



No. 29-2004 ICCSR Research Paper Series – ISSN1479-5124

'Implicit' and 'Explicit' CSR
A conceptual framework for understanding CSR in Europe

Dirk Matten and Jeremy Moon

Research Paper Series
International Centre for Corporate Social Responsibility
ISSN 1479-5124

Editor: Dirk Matten

International Centre for Corporate Social Responsibility
Nottingham University Business School
Nottingham University
Jubilee Campus
Wollaton Road
Nottingham NG8 1BB
United Kingdom

Phone +44 (0)115 84 66976

Fax +44 (0)115 84 68074

Email ICCSR@nottingham.ac.uk

www.nottingham.ac.uk/business/ICCSR

'Implicit' and 'Explicit' CSR
A conceptual framework for understanding CSR in Europe

Dirk Matten and Jeremy Moon

Abstract

This paper presents a conceptual framework of corporate social responsibility (CSR) prompted by the need to understand its changing status in Europe. It is informed by questions concerning (i) the extended period in which European corporations did not appear to match their American counterparts and (ii) the more recent and relatively rapid rise in CSR in Europe. It illustrates the comparative differences in CSR with reference to three areas of CSR and explains with reference to key differences in the European and American national contexts. It offers and justifies the distinction between 'explicit' (American) and 'implicit' (embedded in broader norms and regulation) CSR and posits that national CSR systems will be a function of the intensity of the institutional framework and the salience of social issues to individual corporations. The significance of these variables for current trends in European CSR is fleshed out with the aid of the concepts of national business systems and new institutionalism.

Author

Dirk Matten was a full time member of ICCSR from 2002-2004 and continues to be involved intensively with the centre in various research and teaching projects. He works with Andy Crane and Jeremy Moon on a book on 'Corporations and Citizenship' and co-edits 'The Oxford Handbook of CSR' with members of the centre. He also works with ICCSR on the implementation of codes of conduct and the management of HIV/AIDS by multinational corporations in the developing world. He has currently a Chair in Business Ethics at the University of London (Royal Holloway College) where he is also the Director of the Centre for Research Into Sustainability. **Jeremy Moon** is the Director of the International Centre for Corporate Social Responsibility (ICCSR) at the Nottingham University Business School and a Professor of Corporate Social Responsibility

Address for correspondence

Professor Dirk Matten
Chair in Business Ethics
Director, Centre for Research into Sustainability (CRIS)
School of Management, Royal Holloway
University of London
Egham, Surrey, TW20 0EX, England
Email dirk.matten@rhul.ac.uk

‘Implicit’ and ‘Explicit’ CSR

A conceptual framework for understanding CSR in Europe

Dirk Matten and Jeremy Moon

Introduction

This paper conceptualizes the notion of ‘corporate social responsibility’ (CSR) beyond the economic, social and political context of its American origins by investigating the changing manifestations of the social responsibility of business in Europe. By Europe, we refer only to the democratic and capitalist systems, initially of Western Europe and Scandinavia, more recently of Southern Europe and only latterly of Eastern Europe. As these countries share the most basic political and economic characteristics with the USA (i.e. democratic capitalism) there is clearly an explanatory puzzle for their differing historic profiles of CSR.

In this context, the paper starts from the empirical observation that CSR has gained unprecedented momentum in Europe in recent years. There is ample evidence for this recent growth of interest in CSR within European industry, politics and academia. We confine ourselves to just a few examples. First signs were in the UK in the 1980s with the emergence of the major business coalition, ‘Business in the Community’¹ (BITC). But this is not simply a story of Anglo-Saxon emulation of America as illustrated by the foundation of ‘CSR Europe’² in 1996, an industry organisation to coordinate, foster and promote the implementation of CSR in European companies. Later the European Commission issued a couple of initiatives to foster the concept of CSR in its member countries and provide a platform for a common understanding (coincidentally countries which retained some vestiges of civil society through the periods of communism - see Commission of the European Communities, 2001, 2002). Finally, on a more academic level, the ‘European Academy of Business in Society (EABiS)’³, a multi-stakeholder organisation focusing particularly on the mainstreaming of CSR in business education and research, was founded in 2002.

This paper is stimulated by two questions directly related to this recent surge in CSR in Europe. First, this development raises the question whether, if CSR has only now entered the public debate in Europe, does this mean that, hitherto, corporations in Europe were oblivious to their social irresponsibility? The second question we address is more positive: if ‘CSR is an idea whose time has come’, as even sceptics such as Martin Wolff, Chief Economics Correspondent of the *Financial Times* commented (Wolff, 2002: 62), why has this concept entered the agendas of European business, politics and academia so much later than those of the USA and other parts of the world?

We discuss these questions in the following ways. We will identify key elements of the CSR concept in the way it was featured in the original, that is US-American, context (section 2). In the following section we will empirically compare how issues addressed by CSR in the USA have been addressed in Europe (section 3). Based on these empirical examples and reflecting a broader body of empirical comparative research we will then develop a conceptual framework of CSR which reflects both the original US-American approach as well as the European take on issues of the corporate responsibility for societal issues (section 4). Based on this conceptual framework we will delineate further avenues of research in CSR which relate back to both key questions asked above (section 5). On the one hand we argue that our conceptualization allows for research into different societal views and institutional manifestations of CSR, on the other hand we suggest our framework as a research perspective on reasons for the increasing global proliferation and acceptance of CSR as a important area of business practice, policy initiative and academic research and teaching. Finally we will discuss some implications and adumbrate a few caveats of the proposed framework (section 6).

WHAT IS CSR?

Despite a vast and growing body of literature on the concept of CSR (e.g. Carroll, 1979, 1991, 1999) and related concepts (Clarkson, 1995; Swanson, 1995; Wartick & Cochran, 1985; Wood, 1991) defining CSR is not as easy as it might at first appear (Garriga & Melé, 2004). First, we argue that CSR is an ‘essentially contested concept’ because it is ‘appraisive’ (or is considered as valued); ‘internally complex’; and their rules of application are relatively ‘open’ (Moon, Crane, & Matten, 2004). Secondly, CSR overlaps with some, and is synonymous with other, conceptions of business- society relations (Crane & Matten, 2004). Thirdly, defining CSR is problematic because of the very issue which this paper draws attention to: the place of the national business context in explaining different national CSR systems.

At the core of the concept is the idea that it reflects both the social imperatives and the social consequences of business success, and that responsibility accordingly falls upon the corporation, but the precise manifestation and direction of the responsibility lies at the discretion of the corporation. CSR was thus differentiated from business activities to fulfill their core profit-making responsibility and from the social responsibilities of government (Friedman, 1970). This conception is grounded on broader assumptions about business, society and government which have been widely regarded as distinguishing the USA from Europe. These include: the relative capacity of Americans for participation (De Tocqueville, 1835/1956) their relative capacity for philanthropy (Bremner, 1988) and, in particular, the relative capacity of business people for philanthropy (Dowie, 2001); their relative skepticism about big government (King, 1973); and their relative confidence about the moral worth of capitalism (Vogel, 1992).⁴

Furthermore, even within the USA, understandings of CSR have varied and developed over half a century. Even Friedman (1970) identified business responsibilities to obey laws and customary ethics as well as to pursue a prudential responsibility to invest in areas of corporate activity. Carroll (1979; 1991) systematised these responsibilities distinguishing economic, legal, ethical and philanthropic responsibilities. Subsequently, concerns with corporate social performance, stakeholder relations, corporate citizenship, links with financial performance and developments in the field of ethics have extended CSR theories and practices (Schwartz & Carroll, 2003) some of which reflect impacts of more European thinking (Garriga et al., 2004).

THREE EXAMPLES OF CONTRASTING AMERICAN AND EUROPEAN CSR

The conceptual model developed in this paper is based on the empirical differences between the USA and Europe in defining, addressing and implementing the responsibilities of business towards society. To clarify this empirical basis of our argument we will refer to three examples. We are however aware, that these examples are far from exhaustive and while the space of this paper is limited to expand on those empirical differences we would relate to the considerable body of literature on comparative CSR which has grown over the last decade (for an overview see Crane et al., 2004 and references).

Worker's rights: CSR and European employment legislation

The role and rights of employees has been one of the more longstanding and core topics of CSR in its original context in the USA. Fair wages, working time and conditions, healthcare, redundancy, protection against unfair dismissal, just to name a few examples, have been key issues to which CSR policies have been addressed. Currently, many outlets of Starbucks Coffee in the USA announce that the company is offering to pay the healthcare benefits of all employees (respectively franchisees) who are employed by the company for more than 20 days per months⁵.

For Starbucks and a host of other USA corporations⁶, this initiative, alongside a number of other initiatives to ‘insure the uninsured’ is one of the cornerstones of their CSR.

Following up our questions about CSR in Europe we might ask why similar initiatives could hardly be reported from German, British or French restaurant chains. Is this because European companies are less concerned about their employee’s health or oblivious of the social security of their workforce in general? If we turn to the UK, every British citizen has health insurance by law through the National Health Service (NHS) and every employee has the mandatory duty to pay a very modest amount (compared to health insurance premiums in the USA) into this government run and managed national health care system. Similarly in Germany, membership of a health insurance plan is a mandatory requirement for every employee and furthermore, the legal framework defines precisely which amount of the monthly insurance premium is paid for by the employer and the employee (normally the split is 50/50). On a more general note then we may conclude that the absence of CSR policies in European companies in many employment related issues (and beyond) is due to the fact, that the institutional framework of the economy, in particular formal, mandatory and codified rules or laws define the responsibility of corporations and other societal actors for particular social issues. CSR as a voluntary corporate policy in Europe appears dispensable because these issues are not left to the discretion of corporations because they are part of the legal framework.

Environmental Protection: Different attitudes to societal risk allocation

As a second example we would draw on the work of David Vogel on the different regulatory approaches in the USA and Europe to allocate the responsibility for technological and scientific risks, in particular the risks of genetically manipulated organisms (GMOs, Löfstedt

& Vogel, 2001; Vogel, 2002). Generally speaking, the USA authorities, most notable the Food and Drug Administration (FDA) and the USA Department of Agriculture, operate a 'laissez-faire' - approach releasing 58 GMOs until 2002 while at the same time the EU Commission legalized just 18 GMOs. As Vogel argues, this attitude reflects significant differences in public risk perception on both sides of the Atlantic which are significantly lower in the USA than in Europe. Given the comparatively liberal attitude of regulators towards the risks of GMOs it does not come as a surprise that major American Food companies, such as McDonalds, Gerber and McCain, in response to substantial consumer activism publicly renounced using ingredients made from genetically altered seeds (Vogel, 2002: 6).

Such a radical example of corporate assumption of responsibility for what is growing to be an issue of societal concern is far less likely to be undertaken by European companies. The reason, again, is not that European companies care less about their environmental responsibility but rather the fact that they are left with a far lower degree of discretion in issues of societal risk allocation. Again, a main element of transatlantic difference lies in the institutional framework, both on the level of informal institutions such as values and beliefs in society as well as on the level of codified rules and norms which are part of the mandatory legal framework of corporate activities.

Education: American and European business roles

Education is another area where we see markedly different forms of social responsibility on either side of the Atlantic. Notwithstanding the fact that the USA has a relatively high proportion of secondary schools in the public sector and a very large public higher education sector underpinned by significant public expenditure (Castles, 1998), it is also an area of

relative explicit CSR priority compared to Europe. Maignan and Ralston's (2002) comparison of stakeholder issues found education to be the second most signalled USA stakeholder issue whereas it is of virtually no significance for French and Dutch companies. Although education is also ranked second for UK companies, it is not signalled by so many companies as in the USA and the most prominent issue, protection of the environment, is signalled by almost twice as many companies as is education.⁷ Support for secondary schools in the USA is not simply a case of supporting local schools. CSR education alliances have been used by business as a major vehicle for addressing issues of economic and social inequality (Heaveside, 1989; Lacey & Kingsley, 1988; Timpane & Miller McNeil, 1991). Turning to higher education, Dowie (2001; 26⁸) reported that in 1998 corporations donated \$3.25bill whereas foundations (e.g. Carnegie, Ford, Annenberg) donated \$3.8bill.

This reflects features of American exceptionalism: education as general philanthropic priority (Dowie, 2001: 23) and a highly decentralised public administration of education (Heidenheimer, Hecllo, & Adams, 1990). In contrast, despite its federal political structure, German education has long been centrally administered and funded, extending at times to the setting of university assignments. In Sweden, government has rationed entry to higher education according to national labour market planning objectives. The comparative outcome has been more conspicuous social inequality in American educational outcomes on the one hand, and higher levels of participation, diversity, choice and innovation than in Europe on the other (Heidenheimer et al., 1990).

Looking at these examples, we would concede that there are signs that some European companies are beginning to include social risk issues into their branding and reputation policies. More is being asked of corporations as well as individuals in the funding of many

European employment insurance systems. The profile of business in European education is also increasing. Nevertheless, despite these more recent signs of convergence, the different salience of CSR issues in different geographical areas warrant different levels of public attention in the USA and Europe (Downs, 1972; Kingdon, 1995).

EXPLICIT AND IMPLICIT CSR – A DEFINITION

These three examples illustrate our contention that differences in the way CSR is implemented and embedded in business-society relations in the USA and Europe depend on two key variables. First, there is a fundamentally different institutional environment which allocates responsibility for social issues in a different way on both sides of the Atlantic: while CSR in the USA would address issues of the social responsibility of business explicitly in corporate policies, programmes and strategies, the responsibility for these issues in Europe is implicit in the formal or informal institutional environment of business. Thus the absence of CSR in Europe during the decades when it became an explicit element of mainstream business activities in the USA does not mean that business did not recognise and assume these responsibilities but different institutional environments account for differences in the way CSR is implemented in Europe. Secondly, we acknowledge that particular issues of social responsibility of business, such as the use of GMOs, the relevance of health care insurance, or the resourcing of education differ considerably on both sides of the Atlantic.

Our conceptualization of CSR in a European context then builds on these two variables, national context and corporate salience of social issues and is depicted in Figure 1. To recognise the distinctive mainsprings and modes of social responsibility yielded by our American – European contrast whilst avoiding implying that the European model is not socially responsible, we coin the distinction between implicit and explicit CSR and offer the

following definitions:

By **Explicit CSR** we refer to *corporate policies* to assume responsibility for the interests of the society. Explicit CSR would normally consist of voluntary, self-interest driven policies, programmes and strategies by corporations addressing issues perceived as being part of their social responsibility by the company and/or its stakeholders.

By **Implicit CSR** we understand the entirety of a country's *formal and informal institutions* assigning corporations an agreed share of responsibility for society's interests and concerns. Implicit CSR normally consists of values, norms and rules which result in (mostly mandatory but also customary) requirements for corporations to address issues stakeholders consider a proper obligation upon corporate actors.

Representative business associations or individual corporations would often be directly involved in the definition and legitimisation of these social responsibility requirements and if not they would consider the outcomes as a legitimate trade-off for their own legitimacy. This implicit CSR would normally not be included in traditional American textbook treatment of CSR.

Insert Figure 1 about here

Figure 1 displays the relationship between these two conceptions of CSR. Implicit and explicit CSR are both approaches to deal with the same kind of issues, namely social issues in the relations of corporations to their stakeholders which, in the broadest sense, need to be addressed. We present the USA as being comparatively characterised by the deployment of CSR agendas to address these and we present Europe as being comparatively characterised as addressing these implicitly through institutional networks. Notice that we do not present a dichotomous distinction between the two systems but rather one of emphasis. Thus, we do

not argue that the USA is devoid of the implicit CSR we see as more characteristic of Europe. On the contrary, in the USA there are still significant elements of implicit social responsibilities for business regulated by the legal framework in, for example, worker's rights issues, the role of trade unions and considerable levels of environmental legislation. Corporations (and individuals) contribute through taxation to public expenditure to UA-American health and education (Castles, 1998). Similarly we do not see Europe as devoid of explicit CSR as evidenced by well-known cases of industrial paternalism and business philanthropy (Cannon, 1994).

More generally we also note that issues considered of high social importance in both systems tend to be stronger institutionalized, and thus in our terminology, CSR tends to be more part of the implicit framework of an economy. In the USA these are typically issues which result from litigation processes and thus end up high on the public agenda. So, for instance the social responsibility of certain contested industries, such as tobacco, or specific issues of consumer safety or environmental protection have been more intensely addressed by the implicit framework than in Europe. Conversely, European countries and the EU to some degree tend to address the social responsibility of business in the area of employee's rights, welfare and social security by the implicit framework.

It should be noted that though we argue that the higher the intensity of the institutional framework of an economy the higher also the extent of implicit CSR this does not imply that the institutional framework is synonymous with CSR. Not all formal and informal institutions of a country necessarily target the allocation of business' responsibilities and Figure 1 simply indicates that on balance, countries with a more longstanding and dense institutional heritage are more likely to address CSR issues in the form of implicit CSR.

We suggest the terminology of ‘explicit’ and ‘implicit’ CSR because we want to make a contribution to the CSR debate and to the more longstanding American discourse on the role of business in society. Therefore, ‘explicit’ describes the way in which issues of social responsibility are addressed *by corporations*, namely as part of the explicit CSR policies. We term the allocation of those responsibilities by institutional elements, most notably the legal framework as ‘implicit’ because these institutions are not specifically articulating and dealing with those topics as CSR issues. In fact, as we argue earlier, the entire terminology of CSR was historically alien in many, and remains so in other, parts of Europe. Nevertheless, these issues are addressed by those institutions in the form of public policies (and only en passant as CSR). Even when the public policies require forms of business conformance this is not described as CSR. We are aware of the fact that many of these elements of ‘implicit CSR’ in fact occur in the form of quite explicitly codified norms, rules and laws. From the perspective of CSR however, they are not explicated as CSR as such. Rather CSR is an ‘implicit’ element. In these cases it is the societal norms and state legislation which are explicit such that the prime point of responsibility is at a broader level than that of the individual corporation, or even business generally. Table 1 provides an overview over both elements of CSR as defined here.

Insert Table 1 about here

IMPLICIT AND EXPLICIT CSR: TOWARDS A NEW RESEARCH AGENDA

We argue that a dual view of CSR as consisting of implicit and explicit elements does not only offer a better descriptive model of CSR but that this approach also opens the way to a more theorized research agenda in CSR.

Our conceptualization of CSR lends itself in particular to the theoretical framework of institutional theory(ies). As Aguilera and Jackson (2003) have argued recently, institutional theory – as opposed to more agency theory focused approaches - is particularly useful in understanding cross-national differences in corporate governance. As identities and interests of stakeholders vary cross-nationally, much of the assumption of agency oriented inquiry in corporate governance works with too simplistic notions. As we argued above, in CSR in particular the motives of managers, shareholders and other key stakeholders shape the way corporations are governed. The more actor centred approach of institutional theory allows for exploring exactly these aspects and compare them between different national, cultural and institutional contexts. Moreover, institutional theory puts interdependencies between and interactions among stakeholders within the purview of analysis, which is particularly important in understanding CSR in a European multi-stakeholder context. Closely linked to this, unlike the rather one-dimensional and limited array of institutions influencing corporate governance institutional theory allows for considering multiple and complex institutional arrays. Differences in understanding and defining CSR in Europe are due to a variety of longstanding, historically entrenched institutions which account for key differences to the US-American context.

In particular, contemporary European and American institutional theory sheds an interesting light on the global spread of CSR and its societal contextualization beyond its US-American origins. It enables CSR to be framed as a research topic in a broader context of inquiry which is currently on the agenda in organization studies as well as international management (Tempel & Walgenbach, 2005). On the one hand, explicit CSR is part of a broader movement of the global spread of management concepts, ideologies and technologies which mostly

result in some sort of ‘Americanisation’ of management practices. On the other hand, implicit CSR is part of the institutional framework of countries and regions and thus differs from country to country. This debate about the convergence and divergence of management practice has been on the agenda in business studies for quite some time (Child, 2000), in particular in a European context (Geppert, Matten, & Williams, 2002), and we would suggest institutional theories as the most propitious framework to explain ‘implicit’ and ‘explicit’ CSR.

Implicit CSR and the national business systems approach

Starting with implicit CSR we would argue that its occurrence, forms and specific national differences can be explained by perspectives discussed for more than 30 years in the ‘national business systems’ or ‘societal effect’ approach (Maurice & Sorge, 2000; Maurice, Sorge, & Warner, 1980; Sorge, 1991; Whitley, 1992, 1999, 2002a, b). The basic theoretical construct of this perspective is depicted in Figure 2.

Insert Figure 2 about here

European institutionalists, as this school of research is sometimes referred to, argue that every country has a specific, historically grown institutional framework which shapes and constitutes what they call a ‘national business system’ (Whitley, 1997) or ‘social system of production’ (Hollingsworth & Boyer, 1997). We argue that this national business system (NBS) precisely encapsulates the underpinnings of what we termed ‘implicit CSR’ earlier on in this paper.

Nature of the firm. this aspect focuses primarily on forms of ownership coordination in an economy. While the USA tends to rely more on market based forms of contract based

ownership, European countries, especially continental ones, still have a large amount direct ownership or alliance ownership, most notably through networks of banks, insurance companies or even governmental actors. Other European countries, notably the UK, have had high levels of public ownership and public investment in private industry until relatively recently. It is evident, that the nature of the firms directly impacts on various CSR issues, such as the role of stakeholders beyond shareholders, the mechanisms of corporate governance, the accountability of corporations to wider constituencies etc.

Organization of market processes. A decisive feature of a NBS is how the economic relations between actors are organized and which coordination measures an economy prefers, the two extremes here being markets and alliances, which in most European cases have been government-led. The way these relations are organized touches on a significant number of CSR issues, such as, consumer protection, product stewardship, liability for production and products, labour issues.

Authoritative coordination and control systems. NBSs differ considerably in the way: employer-employee relations are organized; the degree to which delegation takes place; trust governs relationships; and the discretion in the task environment granted to employees. Again, much CSR focuses on these issues and we would argue that the implicit framework of European CSR covers a significant number of issues which would be part of explicit CSR policies in different NBSs.

As Figure 2 indicates, these components of the NBS are shaped by political, financial, educational and cultural institutions, and as these institutions differ from country to country, business systems also differ cross nationally. As we contend that ‘implicit’ elements of CSR

are embedded in and part of the European NBSs, we argue that differences in what CSR actually means differ from country to country: implicit CSR, such as industrial relations, labour law or governance legislation are different from country to country which not only makes implicit CSR different cross-nationally but also the shape of explicit CSR policies. For instance, while employee participation in corporate governance might be part of the explicit CSR policies of an American corporation, a German CSR policy would not have to address these issues as they are already predisposed by the (implicit) institutional framework of the NBS.

We suggest the NBS approach also because it draws on a rich research tradition particularly in Europe (Whitley, 1992; Whitley & Kristensen, 1996, 1997), but increasingly also in other parts of the world (Choi, Hilton, & Millar, 2004). Furthermore, one of the key arguments of this school of research is that despite ongoing processes of globalization in the sense of harmonization and standardization of management processes and structures, NBSs still remain distinct. This point therefore underpins our reading that much empirical research finds CSR differs between Europe and other systems and also within European systems (Adams, Hill, & Roberts, 1998; Maignan et al., 2002; Welford, 2004).

In the light of the NBS approach the fundamental differences between the USA and Europe can be explained by key points of contrast between the business systems which in turn inform the different 'spaces' for CSR (Whitley, 1997, 1999):

The role of the state in risk sharing/economic activity. With traditionally large and mandatory insurance systems for health, pensions and other social commodities European governments traditionally have caused corporations to take over a significant amount of

responsibility for these issues by mandatory regulation. With governments as a major shareholder or sometimes owner of corporations, social risk issues have often been part of the top-level goals of corporations. In America this is a much more discretionary issue. A major and distinctive impact of government here is the provision of incentives to employers through negative tax expenditures. American corporations may well provide pension schemes but not as a result of compliance but of calculation of labour market factors, employee relations, tax incentives and CSR profile. Similar calculations would be made for their CSR regarding the environment and education.

Less stronger influence of capital markets. In credit- rather than market-based systems of corporate capital sourcing there is an institutionalized propensity of corporations to regard stakeholder claims other than those of shareholders as legitimate. Corporations already integrate policies towards safeguarding of employment as part of their corporate policies and regard it as legitimate to “sacrifice” some degree of profitability to these goals.

Regulation of labour markets, role of trade unions and industry association. A particular area of CSR policies would be the role of employees and the position of labour as production factor. Many of the firm-based policies which in the USA are described as CSR are simply redundant in European institutional frameworks as it is mandatory or customary for corporations to fulfil such measures.

Explicit CSR and institutional legitimacy

On the other hand, as we have argued above, there is ample evidence that CSR in the ‘explicit’ sense is gaining momentum and spreading all over Europe (and beyond). We would suggest that the theoretical approach of ‘new’ or ‘American’ institutionalism (DiMaggio &

Powell, 1983; Meyer, 2000; Meyer & Rowan, 1977) provides a helpful theoretical perspective on the understanding of these processes. The central focus of this school of institutionalism has been to analyse how homogenization of institutional environments across national boundaries takes place and how regulative, normative and cognitive processes lead to more and more standardized and rationalized practices in organizations across industries and national boundaries. We would argue that new institutionalism helps to understand why and how explicit CSR is gaining momentum as a new management concept. The key argument of this theoretical school is that organizational practices change and become institutionalized because they are considered as legitimate. Legitimacy – as opposed to economic efficiency for instance – is regarded as the key driver of institutionalization. This legitimacy is ‘produced’ by three key elements or processes (DiMaggio et al., 1983).

Coercive isomorphisms. Externally codified rules, norms or laws assign legitimacy to practices. In the case of CSR in Europe one could argue that governmental initiatives, such as EU green papers, or the initiatives of the UK Department of Trade and Industry count among those coercive isomorphisms which foster the spread of CSR across Europe. Similarly, self-regulatory and voluntary initiatives which refer to codes and norms could be counted among these isomorphisms. So, for instance, various codes of conducts for multinational corporations issued by bodies such as the UN, the OECD, the ILO and others can be counted among drivers of CSR, certainly for MNCs, in Europe. The decision of the International Standard Organization to develop a new ISO standard on CSR will certainly influence European companies to go further into this direction (ISO, 2004). Similarly, the compliance with certain environmental standards, such as ISO 14000 or the EMAS scheme – often supply chain driven – requires that companies adopt particular CSR policies. An increasingly important role here is also played by socially responsible investment community. Indexes such as the

FTSE4GOOD or the decision criteria of certain investment funds play a similar role for corporation if they want to gain or sustain access to these sources of capital. Most recently, the UN Global Compact could be seen as another driver of explicit CSR as it also externally codifies some fundamentals of responsible corporate behaviour.

Mimetic processes. In a business climate of increased uncertainty and increasingly complex technologies managers tend to consider certain practices as legitimate just because they are considered to be ‘best practice’ in other parts of the organizational field. These processes then would also account for the upcoming of ‘management fashions’, such as the recent wave of ‘business re-engineering’. In the area of CSR, particularly in large European MNCs, this can certainly be considered an important driver for CSR. Regular CSR reports – often in the form of ‘corporate citizenship’ or ‘sustainability’ reports or flagship projects in the area of philanthropy could be considered as prominent examples here. In a certain sense, the leadership focused approach of the Global Compact, which incidentally has more European than American Fortune-500-companies among its members attempts to use mimetic processes as a key driver of its acceptance.

Normative pressures. A particular role has been identified for educational and professional authorities which directly or indirectly set standards for ‘legitimate’ organizational practices. A particular role has been identified for educational institutions, in particular for the degree of an MBA which increasingly becomes the standard formal education for decision makers in most companies in the industrialized world. With regard to CSR and its spread in Europe, we can certainly identify some significant raise of pressures form this angle. Not only have global initiatives such as for instance the ‘global business coalition against AIDS’ or other initiatives in connection with the World Economic Forum recently encouraged CSR for its member

organization. In particular in Europe, with the foundation of the ‘European Academy of Business in Society (EABiS)’ in 2002 or similar initiatives at national level a growing number of professional associations exert normative pressures on business to adopt CSR. Furthermore, as recent research among the 166 leading business schools or institutions for higher education in business has surfaced, CSR is now at least an optional, in many cases a compulsory part of business education (Matten & Moon, 2004).

This particular theoretical angle has quite a rich tradition in management research as well as in CSR related topics. In the area of environmental management practices there is a rich stream of research which has analyzed the spread of more environmentally friendly corporate practices through the lens of new institutional theory (Hoffman, 2001; Hoffman & Ventresca, 2002). We would argue, that this lens is also particularly proficient and helpful in understanding explicit CSR in a European context.

Combining both institutional perspectives: The rise of explicit CSR in Europe

Given the distinction we have made and the picture of implicit CSR in Europe that we have presented it could be asked why the issue of explicit CSR has arisen at all in Europe? The answer to this question can be informed by adopting the perspectives of both institutional theories discussed in this section. On the one hand, a shift from the implicit to the explicit CSR has occurred because of significant shifts in the institutional frameworks in many European countries as a result from some disjuncture in the wider system of social governance or national business system resulting from government / governance failures (Moon, 2002). On the other hand, new market imperatives or new social demands have led to significant changes in the organizational field of European companies legitimizing CSR as a new management concept in Europe.

The most dramatic example of institutional failure is where there is complete breakdown of complete governance systems as in the former Eastern Europe. In these circumstances the development of new democratic capitalist systems is necessarily going to be slow and tentative, especially in the absence of the sort of social capital predicated upon a well established civil society and long-standing habits of business responsibility. However, explicit CSR may prove one among a range of governance solutions here as evidenced in Poland, Hungary and the Czech Republic (coincidentally countries which retained some vestiges of civil society through the periods of communism - see Habisch, Jonker, Wegner, & Schmidpeter, 2004).

For all their well-established governance systems, even the west European countries can face governance deficits. Perhaps the most dramatic has been the case of mass unemployment, urban unrest and fiscal stress experienced in the UK in the late 1970s and early 1980s. This led the government to expressly encourage CSR as part of a means of restoring a legitimate societal governance system (Moon, 2004), particularly regarding the education and labour system (see Figure 2). Similarly, the legitimacy of business became an imperative to prompt corporations to adopt a more explicit CSR to ensure their continuing 'social licence' to operate. Again, this was clearly articulated in the context of the UK governance crisis alluded to above. As early as 1982 *The Economist* commented of Marks & Spencer's initial efforts in what would later be labelled CSR in Europe, namely expenditure on community work and charity, that the firm was 'making a sensible investment in its market place. If urban disorders become a regular fact of life, many of its 260 stores would not survive.' (20.2.1982)

Another motivation business imperative may concern the perceived threat of new unwelcome

regulation. This was expressed by the leading UK business association, the Confederation of British Industry, in the context of the UK governance crisis (CBI 1981 quoted in Moon, 2004):

Companies fear that if they make no attempt to find solutions to community problems, the government may increasingly take on the responsibility itself. This might prove costly to employers both in terms of new obligations and greater intervention in the labour market. Many companies prefer to be one step ahead of government legislation or intervention, to anticipate social pressures themselves and hence be able to develop their own policies in response to them.

We argue that this governance crisis helps understand why the UK is generally regarded as the European country which has emulated most closely the US-American model of CSR. In a recent study, Spence and Schmidpeter (2002) have compared CSR policies and practices of corporations with regard to their local communities, using a sample of SMEs in the UK and Germany. The stunning finding of their research is that while most UK companies have a fairly conscious perception of their relationships to their local communities as part of their social responsibility, the very notion of a CSR-like approach to local communities is rather outlandish in German SMEs. In Germany, responsibility for issues in the local communities was enacted within extant formal and informal networks and relationships rather than a voluntary initiative by individual companies. Key factors were the mandatory membership in the influential local Chambers of Industry and Commerce (Industrie- und Handelskammer) or the longstanding tradition of the dual vocational education system in Germany as well as numerous informal networks, such as the membership in the local catholic church or the relations to other local societal actors at the 'regular's table' (Stammtisch) in a local pub. The fact then that these German SMEs do not operate an explicit CSR policy does not reveal their being socially irresponsible but rather reflects their different and more embedded informal institutional environment.

Notwithstanding this contrast, there is evidence that in the face of institutional deficits,

corporations in other European countries are adopting more explicit CSR policies. This is particularly the case where corporate decisions on downsizing, relocation and mechanization of production processes have increasingly generated heated debates on the responsibility of corporations for a particular town, region or country. In Denmark, record levels of unemployment and dependency on government in the 1990s prompted the Social Democratic Minister for Social Affairs to encourage various forms of CSR alongside government responses. (Jespersen, 2003). More broadly, there is a broad literature arguing that corporations have increasingly stepped into a 'subpolitical' (Beck, 1997) role in the area of environmental (in the sense of ecological) issues as governments have blatantly failed to avoid or handle the undesired side-effects of an energy intensive form of production and consumption (e.g. global warming, nuclear power), new technologies (e.g. GM food) or scandals (e.g. mad cow disease), to name but a few examples (Matten, 2004).

In the face of perceived deficits in national financial systems (see Figure 2) corporations have sought new sources of finance giving rise to other incentives for CSR. In this context explicit CSR may be regarded as a prerequisite of attracting global capital and the more European companies source their capital globally they have to comply with the requirements of international investors, particularly in the USA. In a similar vein, CSR has been encouraged by a particular group of investors which integrate social and ethical criteria into their rationale leading to developments such as the Dow Jones Sustainability Index or, in Europe, the FTSE4Good Index.

Though we argue that explicit CSR is gaining momentum in Europe and as such can be seen as part of a growing evidence about a potential Americanization of European businesses (Whittington & Mayer, 2000) there are, however, distinctly European features in the CSR

engagement of European companies. As recent work in the global diffusion of Codes of Good Governance as a popular tool of CSR has shown the cross-national spread of CSR is shaped by both institutional levels, the organizational field of mostly MNCs as well as the national institutional framework (Aguilera & Cuervo-Cazurra, 2004). A similar pattern could be observed on a more general level where CSR in Europe now is mixture of explicit and implicit elements.

Traditionally, the key issues in business-society relations have been played out around the question of the roles and the rights of employees. During the 1970s and 1980s, however, green issues and environmental protection became a key political issue in Europe and entered the business agenda relatively early. So, for instance in Germany, the first textbook for environmental management education in business schools was published already in 1980 (Strebel, 1980). Though the issues quickly became part of the 'implicit' framework for CSR, the styles and approaches in tackling green issues in European societies remain distinct, most notably from the USA (Löfstedt et al., 2001). This particularly applies to 'new' issues such genetic engineering, BSE and other risk related issues (Levidov & Carr, 2000; Wynne & Dressel, 2001). A recent manifestation of these changes became visible in the decision of Shell and BP to leave the Global Climate Coalition, a group of mainly American oil companies, set up to lobby against the implementation of the Kyoto Protocol and other measures of environmental protection (Levy & Egan, 2000; Levy & Kolk, 2002).

While we stressed the importance of implicit elements in the CSR framework in Europe one might also argue that part of the explicit CSR activities of companies consist in an active participation in changing and innovating the negotiated legal framework. In contrast to the USA, where lobbying would be the key 'weapon of choice' for corporations (McGrath, 2002)

many European corporations have become active and key players in various efforts of self regulation, reflexive regulation and other regulatory efforts (Orts & Deketelaere, 2001). On the other hand, European corporations are less inclined to engage in philanthropy than their North American counterparts (Palazzo, 2002). The most consistent explanation for this could be the fact that in Europe relatively high levels of taxation in conjunction with a somewhat more developed welfare state infrastructure causes corporations to perceive issues such as funding of education or arts as being more in the responsibility of governments.

Interesting differences also seem to emerge in the field of actors in CSR in Europe. Individual corporations part, CSR activities are becoming embedded in multi-stakeholder coalitions including trade unions⁹, business associations¹⁰ and NGOs¹¹. One finding of Maignan and Ralston's (2002) comparison of and European CSR is the greater preponderance of the European corporations to describe their CSR in stakeholder terms.

Most significantly, however, is the role of the government in European CSR. Although by conventional definition, CSR is regarded as incompatible with governmental regulation, in Europe explicit CSR is a key issue for regulators. The general approach seems to facilitate a new trend in business and encourage companies to assume more responsibilities as most welfare states in Europe are increasingly facing limits to their capacities of tackling social issues in the way they traditionally did. This political activity can be observed on all levels: There are significant efforts by the European Commission, both in terms of funded projects as well as Green papers and other publications with the intent of defining and shaping CSR in a European context (Commission of the European Communities, 2001, 2002). On the national level, many governments have attempted to shape the CSR debate, most notably in the UK which even has a governmental minister for CSR (Moon, 2004). Even on the sub-national

level, there are meanwhile quite a number of governmental initiatives on local and regional level to facilitate CSR and encourage corporate involvement in society¹². Apart from these initiatives as a key actor in promoting explicit CSR in Europe, government still plays a significant role implicitly as they are deeply embedded in economic activities of business. So, for instance, governments in Germany, France or Italy directly intervene with credits, subsidies and other measure in corporations, if there is the risk of mass lay-offs, at leading corporations. Furthermore, governments still tend to own substantial amounts of shares in large European companies, Renault and Volkswagen perhaps being the most prominent examples. Consequently, governmental influence on the corporate attitudes towards social responsibility also remains inherently strong alongside the new interest in explicit CSR.

In conclusion, the social responsibilities of business are both a function of NBSs and of the changing significance of social issues for individual corporations operating therein. This echoes the conclusion that national public policy styles are insufficient to explain cross-national differences in government responsibility as there are also noteworthy differences in the policy style between sectors within a nation (Freeman, 1985).

EVALUATION AND DISCUSSION

The proposed framework provides an approach to answer the research questions raised at the outset. CSR has not been a topical and longstanding element of the public discourse in Europe because societies and economies tended to address issues of social responsibility of corporations in a somewhat different manner – which we termed *implicit* CSR. The recent rise in *explicit* CSR however comes from the fact that certain changes in the organizational field of European business have occurred which increase the pressure on business in this part of the world to think more thoroughly about explicit CSR policies, programmes and practices.

Possible limitations of the proposed framework

As with all generalizing conceptualizations we cannot close our remarks without posing some important caveats. First, we recognise that twentieth century Europe has witnessed a great range of democratic and capitalist systems in which the nature and extent of business incorporation / independence and its levels of responsibility have varied. We readily acknowledge the historic and abiding differences among European countries (for details see Habisch et al., 2004). Our point is to draw attention to their similarities and collective contrasts with the USA in order to understand the different ways in which CSR is conceptualised and practised in these countries.

Secondly and relatedly, we also recognise that there are features of American societal governance which resemble some features of the European model and indeed in some cases were pioneering cases of government regulation for social responsibility.¹³

Thirdly, we admit that certain recent shifts in societal governance in most industrialized countries have somewhat blurred the distinction between what we termed implicit and explicit CSR. Corporations have increasingly been involved in self regulation or in co-operation with governmental actors in designing and shaping the institutional framework. These developments have been discussed under various labels such as ‘reflexive’ (Orts, 1995a, b), ‘civil’ (Bendell, 2000a), ‘procedural’ (Black, 2000), ‘privatized’ (Cashore, 2002; Ronit, 2001) regulation, or ‘corporate citizenship’ (Moon et al., 2004). Particularly in the area of environmental responsibilities (Orts et al., 2001), corporations voluntarily become involved in designing and implementing significant parts of the regulatory framework - or in the words of our framework, a significant part of their explicit CSR focuses on the design of implicit CSR.

While in practice the result obfuscates the proposed differentiation we would still argue that both areas are still significantly different: while the first is clearly an element of explicit CSR, it results in more or less binding elements of implicit CSR in the regulatory frame work of business.

Notwithstanding these syntheses, our approach enables the convergence, and what it is that is converging, to be more clearly understood.

The potential of the implicit-explicit distinction for the CSR debate

We suggest the proposed framework for CSR in a European context because we think that it makes a contribution to the debate on three levels. On a *descriptive level*, the distinction between implicit and explicit CSR allows for a better understanding of what CSR consists of, its specific institutional underpinnings, and the different national contexts in which corporations operate and whose perceptions of appropriate social responsibilities they seek to live up to.

This is closely related to an *instrumental level* on which the suggested distinction makes a contribution to the debate: corporations which want to assume their social responsibilities have to take into account that different national backgrounds influence significantly the CSR agenda. There are examples of corporations ignoring this on both sides of the Atlantic: While McDonalds prides itself to be at the forefront of the CSR movement in the USA, it regularly meets severe criticism in the way it systematically infringes worker's rights in its European subsidiaries and circumventing elements of 'implicit' CSR in European employment law (Royle, 2005). Bayer on the other hand, a European multinational generally regarded as responsible, has met considerable criticism and court cases because of its mishandling of

consumer and product safety which in the USA are to a stronger degree an element of explicit CSR than in Europe where a good deal of these issues is implicit in a rather dense legal framework in these areas (Mokhiber & Weissman, 2004).

Finally, on a *normative level* the suggested framework exposes a significant one-sidedness of the current CSR debate. Particularly in publications of companies and business associations but also to a considerable degree in the academic debate there seems to be the assumption, that CSR is addressing societal issues where there exists no alternative competing approach. The approach of national regulation of the social consequences of business constitutes at least an historic alternative and conceivably a continuing one in some issue areas.

The proliferation of CSR in Europe however reveals, that in a good number of US-style CSR issues can also be addressed by governments and other societal actors beyond the voluntary engagement of corporations. While we concede that a good deal of the recent momentum in CSR can be assigned to the governmental failure – developing countries featuring as an example here – the European case shows that CSR issues can be addressed as part of the customary and mandatory framework for business. It remains, of course, open to debate whether social issues are more effectively and efficiently addressed by explicit than by implicit CSR and whether the social outcomes in terms of fairness, social inclusion and equality of opportunities, and their balance with other norms of innovation, diversity and choice, are more preferable with one or the other approach.

References

- Adams, C. A., Hill, W. Y., & Roberts, C. B. 1998. Corporate social reporting practices in Western Europe: legitimating corporate behaviour? *British Accounting Review*, 30(1): 1-21.
- Aguilera, R. V., & Cuervo-Cazurra, A. 2004. Codes of Good Governance Worldwide: What is the Trigger? *Organization Studies*, 25(3): 415-443.
- Aguilera, R. V., & Jackson, T. 2003. The cross-national diversity of corporate governance: dimensions and determinants. *Academy of Management Review*, 28(3): 447-466.
- Beck, U. 1997. Subpolitics, ecology and the disintegration of institutional power. *Organization & Environment*, 10(1): 52-65.
- Bendell, J. 2000a. Civil regulation: A new form of democratic governance for the global economy? In J. Bendell (Ed.), *Terms for endearment: Business, NGOs and sustainable development*: 239-254. Sheffield: Greenleaf.
- Bendell, J. (Ed.). 2000b. *Terms for endearment: business, NGOs and sustainable development*. Sheffield: Greenleaf.
- Black, J. 2000. Proceduralizing regulation: Part I. *Oxford Journal of Legal Studies*, 20(4): 597-614.
- Bremner, R. H. 1988. *American Philanthropy* (2 ed.). Chicago: Chicago University Press.
- Cannon, T. 1994. *Corporate responsibility*. London: Pearson.
- Carroll, A. B. 1979. A three dimensional model of corporate social performance. *Academy of Management Review*, 4(3): 497-505.
- Carroll, A. B. 1991. The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders. *Business Horizons*, 34(4): 39-48.
- Carroll, A. B. 1999. Corporate social responsibility - evolution of a definitional construct. *Business & Society*, 38(3): 268-295.

- Cashore, B. 2002. Legitimacy and the privatization of environmental governance: how non-state market-driven (NSMD) governance systems gain rule-making authority. *Governance*, 15(4): 503-529.
- Castles, F. G. 1998. *Comparative Public Policy: Patterns of Post-war Transformation*. Cheltenham: Edward Elgar.
- Child, J. 2000. Theorizing about organizations cross-nationally. In J. L. C. Cheng, & R. B. Peterson (Eds.), *Advances in international comparative management*, Vol. 13: 27-75. Stamford/CN: JAI Press.
- Choi, C., Hilton, B., & Millar, C. 2004. *Emergent Globalization*. Basingstoke: Palgrave.
- Clarkson, M. B. E. 1995. A stakeholder framework for analyzing and evaluating corporate social performance. *Academy of Management Review*, 20(1): 92-117.
- Commission of the European Communities. 2001. *Green Paper: Promoting a European framework for corporate social responsibility*. Brussels: EU Commission.
- Commission of the European Communities. 2002. *Communication from the Commission concerning corporate social responsibility: A business contribution to sustainable development*. Brussels: EU Commission.
- Crane, A., & Matten, D. 2004. Questioning the Domain of the Business Ethics Curriculum. *Journal of Business Ethics*: forthcoming.
- De Tocqueville, A. 1835/1956. *Democracy in America*. New York: Mentor.
- DiMaggio, P. J., & Powell, W. W. 1983. The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48: 147-160.
- Dowie, M. 2001. *American Foundations*. Cambridge MA: MIT Press.
- Downs, A. 1972. Up and Down with Ecology - the issue attention cycle. *Public Interest*, 28: 38 - 39.

- Freeman, G. P. 1985. National Styles and policy Sectors; Explaining Structured Variation. *Journal of Public Policy*, 5(4): 467-496.
- Friedman, M. 1970. The social responsibility of business is to increase its profits. *The New York Times Magazine*, 13. Sept. 1970.
- Garriga, E., & Melé, D. 2004. Corporate Social Responsibility Theories: Mapping the Territory. *Journal of Business Ethics*, 53(1-2): 51-71.
- Geppert, M., Matten, D., & Williams, K. (Eds.). 2002. *Challenges for European Management in a Global Context - Experiences from Britain and Germany*. Basingstoke: Palgrave Macmillan.
- Habisch, A., Jonker, J., Wegner, M., & Schmidpeter, R. (Eds.). 2004. *CSR across Europe*. Berlin: Springer.
- Hartz, L. 1955. *The Liberal Tradition in America*. New York: Harcourt Brace.
- Heaveside, S. 1989. *Education Partnerships in Public Elementary and Secondary Schools*. Washington D.C.: US Dept. of Education, Office of Educational research and Improvement CS89 - 060.
- Heidenheimer, A., Hecllo, H., & Adams, C. T. 1990. *Comparative Public Policy: The Politics of Social Choice in America, Europe and Japan*. New York: St. Martin Press.
- Hoffman, A. J. 2001. *From heresy to dogma : an institutional history of corporate environmentalism* (Expanded ed.). Stanford, Calif.: Stanford University Press.
- Hoffman, A. J., & Ventresca, M. J. 2002. *Organizations, policy and the natural environment : institutional and strategic perspectives*. Stanford, Calif.: Stanford University Press.
- Hollingsworth, J. R., & Boyer, R. 1997. Coordination of economic actors and social systems of production. In J. R. Hollingsworth, & R. Boyer (Eds.), *Comtemporary capitalism: the embeddedness of institutions*: 1-47. Cambridge: Cambridge University Press.
- ISO. 2004. *ISO to go ahead with guidelines for social responsibility, Press Release 924, 29*

June 2004. Geneva: International Standard Organization.

- Jespersen, K. 2003. Social Partnerships: The Role of Government in Denmark. In M. Morsing, & C. Thyssen (Eds.), *Corporate Values and Responsibility: The Case of Denmark*. Frederiksberg: Samfundslitteratur.
- King, A. 1973. Ideas, Institutions and the Policies of Government: A Comparative Analysis, Parts I, II and III. *British Journal of Political Science*, 3: 291 - 313, 409 - 423.
- Kingdon, J. 1995. *Agendas, Alternatives, and Public Policies* (2 ed.). New York: Harper Collins.
- Lacey, R., & Kingsley, C. 1988. *A Guide to Working Partnerships*. Waltham Mass.: Brandeis University Press.
- Levidov, L., & Carr, S. 2000. Precautionary regulation: GM crops in the European Union. *Journal of Risk Research, Special Issue*, 3(3): 187-295.
- Levy, D., & Egan, D. 2000. Corporate politics and climate change. In R. A. Higgott, G. R. D. Underhill, & A. Bieler (Eds.), *Non-state actors and authority in the global system*: 138-153. London: Routledge.
- Levy, D. L., & Kolk, A. 2002. Strategic Responses to Global Climate Change: Conflicting Pressures on Multinationals in the Oil Industry. *Business and Politics*, 3(2): 275-300.
- Lipset, S. 1990. *Continental Divide: The Values & Institutions of the United States and Canada*. New York, London: Routledge.
- Löfstedt, R. E., & Vogel, D. 2001. The changing character of regulation: A comparison of Europe and the United States. *Risk Analysis*, 21(3): 399-405.
- Lundqvist, L. 1974. *The Hare and the Tortoise: Clean Air Policies in the US and Sweden*. AnnArbor: University of Michigan Press.
- Maignan, I., & Ralston, D. A. 2002. Corporate social responsibility in Europe and the U.S.: Insights from businesses' self-presentations. *Journal of International Business*

- Studies*, 33(3): 497-515.
- Matten, D. 2004. The impact of the risk society thesis on environmental politics and management in a globalizing economy - principles, proficiency, perspectives. *Journal of Risk Research*, 7(4): 377-398.
- Matten, D., & Moon, J. 2004. Corporate Social Responsibility Education in Europe. *Journal of Business Ethics*: forthcoming.
- Maurice, M., & Sorge, A. (Eds.). 2000. *Embedding Organizations: Societal analysis of actors, organizations and socio-economic context*. Amsterdam: John Benjamins.
- Maurice, M., Sorge, A., & Warner, M. 1980. Societal differences in organizing manufacturing units: A comparison of France, West Germany and Great Britain. *Organization Studies*, 1(1): 59-86.
- McGrath, C. 2002. *Comparative lobbying practices: Washington, London, Brussels*. Paper presented at the Political Studies Association annual conference, University of Aberdeen.
- Meyer, J. W. 2000. Globalization – Sources and Effects on National States and Societies. *International Sociology*, 15: 233-248.
- Meyer, J. W., & Rowan, B. 1977. Institutionalized organizations. *American Journal of Sociology*, 83: 340-363.
- Mokhiber, R., & Weissman, R. 2004. The 10 worst corporations of 2003. www.commondreams.org, accessed 5 February 2004.
- Moon, J. 2002. The Social Responsibility of Business and New Governance. *Government and Opposition*, 37(3): 385-408.
- Moon, J. 2004. CSR in the UK: an explicit model of business - society relations. In A. Habisch, J. Jonker, M. Wegner, & R. Schmidpeter (Eds.), *CSR across Europe*: 51-65. Berlin: Springer.

- Moon, J., Crane, A., & Matten, D. 2004. Can corporations be citizens? Corporate Citizenship as a metaphor for business participation in society. *Business Ethics Quarterly*: forthcoming.
- Orts, E. W. 1995a. Reflexive environmental law. *Northwestern University Law Review*, 89(4): 1227-1340.
- Orts, E. W. 1995b. A reflexive model of environmental regulation. *Business Ethics Quarterly*, 5(4): 779-794.
- Orts, E. W., & Deketelaere, K. (Eds.). 2001. *Environmental Contracts*. Dordrecht et al.: Kluwer.
- Palazzo, B. 2002. U.S.-American and German business ethics: an intercultural comparison. *Journal of Business Ethics*, 41: 195-216.
- Ronit, K. 2001. Institutions of private authority in global governance. *Administration & Society*, 33(5): 555-578.
- Royle, T. 2005. Realism or idealism? Corporate Social Responsibility and the Employee Stakeholder in the Global Fast-Food Industry. *Business Ethics: A European Review*: forthcoming.
- Schwartz, M. S., & Carroll, A. B. 2003. Corporate social responsibility: a three domain approach. *Business Ethics Quarterly*, 13(4): 503-530.
- Skocpol, T. 1992. *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States*. Cambridge, Mass: Harvard University Press.
- Sorge, A. 1991. Strategic fit and societal effect - interpreting cross-national comparisons of technology, organization and human resources. *Organization Studies*, 12(2): 161-190.
- Spence, L., & Schmidpeter, R. 2002. SMEs, social capital and the common good. *Journal of Business Ethics*, 45: 93-108.
- Strebel, H. 1980. *Umwelt und Betriebswirtschaft*. Berlin: Erich Schmidt.

- Swanson, D. L. 1995. Addressing a theoretical problem by reorienting the corporate social performance model. *Academy of Management Review*, 20(1): 43-64.
- Tempel, A., & Walgenbach, P. 2005. Global standardization of organisational forms and management practices?: Combining American and European institutionalism. *Journal of Management Studies*: forthcoming.
- Timpane, P., & Miller McNeil, L. 1991. *Business Impact on Education and Child Development*. New York: Committee for Economic Development.
- Vogel, D. 1992. The globalization of business ethics: why America remains different. *California Management Review*, 35(1): 30-49.
- Vogel, D. 2002. *Ships passing in the night: GMO and the politics of risk regulation in Europe and the United States*. INSEAD Fontainebleau: Working Paper 2002/34/CMER.
- Wartick, S. L., & Cochran, P. L. 1985. The evolution of the corporate social performance model. *Academy of Management Review*, 10: 758-769.
- Weir, M., & Skocpol, T. 1985. State Structures and the Possibilities for "Keynesian" Responses to the Great Depression in Sweden, Britain and the United States. In P. Evans (Ed.), *Bringing the state back in*. Cambridge: Cambridge University Press.
- Welford, R. J. 2004. Corporate Social Responsibility in Europe and Asia: Critical Elements and Best Practice. *Journal of Corporate Citizenship*, 13(Special Issue on CSR in Asia): 31-47.
- Whitley, R. (Ed.). 1992. *European business systems*. London: Sage.
- Whitley, R. 1997. Business systems. In A. Sorge, & M. Warner (Eds.), *The IEBM handbook of organizational behaviour*: 173-186. London: International Thomson Business Press.
- Whitley, R. 1999. *Divergent capitalisms. The social structuring and change of business*

- systems*. Oxford: Oxford University Press.
- Whitley, R. 2002a. Business Systems. In A. Sorge (Ed.), *Organization*: 178-212. London: Thomson Learning.
- Whitley, R. (Ed.). 2002b. *Competing Capitalisms: Institutions and Economies*. Cheltenham: Edward Elgar.
- Whitley, R., & Kristensen, P. H. (Eds.). 1996. *The changing European firm*. London: Routledge.
- Whitley, R., & Kristensen, P. H. (Eds.). 1997. *Governance at Work*. Oxford: Oxford University Press.
- Whittington, R., & Mayer, M. 2000. *The European corporation: strategy, structure, and social science*. Oxford: Oxford University Press.
- Wolff, M. 2002. Response to 'Confronting the Critics'. *New Academy Review*, 1(1): 230-237.
- Wood, D. J. 1991. Corporate social performance revisited. *Academy of Management Review*, 16: 691-718.
- Wynne, B., & Dressel, K. 2001. Cultures of uncertainty - transboundary risks and BSE in Europe. In J. Linneroth-Bayer, R. Löfstedt, & G. Sjöstedt (Eds.), *Transboundary risk management*: 121-154. London: Earthscan.

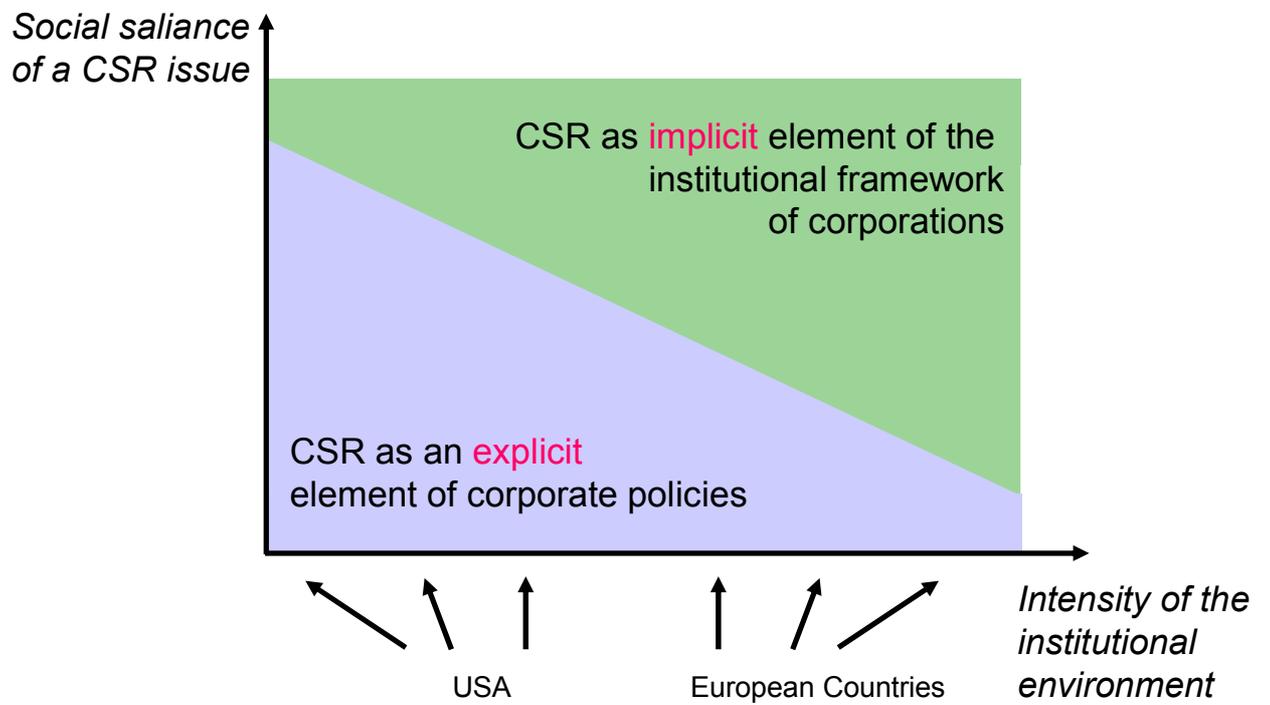


FIGURE 1
Implicit and Explicit CSR

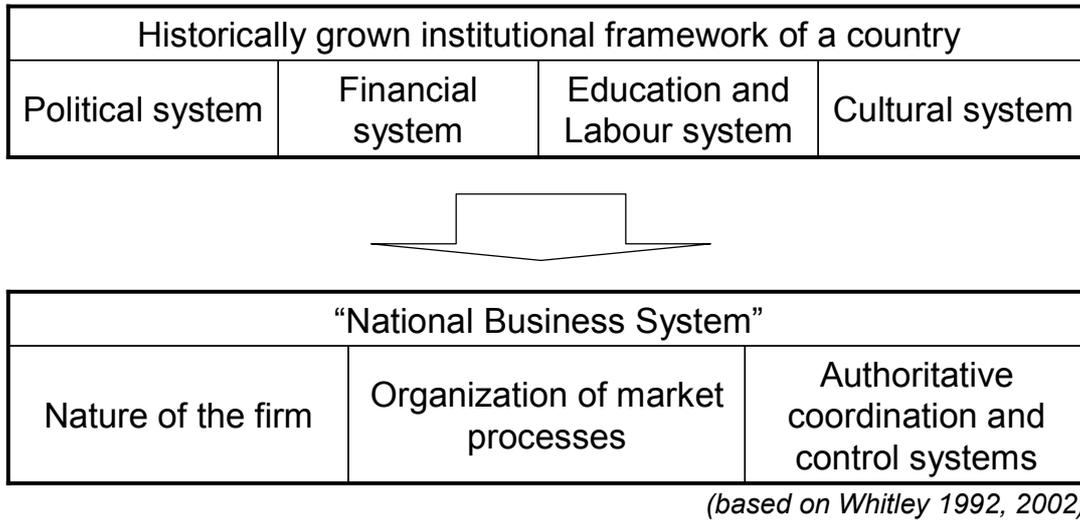


FIGURE 2
Key elements of national business systems

Explicit CSR	Implicit CSR
Describes all corporate activities to assume responsibility in society	Describes all formal and informal institutions of a society which assigns and defines the extent of corporate responsibility for the interests of an entire society
Consists of voluntary corporate policies, programs and strategies	Consists of values, norms and rules which result in (chiefly codified and mandatory) requirements for corporations
Motivated by the perceived expectations of all stakeholders of the corporation	Motivated by the societal consensus on the legitimate expectations towards the role and contribution of all major groups in society, including corporations

TABLE 1
Explicit and Implicit CSR Compared

Notes

- ¹ See www.bitc.org
- ² See www.csreurope.org .
- ³ See www.eabis.org .
- ⁴ These insights rest on yet broader issues addressed by, for example, by Hartz (1955) and Lipset (1990).
- ⁵ So, for instance at Starbucks Coffee, 4301 Walnut Street, Philadelphia PA, 19104-3401 on 07/14/04; see also www.starbucks.com/aboutUSA/csr.asp [accessed at 08/30/04].
- ⁶ See www.covertheuninsuredweek.com, [accessed at 08/30/04].
- ⁷ Moreover, UK businesses have been reluctant to comply with the responsibilities being asked of them by governments.
- ⁸ Reflecting the general levels of US_American philanthropy, it should be noted that both these sources were exceeded by ‘friends’ (\$4.5bill.) and ‘alumni’ (\$5.5bill.) (Dowie, 2001; 26).
- ⁹ An example are the activities of the European Trade Union EUROCADRES which as recently actively encouraged CSR as a trade union topic in its member organizations across Europe, see www.eurocadres.org .
- ¹⁰ A prominent and longstanding organization is the British ‘Business in the Community’ (BITC), which facilitates a plethora of CSR activities by corporations, see www.bitc.org.uk .
- ¹¹ For examples see Bendell (2000b).
- ¹² As example see the initiative of the regional government of the German province of North-Rhine Westphalia at www.corporate-citizenship.nrw.de .

¹³ e.g. the post-civil war pensions and public sector employment (Skocpol, 1992) the New Deal (Weir & Skocpol, 1985) the Environmental Protection Agency in the 1960s (Lundqvist, 1974).

Research Paper Series
International Centre for Corporate Social Responsibility
ISSN 1479-5124

Editor: Dirk Matten

The ICCSR Research Papers Series is intended as a first-hand outlet for research output of ICCSR. These include papers presented at symposiums and seminars, first drafts of papers intended for submission in journals and other reports on ongoing or completed research projects.

The objective of the ICCSR Research Papers Series is twofold: First, there is a time goal: Given the quality of ICCSR publication, the targeted journals normally require large time spans between submission and publication. Consequently, the ICCSR Research Papers Series serves as a preliminary airing to working papers of ICCSR staff and affiliates which are intended for subsequent publication. By this, research output can be made available for a selected public which will not only establish ICCSR's lead in advancing and developing innovative research in CSR but will also open the opportunity to expose ideas to debate and peer scrutiny prior to submission and/or subsequent publication. Second, the ICCSR Research Papers Series offers the opportunity of publishing more extensive works of research than the usual space constraints of journals would normally allow. In particular, these papers will include research reports, data analysis, literature reviews, work by postgraduate students etc. which could serve as a primary data resource for further publications. Publication in the ICCSR Research Paper Series does not preclude publication in refereed journals.

The ICCSR Research Papers Series consequently is interested in assuring high quality and broad visibility in the field. The quality aspect will be assured by establishing a process of peer review, which will normally include the Editor of the ICCSR Research Papers Series and one further academic in the field. In order to achieve a reasonable visibility the ICCSR Research Papers Series has full ISSN recognition and is listed in major library catalogues worldwide. All papers can also be downloaded at the ICCSR website.

Published Papers

- No. 01-2003 *Wendy Chapple & Richard Harris*
Accounting for solid waste generation in measures of regional productivity growth
- No. 02-2003 *Christine Coupland*
Corporate identities on the web: An exercise in the construction and deployment of 'morality'
- No. 03-2003 *David L. Owen*
Recent developments in European social and environmental reporting and auditing practice – A critical evaluation and tentative prognosis
- No. 04-2003 *Dirk Matten & Andrew Crane*
Corporate Citizenship: Towards an extended theoretical conceptualization
- No. 05-2003 *Karen Williams, Mike Geppert & Dirk Matten*
Challenges for the German model of employee relations in the era of globalization
- No. 06-2003 *Iain A. Davies & Andrew Crane*
Ethical Decision Making in Fair Trade Companies
- No. 07-2003 *Robert J. Caruana*
Morality in consumption: Towards a sociological perspective

-
- No. 08-2003 *Edd de Coverly, Lisa O'Malley & Maurice Patterson*
Hidden mountain: The social avoidance of waste
- No. 09-2003 *Eleanor Chambers, Wendy Chapple, Jeremy Moon & Michael Sullivan*
CSR in Asia: A seven country study of CSR website reporting
- No. 10-2003 *Anita Fernandez Young & Robert Young*
Corporate Social Responsibility: the effects of the Federal Corporate Sentencing Guidelines on a representative self-interested corporation
- No. 11-2003 *Simon Ashby, Swee Hoon Chuah & Robert Hoffmann*
Industry self-regulation: A game-theoretic typology of strategic voluntary compliance
- No. 12-2003 *David A. Waldman, Donald Siegel & Mansour Javidan*
Transformational leadership and CSR: A meso level approach
- No. 13-2003 *Jeremy Moon, Andrew Crane & Dirk Matten*
Can corporations be citizens? Corporate citizenship as a metaphor for business participation in society (2nd Edition)
- No. 14-2003 *Anita Fernandez Young, Jeremy Moon & Robert Young*
The UK Corporate Social Responsibility consultancy industry: a phenomenological approach
- No. 15-2003 *Andrew Crane*
In the company of spies: The ethics of industrial espionage
- No. 16-2004 *Jan Jonker, Jacqueline Cramer and Angela van der Heijden*
Developing Meaning in Action: (Re)Constructing the Process of Embedding Corporate Social Responsibility (CSR) in Companies
- No. 17-2004 *Wendy Chapple, Catherine J. Morrison Paul & Richard Harris*
Manufacturing and Corporate Environmental Responsibility: Cost Implications of Voluntary Waste Minimisation
- No. 18-2004 *Brendan O'Dwyer*
Stakeholder Democracy: Challenges and Contributions from Accountancy
- No. 19-2004 *James A. Fitchett*
Buyers be Wary: Marketing Stakeholder Values and the Consumer
- No. 20-2004 *Jeremy Moon*
Government as a Driver of Corporate Social Responsibility: The UK in Comparative Perspective
- No. 21-2004 *Andrew Crane and Dirk Matten*
Questioning the Domain of the Business Ethics Curriculum: Where the Law ends or Where it Starts?
- No. 22-2004 *Jem Bendell*
Flags of inconvenience? The global compact and the future of United Nations
- No. 23-2004 *David Owen and Brendan O'Dwyer*
Assurance Statement Quality in Environmental, Social and Sustainability Reporting: a Critical Evaluation of Leading Edge Practice
- No. 24-2004 *Robert J. Caruana*
Morality in consumption: towards a multidisciplinary perspective

-
- No. 25-2004 *Krista Bondy, Andy Crane & Laura Browne*
Doing the Business: A film series programmed by ICCSR in conjunction with
Broadway Cinema
- No. 26-2004 *Stanley Chapman*
Socially Responsible Supply Chains: Marks and Spencer in Historic
Perspective
- No. 27-2004 *Kate Grosser and Jeremy Moon*
Gender Mainstreaming in Corporate Social Responsibility: Reporting
Workplace Issues
- No. 28-2004 *Jacqueline Cramer, Angela van der Heijden and Jan Jonker*
Corporate Social Responsibility: Balancing Between Thinking and Acting
- No. 29-2004 *Dirk Matten and Jeremy Moon*
'Implicit' and 'Explicit' CSR: A conceptual framework for understanding CSR
in Europe