadrant would be focused on the benefits accruing to the organization typically at the local level due to the fact that control for the strategy would be localized. As mentioned in the previous combination, very few companies in the sample had localized strategies. NR5 provided their different operating locations with a set of general principles that all operating locations were required to implement, but *how* they implemented them was up to the different locations. Control for developing CSR (so long as it fit within the 12 principles) was left up to the locations with the exception of a strict compliance process that was managed by head office, and appeared to focus more on risk and control elements of CSR than any others. It was not clear in the interview how much, if any, emphasis was put on the benefits attributable to other stakeholders as our conversation focused very much on the systems and processes (compliance in particular) used by head office in implementing the 12 principles.

6.4.3.3. *'Societal License to Operate'*

Companies within this quadrant have more interest in benefits for all affected stakeholders but keep central control over the implementation of the strategy. In this quadrant are companies who need the 'societal license to operate' and while there are a range of companies in the sample with this requirement, NR2 is the best illustration of the meeting of these two continuums. To ensure that they are able to operate in 'people's backyards' the company must be involved in a range of projects, typically infrastructure development and training, and therefore must be in constant contact with the local

communities and NGOs to ensure that reasonable concerns or needs are met by the corporation to maintain a positive relationship with these stakeholders, but also to ensure a good reputation that will allow them to negotiate with new communities in the future. NR2 has a centralized policy on CSR and a strong set of supporting activities run from head office (health and safety, compliance, training, whistleblowing, policy design etc.) that ensure the policy is implemented consistently across its global operations. Some of these systems and processes are controlled by head office because they are legal requirements of the company and hence must be in evidence in all global operations (e.g. Foreign Corrupt Practices Act in the US). However in some cases, NR2 has had to modify their commitments to reflect expectations of local communities. For instance one of their sub-policies was that they ‘do not support construction of churches’. However, in the Muslim countries in which they operate, it is an expectation of both the local government and of the local people that the company will either build a church, or a school that is connected to religion in some way within the local community (NR2:7-8). Thus, NR2 has little choice but to build one or both of these types of facilities in Muslim areas in contradiction to their policy for the rest of the world.

6.4.3.4. *‘Local Stakeholder is King’*

Companies in this quadrant would have a very localized CSR strategy, with very little or no control held at head office and focused on the benefits to all stakeholder, most likely at the local level. There are no companies in the sample who fit within this quadrant most of the time. There are incidents within particular regions that occur for particular points in time where certain companies (such as NR6) were threatened by certain groups with being more flexible and responsive to the group needs. During the course of a community meeting, the local community representative threatened to kidnap NR6 interview

participant due to the fact that the community felt the company was not doing enough for the community. In this case NR6 did not respond to the threat outright, due to the fact that they felt this community had become too reliant on handouts from both themselves and government and were therefore reluctant to increase their own responsibility for maintaining infrastructure etc, whereas NR6 was trying to ensure the infrastructure would be sustained after they left the community. It appears however, that companies fall into this quadrant for brief periods of time and only in certain geographic areas.

To summarize, the majority of companies fall within the southern quadrants, with the most falling into south-west. Again this is due to the fact that most companies want control over CSR to be centralized, although this may change as companies become more comfortable with what CSR is, what implications it has for the business and it becomes more institutionalized. Not many companies appear in the northern quadrants due to the fact that few companies localized control of their CSR strategies.

6.5. Three Substantive Areas Combined

Due to the difficulties in providing a clear analytical description of all three substantive areas of difference together, this section will provide an example of how all three areas combine to influence the development and implementation of CSR strategy within one organization.

NR4 is a strong example of a company which is in each of the south-west quadrant of the combinations. It was very isolated (WHO) in the development of its strategy such that only high ranking and/ or powerful internal members of the organization were invited to participate in the development of the strategy which virtually ensures that a myopic

perspective is formalised in the strategy. Priorities tend to favour business-centric issues such as fair competition and activities that promote, maintain and/ or improve reputation. The commitments made by NR4 in their CSR strategy although superficially stretch across the 'universal issues' discussed by NR3 such as health, safety and the environment, employees, suppliers, governments, communities, and company specific issues, tend to encourage compliance behaviour of employees. For instance, most issue areas within the strategy are framed according to compliance with local laws, focus on issues already enshrined in the national law of NR4s home country, focus specifically on issues that have been highly visible within the media (e.g. child labour, bribery and corruption), or where the company has faced negative media attention in the past, and are generally vague and unhelpful. Thus NR4s CSR strategy appears to be focused on ensuring employee compliance rather than on advancing changes in behaviour and attitudes of the business and its stakeholders to CSR issues that are salient to both groups. It does not give consideration to cultural differences at the strategy level, address priorities of certain issue areas or locations, or represent the voice of its many stakeholders but a perception of that voice held by senior internal people. NR4s strategy is a risk mitigation exercise which reflects the perspective of the isolated view involved in creating the CSR strategy.

The isolated approach is influenced by the reasons for engaging in CSR (WHY):

NR4: there were polices on these topics all over the globe in various forms, some of them sort of in somebody's desk. This is the first time these topics were explored on a global basis and made directly applicable to every employee no matter where they worked ... it was really thought, thinking through what as the company do we expect from our employees as minimum behaviour (pp. 3-4).

NR4 also mentioned attracting and retaining talent and driving organizational change. Thus, the interviewee exclusively indicated business case reasons for being involved in CSR, emphasizing the focus on generating business benefits from engagement and very few on the benefits that would accrue to other stakeholders, even if unintended. This was also true of company publications that presented core motivations based primarily on benefiting the business, with stakeholder benefits often less prominent. It is clear that the priority in CSR engagement was to secure business benefits, competitive advantage in particular, and as such was deemed unnecessary to engage in broad collaboration in developing the strategy.

Some combination of these influences, and the impact of operating in the US (thus being bound by the Federal Sentencing Guidelines) affected NR4s centralization of CSR activities. Not only were the strategy, rollout, communications plan and metrics developed internally at head office level with senior managers and powerful individuals (see Chapter 4 – Create Draft Strategy Before Stakeholder Engagement), but strict control was maintained over subsequent activities within both the domestic and foreign operating locations.

NR4: so uhm they can customize their marketing materials, their teaching materials, there awareness materials. They could also have discussions about what this particular policy means in their region and uhm we look at for instance things in that region practically. So for instance we have a law, we have a rule that there is no, don't bring any weapons to work. Well in Alaska, apparently people need to carry guns because there are polar bears. So you know, that's something that has to be different in Alaska so we we we we understand that there are different aspects. Now there are more difficult ones like gifts and entertainment ... uhm and we've said no cash gifts ... but we also need to recognize that in some cultures uhm this is just a fundamental part of of the culture ... so there are ways we have in which to fit the code into the culture of that particular country to really uhm have it meaningful for them (p. 28).

This quote indicates that all strategy *and* accompanying implementation information, guides and tools were created at head office, but local offices were able to modify these as were appropriate to their own cultural circumstances, so long as they did not violate the minimum standard set out in the strategy. In real terms this meant the operating locations were able to get approvals from head office for modifications to specific commitments such as in allowing employees in Alaska to carry shotguns for protection against aggressive polar bears. However, these locations had little ability to influence the CSR agenda, subsequent commitments, and limited control over their implementation.

Therefore, NR4s approach to the development and implementation of CSR was to decouple their response from changes to the organization, thus redefining and shaping their interpretation of the institution of CSR in such a way as to subsume it within the dominant logic of traditional business. Therefore, NR4 is an example of a company working to ensure CSR results at most in evolutionary changes within the organization (see Chapter 8), where decoupled responses tend to be the norm. NR4 represents the more common grouping across all three substantive differences combined, although some other companies were not as far at the extreme of the three continuums as NR4 was at the time of data collection.

6.6. *Effect of Agency on the Institution of CSR*

As MNCs develop their deliberate and unintentional CSR strategies through formal development and informal activity in this area (Mintzberg and Waters 1985), they are creating both a formal stance on CSR and an informal working definition that are translated into their activities, initiatives, policies etc. Thus the MNC activity on CSR is translated into regulative (in the form of codes and policies), normative (in the form of

CSR roles within the organization, expectations around employee volunteering) and cultural-cognitive (in terms of attitudes towards CSR internally and its importance in things like decision-making) elements compatible with those in the wider institution. These elements are communicated within and outside the organization and the degree to which these interpretations of CSR are likely to influence the wider institution of CSR is in part due to how powerful the organization is within its organizational field (Leblebici et al 1991). Thus, a 'Business as Usual' response to CSR for example carries with it regulative, normative and cultural-cognitive elements that influence the institution of CSR. As in the case of NR4 demonstrated in the previous section and who also represents the 'Business as Usual' strategic response, the way in which they define and work with CSR elements results in an effort to minimize the institution, working to slowly translate the core philosophy of CSR (triple bottom line) into something that is acceptable to the existing dominant institution for business predicated on a single bottom line philosophy. Therefore, NR4 actively works to shape the logic of CSR so that it is not longer philosophically different from the dominant logic, thus reducing its impact on them as a business so they can carry on in a similar fashion to what they have done to date. As was clear from section 6.4.1.1, this strategic response to the institution of CSR has been replicated across a number of the MNCs in the study, thus suggesting that while the mimetic pressures are sufficient to enforce replication of CSR activity across MNCs, the desire of organizations to maintain their existing positions of dominance over key resources encourages many to respond strategically to these pressures by shifting the shape of CSR to fit the 'Business as Usual' agenda.

Common sense suggests that certain strategic responses are more likely to be effective than others. For instance NR4 was keen on public presentations of their strategy and in

developing the gimmicks that would encourage people to 'buy-in' such as videos and games etc. but did not focus on how operational systems involved in producing their key products would be evaluated or adapted as a result of these commitments. Approximately six months after the interview with NR4, they were charged with serious health and safety violations in one of their operating locations. Had the CSR strategy been more coupled to operations, it is likely that these operational problems would have been prevented and the damage to their reputation been averted. Also, a consistency of approach to CSR resulting from a coupled response could be expected to have more influence on internal and external groups, thus permitting the organization more ability to shape the institution of CSR. This is the case with PS3, who have brought the institution of CSR into their business through a concern over non-market risks. Their response to CSR is based in stakeholder engagement, held centrally at head office and is intended to have real benefits for shareholders and communities alike. While not yet embracing a wide set of initiatives on CSR at this stage of implementation, the consistency and integration of their current philosophy within policies and actions have won them awards over at least the last five years for such things as reporting, have given them access to senior government officials who are working closely with such organizations to create guidance for business on CSR, and are consistently rated as a trustworthy organization by communities and their employees. Thus, by having a more coupled response to the institution of CSR, PS3 has more ability to shape the institution as it goes forward than does NR4. Thus, organizations can and do have a significant impact in the nature and shape of the institution of CSR.

6.7. Conclusion

Based on the discussion and evidence presented in this chapter, there are four key conclusions:

1. There are three substantive areas of difference in the way in which MNCs develop and implement CSR strategy,
2. Each substantive difference can be presented as a continuum of possible responses, where the implications of these differences on the nature of CSR strategy development and implementation can be partially characterized,
3. The substantive areas are useful to show the range of activity in key components of the development and implementation process and thus to highlight the range of strategic responses of MNCs to the institution of CSR, and
4. The resulting 12 types of strategic response reflect how organizations are actively attempting to shape the institution of CSR to meet their needs, and thus show the role of agency in influencing institutions.

First, in analyzing the interview and case study research, it was clear that while the practices surrounding CSR are largely standardized (as described in Chapter 4), there are a few substantive areas in which companies act differently. These overlapping areas are WHO is allowed to participate in the development and implementation of CSR strategy, WHY they engage in it and thus which groups are these efforts intended to benefit, and lastly, WHERE authority and control of CSR are located within the organization.

Second, the continuums depicted in Figure 16 Three Substantive Areas of Difference in Development and Implementation of CSR Strategy illustrate the conceptual extremes of these three substantive areas of difference: WHO participates moves from isolation to collaboration, WHY moves from primarily benefits for corporation to benefits for stakeholders, and WHERE moves from centralized to localized authority and control. The way in which an MNC responds to these areas has implications for the institution of CSR.

Third, these substantive areas are useful in part because they highlight the fact that companies are actively engaging in shaping CSR, and allow for the creation of the 12 different strategic responses. Fourth, each of these 12 have implications for how CSR is perceived and acted upon both inside and outside the MNC. Most companies were actively engaged in defining and shaping CSR internally, which is communicated to internal and external stakeholders whether intentionally or not. Because MNCs are powerful organizations, and have a significant impact on individuals, other organizations, governments, communities etc., the way in which an MNC shapes CSR has the potential to significantly affect the institution of CSR primarily due to mimetic and coercive pressures existing within the external environment. In other words, an MNC feels pressured to engage in CSR, thus creates its own strategy and implementation plan, this implicitly or explicitly communicates their interpretation of CSR to a wider community, and this interpretation is likely to be replicated or integrated to some degree depending on the position of the organization relative to its organizational field.

Thus, this chapter provides evidence of a range of strategic responses employed by MNCs when engaging in CSR. These strategic responses are evidence of the role of agency in shaping the institution of CSR at the organizational level. This supports the conclusions in Chapters 4 & 5, where the constraining elements of an institution of CSR can be identified within three levels of context that influences MNCs to adopt a highly standardized set of practices for developing and implementing CSR strategy. Where differences in this standardization exist, they provide the opportunity to investigate the enabling characteristics of the institution of CSR, by identifying where organizations are influencing the shape of it to better fit their own agenda, in some cases providing

organizations with opportunities that would not have been available only within the existing institution.

The opportunities provided by the existence of an institution of CSR will be further discussed in the next chapter, which is the second of two chapters to discuss the enabling characteristic of institutions, focuses on how individuals shape CSR within their own organization to meet their own goals and agenda.

7. Shaping the Institution of CSR

7.1. *Purpose and Aims*

Chapter 4 illustrates the vast degree of similarity in MNC systems, processes and activities around CSR, providing empirical support for an institution of CSR. Chapter 5 discusses the key contextual pressures that influence the form of CSR described in Chapter 4. Chapter 6 presents the three substantive areas of difference in the isomorphic form described in Chapter 4 which help to highlight the strategic responses of MNCs, suggesting the role of agency in shaping the institution of CSR at the organizational level. This chapter presents evidence of agency at the individual level, where actors within the case study frame and shape the logics associated with the institution of CSR and the dominant institution of business to meet their own political agendas. Thus, this chapter focuses on how the competing institutional logics of CSR and the traditional business model are interpreted, framed and negotiated by key actors involved in the development and implementation of CSR within the organization. It is the second chapter to discuss role of agency in shaping institutions and is the final chapter presenting data. This chapter has five aims:

1. To describe and contextualize the case company,
2. To describe the impact of CSR as a competing logic within a single organization, and how the individual actors in turn struggle to shape these logics within the organization,
3. To use power sources and influence tactics as tools to identify the nature of the conflict between actors,
4. To respond to the need for empirical evidence at the level of the individual organization (Hoffman 2001), and on the role of agency (Tempel and Walgenbach

2007) to help understand how organizations, and their individual actors, affect the form of institutions and how they change, and

5. To demonstrate the role these individuals have in shaping CSR internally and the potential impact this has for the institution of CSR more broadly.

7.2. Case Study Context

As discussed in Chapter 3, the case company was identified because of it being typical with regard to CSR. It is not a company or in an industry that is highly visible with regard to CSR issues (e.g. mining, oil & gas, retail), however as is discussed below, it is also not a company or in an industry that has yet to receive much visibility around CSR issues (e.g. electronics, education, financial services), nor was the company propelled into CSR for any reason specific to the company (e.g. Shell and Brent Spar). At the time of field work, the case study company was at early stages of CSR development and implementation and had little impetus for making CSR a priority within the organization. Thus the case study company is representative of a typical development and implementation process, providing the opportunity to investigate what occurs in a 'typical' setting with the potential to represent other 'typical' companies (Miles and Huberman 1994).

7.2.1. Tourism Industry

A number of contextual pressures, particularly within the national/ transnational level have had a significant influence on the shape and response of the tourism industry to CSR. The last few years have seen tremendous changes in the industry's belief about the value of CSR based mainly on rapid changes within the make-up and structure of the

industry and the social and environmental backdrop to these changes. The global tourism industry is one of the fastest growing. According to Tearfund (2002), in the year 2000 global tourism received £329 billion dollars, employed 260 million people, and saw nearly 700 million people travel abroad. It is estimated to account for 11% of GDP, is 'one of the top five exports for 83% of all countries and is the main source of foreign currency for 38% of countries' (Costas et al, 2003). September 11, 2001 had a significant and profound impact on the tourism industry. By September 2, 2002, overall demand for international tourism had dropped by 7.4% with an estimated 3.2 million in jobs lost. Trips from Europe into North America dropped by ~20% and British car trips went up by ~25% (Toyne, 2002). The drop off in travel resulting from the September 11 terrorist attacks, and the vast range of environmental concerns such as natural disasters, diseases (e.g. Foot and Mouth in the UK), climate change (as severity of storms increase) and the behaviour of other industries such as oil spills and agricultural runoff (UNEP, 2006), have shown the vulnerability of the tourism industry to non-financial concerns.

Some of these key vulnerabilities have been highlighted by the media and NGO groups, particularly around climate change and destruction of destination communities (such as death of the coral reef in Egypt) resulting from mass tourism. Governments have also become increasingly involved in the rhetoric around climate change and in encouraging companies to find their own solutions to redressing these concerns.

Interestingly, in 2002, demand 'sharply increased' for companies offering products with the aim of promoting sustainable tourism (Garrahan, 2005), and is considered to be one of the fastest growing segments of the markets over the last decade (Costas et al, 2003), however it has yet to be embraced by the 'Big Two'. The International Tourism

Partnership believes that as tourism relies on natural resources, local communities through employment and cultural activities, and continued economic development of destination countries, CSR amounts to good business practice and not philanthropy (Garrahan 2005).

The significance of these contextual factors in shaping the industry and its response to CSR can be seen both in the industry backlash over the ‘real’ impact of holiday makers on climate change and in proactive behaviour such as Virgin Atlantic’s recent flight using bio-fuelled engines (Williams 2008). However, many NGO groups continue to be critical of the industry’s response to climate change issues and the government’s lack of direction specifically around the fact that transport companies have been exempt from emissions reductions schemes (MacErlean 2006, Williams 2008).

Due to these contextual pressures and salient issues for the industry, tourism companies in the UK began to take the concerns of these groups and the social, environmental and economic implications of their businesses more seriously in the last few years.

7.2.2. Case Study Company – TR1

Alongside these external contextual pressures, TR1 faced a number of organizational and individual pressures as well. TR1 is a result of the purchase and amalgamation of a number of small branded tour companies throughout the last 40 years. Both of the two major brands began as small retail shops that quickly expanded through the decades, purchasing other small operators, a fleet of aircraft, and branching out into specialist areas such as Ibiza and Tunisia. Branded companies were left to work with their existing structures and processes until the devastating effect of external events starting in 2001 with the terrorist attacks in the US, and a range of extreme weather events such as

hurricanes and tsunamis. Although profits were already starting to slump prior to 2001, these external events, alongside some ‘accounting errors’ and poor trading (Mesure 2002) put TR1 in serious threat of bankruptcy. It was only through a debt-for-equity swap and significant restructuring that the company was able to continue operating (Source: internal company documents).

In looking back to Chapter 2, we are reminded that each institution has its own logic, which is ‘a set of material practices and symbolic constructions – which constitutes its organizing principles and which is available to organizations and individuals to elaborate’ (Friedland and Alford 1991: 248). As is illustrated in Chapter 5, the majority of managers at TR1 espoused the values of the traditional business model (articulated by Jones 2005 in Chapter 2) as the only legitimate logic for business:

TRI14: and I think the danger with, the danger with something like CSR, it will it will get put to one side if push comes to shove so, if we’re trade if uh I don’t know we’ve got a disaster I don’t know we’ve got to evacuate people from Mexico because of a hurricane uhm and somebody’s saying well actually this month we’re gonna do a big CSR push on this ya well, sorry this people are gonna die, if we don’t move them or our reputation will be damaged significantly more than the advantage in the CSR stuff might do so, **I think there is a little bit of you’re got to take reality into account** (pp. 29-30).

TRI8: **well ultimately we are in business to make money and to return the shareholders wealth, that’s why we’re sitting here.** We’ve got to balance responsibility in the community against the requirements and our responsibilities to our shareholders ultimately uhm if they are well you know if they would be unhappy with us or want us to go in a certain direction then they would probably show it ... so you know an outside pressure group really wanted to influence the way we operate I think it would buy part of us (pp. 7-8).

In line with this logic, and to ensure it maintained its competitive position, TR1 responded to mimetic pressures and hired a Responsible Tourism (RT) manager. This person was hired in mid-2004 at the junior end of middle level management. TR1 had little knowledge in-house on CSR and was uncertain what it meant for the business and for their roles. Prior to 2005, CSR was mainly seen as something that affected other companies or industries with the exception of the RT position and creation of an RT policy, which was presumed to be sufficient to maintain marketplace competitiveness. However, CSR was not seen either as an opportunity or a threat, until 2006.

During this year, public debate, NGO pressure and government threat over climate change concerns became more significant, causing a small backlash from the tourism industry, and increasing visibility of climate change as a potential threat within TR1. Also in 2006, TR1 was approached by their most important institutional investor for information on CSR related policies and performance.

This support for the concept of CSR from a powerful external stakeholder made CSR a more visible and credible concern within the organization, forcing those at senior positions within the business to consider the alternative logic of CSR and how it might be dealt with within the business.

7.3. Evidence of CSR and Traditional Business Model as Competing Logics

With a demand from the institutional investor to see information on CSR policy and performance, the company secretary decided to assign the task of investigating CSR to the Communications department. According to TRI11 this was due to the fact that this

department was responsible for communicating with external stakeholders and thus why responsibility was given to them. While the company secretary was aware of the RT manager and the RT policy, he chose not to directly include her or her department in the investigations around CSR. The company secretary, in conjunction with senior management decided that the response to this institutional investor would be a few pages in the annual report due out early in 2007. As such, the communications department, led by a more junior communications manager created the 'CSR Reporting Initiative: Planning Document' which indicated his and his department's understanding of CSR as defined by their own agenda, and identified the senior managers who were tasked by the communications department with writing parts of this report based on their portfolio. The RT manager was included in later iterations of this document, more as a courtesy than as an active participant. It was the senior manager in charge of her department that worked at a senior level to get her access to this process. She was then included in meetings where the communications manager met with senior managers to direct them on how to put together this written piece for the 'CSR report'. While she was included in these meetings, she was not able to have much influence over the planning document mentioned above so worked behind the scenes with some of the senior managers to shape their contribution to the CSR report. These contributions were edited by the communications manager, sent back to the senior managers for comment, changes made on both sides and then approved by the company secretary prior to inclusion in the final report.

Although CSR activities were already taking place within the organization under the RT manager (i.e. working on recycling in head office and with the estates department on energy efficient light bulbs and waste reduction), the competing logic associated with

these activities was not taken seriously by the business until the interest was expressed by the institutional investor. This process of producing pages for the annual report created the conditions for conflict between the two departments, the RT manager and communications manager in particular, which help to highlight the interaction of these competing logics within the organization, and how these individual actors frame and negotiate them within the organization.

7.3.1. RT Manager and QA Department Representing the CSR Logic

The RT manager was responsible for the development and implementation of all CSR efforts within the organization, with the exception of technical environmental issues. She sat within the Quality Assurance (QA) department with two reporting levels above her. Her position was characterised by little resource, authority or control over organizational practices but retained large control over how CSR was shaped within the organization up until mid 2006 with the intervention of the institutional investor. She was the only person formally tasked with any CSR activities and her senior manager was responsible for overseeing these, but was often absent from the office and hard for her to get in contact with (TRO1, TRO2). Therefore, she was relatively free to shape CSR as she saw fit. She did not have a background in CSR, sustainability or responsible tourism, and came to the RT manager position after being made redundant from the web marketing team. As such, she was learning about RT and CSR on the job through the Internet, industry publications, industry events, and in watching the competition (TRO1).

Most of the senior managers interviewed saw her position as having too little ‘profile’ within the organization to be able to effect real change. For instance some senior managers indicated:

TRI10: I think she's battling on her own at the moment, its actually quite difficult for her in her position uhm to network and influence the company.

TRI3: and the problem that we have at the moment is that we have uhm you know CSR sort of sits with [the RT manager] who I don't think is a senior enough person in the business. Absolutely not because she can come to me or any of my colleagues [at senior management level] and we can just literally just say well you know, no, we're not interested.

As these quotes and evidence above illustrate, the CSR function was set at too junior a level, suffered from too little authority and resource, did not have sufficient access to influential members of senior management, and lacked background knowledge and expertise. However, as CSR was not perceived as part of the core operational functions, she was able to actively shape and control CSR so long her activities either did not violate the dominant logic or were perceived as contributing to practices of the dominant logic such as saving money, not 'wasting' the time of senior executives and helping to improve the reputation of the company by representing it at industry functions dedicated to CSR issues. This changed for a brief time when the institutional investor relayed concerns.

As a result of the these concerns and the potential increased visibility they created for the 'CSR team', the RT manager and her senior manager in particular were keen to expand the visibility and profile of CSR within the organization. Since the RT manager position was created, they focused their energy on external projects such as industry initiatives on supplier assessment criteria, or on presenting TR1s efforts to other external groups, and giving presentations, participating in research etc. Therefore, while publicly they defined CSR according to the triple bottom line (Elkington 1997), in practice their activities on CSR suggested an emerging definition around CSR as a supplier assessment exercise and

external visibility campaign (see Table 10), with the intention of increasing their own visibility and status within the organization.

Table 10 Summary of Positions for Rival Camps

Positions	Camp 1 – RT Manager and Team	Camp 2 – Communications Manager and Team
Specific Areas		
Definition of CSR	Formal: being responsible for social, environmental and economic impacts Informal: involvement with industry groups to focus on improving CSR practice within supply chain (destination communities), focus on issues external to the organization except recycling within the office	Formal: taking social, environmental and economic considerations into account while ensuring effective corporate governance and realistic assessment of the balance between traditional business goals and non-financial responsibilities Informal: a tick-box exercise for external stakeholders which does not over commit the company in the future and shows the company in the most positive light
Claims of legitimate power	Formally tasked with CSR responsibility	Formally tasked with responsibility for communication with external stakeholders, and these are the stakeholders with concern over CSR
Claims of expert power	More accurate understanding of CSR	More appropriate business understanding of CSR
Most common tactics employed	Coalition/ pressure: support of boss (senior manager and head of department), CSR will fail if left to Camp 2 because no support or ability to attract resources, encourage support of other senior managers based on who already belongs in the camp, traditional business perspective result in negative consequences for CSR and the company Ingratiation/ personal appeal: used to encourage people to agree when they were suspected of not agreeing, get external CSR ‘expert’ to agree with CSR perspective Ethical person: I’m a more ethical person and therefore should be in charge of CSR	Coalition/ pressure: support of boss (senior manager and head of department), CSR will fail if left to Camp 1 because no support or ability to attract resources, encourage support of other senior managers based on who already belongs in the camp, wider stakeholder perspective result in negative consequences for CSR and the company, Department 2 is more powerful and will be awarded control of CSR anyway Ingratiation/ personal appeal: used to get external CSR ‘expert’ to agree with CSR perspective Ethical person: I’m a more ethical person and therefore should be in charge of CSR

7.3.2. Communications Manager and the Communications Department Representing the Traditional Business Logic

The communications manager tasked with the CSR reporting initiative was a manager of similar level to the RT manager within a department that was more powerful at senior executive level (Pfeffer 1992). This department followed the dominant logic of the traditional business model in similar fashion to the comments mentioned in section 7.2.2

and was keen to minimize CSR as a 'tick box exercise' (TRO5) for the institutional investor so everyone could get back to the 'business as usual'.

The communications manager was under intense pressure from his senior manager to ensure that CSR was minimized as much as possible, as the senior manager did not believe that CSR was a legitimate business concern. The following quote illustrates the impact that the senior manager in charge of communications had on the CSR reporting initiative, and his alignment with the dominant logic:

TRI11: and we're always gonna stay a little bit behind [with regard to CSR initiatives], so those are self-imposed constraints, that we've put on ourselves uhm so I guess you could say yes we've got the costs, yes the fact that we've committed ourselves to lagging everybody else uhm which is, I mean those are the things [the senior manager of communications] is constantly discussing...[the CSR report] is mainly a negative and reactive exercise and its like it says at the bottom of [the draft version of the CSR report] you know [the senior manager of Department 2] wanted me to put this line in because that's his view in a line. We're complying, effectively. So it its not you know it's not legal but it's still regulatory. There is a, there is a requirement for something to be done.

Thus responding to the institutional investor's concerns was deemed to be a compliance activity and was restricted to those issues identified by the investor. While publicly this team also defined CSR as a triple bottom line, in practice it was very much viewed as a temporary compliance activity restricted to responding to the investors concerns within a few pages in the annual report, and doing similar in following years. Nothing significant or fundamental would change about the business values and/ or how it operates (see Table 10). Therefore the external threat posed to the organization based on shareholder concerns was to be mitigated by providing the information in a form consistent with previous

competitor behaviour and societal expectations. In other words, the communications team wanted to provide the report as a decoupled response to CSR, resulting from mimetic pressures that legitimate the use of reports in such circumstances.

Thus, when the competing logic of CSR first appeared as a real threat to the core operational functions within the organization through the pressure from their key stakeholder, responsibility for the strategic response was given to those who represented the dominant logic within the organization, regardless of the fact that the organizational competencies for this area were held in another department.

7.3.3. Struggle Evident at the Departmental Level

The rivalry was not restricted to the two managers, but was in evidence throughout their entire departments. The senior manager of QA made many disparaging comments about the senior manager of communications, most of which involved his ‘underhanded attempts kill CSR’ and in being a ‘power hungry idiot’ (TRO2). The senior manager from communications was attributed with similarly disparaging comments to make about the senior manager from QA such as being ‘not an important enough department to matter’ (TRO11). Informal conversations with other managers confirmed that the two departments had conflicting interests at senior management level, that the two senior managers heading these departments did not like each other, and that communications was a relatively more powerful department than QA at the senior level.

Much of the struggle for control at higher levels appeared to be fed through the two more junior managers so that senior managers were not perceived as engaging in the conflict but merely lending support to their own departments. In this sense, the senior managers of

the two departments were able to give the impression of disassociating themselves from the conflict, presumably so that if their department lost they were not perceived as the 'loser' in the battle.

The writing of this report therefore put two competing logics operating within the business into direct conflict, with the communications department in a position of power relative to the QA department, due to it being one of the core operational functions within the business and the QA department being a service function 'after the fact' (TRO2). This created rival camps (Mintzberg 1983) whose alignment with different logics and personal agendas created a power struggle over who would control and thus shape CSR within the organization.

7.4. Evidence of the Struggle for Control Over CSR

While the RT manager and her team wanted to expand the CSR logic within the organization, and the communications manager and his team wanted to incorporate CSR activities into the dominant logic, both needed legitimate control over it within the company to achieve their goal. In doing so, both departments, primarily through the RT and communications manager, referred to a number of resources or power sources and used a range of influence tactics. As such the power sources and influence tactics discussed in Chapter 2 are used as tool for investigating the consequences of the conflict (Salancik and Pfeffer 1977) between individuals working to frame, shape, negotiate and struggle to reconcile the competing logics of the traditional business model and CSR at micro level.

7.4.1. Power Sources Used to Gain Control Over CSR

Both managers primarily used the same two sources of power (see Chapter 2) to justify their claim and potential control over CSR activities, to better align it with their interpretation of the respective logic. These are legitimate and expert power (Yukl and Falbe 1991 in section 2.4.3.1).

7.4.1.1. *Legitimate Power*

The QA department claimed their right to legitimate control over CSR activities due to the fact that they have the RT manager within their department and therefore have formal authority for it within the corporate structure.

The communications department claimed their legitimate right by being formally tasked with maintaining relationships with outside stakeholders, one of whom was interested in the company's CSR activities. Therefore, understanding, defining and responding to their stakeholders on CSR is a part of what their position required and therefore became part of their formal tasks. This department's position of relative power within the organization also helped it to be tasked with the CSR reporting initiative, another source of legitimate power.

7.4.1.2. *Expert Power*

One claim of expert power in both camps came from their working definitions of CSR. While both publicly defined CSR as a triple bottom line consideration (as mentioned earlier in this chapter), their working or emerging definitions resulting from their activities suggested very different areas of concentration. The QA department formally defined CSR as being comprised of social, environmental and economic concerns.

However when talking about the organization and the types of initiatives it should be involved in, this group tended to talk more about issues outside the organization, in particular those issues being dealt with by industry associations such as sustainability assessments or audit programs for the supply chain in destinations. The focus was on working with industry bodies on issues that have general consensus at industry level. The other focus was on internal initiatives that were non-controversial such as a recycling policies and energy efficiency practices such as low-energy light bulbs. Both internal initiatives had been underway for over 12 months prior to the first field visit and were still in development at the end of field work. Very little time was spent discussing the internal environment and working with others inside the business to improve the visibility, participation and action on CSR strategy and initiatives.

The communications department claimed expert knowledge by suggesting that governance is a critical element of CSR and without it, CSR is just another ‘touchy feely’ (TRI3) or ‘airy fairy’ (TRI10) fad with no substance or likelihood of integration into TR1.

TRI11: most people who are involved in CSR have absolutely no interest in corporate governance. Now I see that as being a part of CSR, but [RT manager] is just not interested in governance.

While also publicly defining CSR by its triple bottom line considerations, when asked about the specific initiatives the company was and should be undertaking, this group tended to articulate the need to be ‘realistic’ about the appropriate balance between traditional business concerns and CSR issues and to ensure external communications (such as reports) put the company in the most positive light possible, without committing or obliging the company to any future actions, or put it at reputational or legal risk.

TRI11: so, my aim is to get a piece of work that's honest, that's open, that doesn't stretch the truth, that doesn't on the other side that doesn't commit the business uh unfairly, or tie its hands in the future ... because we don't see it as being particularly relevant to staff, or customers, largely uh a few external bodies, investors who want to tick the box and for institutional uh investor bodies. Uh now both of those could be dealt with privately. So we're tucking this into the annual report which is only read by those people largely, uh in all of the, they tick a box. Now that philosophy, is has got us this far, but it can't take us much further. So in 5 years time we may be still on this, which will get updated each year because if that's the goal we've set ourselves, we're already you know, largely there. So your achievement is limited by the goals you set yourselves. Ya and that's it. We have set ourselves very very restrained goals.

Therefore, CSR within this group was about integrating CSR into the dominant logic by doing the minimum required to satisfy the needs of financial investors through systems and processes already existing within the business and considered acceptable within this logic (i.e. report), with little, if any change required by the business to signal involvement in CSR. Thus this group was keen to employ the 'Business as Usual' strategy described in Chapter 6.

7.4.2. Impact of Power Sources on Shaping CSR

The working definition employed by the two rival camps illustrates their ability to shape, manipulate and change the nature of CSR within the organization and to further their own agenda related to these different logics. But this working definition and the sources of power utilised by each group appears to have an impact on whether others within the business were in support of one camp over another in their attempt to control CSR activities.

The legitimate power held by the QA department resulting from the RT position within that department was sufficient for three of the 12 senior managers to indicate the CSR function should remain where it was. Two further senior managers indicated that CSR responsibility should stay within the QA department, but should be held at a senior management level. Therefore, five of the 12 managers indicated CSR should remain within the QA department and therefore continue to have functional control over it. Only three managers indicated that CSR should be moved to the communications department and one manager indicated it should *not* be in this department due to the implications it would have for the nature of CSR within the organization.

The communications department however had the advantage in that it was the more powerful department and therefore had better access to resources and powerful individuals for support. More importantly, it defined CSR more in line with the dominant logic, identifying CSR in terms consistent with an ‘evolutionary’ change (e.g. Hoffman 2001), or not requiring changes to the structure of the existing institution and thus of the business. Incorporating CSR activities into the dominant logic, and thus defining them as consistent with this logic also ensured little requirement for change in organizational identity and action, making it more appealing to the vast majority of people who are resistant to change, and by reducing the threat to the existing institutional arrangement where the already entrenched distributional benefits are maintained (Knight 1992).

7.4.3. Influence Tactics Used to Gain Control Over CSR

Just as the individuals within the two departments used power sources to try and gain control over CSR activities so as to shape them according to the relevant logics, they also employed a range of influence tactics (see Yukl and Tracey 1992 in section 2.4.3.1). Both

the RT and communications manager used similar tactics to influence the perception of others regarding the appropriate understanding of CSR for the business. The most common tactics observed were the use of coalition in conjunction with pressure. Both managers referred back to their boss as supporting their current CSR activities, and suggested that if CSR was implemented in a way different to what they had in mind, it would fail. The reasons given for this imminent failure tended to be around a lack of support within the company for those ‘types’ of CSR initiatives and difficulty accessing scarce company resources. In many cases, both managers tried to disguise their use of coalition and pressure behind rational arguments. For instance, when meeting with individual senior managers to discuss their contributions to the CSR report, both the RT and communications manager would constantly refer back to statements of support made by their boss and others at higher levels within the organization. These comments were often used to encourage agreement from the senior manager in the meeting and if agreement was not forthcoming, both groups were observed to, in effect, warn the senior manager of the flaws associated with the other group’s definition and understanding of CSR. For instance if CSR was not approached either from a wider stakeholder perspective (Camp 1) or a more traditional business perspective (Camp 2), there were likely to be negative consequences that would result in CSR not succeeding within the business. Some examples of these comments include ‘well if you don’t know what your suppliers are doing, someone will catch you out’ (TRO1) and ‘if we can’t link CSR back to business profitability we may as not do it because it will be a waste of time’ (TRO11).

The other pair of tactics that was observed although less often was ingratiation and personal appeal. This combination of tactics was observed more often in the RT manager and they were used when there was concern over whether the targeted individual might

say no to her request. These two tactics were often used on the researcher to try and pull her in line with either the RT or communication manager's view of CSR. It is believed this was done so the respective group could suggest that the external 'expert' was aligned with their logic, adding further support to their interpretation of CSR and thus their claim to be in control of it. Rational persuasion, consultation and legitimating were used but infrequently. Neither inspirational appeal nor exchange was observed during field visits.

Outside of these tactics identified by Yukl and Tracey (1992), the other tactic employed by both managers was to indicate that the others involved in CSR (including the department heads) were not as 'ethical' as they were and therefore, by virtue of their better ethics, should be in control of CSR. For instance, the RT manager indicated on many separate occasions that the communications manager 'did not care about CSR' and was 'unethical because he would do whatever his unethical boss asked of him' (TRO1) with the implication that somehow his poor personal ethics (according to the RT manager) meant that he would agree with whatever his boss said, regardless of what that boss' opinion was. Meanwhile, the communications manager dedicated over ten minutes of a one hour interview to describing his beliefs about morality, and attempting to show himself as a highly moral person.

TRI11: uhm because we are moral beings, and our development as human beings uhm will get no where if you're not moral, I mean, you know if I'm if I say there is no moral (code), businesses are not moral institutions, they have no moral fibre ... I wouldn't say that to my wife, to my children you know so why should I be you know like uhm why should I not care about morals in the business when I care about them with my friends. I care about them if my partner is cheating on me, or my children are lying to me or stealing so its basically just saying look I want (), and I I'm not gonna lie to my friends and I'm not going to lie to my suppliers or my customers and honesty is a big part of it, honesty uhm you know I mean a lot of this information, but a a lot of a persons information, is due to them being open and honest to

receiving information uhm if if you know a person can say oh you know I never knew about that but if they don't make any efforts to know about it or if they have blocked it in the past or they've put up barriers, then they're not gonna know

According to his description, part of being a moral person includes being open to receiving new information about CSR which was a subtle comparison with the RT manager whom he had indicated previously was not interested in learning more about CSR. He was thus saying that he was more moral for a range of reasons including because he was open to a broader understanding of CSR.

Taken as a whole, both managers were employing the same types of arguments to gain control of CSR: first the other manager's understanding of CSR is flawed, second that they have more support within the organization, third that their department head is more powerful, and fourth that they are the more ethical individual and therefore should be awarded full control over CSR activities.

Each of these tactics was used to gain the support of others within the business to ensure control over CSR with the definition and associated practices that met their agenda and was in line with the relevant institution. Therefore, they each used their networks and credibility within the organization to push for changes around the relevant institution shaping not only the institutions within the organization but the organizational culture as well (Sachs et al 2005).

7.4.4. A Shared Indifference

One of the most striking elements of this case is that while both departments and their respective managers used a range of strategies in an attempt to gain control over CSR, both managers indicated very little personal interest in CSR or in facilitating its implementation inside the organization.

As indicated earlier, the RT manager did not have a background in CSR and had been relatively unwilling to engage other managers in discussions about it. She had occupied her position for approximately 18 months prior to the start of field work and indicated at that stage that she had not met over half the senior managers and had no plans to engage them in the near future. Of the time she spent working on CSR issues, most of it was working with industry bodies on CSR and sustainability issues and responding to requests for information on what the company was doing with regard to CSR. A much smaller fraction of her time was spent working internally on a few non-controversial projects around improving energy efficiency of the photocopiers and lightbulbs, and recycling. Otherwise she spent her time chatting with colleagues at nearby desks and surfing the internet. She chose not to engage internally on substantive issues. In fact neither she, nor her two line managers showed any particular interest in improving their existing CSR strategy or in pushing for it at higher levels within the organization. The most striking incident displaying her disinterest was her belief that the time she spent with the researcher on interviewing senior managers about their perceptions around CSR and what the company should be doing with regard to it, was ‘getting in the way of her day job’ (TRO1). This incident shows that she had very little interest in engaging in CSR outside a small range of tasks that either helped to build the reputation of the company externally and were unlikely to result in tough internal conversations and/ or conflict.

The communications manager suggested that although he had some personal interest in CSR and ethics such as ‘recycling and being trustworthy’ (TRO11), he would move ahead with CSR in whatever way he was instructed by the head of communications. He was not interested in furthering the development or implementation of CSR against the opinion of his boss whose opinion was well known by many managers to be negative towards CSR and its potential use within the organization.

TRI11 [the CSR report] is mainly a negative and reactive exercise and its like it says at the bottom of [the draft version of the CSR report] you know [the senior manager of communications] wanted me to put this line in because that’s his view in a line. We’re complying, effectively.

Thus the communications manager was focused on ensuring that CSR was shaped according to the dominant logic espoused by his ‘hard to please’ boss, which meant minimizing CSR to the function of a ‘tick-box exercise’ (TRO5) for external stakeholders and integrated as an insignificant part of the existing business practices. Although he identified a mild personal interest in CSR, he did not have sufficient interest in it to pursue it outside of the narrow limits of the CSR pages to be created, nor to engage his boss in the potential benefits and opportunities associated with it.

Despite the fact that both of these individuals had indicated little personal interest in engaging further with CSR development and implementation within the organization, both individuals and their departments *were intent on being in control of it*. They both engaged in a range of strategies to persuade others of appropriateness of their understanding of CSR, and to generate support for their claims to control and shape the institution of CSR internally, either to change existing business practices (revolutionary change) or to fit within existing practices (evolutionary change). This paradoxical

behaviour suggests that these key actors recognized the distributional benefits associated with the different institutions and sought to control CSR activities to ensure that the competing logic resulting in the best distributional outcome for them became the dominant logic for the company.

7.5. Conclusion

The discussion in this chapter results in ten conclusions:

1. CSR is becoming an increasingly legitimate business concern,
2. As such, many companies are facing pressure from key stakeholders to engage in CSR,
3. This pressure from key stakeholders means that CSR becomes increasingly important inside the organization,
4. Because the logic of CSR and the logic of the traditional business model are fundamentally different in their emphasis, this causes conflict in some organizations,
5. The conflict can result in rival camps (Mintzberg 1983) that struggle for control over CSR,
6. These groups seek to define and shape CSR within the organization based on their own political agenda,
7. This can sometimes result in the development and implementation of CSR strategy being virtually ignored while conflict is at its peak,
8. Due to strong mimetic forces operating within the tourism industry, the role of agency at the individual level has an impact on the nature of the institution of CSR,

9. Therefore the presence of a CSR as a legitimate competing institution provides opportunities for individuals to further their own agenda, and
10. The fact that this struggle for control over CSR may in fact be conducted by individuals with little interest in CSR but who recognize the benefits of being in control of it, suggests that fringe members (Leblebici et al 1991) within the organization may in fact support an alternative institution in the hopes of achieving improved distributional benefits, thus suggesting another mode of institutional change.

Points one, two and three taken together describe the increasing support the institution of CSR is receiving from powerful business stakeholders, such as institutional investors, where these stakeholders increasingly expect business to adopt formal CSR strategies and have the power to pressure companies to comply with their expectations. Thus, CSR becomes a higher priority with increased visibility throughout the organization.

Fourth, because the logic of CSR indicates that business has three equally weighted considerations: social, environmental AND economic (triple bottom line), it is fundamentally different in its emphasis from the traditional business model which focuses only on financial considerations (a sub-set of economic considerations from within the triple bottom line). This has significant implications for how organizations are structured, governed, make decisions, produce goods and/ or services etc. and therefore creates the potential for conflict when introduced into an organization operating under the dominant logic.

Fifth, sixth and seventh, competing groups can result, each in support of one or the other institution that best supports their political agenda, and where they have the most ability to influence the shape of it to support this agenda. These groups engage in conflict, each trying to improve their own position while at the same time working to reduce their opponent. This conflict can be observed using power sources (Yukl and Falbe 1991) and influence tactics (Yukl and Tracey 1992), where the rival camps work to gain support for their position with other organizational members so the actors can legitimately shape CSR according to their agenda. However, in the course of this struggle, actual efforts on advancing the development and implementation of CSR strategy may be virtually ignored.

Eighth, the strong mimetic pressure operating within the international tourism industry means that how the institution of CSR is shaped within an individual company has implications for the nature of the institution of CSR as understood within that industry. There are few large players and they all watch each other very closely to ensure they will not lose a competitive edge, whether to do with such things as CSR policies or initiatives, or new destination communities is irrelevant. The important issue is to stay in line with the competition. Therefore, the role of agency at the individual level has an impact on the nature of an institution of CSR because the form of it within a given company is studied and replicated in part by each of the other companies, and these forms of CSR from within the industry send strong messages to the government around what is 'acceptable' and 'practical' CSR activity.

Ninth, the institution of CSR therefore provides opportunities for individuals to improve their own position within the organization by shaping CSR in such a way that is beneficial

to them while at the same time detrimental to others in the conflict. This in conjunction with the tenth point, suggests that some individuals support the institution of CSR because they recognize the potential benefits resulting from it, and therefore support it whether they agree with the central logic or not. They in fact act opportunistically and support whichever institution provides them with the best outcomes as defined by their political agenda. These points will be discussed in more detail in Chapter 8.

Chapters 4 & 5 provided empirical evidence of stability and isomorphism in CSR practices and some of the context influencing this process, thus highlighting the constraining characteristics of an institution of CSR. Chapter 6 and this chapter highlight the role of agency in shaping the institution of CSR, providing evidence of strategic responses and political behaviour in respect of the challenges and opportunities posed by the institution of CSR. The next chapter, Chapter 8, takes these conclusions further, by pulling them together for a discussion the key contributions and what this tells us about CSR and institutions.

8. Institutions and Agency in CSR Strategy: Discussion and Conclusion

8.1. Purpose and Aims

The previous chapter illustrated the role individual actors play in framing and controlling institutions. It also demonstrated how an alternative logic can cause conflict at the individual level, with actors using the different logics to push forward their own agenda and negatively impact the agenda of other competing actors. Lastly, the previous chapter demonstrated that when the CSR and the traditional business model are in conflict within an organization, this can be detrimental to the progress made on CSR activities. This chapter brings all previous chapters together in a discussion of the results and how these findings contribute to academic knowledge and practical application. It begins by providing an overall view of the research results and discusses these results in more detail, followed by a section reiterating these results in the form of contributions to literature and finishes with a review of the overall research and some concluding remarks. Therefore, the chapter has five aims:

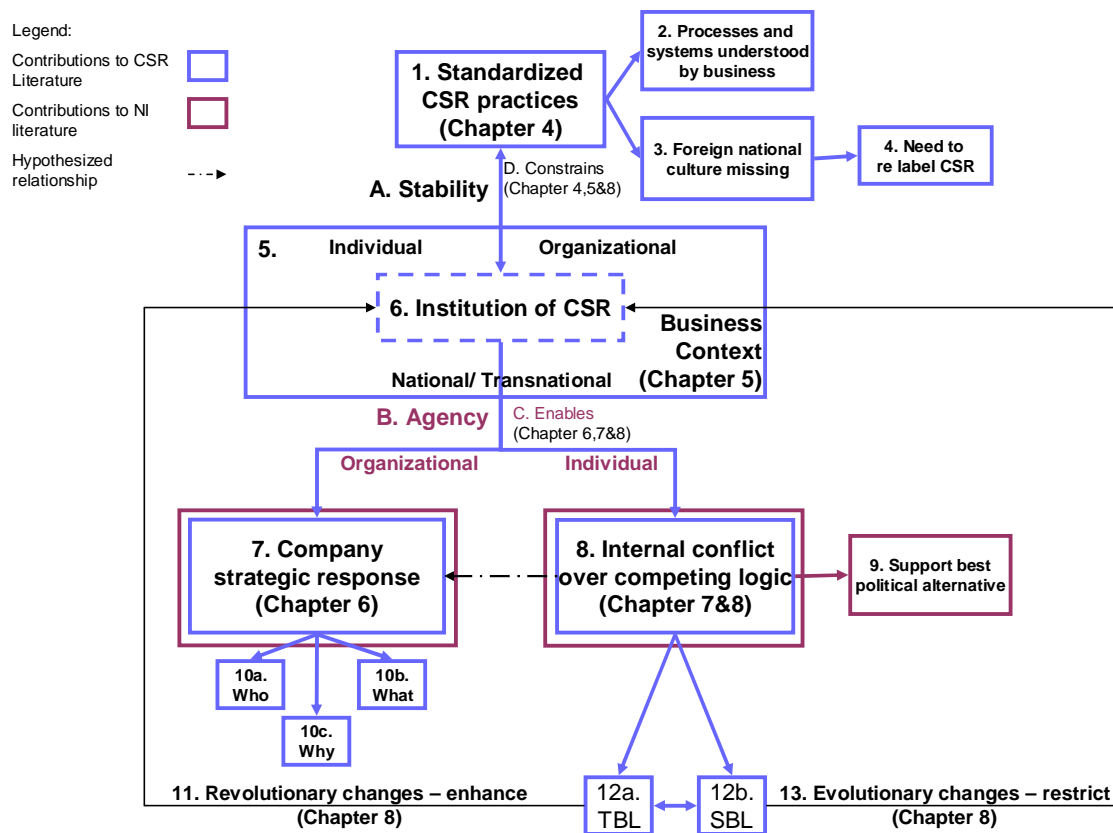
1. To map out the contributions of this study according to the overview presented in Chapter 1,
2. To further discuss the detail of these contributions, linking the different ideas and components together under thematically linked groups of contributions,
3. To reiterate each contribution with the literature to which it makes a contribution,
4. To conclude the research with a reiteration of the overall results, and
5. To provide implications for management, limitations and areas of further research.

8.2. *Identifying and Characterizing the Institution of CSR: Discussion of Research*

New institutional theory provides a valuable lens for examining the research objective: *to investigate, in detail, the existence of and key characteristics outlining an institution of CSR through an investigation of how it is developed and implemented by companies*. It also allows for broader insight into CSR as an institution and how it interacts with other institutions at the level of individuals, thus providing a rich context for building on existing NI literature.

When applied to the data collected in the multi-method interpretive study (40 interviews and a single case study), a number of interesting and significant contributions are identified (see Figure 20). As indicated in Chapter 1, the fact that an *isomorphic* form of CSR (or standard set of practices) can be identified is evidence that CSR is itself an institution. While it is possible to define CSR as an institution based on the literature (described in Chapter 2 using the definition provided by Scott (2001)), the *standardized practices* of Chapter 4 provide empirical evidence of *stability* around CSR, indicating a sameness in the regulative, normative and cultural-cognitive elements of these practices and thus the existence of an institution of CSR.

Figure 20 Contributions Map



Chapter 4, in combination with the individual, organizational and national/ transnational *contextual factors* described in Chapter 5 also highlight the fact that many businesses increasingly feel the pressure to engage in CSR, and thus to reflect the rules, norms and cultural scripts (Vidaver-Cohen 1998) that give organizations the required *legitimacy* to continue operating within society. Thus, Chapter 4 and 5 demonstrate the existence of the CSR institution and its *constraining* influence on organizational and individual actors. Chapters 6 and 7 thus show the *enabling* characteristics of the CSR institution, where both organizational (Chapter 6) and individual actors (Chapter 7) operate in strategic and political ways to exert their influence over the institution to achieve a particular agenda. Chapter 6 illustrates the range of *strategic responses* employed by organizations who are

both responding to and working to actively influence the institution of CSR, and shows how agency is working at the organizational level. Chapter 7 also shows the role of agency in influencing the institution of CSR but at the individual level, where there is evidence of *competing institutional logics* (the outcome of which is hypothesized to impact the strategic response of the organization), where actors support the institution that is the best for them *politically*. Therefore, some actors *support an institution for political reasons* and not because they agree with the logic of the institution or because it is in their rational self-interest to support it. In supporting an alternative institution, this can cause revolutionary/ evolutionary *changes to either institution* (e.g. Scott 2001, Hoffman 2001), or cause an institution to go into *decline* (Chapter 8). Being actively involved in alternative institutions increases the likelihood of actors becoming the dominant players in the new institutional arrangements (Leblebici et al 1998), and this research suggests that MNCs recognize the significant influence their activities have on how the institution of CSR is shaped, framed and in many cases subsumed into the existing dominant logic (Chapter 8).

The remainder of this section will expand the discussion of these points including the additional contributions of interest indicated on Figure 20, linking them back to relevant literature and organized under thematically similar groups of contributions.

8.2.1. Isomorphism and the Pressure for Change

Chapter 4 presents an empirical model of how MNCs develop and implement CSR strategy across their global operations (box 1 on Figure 20). This model is possible due to the fact that the standard practices associated with CSR are very similar across the range of MNCs within the study. Thus, this isomorphic form of CSR practice suggests a

relatively high degree of stability and legitimacy (point A on Figure 20) for these practices, and the rules and norms associated with CSR more generally, such that it is possible to empirically support the notion of CSR as an institution.

These pressures for change and/ or maintenance of existing conditions at national/ transnational, organizational and individual (described in Chapter 5 and box 5) are key components in understanding how CSR strategy is developed and implemented and thus influence the isomorphic form of CSR. In some cases these influences are clear and obvious, in others, they are implicit and indirect. Interview and case research suggest that unlike Aguilera et al (2007), there is little empirical support for a differentiation between the national and transnational levels of context affecting CSR.

The Standardized Practices describe a vast similarity in approach to CSR within MNCs, illustrating the results of strong isomorphic pressures resulting from contextual factors in the operating environment. It was clear from the emphasis placed on understanding best practice, on tracking the activity of competitors, and of the power of certain stakeholders such as investors to motivate company action on CSR, that mimetic and coercive isomorphism (DiMaggio and Powell 1983) were the strongest mechanisms resulting in an isomorphic form of CSR. By mimicking the practices of other companies, and responding to formal and informal pressures from within society for action on CSR related issues, these companies were able to reduce the uncertainty around CSR primarily due to a lack of government direction, and were able to improve the efficiencies of their activities by engaging in what had already become acceptable within society (i.e. environmental reports) (e.g. Powell and DiMaggio 1991, Scott 2001, Hoffman 2001).

Due to its ability to create stability around culturally legitimate and acceptable practices, the isomorphic form of CSR may help to reduce conflict resulting from competing logics (see Chapter 7) that can impede progress on CSR efforts. While individual, organizational and national/ transnational levels of context create isomorphic pressure on the practices of CSR, individuals and organizations are also involved in shaping the practices and institution of CSR.

8.2.2. Strategic Response and the Role of Actors

In reviewing the anticipated strategic responses outlined by Oliver (1991) and Kostova and Roth (2002), the inductive typology identified in Chapter 6 (box 7) shows that when it comes to CSR, companies are much more active participants in shaping and influencing this institution than the ‘passive pawns’ described in much of the literature (Tempel and Walgenbach 2007: 10) (point B). In virtually no case did these companies passively assent to the pressures of their context or institutional framework. They were very much involved in creating the framework around CSR in varying ways, each helping and hindering each other in ways aligned with the underlying values of the strategic approach they had assumed. In terms of overall activity, the vast majority of these companies would be at the far end (manipulate) of Oliver’s (1991) continuum although many employ strategies that include tactics listed by her as occurring within less active strategies. For instance, many companies who are actively engaging in CSR and are leading the field in terms of implementing processes and systems to ensure performance on their stated commitments would be considered by Oliver’s (1991) typology as being heavily involved in ‘compromise’ strategies due to working with their stakeholders to create solutions acceptable to multiple parties. It is also true that many companies within the sample did not actively resist CSR (which is the basis upon which corporations act in Oliver’s

typology), but instead tried to lead the field so as to be the ‘authority’ on it (early mover advantage). This provides a range of benefits to the organization because being a leader gives them disproportionate control over how the institution is shaped and can thus shape it in ways favourable to themselves. The other reason these companies may be so actively involved in shaping and influencing CSR is that to date, governments have provided very little guidance on how companies should approach this new institution, the reasons for which are outside the scope of this investigation. Thus companies recognize that the logic of CSR is receiving increased support within society from a range of powerful and less powerful groups, and that they have a unique opportunity to seize control over how this institution is shaped to ensure that it meets with their agenda. Therefore, companies and individuals working within them are actively involved in shaping the perception of CSR and legitimate practices, which allows them to make revolutionary changes and thus legitimately act in ways inconsistent with the dominant logic, or to make evolutionary changes where changes are made to the competing logic of CSR to better align with the dominant logic.

In breaking the patterns of adoption into internalization/implementation Kostova and Roth (2002) provide a better description of the strategic responses found in this research, but again found that two of the patterns showed low behavioural responses that they characterized in terms of implementation. The fact that the participant companies in this sample were actively engaged, whether it be in symbolically reflecting, or in internalizing CSR practices showed that all behavioural responses were high but that there was variation along the lines of how coupled/decoupled (Meyer and Rowan 1977, DiMaggio & Powell 1983, Weaver et al 1999) the practices were.

Some of the strategic responses described in Chapter 6 naturally lend themselves to a greater likelihood of being decoupled such as any quadrant on the ‘benefits the corporation’ side of the WHY continuum, whereas others lend themselves towards a likelihood of being coupled such as ‘Lets Do This Together’ on the WHO/WHY combination. This does not mean that MNCs who fall within those categories have (or are developing) coupled or decoupled CSR strategies. At this stage in the development and implementation of CSR strategy, there is evidence to suggest that far more companies are engaging in decoupled responses (whether intentionally or not), which was supported by the comments of some interview participants (RT3, CN2).

While most company responses to CSR were relatively decoupled, a few interview participants did indicate some element of coupled CSR strategies when they talked about the need for CSR to be re-labelled as something else within their global operations to encourage individuals to participate (RT2, CN1, CN2, RT4). In the main this was to encourage foreign operating locations to engage in CSR, but also occurred within home countries. Thus this research suggests that many companies are using the language of CSR to symbolically reflect this logic while maintaining business as usual, and others are using the language of business to re-label CSR activities in the hopes of encouraging participation in this competing institution.

Another interesting conclusion from the overlap of three substantive areas (boxes 10a-10c) is that in the main, companies in the study tended to both intentionally and unintentionally ignore cultural variations across their global operating locations when creating their formal strategy on CSR. Control for CSR is maintained at head office where only senior head office staff participate in the drawing up of the code (or the first draft)

and focus on committing to those areas of CSR activity that will have maximum benefit for the organization. When these conditions occur, not only are foreign (but also some local and less visible) stakeholder concerns under represented, if at all, but the systems and processes created around CSR tend to favour participants that are considered legitimate according to very narrow terms as is demonstrated in Chapters 4, 5 and 6.

Whether these different strategies are more or less effective in achieving business goals and/ or improved CSR practices is outside the scope of this research. And while the 'business as usual', 'we know best' and 'protect the status quo' strategies were the most common, it is possible to argue that they are not the most effective in the long-term. In particular, where companies develop their strategies with little help from internal and external stakeholders (isolation), this can result in the creation of a value laden CSR strategy that in effect ignores a range of perspectives from across the organization and affected stakeholder groups. It is therefore destined to be inappropriate and thus ineffective strategy on a global level, if in fact the purpose is to achieve benefits for all stakeholders through CSR activities. However, given the fact that the motives were either focused on benefits for the company (business case reasons) or for both the company and its stakeholders (win-win the emphasis was on benefits to the company), this assumption cannot be made. Therefore, it would appear that most companies are currently engaging in short-term, decoupled responses to the institution of CSR which is similar to the finding of Weaver et al (1999) with ethics compliance programs. It is too early to tell whether the proliferation of decoupled responses to CSR is a more permanent fixture, or whether it will change as the institution of CSR moves from semi-institutionalized to full institutionalization (Tolbert and Zucker 1996).

At the individual level, the use of power sources and influence tactics also help to illustrate the role of agency in framing, shaping and controlling perceptions and actions around different logics (box 8). The indifference shown by actors in Chapter 7 suggests that some individuals behave opportunistically when a competing logic is available that has sufficient societal legitimacy as to be a viable competitor to the dominant logic. They support the logic which results in the best distributional outcomes for them at a personal level, regardless of whether they support the rules, norms and practices associated with it. If the institutional logic is poised to become the new dominant logic, or has the potential to be, individual actors position themselves within this logic and actively work to shape it to improve their own potential benefits.

However, observational and interview data suggests that these actions were not purely rational, and in fact some behaviours appeared to be largely political such as wanting to see the other person fail at their attempts to be in control of CSR (box 9). It was also not clear the extent to which these actions were pre-planned or thought out, as many seemed to be intuitive reactions to what was happening internally and as a result of contextual pressures discussed earlier. Therefore, it is questionable how many of these activities could be considered as resulting from purely self-interested, rational behaviour where individuals choose between well considered competing logics and support the one that provides the best possible distributional outcomes for them, regardless of whether they are at a relative distributional disadvantage (Knight 1992).

The case in fact suggests that while individuals actively become involved in and shape the institution that best supports their own interests, these behaviours are not necessarily well thought out and can be quite opportunistic in nature. Individuals therefore follow the

dominant logic because they have little choice based on entrenched power structures associated with it, and when a competing logic gains sufficient legitimacy within society, and thus the business, to become a potential challenger, some individuals try to minimize the challenge and maintain or restore existing value structures and distributional outcomes. Others seize the opportunity to shape and control aspects of this institution in the hopes that it will become the dominant logic and they will be better positioned to receive beneficial outcomes. This support of a competing institution, whether the individual or organization is philosophically aligned with the rules, norms and practices of that institution or not, may help to create instability or weakness in the dominant institution, by calling its taken-for-granted assumptions into question, and creating conditions more favourable for deinstitutionalization (Greenwood et al 2002). The support also further entrenches the competing institution, making it more stable and legitimate within society, increasing the potential for it to become a dominant institution for business within society.

8.2.3. Competing Logic of CSR

Conceptual and empirical evidence within this research points to the fact that CSR is an institution that is becoming more legitimate and stable, with enough societal support to mount a serious challenge to the dominant institution of business. Its legitimacy comes in part from the persuasiveness of the ideas (Scott 2001) associated with CSR (or slow changes in social values as described by Oliver 1992 and Knight 1992), but also in the weaknesses (or inconsistencies) identified in the dominant model, which according to new institutional theory result from external crises and unforeseen events (e.g. Hoffman 2001, Scott 2001) including such things as corporate scandals (e.g. Enron, Worldcom, Parmalat), accidents and incidents such as Bhopal, Exxon oil spill in Alaska, BP's Texas

city refinery explosion etc. that cause actors to seek alternatives. Because CSR is a strong competing logic, it provides actors, who under the current institutional arrangements are less powerful or fringe members, with the opportunity to challenge these existing arrangements, whether because they believe in the persuasiveness of the ideas, or whether they wish to shape CSR to become a dominant player in any new institutional arrangements that may result.

It is also clear that in facing the increasing pressure from different societal groups for business to act in a responsible manner with regard to its social, environmental, economic, financial and ethical impacts, and having learned the lesson of engaging more quickly with critics from the environmental lobby in earlier decades (Hoffman 2001), it may be the case that many large MNCs decided to beat the government in the race over shaping the institution of CSR. Thus, these companies create a range of self-regulatory initiatives designed to allow them absolute flexibility in governing CSR rules, norms and practices, with little, if any, interference from government. These self-regulatory initiatives or strategies allow companies to be active participants in shaping CSR within society in a way that best suits the business agenda, providing them with the opportunity to ensure entrenched power relationships that work in their advantage are maintained while the risks associated with CSR (or the challenges created by the competing logic) are reduced. These companies therefore strive to become the dominant players in the institution of CSR, above governments and civil society groups, ensuring their needs are met first.

Therefore, while CSR is becoming a viable challenger, it still lacks the stability and certainty that up until recently were associated with the traditional business model.

Current uncertainty and instability in the dominant logic, and the persuasiveness of the

competing logic encourage increased activity by individual actors working to shape CSR in a way consistent with their preferred logic, some seeking evolutionary change (box 13), others revolutionary (box 11). As was demonstrated by Leblebici et al (1991) those actors who become the dominant players are not always the ones who were key in causing the institutional arrangements to shift, however, the chances are better for those who are involved in these new arrangements, versus those who do not involve themselves. The winners of this challenge are more likely to become the part of the institutional elite due to its complexity, and thus need for 'experts'.

While much of the new institutional theory literature suggests that institutional change is started with some precipitating jolt, crises, unforeseen event, or slow change in prevailing societal values (e.g. Greenwood et al 2002, Hoffman 2001), this research suggests that it is the availability of viable competing institutions with enough legitimacy to challenge the dominant institution that call taken-for-granted assumption of the logic into question. This creates space for more persuasive logics which can cause the dominant institution to weaken and go into decline. Therefore, both the quick precipitating jolts and the slow changes are happening at the same time, and individual actors move between existing logics better suited to such things as their own personal values, rational self-interest, and/or political agenda. This evidence of institutional change is more in line with Knight's (1992) view of deinstitutionalization, although the processes observed here are happening much more quickly, and with far less cost than Knight suggests. Therefore it is not likely to be the case with CSR that the traditional business model was already weakening due to corporate scandals etc., as there are examples of corporate scandals going at least as far back as the Dutch East India Company in the early 1600's (Robins 2006). It is more likely that it is the creation of an alternative business model with ever increasing support and

legitimacy due to the persuasiveness of its ideas supported by political pressures (Oliver 1992), that has called the dominant institution into question. Loud, visible critics, such as Rachel Carson and her book *Silent Spring* (1962), are considered to have been significant catalysts in the modern critique of business that resulted in changes to the dominant institution of business, in particular, surrounding environmental issues. These types of critiques have helped to highlight the weaknesses in these practices by showcasing the inconsistencies while providing a more persuasive alternative.

As the Standardized Practices show (Chapter 4), this alternative institution is gaining a relative level of stability due to the standardization in its rules, norms and practices but these are being standardized by the corporations themselves and not by the fringe members that originally identified the need for CSR to become the dominant institution. This is similar to the findings described by Leblebici et al 1991. The high levels of corporate activity in shaping the institution of CSR are shown also in the three substantive areas of difference (Chapter 6), where companies exhibit a range of strategic responses that in some cases have a significant influence on the nature of CSR. While these responses are impacted by context factors at different levels (Chapter 5), it may in fact also be due to the fact that the alternative (in this case CSR) is so persuasive, that actors seek to control it to ensure it meets their own agenda whether that is intentional or not.

8.2.4. Revolutionary vs. Evolutionary Institutional Change

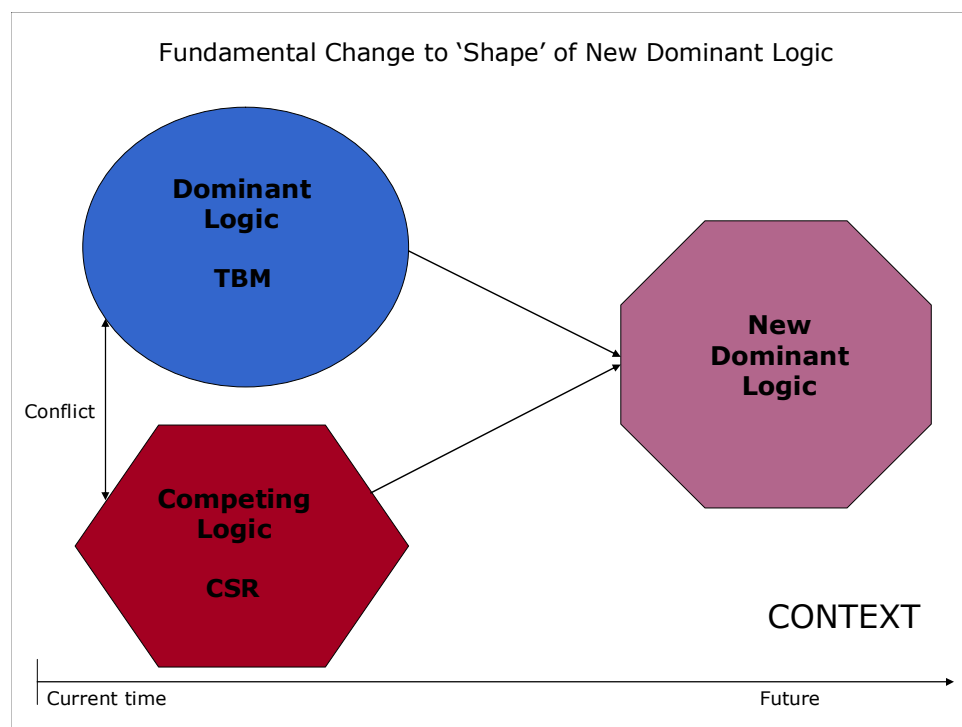
As mentioned in Chapter 2, there are two distinct types of institutional change: evolutionary and revolutionary (e.g. Scott 2001, Hoffman 2001). It is possible from within this research to suggest that business strategic responses, all of which are designed (intentionally or not) to control and influence CSR, are in the main attempting to reduce

the influence of CSR and to incorporate it within the traditional business model. In other words, many companies, in seeking to maintain legitimacy within society, are actively encouraging evolutionary changes in the dominant business institution based on pressures resulting from persuasiveness and societal legitimacy associated with the CSR logic. This ‘evolutionary’ institutional change is characterized by slow, incremental change to the existing dominant logic (or dominant institution), where the fundamental ideas and structure of the dominant logic are retained, as are the existing distributional outcomes that currently benefit business. It is also possible to suggest that prior to the engagement of mainstream business in CSR, other groups such as early CSR supporters, were attempting to create an institution that was revolutionary in nature by challenging the foundations of business and suggesting deep, fundamental changes.

8.2.4.1. *Revolutionary Change*

Revolutionary or fundamental change to the ideas and structure of an institution (in this case to the traditional business model from the competing set of ideas and structures of CSR) is typically articulated in terms of changes to the basic principles of business. For instance, changing the time horizon for business decisions from yearly and quarterly to generational, putting pressure on governments to turn back the tide of privatization and trade liberalization, changing structures of incorporation to ensure multiple non-fiduciary duties of equal legal standing with the existing single fiduciary duty, taking the legal right of ‘artificial person’ away from corporations, banning corporate lobbying, legislating stakeholder representatives on boards, requiring full cost accounting with valuing of ‘natural capital’ etc. Thus, the rules, norms and practices that these groups support represent fundamental, structural changes to the way in which business operates and thus to the traditional business model (TBM) as is illustrated in Figure 21.

Figure 21 Revolutionary Institutional Change



While very much on the fringe, these groups mounted sufficient external pressure on business and were persuasive enough within society to generate increasing support for the idea of CSR. As more and more actors within society provided some degree of support for CSR, brought together related elements already existing within society with a high degree of legitimacy (such as corporate philanthropy, responsibility for the consequences of one's actions, fundamental human rights, limited natural resources, beliefs such as doing no harm, helping your neighbor and being a good samaritan), and ideas about what CSR meant started to become standardized (such as corporations having responsibilities outside their financial duties that are expected by society, not that are nice to have if they choose to give them), the foundations for an alternative institution based on CSR were laid. As CSR continued to grow in prominence through increasing societal legitimacy, business decided to step in and become an active force in shaping the institution of CSR

as it developed, rather than waiting for government regulation as they did to their disadvantage in the 1960's and onward with environmental issues (Hoffman 2001). Therefore, business became actively involved in controlling CSR as a way of controlling the development of this institution.

8.2.4.2. *Evolutionary Change*

Thus, the activity surrounding CSR as illustrated in Chapter 4 with the Standardized Practices, in Chapter 6 with the strategic responses, the contextual factors at the organizational level that influence CSR strategy development found in Chapter 5 and the conflict described in Chapter 7, in large part show an attempt by the MNCs to control CSR and shape it to fit business imperatives aligned with the dominant logic of the traditional business model (TBM).

Figure 22 Evolutionary Institutional Change

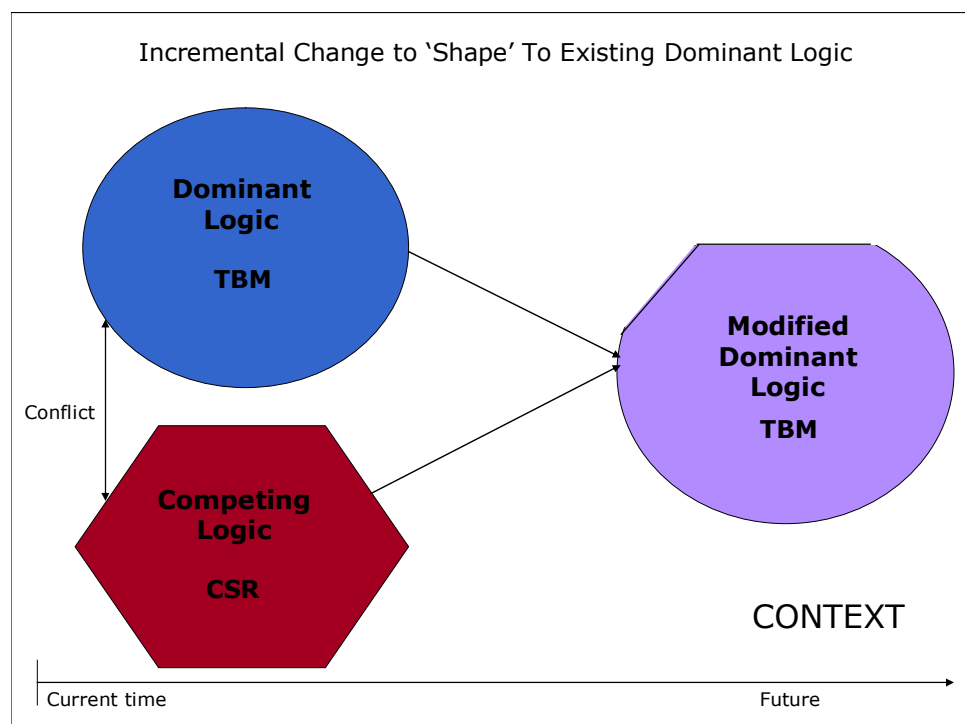


Figure 22 represents the controlling and shaping influence that business has used, in the main, to ensure that CSR practices meet organizational requirements, while allowing some practices to change. The fact that a drive for incremental change was the most common among research participants reflects Krizov and Allenby's (2004) comment that 'acceptance of change is directly proportional to the degree to which the change can be made to appear non-threatening and incremental to existing practices' (p. 44).

Similarly Oliver (1992) suggests that organizations can become involved in political activities to protect their own interests based on conflicts surrounding changes to the perceived value or legitimacy of institutionalized organizational activity, and that this can result in deinstitutionalization of that institution (570).

Thus, the question of why dominant actors eventually embrace some form or degree of change in the institutional practices initiated by fringe or less powerful members (Leblebici et al 1991) may be that it allows them to adjust the changes to a form that maintains the existing power structure or distributional benefits which have so far been to their advantage. As discussed in Chapter 4, the Standardized Practices are comprised entirely of activities, sub-processes and systems that organizations already understand and are in use for other traditional organizational requirements (box 2). Thus, the development and implementation systems and processes for CSR strategy have been largely created by business, for business and slightly modified for application to CSR. Therefore, as society sees corporations becoming more active and engaging in CSR, many feel that it is counterproductive to challenge the way in which these companies are engaging because they may cease to engage if stricter restrictions are put on them. As such, the further

corporations develop these systems and practices, thus shaping and controlling what CSR is, the more control they gain over the form and distributional benefits of the institution.

As was illustrated in the last chapter, this struggle for control is being repeated at the micro-level, where individual actors within organizations seek to control and shape CSR within the organization to fit their own agendas. Thus, the processes of deinstitutionalizing and/ or reinstitutionalizing certain logics (e.g. Greenwood et al 2002) may be significantly influenced by agency at both the organizational and individual level for strategic and political reasons as we have seen above

Therefore, contrary to much of the NI literature that characterizes business either as constrained by institutions (e.g. Scott 2001, Hoffman 2001, Powell and DiMaggio 1991) and therefore acting to resist them (e.g. Oliver 1992, Kostova and Roth 2002), and/ or by those who see them as in most cases passively responding to external pressures (e.g. Hoffman 2001, Vidaver-Cohen 1998, Stevens et al 2004), this research suggests that in the case of CSR, neither of these are true most of the time.

Whether the resulting change is evolutionary or revolutionary, it is clear that actors at the 'microfoundations' of institutions (organizations or individuals), are taking an active interest and have a significant influence in shaping and controlling perception and action around CSR.

8.3. *Contributions to Literature*

This section highlights the contributions to the CSR and NI literature. Although these contributions are mentioned in other parts of this document, such as in the relevant

chapter or in the discussion above, this section is intended to list the contributions together.

As demonstrated in Chapter 2, institutional theory has been incorporated in the CSR literature in a number of ways, but there are yet many opportunities both to apply institutional theory to different aspects of CSR and for CSR to provide novel contexts from which to learn and build on existing iterations of new institutional theory. This study represents one of the few to focus empirically on the development and implementation of CSR within MNCs, and to investigate the role of agency in institutions. This is also one of the few studies to use two distinct ‘qualitative’ methods to investigate the phenomenon from two different levels of perception: the public, presentational data gathered in the interview research, and the day-to-day operational data gathered in the case study research. These two methods also allowed for a breadth of data on systems, processes, context and strategic responses, and a depth of information on framing and negotiating competing logics, and strategic responses to conflict. The remainder of this section will highlight the specific contributions to the literature with contributions to CSR literature represented in blue and to NI literature represented in purple on Figure 20.

8.3.1. CSR Literature

In looking back to the CSR literature from Chapter 2, this research responds to three main gaps: First, this research uses NI theory to investigate CSR and how it is constructed within organizations and by individuals, thereby contributing to our knowledge of CSR as an institution, and some elements of how this institution operates. It therefore responds to the need to better integrate CSR and NI theory (Campbell 2006 & 2007, Marquis et al 2007) by contributing a range of insights such as evidence of an institution of CSR, its

enabling capabilities and the role of actors in shaping it, to the existing body of work linking CSR and NI together (e.g. Moon 2004, Campbell 2006 & 2007, Jeurissen 2004, Mohan 2007). Secondly, this research responds to the need for an empirically-based, detailed model of implementation in practice, to improve theory building for academics and provide useful guidance for practitioners on how to more effectively engage in CSR, and therefore adds to the work on CSR and code implementation (e.g. Nijhof et al 2003, Harris 2004, Schwartz 2004, Veser 2004, Roberts 2003). Thirdly, it also adds to the implementation literature by focusing specifically on organizations operating across national borders, where previous research focused on suppliers of these organizations, with little discussion of the complex contextual factors affecting CSR activities of these organizations (Mamic 2004, Wood et al 2004, Frenkel 2001). This MNC perspective in the development and implementation of CSR strategy is important as these organizations have a significant impact and thus possibility for significant influence globally, and also have a unique set of operating conditions that make ‘doing’ CSR very different than domestic organizations.

The remaining part of this section details the contributions in the gaps listed above in the order they appear on Figure 20.

8.3.1.1. *Isomorphism, Stability and Constraining Elements of Institutions*

The first contribution to the CSR literature is in defining and providing empirical evidence to support the notion that *CSR is an institution* (box 6). While other contributions have suggested CSR can be understood as an institution (Mohan 2007), or as practices being institutionalized (or embedded) within organizations (Moon 2004), this is one of the few studies to provide detailed evidence of the *stabilization of practices*

surrounding the institution of CSR (point A), resulting in a relatively *well developed isomorphic set of practices for CSR* (box 1). This isomorphic form, in combination with the motivations for CSR engagement (Chapter 4) suggest that companies recognize the need to respond to the pressure for CSR to maintain their legitimacy, and that the standardized practices, provide *evidence for the existence of an institution of CSR*. Based on the evidence from this study and within the literature, it is also possible to suggest that CSR is semi-institutionalized (Tolbert and Zucker 1996), where the practices are somewhat well known and have a degree of acceptance, but where this ‘tradition’ is quite new and there is still much room for shaping and influencing its distributional outcomes (Knight 1992). Therefore, CSR is a relatively stable (alternative) semi-institutionalized logic, with a set of standardized practices.

In relating this isomorphic form of CSR back to the existing implementation literature discussed in Chapter 2, there is little help from these contributions in understanding how MNCs (and thus organizations that operate across borders and are subject to a wide range of operating practices) develop and implement CSR strategy within their own operations in sufficient detail as to be useful by practitioners and academics interested in practice.

Three major and consistent gaps in the contributions of previous academic and practitioner models/ guides in the CSR implementation and code implementation literature are that they tend to lack detail (exceptions include the Institute of Business Ethics 2005, Grayson and Hodges 2004, Epstein 2008 and Government of Canada 2006), ignore issues of national/ foreign culture (exceptions include Ethical Trading Action Group 2003, Maquila Solidarity Network 2004, Sethi and Williams 2000, Veser 2004, Kaufman et al 2004, Mamic 2004, Wood et al 2004), and focus on a small subset of issues

encompassed within CSR and/ or parts of the overall development and implementation process (exceptions include Nijhof et al 2003, Adam and Rachman-Moore 2004, Government of Canada 2006).

Many of these models/ guides are also conceptual/ normative and/ or are specific to certain contexts such as South Africa, Thailand, Israel, a particular organization (through single case study design), or a particular industry (exceptions include Mamic 2004, Smith and Feldman 2004, Roberts 2003, Wood et al 2004, Schwartz 2004).

The *Standardized Practices* (box 1) contribute to the CSR and code literature not only in providing guidance based on empirical research and that deals with organizations operating in a transboundary environment, but also deals with a broad range of CSR issues and can be applied across a range of contexts. Where other models focus on certain aspects of the development and implementation process such as Epstein (2008), or on a smaller sub-set of related CSR issues such as Roberts (2003), the Practices broadly include all activities, issues and actors mentioned by participants, providing a more holistic view of the overall implementation process, and include emerging elements of strategy not captured in formal documents. Also, where other contributions have been contextually specific such as Sethi and Williams (2000), the Practices cross a range of industries (described in Chapter 3) and while focused primarily on a UK perspective, is not specific to the UK or other countries, or to particular MNCs, providing more useful guidance at a general level.

Outside the CSR and code literature, the Standardized Practices respond to contributions in the *general management literature* by creating more fluid guidance that describes the

activities, decisions, sub-processes and timing mentioned by key actors in the implementation process, whether they were intended or not as part of the development and implementation activities, as well as including alternative paths and examples of how certain sub-processes or activities varied in their execution within a single organization (Rjinders and Boer 2004). It also helps in being able to identify CSR implementation within a single entity as a teleological process that moves from purposeful enactment of goals, through the implementation and learning generated from this experience which is then fed back into the development and enactment of goals (Van de Ven and Poole 1995).

As indicated earlier in the chapter, the Practices are structured so as to allow description of these activities, and to provide useful, detailed guidance for academics and practitioners as a baseline framework for advancing either theory or practice around this phenomenon. It also responds to the call from many management academics (e.g. Mintzberg and Lampel 1999) to focus on the real-life or practice of management by providing a detailed model for improving our academic understanding of the practice of CSR implementation, allowing the creation of better theory, and in reducing the relevance gap between management academics and practitioners (Tranfield and Starkey 1998).

This work on creating the Standardized Practices also highlights the fact that many corporations either *purposefully or unintentionally ignore foreign national culture* (box 3) in the development of formal CSR strategy (see Figure 20), which has significant implications for the values underlying activities etc. This is supported by the data which also suggests the label of ‘CSR’ (or similar terms) may have little meaning and/ or applicability for different groups of people, primarily those in non-Western countries. *If ‘CSR’ is bundled with other related activities and labeled differently* (box 4), such as

health and safety, it is more likely to gain the necessary buy-in from companies and employees who do not value CSR as a legitimate business objective. Therefore if companies took issues of foreign national culture into consideration in the development of their CSR strategies, they would be likely to know the problems with nomenclature and thus make adjustments to improve overall uptake of CSR across their global operations.

Although some authors have discussed the issue of culture or foreign culture in CSR (e.g. Donaldson 1996), the ignorance of foreign national culture or of the related issue of labeling, supported by empirical evidence, has received little attention in the CSR literature.

8.3.1.2. Agency of Organizations and Individuals, and Enabling Elements of Institutions

Although characterized as semi-institutionalized above, the newness of the ‘tradition’ (Tolbert and Zucker 1996) of CSR means that it provides opportunities for those involved with it to shape and influence the institution (point A), supporting revolutionary or evolutionary changes (Hoffman 2001, Scott 2001, DiMaggio and Powell 1983, Campbell 2007, Knight 1992) that best suit the agenda of the actor(s).

There are a range of ***strategic responses*** (box 7) that can be grouped according to ***WHO participates*** (box 10a) in development and implementation of the strategy, ***WHY the strategy is in place*** (box 10c), in particular who are the intended beneficiaries, and ***WHERE control for the strategy is held*** (box 10b). The intersection of these three continuums results in a range of strategic responses to CSR, all of which are highly active and reflect both the constraining ***and enabling*** characteristics of CSR. This is contrary to

much of the NI literature where some describe corporations as potentially active participants (Oliver 1991, Kostova and Roth 2002, Edelman 1997, Knight 1992) but where few contributions discuss strategic responses to the enabling aspects of institutions that is a conceptual part of the theory (e.g. Hoffman 2001, Scott 2001). This is also true of CSR literature using an NI perspective, where the enabling characteristics of CSR are either brief or ignored. While Moon (2004) defines 'institution' as having enabling characteristics and actors as having the ability to both respond to and create an institution, this is not the focus on the paper. Terlaak (2007) and Mohan (2007) describe corporations as active in CSR from an institutional theory perspective, but do not talk about the enabling characteristics of CSR. Therefore, this research contributes to CSR literature (and to the NI literature discussed below) by providing evidence of the enabling characteristics of the institution.

The evidence of agency (point B), and thus of the enabling characteristics of the institution of CSR is also apparent at the individual level, where individual actors compete with others inside their organization for control over the form of CSR (box 8). As the logic of CSR competes at a fundamental level with the traditional logic of business (triple bottom line philosophy (box 12a) vs. single bottom line philosophy (box 12b)), actors align themselves with the logic that best suits their own personal agenda, and try to shape CSR to fit not only their own agenda, but shape it in a way that is most counter-productive to other competing actors (box 9). As a result of this competition for control over CSR, development and implementation may be ignored. Therefore CSR with its associated norms and practices may become secondary to the potential distributional gains that result from being in control of and shaping CSR to fit a particular agenda. Thus the research contributes to CSR literature in emphasizing the paradoxical nature of CSR

within organizations, where its increased importance may result in significant conflict that in turn may result in stagnation of CSR activities. This adds to the few contributions looking in more detail at CSR and conflict within organizations (e.g Kleinrichert 2008, Newell 2005).

It also provides evidence to suggest that currently, most of the pressures and strategic action regarding CSR are *encouraging evolutionary change of the dominant institution* (box 13). If this trend continues, the CSR logic may be so completely altered and shaped into a form that fits within the existing dominant logic, with no substantive changes to the form and structure of the dominant logic, that it ceases to become CSR and thus will be relatively unobservable. This contributes to literature looking at how CSR fits into business and the future of it (e.g. Garriga and Mele 2004, Robins 2005, Crowther and Rayman-Bacchus 2004).

8.3.2. New Institutional Theory Literature

Within this body of literature, the research contributes in four areas: empirical evidence of how institutions work at the microfoundations (Knight 1992), the need for more work looking at the role of agency in shaping and changing institutions (Geppert et al 2006), CSR as a context for researching the enabling characteristics of institutions (e.g. Scott 2001, Powell and DiMaggio 1991, Campbell 2004, Moon 2004) and the possible identification of another mode of institutional change (e.g. Greenwood, et al 2002, Ingram and Silverman 2002, Knight 1992, Hoffman 2001). The remainder of this section looks at each of these contributions in more detail.

While the majority of work on institutional change focuses on the organizational field level, there is a need to investigate institutional change from at the micro-level or the level of the individual organization (Hoffman 2001, Knight 1992, Tempel and Walgenbach 2007). This research highlights *how individuals and organizations act with regard to the institution of CSR*, thereby furthering academic knowledge of how institutions work at the microfoundations (Knight 1992).

In looking at the microfoundation, it becomes immediately evident that both *organizations and individuals have a significant capacity to influence institutions* (point B). As demonstrated by Tempel and Walgenbach (2007), NI theory portrays organizations (and by extension individuals) as ‘passively adapting to institutions and thus neglecting agency’ (p.16). This is also true of many contributions within NI and CSR literature where the role of agency is ignored as is illustrated in Chapter 2.

The high levels of activity identified in both sets of data in this research provides empirical support to the few authors who highlighted the fact that organizations are not simply passive actors who merely respond to the constraining forces of institutional pressures but can in fact *respond strategically to their institutional environment* (box 7) (Oliver 1991, Kostova and Roth 2002, Edelman 1997, Knight 1992, Giddens 1984 in Scott 2001, Weaver et al 1999). But it goes further to suggest different categories of *strategic responses that both influence and are influenced by the constraining and enabling characteristics of the institution of CSR* (points C & D). The inductive categories identified within this research (Chapter 6) suggest that corporations, whether their responses are symbolic (decoupled) or internalized (coupled), are highly active and rarely, if ever, simply assent (Kostova and Roth 2002) to the pressures of the institution.

Their responses are intended to shape the institution and thus are not only responding in manipulative ways to the constraints imposed by the institution (Oliver 1991), but are actively taking advantage of opportunities to shape the institution in ways that continue to enable their desired activities. Therefore, both their coupled and decoupled (Weaver et al 1999) responses are highly active and while responding to the constraining elements of the institution (Oliver 1991) also respond to and actively shape the institution based on the opportunities it presents.

Therefore, the high levels of activity also indirectly provide empirical support for contributions describing the fact that *institutions both enable and constrain members* (points C & D)(e.g. Powell and DiMaggio 1991, Scott 2001, Campbell 2004). There are few empirical examples of how certain institutions enable certain members, in particular certain members over others. Keeping in mind that members within this research at both the organizational and individual level have been very active in responding to and shaping the institution of CSR, these alternative institutional arrangements have provided corporations with the opportunity to act in ways inconsistent with the existing dominant logic, but also to be largely in control of how the alternative institutional arrangements are shaped and executed. Some corporations clearly want to control CSR as a way of minimizing the changes to the existing institutional arrangements and benefits resulting from distributional advantages, thus attempt *to shape CSR in such a way as to require only slow, incremental, evolutionary changes* (box 13). Other groups (some of which are corporations or other businesses) are actively involved in *shaping CSR as a revolutionary alternative that provides the legitimacy necessary for fundamentally different rules, norms and practices* (box 11), more in line with their own values, ideas and/or agenda. Because CSR is a legitimate alternative to the traditional business model,

and because corporations have a high degree of control over how this institution is shaped, CSR provides corporations with opportunities to change and gain more control over their institutional framework, and thus enables corporations as much or more than it constrains them. This, in conjunction with the fact that the vast majority of states have purposefully not yet taken any serious steps towards legislating or regulating CSR means that corporations are relatively free to have significant influence over its shape and form, giving them the opportunity to create the institutional arrangements surrounding their role in society and relationship with the other societal sectors. Therefore, CSR provides an empirical context from which to study the enabling characteristics of institutions, and therefore this research contributes to furthering NI literature on the enabling characteristics of institutions.

Lastly, there is evidence from within this research that some individuals choose to *support a particular institutional logic based on political reasons* (box 9), and that therefore, institutional change may result from political and not rational selection of available choices. Within the body of NI literature, few contributions discuss the role individual actors have in shaping and controlling institutions. Knight (1992) as one of the few to have done this by linking NT theory and power, suggests that in fact the stability of dominant institutions results from agreement among rational actors that even though the distributional benefits favour some groups and not others, it is the best arrangement that those who are disadvantaged could achieve. Thus, *all actors agree* to an uneven distribution of benefits flowing from what becomes the dominant logic because they *rationally agree that they can do no better than the current arrangements*.

However, the case study research in fact suggests that dominant institutions are maintained not necessarily because they are unchallenged, but because the power associated with being the dominant form *prevents* challenge. Thus when alternative institutions become more legitimate either through association with groups already labeled as powerful (e.g. investors), or as alternatives with more persuasive ideas become more widely supported within society, this gives actors an opportunity to challenge existing dominant institutions, and to shape the alternatives. Thus, some actors who are disadvantaged by the existing dominant institutional arrangement may in effect wait for an opportunity to challenge these arrangements and the chance to improve not only their own distributional benefits but to disadvantage the benefits for other competing actors. Thus *deinstitutionalization can be caused by a range of factors* (see Scott 2001, Oliver 1992, Hoffman 2001, Knight 1992, Greenwood et al 2002), *that may include the support of an alternative institution for political reasons.*

8.4. Research Conclusion

As we recall from Chapter 2, Fligstein (1991) highlights the problems associated with trying to investigate institutions given the difficulties with observing these types of theoretical models. However, as Salancik and Pfeffer (1977) point out, we can investigate hard to see phenomenon by investigating its consequences.

This research started with a single objective: to understand the systems and processes involved in developing and implementing CSR strategy in a global context. This objective had two specific goals: one, to provide useful guidance for companies and their stakeholders on how to engage more effectively with CSR; and two to expand our theoretical knowledge of both CSR and institutions.

Underpinned by an interpretive approach to research, and a multi-method research design, this study provides evidence of an institution of CSR and of how it functions.

The isomorphic form of CSR identified in Chapter 4 in combination with the definitional work in Chapter 2 suggests both the theoretical possibility and practical evidence of an institution of CSR. The *standardized practices* of Chapter 4 provide empirical evidence of stability around CSR, indicate sameness in the regulative, normative and cultural-cognitive elements of these practices, and thus of the existence of an institution of CSR. Chapter 4, in combination with the individual, organizational and national/ transnational contextual factors described in Chapter 5 also highlight the fact that many businesses increasingly feel the pressure to engage in CSR, and thus to reflect the rules, norms and cultural scripts (Vidaver-Cohen 1998) that give organizations the required legitimacy to continue operating within society. Thus, Chapter 4 and 5 demonstrate the existence of the CSR institution and its constraining influence on organizational and individual actors. Chapters 6 and 7 thus show the enabling characteristics of the CSR institution, where both organizational (Chapter 6) and individual actors (Chapter 7) operate in strategic and political ways to exert their influence over the institution to achieve a particular agenda. Chapter 6 illustrates the range of strategic responses employed by organizations who are both responding to and working to actively influence the institution of CSR, and shows how agency is working at the organizational level. Chapter 7 also shows the role of agency in influencing the institution of CSR but at the individual level, where the institution of CSR (with its own distinct institutional logic) is brought into a business already operating according to the traditional business model (thus with its own distinct logic), causing conflict between the two logics. As part of this conflict, actors support one

of the alternatives (in this case either the CSR logic or the traditional business logic) and select their alternative based on whether it is the best for them politically. Therefore, some actors support an institution for political reasons and not because they agree with the logic of the institution or because it is in their rational self-interest to support it. In supporting an alternative institution, this can cause revolutionary/ evolutionary changes to either institution, or cause an institution to go into decline (e.g. Scott 2001, Hoffman 2001). Currently, companies are working to shape the institution of CSR to fit within the dominant institution (evolutionary change), and if this trend does not change, the institution of CSR may go into decline as it is subsumed into the dominant logic.

As was discussed in Chapter 1, this research is multidisciplinary, empirical and applied. Although focused primarily on CSR and NI literature, this research is informed by other areas such as general management, sociology and psychology, and is therefore multidisciplinary. The two data sets of the multi-method interpretive study provide rich data on the presentational and operational aspects of the research objective, providing the ability to investigate the development and implementation of CSR strategy across organizations providing breadth, and within a single organization, providing depth. Contributions resulting from the data are firmly grounded in the practice of management, responding to calls for increased relevance of research for practitioners (e.g. Tranfield and Starkey 1998, Mintzberg and Lampel 1999). To illustrate the relevance of this research for practitioners, the next part of this section highlights some of the key actionable items resulting from the study.

8.5. *Implications for Managers*

According to Ritchie and Spencer (2002), applied research can be distinguished from theoretical research ‘through its requirements to meet specific information needs and its potential for actionable outcomes’ (p.306). While there are a range of practical outcomes from this research, the key outcomes are discussed below.

The Standardized Practices were designed with the dual purpose of improving academic rigour around implementation frameworks and in responding to the practical goal of this research which is to create more specific guidance, based on the ‘real life of practice’, that companies can use to improve their engagement in CSR. The Practices therefore are organized as a single macro-process that acts as a guide for organizations looking to develop and/or implement their own CSR strategy. It is intended to help companies by describing current ‘best’ practice; required systems, issues involved, how to structure certain functions and activities, where each part fits into the overall strategy and how other organizations are dealing with similar concerns around CSR/SD/ethics implementation issues. Managers can use the Practices to improve the effectiveness of their existing commitment to CSR, or as a guide for how to become involved in CSR, with information on the systems and processes needed to create a rigorous strategy.

This research also suggests that companies who want to improve their efforts towards CSR from a practical perspective should aim to sit somewhere in the middle of each of the three continuums found in Chapter 6. These ‘positions’ are the most effective strategy to increase participation and buy-in to these initiatives, while maximizing the potential benefits for all stakeholders. Therefore, coupled strategies are more likely to help prevent operational risks associated with CSR issues than are decoupled strategies, which are

currently the norm. Consideration of relevant national culture in the development of CSR strategy is also likely to result in more appropriate commitments and consistent global identity around CSR issues, due to inclusion of key issues from around global operating locations and appropriate identification of priorities. It will also improve the ability of the organization to monitor, measure and report on performance related to the strategy.

Lastly, practitioners need to be aware of the possibility for individual actors to engage in conflict over CSR and take action such as assigning responsibility for CSR research and design to one actor or group of actors, with the authority to make decisions and access other members of the organization at a level that they will be taken seriously.

This chapter concludes with a discussion of the key limitations and areas for further research.

8.5.1. Limitations

The research was limited by three main issues. Methodologically, this research was limited by access. Originally the research was designed as a multi-site investigation into one company, to speak with all levels of employees about the CSR strategy, its relevance, implementation etc. However, we were unable to find a company willing to provide such in-depth access. As such, the perspectives in this research are limited primarily to head office personnel based most often in the UK, with some from Canadian head offices.

In terms of CSR literature, the more specific offshoots of it such as the role of individual behaviour within the organization and ethical decision-making (e.g. Trevino 1986, Velthouse and Kandogan 2007, Ritter 2006) was not investigated to any degree. This is

due to the fact that the issues under investigation exist at a level up in abstraction and therefore made these ‘drilled down’ areas less relevant to the necessary discussions. Also, due to the range of disciplines investigated in this research (CSR, management, sociology, psychology, specifically within those implementation, institutional theory, strategy and power), each area necessarily received less attention than would have been the case if this research was not multidisciplinary.

Lastly, restrictions of time have also meant that the Standardized Practices, strategic categories and findings on competing institutions could not be ‘tested’ in the more quantitative sense of taking them back into the field to identify their degree of usefulness and significance with a wider sample.

8.5.2. Areas for Further Research

As this research was exploratory, it identified a range of areas for further research. The more significant areas are:

- Investigating the hypothesized relationship in Figure 20, to identify how internal conflict and competition between competing institutions affects the strategic choices made by corporations.
- Creating case study evidence on the impact individual, organizational and external source power has on how CSR is shaped within organizations, how it is developed, where the processes differ, how this affects implementation and who is allowed to participate etc.
- Looking at CSR as an alternative institution and trying to trace its roots and future trends of incorporation into business. This might include doing a longitudinal study of the language used to articulate CSR to see if there are significant

differences that would suggest evolutionary or revolutionary change. Look at upcoming trends, powerful players, and the rhetoric of different societal groups and try to identify where the institution of CSR may be moving in the future.

- Focusing specifically at the Standardized Practices and further investigation to identify best practice with different components, or in different countries.
- Better understand the role of agency in NI theory.
- Further identifying the role of home and host country culture in CSR implementation, why it is ignored or missed and creating a guide for companies on how to better include cultural issues in the development of their strategy, rather than as an add-on later in the process.

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