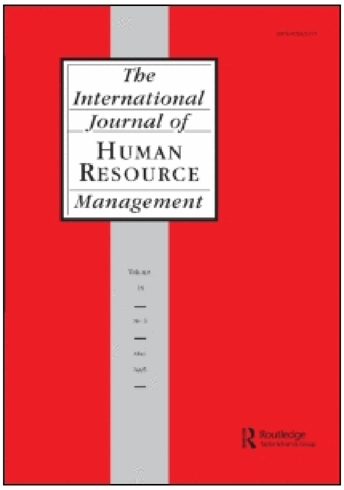

The International Journal of Human Resource Management
Publication details, including instructions for authors and subscription information:
http://www.informaworld.com/smpp/title~content=t713702518

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Online Publication Date: 01 April 2009

To cite this Article Preuss, Lutz, Haunschild, Axel and Matten, Dirk(2009)'The rise of CSR: implications for HRM and employee representation',The International Journal of Human Resource Management,20:4,953 — 973

To link to this Article: DOI: 10.1080/09585190902770893

URL: http://dx.doi.org/10.1080/09585190902770893

The International Journal of Human Resource Management,
Vol. 20, No. 4, April 2009, 953–973

Routledge
Taylor & Francis Group

The rise of CSR: implications for HRM and employee representation

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Against the backdrop of the neo-institutionalist and national business systems approaches to the global–local question in international management, this paper discusses the implications of the rise of CSR in continental Europe for HRM and employee representation. Europe is undoubtedly subject to convergence processes, not least through the emergence of global CSR tools, yet the influence of national business systems remains visible too, as European companies tend to foreground different aspects of CSR to Anglo-American ones. Both HR managers and employee representatives are jostling for positions to shape the resulting adaptation processes. This situation highlights not only the importance of first-mover advantages in such a contested terrain but also the need for both HRM and employee representatives to gain internal legitimacy before being able to play an active role in CSR.

Keywords: corporate social responsibility; Europe; human resource management; labour representation

Introduction

One of the most hotly debated issues in the fields of international management generally – and international human resource management (IHRM) more specifically – is the global–local question (Kostova and Zaheer 1999; Quintanilla and Ferner 2003; Edwards and Kuruvilla 2005). This refers to the major tension multi-national corporations (MNCs) experience between the pressure to adopt globally standardised policies to generate efficiencies and the need to remain responsive to local conditions. Many contributions to this debate can be grouped into two broad camps (but see Tempel and Walgenbach 2007). On the one hand, the national business systems approach emphasises the institutional environment within which firms operate to postulate a continued divergence among national approaches to capitalism (Whitley 1999; Hall and Soskice 2001; Maurice and Sorge 2000). Differences in legal and regulatory frameworks, in turn, make certain HR practices, such as an employer role in the provision of training, more or less applicable in other national contexts.

On the other hand, the neo-institutionalist approach emphasises international convergence through the global diffusion of management practices. In order to gain and keep access to vital resources organisations need to maintain legitimacy within their societal context and hence are subject to a range of mimetic, coercive and normative pressures (Meyer and Rowan 1977; DiMaggio and Powell 1983; Scott 2001). This perspective aims to explain the global spread of ‘best practice’, such as the adoption of performance-related pay for senior management in HRM. More recently scholars have pointed to the various adaptation processes that mould ‘best practice’ solutions to the

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ISSN 0958-5192 print/ISSN 1466-4399 online

DOI: 10.1080/09585190902770893
http://www.informaworld.com

national context and may even diffuse back to the national business system they originated in (Edwards, Almond, Clark, Colling and Ferner 2005).

One institutionalist pressure that is particularly pertinent to international management in the early twenty-first century is corporate social responsibility (CSR). Originating in North America, it has increasingly been adopted by companies headquartered in Europe and other parts of the world (Habisch, Jonker, Wegner and Schmidpeter 2005; Welford 2005). The rise of CSR has significant implications for HRM practice. Ranging from ethical standards in dealing with important stakeholders through employment practices that attract employees to social involvement in the form of employee volunteering, the HRM role is awash with CSR-related tasks (Lockwood 2004). Equally, the spread of CSR has implications for employee representation in European firms. One of the most visible CSR tools, the UN-sponsored Global Compact, explicitly refers to minimum labour standards as one of the principles companies have to subscribe to. At the same time, however, the corporate discretion of CSR is at odds with the more regulated frameworks in many European nations that grant employees and trade unions a well defined scope to influence corporate decision-making (Dobbin and Boychuk 1999; Marsden 1999; Bamber, Lansbury and Wailes 2004; Berthoin Antal and Sobczak 2007).

Interestingly, this topic is currently not widely discussed and there seems to be a degree of reluctance in both the HRM and IR communities to actively engage with CSR (Royle 2005; as a recent exception see Muller-Camen, Muller, Hartog, Henriques, Hopkins and Parsa 2006) as well as in the CSR/business ethics literature to examine the roles of the HR function and of employee representation (Preuss, Haunschild and Matten 2006; Preuss 2008). Furthermore, there is considerable suspicion among trade unions of CSR (Sobczak 2004). Our interest thus lies in elucidating – through case study research in companies headquartered in three continental European countries – the role both HR and employee representatives play in the application of CSR in continental Europe. At a more general level, we also aim to make a contribution to the debate in international management on the convergence or divergence of management practice by considering how an ascending management paradigm that is still relatively new to a national business system gets shaped and re-interpreted in its early days.

The rise of CSR in Europe

CSR has been defined as ‘actions that appear to further some social good, beyond the interests of the firm and that which is required by law’ (McWilliams and Siegel 2001, p. 117). Similarly the Green Paper by the Commission of the European Communities (2001) defines CSR by its voluntary nature. Other authors have argued that CSR need not be an altruistic activity. Rather it can be applied in a strategic sense, and hence a business case for CSR can be made (Porter and Kramer 2002; Vogel 2005; Husted and de Jesus Salazar 2006). Such definitions do not, however, address the question of what corporate obligations the concept should entail.

One prominent attempt to classify CSR requirements of companies is Carroll’s (1979, 1991) pyramid which bases CSR on economic responsibilities, upon which legally required and morally expected responsibilities can be met and which culminates in discretionary philanthropic responsibilities. The perhaps internationally best known initiative to identify a list of possible problem areas which should fall under CSR is the UN Global Compact (Kell 2003; Therien and Pouliot 2006). Launched in 2000, it consists of 10 universal principles in the areas of human rights, labour relations, the environment and anti-corruption which companies across the world can subscribe to.

CSR is by no means a new idea (Carroll 1999); yet over the past two decades interest by both corporate critics and managers has been steadily increasing. This is a result of three related developments (Habisch et al. 2005; Vogel 2005). First, political changes have led to a relative erosion of the power of national governments in industrialised countries. This is especially evident in their decreasing ability to control large MNCs but also in the persistence of social welfare problems. Second, civil society in industrialised countries has undergone important changes in recent decades. There is now a growing awareness of environmental problems and persisting social inequality, often induced by campaigning efforts of activist groups. This awareness is coupled with new opportunities for addressing political and social concerns parallel to traditional party politics. Third, in the economic sphere we see an increasing mobility of corporations and a growing importance of financial markets for economic success. Magnified by media pressure and advances in information technology, these three developments have raised expectations that business – given its growing economic role in society – should play a more prominent social role too.

In Europe, the academic debate on CSR is relatively young but increasingly gaining momentum (Garriga and Melé 2004). Given the cultural differences that underlie the notion, one can expect differences as to who counts as a legitimate stakeholder and who should consequently be consulted in the process of drawing up and implementing a CSR policy. In Europe, a particular focus has been on the practices of CSR in management education (Mahoney 1990; Matten and Moon 2004), the use of CSR tools (Langlois and Schlegelmilch 1990; Kolk 2005a) and philanthropic donations for educational, social or environmental causes (Brammer and Pavelin 2005). As this literature shows, these areas of CSR and their implementation in European companies have only become widespread relatively recently.

Given the global expansion of CSR, the concept can be described – in the sense of the neo-institutionalist convergence literature – as an ascendant archetype that is propagated by dominant actors and that is taken as representing 'best practice' (Smith 2005). At the same time, CSR is still part of a re-shaping of generic capitalist features by national institutions and carries a strong national imprint. It is a corporate response to criticism regarding the role of business in society that is moulded by American society with its emphasis on voluntary action over regulation. Hence the transfer to other parts of the globe, such as Europe, where capitalism has been shaped in a somewhat different fashion, is bound to lead to some tensions.

Comparative research on European and US-American CSR has identified remarkable differences between companies on either side of the Atlantic and characterises CSR as a predominantly US-American concept and practice. This pertains, first, to the language companies use to describe their involvement in society. For example, in the French context a traditional discreteness about one's good deeds that has arisen out of the country's catholic culture is particularly at odds with the notion of public reporting on CSR (Berthoin Antal and Sobczak 2007) Hence a comparative study of corporate self-presentations on the Internet by Maignan and Ralston (2002) found that while 53% of US companies explicitly mention CSR on their websites only 29% of French and 25% of Dutch companies do the same. However, these differences clearly transcend language: in a recent study on voluntary codes of conduct in the global coffee sector adopted between 1994 and 2005, Kolk (2005b) identified a total of 15 corporate codes globally, of which only two were European (both by the same company, Nestlé) while the remaining 13 codes were exclusively adopted by US-American corporations. In a similar vein, Brammer and Pavelin (2005) found in a US–UK comparison of one of the most longstanding areas of

CSR – corporate community contributions – that the value of contributions by US companies in 2001 was more than 10 times greater than those of their British counterparts (US $4,831m versus UK $428m).

As Matten and Moon (2008) have argued, these differences have their roots in the different nature of the respective national business systems (NBSs). While the USA has been more reliant on market based forms of contract based ownership, European countries, especially Scandinavian and continental ones, have had a large amount of direct ownership or alliance ownership, most notably through networks of banks, insurance companies or even governmental actors (Coffee 2001). In the US, greater prominence has been given to market self-organisation, upheld by governments and the courts through anti-trust laws, for example. In Europe, markets tended to be organised by producer group alliances, which reflect either consensual representation and mediation of labour and capital or, particularly in the case of France, strong government leadership. Notwithstanding their similar commitments to democracy, capitalism and welfare, the US and Europe have different historically grown institutional frameworks and NBSs (see also Clark and Almond 2004; Almond and Gonzales Menendez 2006). These differences are vital to a comparative understanding of CSR. Thus Pasquero (2004) suggested that American CSR is embedded in American institutions and culture, particularly in the traditions of individualism, democratic pluralism and utilitarianism. By extension, we argue that the distinctive elements of European CSR are similarly embedded in the European NBS, such as industrial relations, labour law or corporate governance. It needs to be emphasised, however, that within Europe there are considerable differences with regard to different NBSs (Almond and Gonzales Menendez 2006), and there is ongoing research, including this paper, to address these from a CSR perspective (e.g. Midttun, Gautesen and Gjølberg 2006).

The impact of CSR on organised labour in Europe, as well as the role of HR in its implementation, are among the most interesting contemporary examples of the impact an ascendant archetype from a dominant society can have on elements of the NBS in other countries. They once again highlight the mutual influences between national business systems and dominant modes of doing business. Just as the dominant mode influences and changes national business systems beyond its home system, it gets itself adapted and reinterpreted. Furthermore, the topic of employee representation and CSR illustrates the challenges of international CSR research. This concerns particularly the question whether an international operationalisation of CSR is possible in the first place, since each multinational corporation has its own home-country based organisational heritage and hence a predisposition towards a specific interpretation of CSR, which inevitably comes into contact and possibly conflict with those of the multiple host countries (Arthaud-Day 2005; Mueller-Camen et al. 2006).

Isomorphic pressures, national business systems and adaptation processes

Many commentators of contemporary business emphasise a convergence in corporate strategy and structure across the globe (Ohmae 1990). National identity in economic activity is said to give way to a commitment to a corporate mission. Organisational structure seems to converge on the Anglo-American form of the multi-divisional structure (Whittington and Mayer 2000), while Anglo-American forms of corporate governance spread around the globe too (Lane 2003). Arguments for such convergence are built on the assumption that companies have a high degree of strategic choice and are forced to find one globally applicable 'best' way to organise their resources and capabilities to achieve a competitive advantage.

Convergence can be explained from a neo-institutionalist perspective, which perceives changes to corporate operations, structures or strategies to be less a reaction to internal functional requirements than a response to cultural, politico-legal and similar external processes (Abrahamson 1991; Budros 1999; Scott 2001). DiMaggio and Powell (1983) combined such pressures into a model of three sources of isomorphism, namely normative, mimetic and coercive processes. In order to gain access to resources that are imperative for survival, organisations must maintain legitimacy in the eyes of the wider society and hence subject themselves to normative pressures. In particular, under conditions of uncertainty, organisations are likely to mimic others they perceive to be successful. Coercive pressure occurs where one party, such as government, has the power to establish rules for other organisations, monitor the degree of conformity to these and, if necessary, impose sanctions (Scott 2001). Under such pressure management techniques from a dominant society then become ascendant archetypes for others to adopt.

In the field of IHRM, such institutionalist pressures are evident in the widespread focus on Japanese management techniques following the success of the Japanese economy in the 1970s and 1980s (Oliver and Wilkinson 1997); although many of these studies also commented on the limits to transferability and the need for modification of the original practices (Elger and Smith 1995). Following the re-emergence of the US as the dominant economy, it is again American HRM practices that are embraced as 'best practice'. These include tendencies of US multinationals to opt for centralised, relatively formalised and standardised HRM systems (Ferner et al. 2004) and to avoid, wherever possible, employee representation overseas as much as at home (Muller 1998; Royle 2005; Tempel, Edwards, Ferner, Muller-Camen and Wächter 2006).

By contrast, proponents of the notion of a national business system (Whitley 1992, 1999) or national forms of capitalism (Albert 1993) point to the lasting impact of historically grown patterns in the institutional environment of business. Such differences exist in the relative importance of the stock market and institutional investors in company financing (Hyman 2004). There are differences in work organisation, whether managerial control is achieved through strict discipline or via an encouragement of responsibility. National differences are also evident in the degree to which employers perceive themselves responsible for providing training. To a large degree such national differences are imposed or reinforced by the state through national legislation. Equally governments differ in the distribution of funding for education, welfare and health, which in turn shape the position of an individual within the labour market (Hyman 2004).

In contrast to the more liberal market economies of the US and the UK, most European countries – such as Belgium, France or Germany – have a more coordinated market economy (Hall and Soskice 2001), where a dense network of institutions subjects the decisions of the individual economic actors to limitations of a collective and at times normative kind (Hyman 2004). These coordinated market economies share a number of distinct features (Ebbinghaus 1999). Employment is seen not just as a contractual matter but also as a social relationship, hence these countries show a broad acceptance of the need for collective regulation of employment to protect the weaker party. As a consequence individual contracts are often subject to overriding collective ones, which largely determine remuneration and working conditions. Furthermore, organised labour and industry associations often have a legally enshrined role in the administration of welfare state functions.

By trying to bring both strands of the debate together, scholars have increasingly studied the considerable adaptation that ascendant archetypes often undergo to fit into a specific national business system (Smith 2005). For instance, examining the role of managers of MNC subsidiaries in implementing corporate strategy, Geppert and Williams (2006) found that local managers do – under certain conditions – have the power to shape or resist the implementation of a global strategy. From an neo-institutionalist perspective these tensions are captured in Kostova and Zaheer's (1999) concept of institutional duality, under which multinational enterprises need to square maintaining internal legitimacy and approval from their parent with external legitimacy and approval by the institutional environment of the host society (see also Kostova and Roth 2002; Tempel et al. 2006). We can thus summarise that international management is shaped by the emergence of new management paradigms that may to varying degrees collide with expectations and requirements of national ways of doing business and hence require varying degrees of adaptation to new business environments (Oliver 1991).

Our aim for this paper is to contribute to this debate on the convergence or divergence of global management practice by examining how HR managers and employee representatives in continental European countries have responded to the rise of CSR. This seemingly is an under-researched area in comparative management, hence we will take stock of what the range of responses from employers and employees as well as their representatives are, what strategies both sides pursue as well as what differences and commonalities there are between HR and employee representation in their response to CSR. As discussed in the previous section, CSR constitutes a relatively new management paradigm for continental Europe. Hence we are interested in examining what opportunities HR managers and employee representatives have to shape the way in which CSR is interpreted and implemented in their firms. The emphasis on both HR function and employee representation is justified, as – unlike the focus on arm's length market relations in employment that dominate in the Anglo-American business system – many countries in continental Europe have a tradition of collaboration between employees and management in the overarching interests of the company (Geppert and Williams 2006).

Methodology

Given the relative scarcity of research into the impact the rise of CSR has on HR and employee representation in European companies, a qualitative research approach utilising the multiple case method was selected (Yin 2003). While it could be argued that this research method is limited in terms of the generalisability of its results (Hammersley and Gomm 2000), a case study approach in comparative international business issues is particularly recommended in situations where a rather recent phenomenon is still insufficiently understood (Ghauri 2004). The case material is based on empirical studies in three European coordinated market economies: Belgium (Van Liederkerke and Louche 2006); France (Brabet 2006); and Germany (Haunschild, Matten and Preuss 2006). All three case studies are based on semi-structured interviews as well as an analysis of secondary data. For details on the three companies see Table 1. Case studies 2 and 3 are anonymised. All case studies were part of an EU-funded project initiated and coordinated by Eurocadres, the Council of European Professional and Managerial Staff, in Brussels. Since the three cases cover only a small selection of European countries as well as three different industries (textiles, agri-food and car manufacturing), this empirical approach has an explorative character and is meant to be a first step towards an exploration of the ways in which HR and employee representation influence and are influenced by the rise of CSR in European firms.

We have chosen cases from these three countries for specific reasons directly linked to the multifaceted landscape of European industrial relations (Ferner and Hyman 1992;

Table 1. Details of the case companies.

	Case 1: Van de Velde	*Case 2: AA Group*	*Case 3: STARCAR*
Country	Belgium, large part of production in Hungary, Tunisia and China	France, MNC	Headquarters in Germany, merger with large US company
Industry	Garment / textile industry	Agri-food sector (dairy products, drinks, biscuits, cereals)	Automobile industry
Company details	Family firm, 3,000 employees	Multinational Corporation, 90,000 employees, independent business units	Multinational Corporation, 380,000 employees, worldwide production sites and sales organisation
CSR project	External SA8000 accreditation for working conditions in foreign branches	Internal 'AA Way' as strategic concept linking reporting and measurement of economic and social issues	Company initiatives: externally UN Global Compact and internally framework agreement between employer and works council (CSR Principles)
External drivers of CSR	Criticism of and boycotts in textile and clothing sector. Relocation of production sites	Problems of integration in a globalising company	Internationalisation. CSR activities of major competitor. Union and works council demands

Sources: Van Liederkerke and Louche (2006), Brabet (2006) and Haunschild et al. (2006).

Almond and Ferner 2006). Germany and France, to start with, can be characterised as countries with particularly long-standing traditions of effective protection of workers' rights as well as influential trade union movements. This legacy is still strong in both countries today, although the two represent, as it were, two extreme cases of the European trade union experience (Jacobi, Keller and Mueller-Jentsch 1992; Goetschy and Rozenblatt 1992). While Germany still boasts a comparatively high union density, membership and influence of trade unions in France have undergone rapid decline. In France, industrial relations have been characterised by conflict, high levels of strikes and governmental intervention. Indeed, the French government has the final say in determining whether a union is representative enough of the workforce; only then is it allowed to negotiate with an employer and present candidates for works council elections (Berthoin Antal and Sobczak 2007). By comparison the situation in Germany can be described as negotiated, consensual decision-making with a high level of juridification. Trade unions in France have traditionally been highly influenced by (mostly left-wing) ideologies, whereas in Germany, worker's representation has strong roots in all parties right across the political spectrum. To get a flavour, therefore, of the European experience, we argue that the inclusion of these two countries in our study – and the inclusion of companies that are fairly representative of the respective domestic business system – is the ideal starting point for such an explorative study.

Our choice of Belgium follows that rationale of capturing key developments in the European industrial relations scene. Belgium as a relatively small country represents many other countries in Europe in that respect and is characterised by strong regional, religious and economic cleavages (Vilrockx and Van Leemput 1992). This has led to a rather high level of dynamics in the legislation and practice of industrial relations in Belgium over the past three decades. In contrast to France and Germany, which represent very distinct though stable systems of industrial relations, Belgium serves as an exploratory research platform for a system of industrial relations that is very much in flux. In this, we argue that the Belgian experience should offer a range of pointers as to what the experience of other, in particular southern and eastern, European countries is likely to be. Belgium thus provides an ideal backdrop of investigating how a new management approach, such as CSR, is absorbed, transformed and contextualised in a more dynamic system of trade union and corporate interaction. In the following sections, we will first outline and then compare the cases. Whereas the original case data are more detailed in some respects, this comparison focuses on those CSR aspects that are particularly relevant to the case firms, the actors involved and the strategies pursued by them as well as the role of HR professionals and employee representatives in CSR.

Van de Velde: A Belgian textile company

The case company is a Belgian family firm specialising in designing, manufacturing and trading luxury lingerie and underwear (case data taken from Van Liederkerke and Louche 2006). Most production has been relocated to Hungary, Tunisia and China and, at the time of writing, the company was in a healthy social and financial situation. Taking up a trade union request concerning labour standards and working conditions in foreign branches, Van de Velde decided in 2003 to employ an independent audit office to examine the compliance of all production sites with the Social Accountability standard SA8000. Based on the various International Labour Organisation (ILO) Conventions, the UN Universal Declaration of Human Rights, its Convention on the Rights of the Child and other documents, SA8000 is one of the strictest standards currently available for maintaining working conditions in companies and their supply chains. Van de Velde's board of management sought to limit the union's influence in the project but at the same time agreed to keep the certification process open and transparent. The union, in return, promised not to leak potential problems emerging from the auditing process to outsiders.

The certification process started in Belgium and was then extended to the overseas branches. In Belgium, certification centred around the formalisation of human resource management procedures and practices and the auditing of major European suppliers. In Hungary, the implementation of SA8000 was more difficult than expected but was achieved independently by the site in 2005. In Tunisia, the company struggled to find an appropriate auditor, and the more hierarchical authority structures restricted the required collaboration and dialogue. Additionally, fast growth of the site limited the attention management has devoted to SA8000. The most difficult case was China, however. The branch there is more independent from Van de Velde and refused SA8000 certification, since it already had a Worldwide Responsible Apparel Production (WRAP) certificate, which is less demanding than SA8000. Furthermore, government policy of compulsory pregnancy tests for female employees contradicts SA8000 values, but changing this practice is beyond the influence of Van de Velde.

The HR function of Van de Velde has from the start been involved in the project. Initially led by an external consultant, the head of HR came to chair the project working group, which also included the finance director, the quality control managers of the Hungarian, Tunisian and Chinese sites as well as an employee representative from the Belgian plant. Hence the head of HR was herself actively involved in managing the certification process in the overseas plants. From the HR perspective, accreditation to SA8000 provided the opportunity to formalise company HRM practices that had existed anyway but had largely remained informal. The head of HR also noticed that the project has led to a feel-good factor among both shop-floor employees and middle managers. It furthermore provided 'a time for reflection, which without the audits we would never take the time to do' (Van Liederkerke and Louche 2006, p. 13).

The trade union has not been deeply involved in the certification process, yet it can be seen as the triggering factor and regards the Van de Velde project as a pilot project for union involvement in CSR. Despite initial fears by union members that SA8000 might make relocation of work to foreign sites even easier, the union fairly quickly acted as a quasi in-house NGO creating within the company 'an international solidarity feeling that was previously not present' (Van Liederkerke and Louche 2006, p. 14). It also helped to mobilise people within the union around CSR. It furthermore initiated the establishment of contacts with union representatives in all the countries Van de Velde has plants in (or NGO representatives in the Chinese case).

Management assessed the whole project positively, regarding the formalisation of internal procedures as well as reputation and image building, but also stated that shareholder and stakeholder (but also competitor) interest in the project had been rather limited. Together with high costs, this has led Van de Velde's board of management to the conclusion that a continuation of audits to maintain the certificate might not be worthwhile. The head of HR also expressed a degree of concern that formal policies might turn CSR into an issue that is largely taken for granted. Put in a nutshell, both management and the union saw the SA8000 project as having further strengthened an already good relationship and – despite the limited role of the union in the certification process – as having created mutual trust and a basis for cooperative behaviour in future CSR projects.

AA Group: A French agri-food multinational

This French case company employs about 90,000 people and has a global presence in the agri-food sector marketing cereals, biscuits, drinks and dairy products (case data taken from Brabet 2006). Its business strategy is based on organic growth and a combination of independent business units with common policies, programmes and tools. The company has a long tradition of dealing with social responsibility issues. In 1972, a 'social and economic project' launched by the then managing director and the human resource director turned the company into a 'social showcase', which is still a reference point for current activities. In the 1980s the company set up an international works council, which in the 1990s became formalised as a European works council, long before such a body became enshrined in EU law. AA also signed up to the UN Global Compact as well as agreements with international trade union organisations. Furthermore, its social reporting is recognised as being among the best of large French firms. This long tradition of social engagement can be seen as a company-specific approach initiated by a charismatic managing director, but since it is comparable to that of other leading French companies (although less so to French firms generally) it is an approach that remains embedded in the French business context.

In 2000 the company launched its AA Way as a reaction to the increasing globalisation of the group. The main aim of the AA Way was to 'enable the AA culture to be conveyed while clarifying standards and to be enriched by sharing best practice ... It was used to bring together information that was vital for reporting [that is mandatory under French legislation] and the Global Compact, but also information that was vital for controlling the Business Units and managing environmental and social risks' (Brabet 2006, p. 24). Reporting topics include workers, consumers, suppliers, environment, civil society and shareholders. The chapter on workers specifically refers to respecting human rights at work; guaranteeing equality; investing in people; promoting the unionisation of employees; seeking better performance through values; establishing conditions for dialogue with workers and their representatives; respecting ethical regulations.

The group's HR function plays a crucial role in CSR as it supervises the sustainable development and CSR department, which contains the teams responsible for implementing the AA Way, its environmental policy as well as environmental and social reporting. Consequently, the AA Way team too was led by the HR director. Indeed management remained the driving force throughout the project. While AA Group recognises 'the value of constructive workplace relations between the management of the establishments within the AA Group and independent and democratic trade unions that represent the workers in AA Group' (Brabet 2006, p. 22), neither trade unions nor other stakeholders with whom the company engages in dialogue were involved in designing and monitoring the approach.

According to the International Food Sector Trade Union UIF (see Brabet 2006, p. 21), AA Group respects trade union rights and negotiates with unions at every level. There is a long tradition of international meetings and shared policies between management and unions, covering, for example, the provision of adequate information to trade unions and other workers' representatives, gender equality and a policy for providing training. In 2004, UIF and AA Group agreed on 20 social indicators in order to evaluate to what extent agreements have been put into practice. However, unions or other stakeholder representatives were not involved in the design of the AA Way. Although self-assessment in the business units includes worker participation, unions are not involved in this process either.

STARCAR: A German car manufacturer

Headquartered in Germany, this case company is one of the global car manufacturers with production facilities in 20 countries and 384,000 employees (case data taken from Haunschild et al. 2006). Internationalisation of the company was pushed forward by a merger with a US company in the late 1990s (which was abandoned again about a year after this study). The company describes itself as comparatively decentralised, with its headquarters playing a coordinating role. STARCAR is deeply embedded in the traditions and characteristics of the German industrial relations system. The Corporate Works Council is the most important committee in this respect, representing about 160,000 employees in Germany. At the global level, employees are represented by the World Employment Committee (WEC), formally accepted by the company as bargaining partner for global agreements in 2002. Both employer and employee representatives describe their relationship as constructive.

CSR was initially promoted by top management, when STARCAR's CEO signed the UN Global Compact in 2000 without previous debate or consultation with either the works council or the HR department. Although the merger with a US company might have influenced this decision, our interview respondents saw the CEO's personal beliefs and his commitment to social involvement as the main drivers for signing the UN Global Compact. However, at the same time, the works council approached the HR department to negotiate a mutually binding and global CSR agreement. This initiative was influenced by similar negotiations at Germany's largest car manufacturer as well as requests from IG Metall and the International Metalworkers' Federation. Whereas the HR department at first refused to negotiate a legally binding CSR commitment, the initiative taken by top management persuaded it to start negotiations on CSR principles. In 2002, STARCAR and its WEC signed the company's Corporate Social Responsibility Principles, which were granted the status of a Plant Bargaining Agreement or International Framework Agreement in the terms of the International Metalworkers' Federation. The Principles cover social issues, such as human rights (forced labour, child labour, equal opportunities, equal pay for equal work), working conditions (protection of health, compensation, working hours, training, suppliers) and relations between employer and employee representatives.

The main strategic aim of the workers' representatives can be seen as going beyond one-sided company initiatives ('soft law') to achieve a legally binding commitment ('hard law'). The CSR agreement is seen as a framework that now has to be developed further in order to specify its more general terms. Overall, STARCAR's works council is in a strong position in CSR-related topics. It has been able to use CSR, as well as its institutional strength based on the German industrial relations system, as a leverage in subsidiaries which are not subject to German law, for example by enforcing social standards in global supplier networks, by policing violations of the negotiated CSR principles or by getting German standards of employee participation accepted for the WEC. Through the mechanism of a contractual framework CSR within the global group no longer has the character of a voluntary initiative of the employer. The works council may not be the driver of all group-wide CSR activities, but it definitely is a major CSR player, which internationally promotes the codification and enforcement of STARCAR's CSR activities.

Comparative discussion of the cases

The three cases differ with respect to industry, company size, and national industrial relations system. However, they also share some common characteristics, not least the fact that they all concern companies headquartered in European coordinated economies. In all the three cases CSR-related topics have been taken up as a reaction to the internationalisation of business. The initial drive for adopting CSR ideas in the first place came in all cases from external developments and stakeholder expectations, which translated into top management action. However, the cases differ in terms of the degree of influence the HR function and employee representatives had over the shaping and implementing of the CSR initiatives.

The cases show a considerable potential for the HR function to become involved in shaping corporate policy on CSR. In the German case, CSR consisted of a series of external commitments that were initially entered into by the CEO without consultation of the HR department. In this fashion signing up to the UN Global Compact was followed by the establishment of a Global Diversity Office and the adoption the Global Sullivan Principles, a voluntary Code of Conduct that seeks to uphold human rights globally and which grew out of principles for safeguarding equal opportunities for companies operating in South Africa that the Reverend Leon Sullivan had devised as non-executive director of General Motors in the 1980s. The HR department was initially reactive but then agreed to turn the corporate CSR Principles into a binding collective bargaining agreement. By contrast, the French and Belgian cases show an active and leading role of senior HR managers right from the beginning. In both cases it was the HR directors who led the teams that were designing, implementing and monitoring the CSR initiatives. It is also worth stressing again that in AA Group it is the HR department that has overall responsibility for the sustainability and CSR teams within the company. For Van de Velde, commitment to SA8000 meant a significant HR manager involvement in implementing the process in its overseas plants.

The role of employee representatives also differed in the three cases. Whereas in the case of Van de Velde it was the union who requested and promoted an audit of the company's social responsibility, in the case of AA Group management initiated CSR activities without such demands from employee representatives and even without union consultation. STARCAR occupies the middle ground, as CSR was initially fostered unilaterally by its CEO but the trade union soon challenged the HR department to turn the corporate CSR commitment into 'hard law'. In all the case companies unions have not seen CSR as a threat (but see Preuss et al. 2006 and Preuss 2008, for contrasting findings). However, the consequences of the CSR activities for the internal bargaining power of workers' representatives differ in the three cases. At Van de Velde, as well as at STARCAR, employer CSR initiatives were not perceived as attempts to undermine or weaken the trust-based relationship between company and workers' representatives. Rather, CSR has been used to maintain and strengthen the relationship. These two cases also show that workers' representatives can use the CSR agenda to build up links with other stakeholders engaged in the CSR discourse, in particular NGOs. This strategy can be seen as an attempt to build up and maintain a new power source as contact point and 'translator' between the company and such external stakeholders and to gain control over the influence these NGOs have on the corporate CSR agenda. At AA Group, CSR did not have a negative impact on the unions' position either; nevertheless the opportunities for involvement in CSR-related activities remained unclear and thus not satisfactory from the unions' perspective (cf. Brabet 2006).

Furthermore, all cases demonstrate the increasing demand on employee representation bodies to internationalise their activities. This requires the development of knowledge of their company's foreign branches as well as an awareness of different national industrial relations systems and rules of global worker representation and co-determination within multinational companies. An increase in intra-firm competition, which as a result of downsizing policies and national competition in labour costs is likely to happen in many companies in the near future, would make worker representation far more difficult at the international level and is likely to cause conflicts between national unions and works councils. The cases also show that most aspects covered by the notion of CSR are not new for either managers or unions in coordinated market economies. While there is now a broad range of concepts and terms used to describe new and increasingly expected corporate responsibilities, a shared language has still to be developed. The comparison of the three cases is summarised in Table 2. The subsequent section will discuss the case material by returning to the major themes of convergence, divergence and adaptation identified in the literature.

Adaptation processes, HRM and employee representation

The international management literature explains global variation in organisational structure and practice as being the result of isomorphic pressures to adopt global 'best practice' clashing with elements of national business systems and hence undergoing varying degrees of adaptation. Our three case studies highlight a number of issues in this respect: first in terms of understanding the spread of CSR as a new management idea; second regarding our understanding of how these new management ideas become 'translated' and contextualised in different national and societal contexts; and third the cases raise some important questions about the nature of the globalisation process and the forces of dominance currently shaping global capitalism.

Starting with the convergence argument, it is noteworthy that in all our three cases CSR entered the respective companies through global standards and systems of self-regulation. In the French and German case the key initial event was the company joining the UN Global Compact, which led to the diffusion of further CSR policies and practices within the respective organisations. In the Belgian company, CSR got on the agenda through the implementation of the global workplace standard SA8000. In a similar vein, the concern with CSR in these companies was not raised through their domestic operations. Rather, as the case of Van de Velde probably makes most clear, the adoption of CSR was triggered by the fact that the company is operating globally and faces stakeholder expectations of responsible behaviour (expressed here, for example, by activists, consumers and the union) in areas where no mandatory legal framework forces it to do so. In spite of a variety in industry, size and national background of the companies we can identify CSR as a manifestation of a 'managerial discourse ... creating common methodologies regardless of the sector or country in which the firm is operating' (Smith 2005, p. 613).

As Matten and Moon (2008) argue, this global spread of CSR can be understood from the perspective of new institutionalism, with the three isomorphic pressures identified by DiMaggio and Powell (1983) being instrumental to this phenomenon too. The Belgian case exemplifies what could be seen as a kind of coercive isomorphic pressure: following the scandals over sweatshops, most notably those involving Gap and Nike in the late 1990s, the garment industry has faced considerable pressure from NGOs, consumers and other stakeholders to maintain minimum standards in their overseas operations. Admittedly, Van de Velde was not exposed to direct coercive pressures from the government or from other actors, but it did anticipate potential pressures emanating from civil society actors over a neglect of the issue of questionable working condition in subsidiaries and suppliers. By contrast, the German case revealed strong traits of mimetic processes as the move into CSR was very much perceived to be the result of top

Table 2. CSR initiatives in the case companies.

	Case 1: Van de Velde	*Case 2: AA Group*	*Case 3: STARCAR*
CSR project	SA8000 accreditation for this Belgian textiles manufacturer and its foreign branches	French MNC developed AA Way as internal tool to manage CSR	External and internal initiatives at large German car manufacturer
Role and strategy of management	Board of Management reacts to trade union demand with launch of SA8000 project. Attempt to limit trade union influence in the project but keeping the process open and transparent	Long tradition in social responsibility management. Recognition of and respect for worker representatives and unions as partners, but attempt to limit trade union influence in the AA Way project	Company initiatives fostered by top management as well as collective bargaining with national and international works councils. Close cooperation with workers' representatives
Role of HR function	Active involvement throughout the project. Head of HR chairs working group and plays leading role in preparing overseas sites for SA8000. Formalisation of practices that had gone on informally	Active HR involvement in original 'social and economic project'. HR Director led corporate team that developed AA Way. HR also supervises sustainable development and CSR departments	Predominantly reactive role in face of repeated CSR initiatives taken by CEO. In the beginning reluctant to take up union request to turn CSR principles into mutually binding agreement
Role and strategy of unions or works council	Trade union request as starting point for SA8000 accreditation	Disappointment about lack of influence in AA Way project	CSR as catalyst for internationalisation and continued role of involvement in strategic decision-making
	Establishment of contacts with unions or NGOs in foreign subsidiaries	Differences in strategy between reformist CFDT and more radical CGT	Strives for mutual and binding agreements ('hard law')
Other relevant actors	SA8000 project accompanied by consultants. Difficulties in finding capable auditors in Tunisia. Problems implementing project at all sites, particularly at more independent Chinese plant. NGO replaces union contact in China	A degree of coordination provided by international trade union organisations, although less noticeable in AA Way case	A degree of informal engagement with NGOs, which is increasing in importance
Summary	Management and unions see the SA8000 accreditation project as success. However, due to high costs and lack of stakeholder interest the continuation of the project is in doubt	Despite a long tradition of reflective CSR management and a good relationship between company and worker representation, unions play a minor role in current initiatives that link social responsibility and business activities	STARCAR's works council is in a strong position in CSR-related topics. It uses CSR as leverage in subsidiaries which are not subject to German law. Due to a contractual framework CSR is no longer only a voluntary initiative of the employer

Sources: Adapted from Van Liederkerke and Louche (2006), Brabet (2006) and Haunschild et al. (2006).

management following a trend among multinational companies to sign the UN Global Compact. Finally, the French case highlights normative pressures, as CSR in AA Group was chiefly considered as a state-of-the-art strategic concept for integrating certain areas of its global operations. However, the three cases also reveal that normative, coercive and mimetic processes as sources of isomorphism are analytical categories that in reality may exist side by side. Furthermore, normative and mimetic processes as drivers for adopting CSR policies can actually help to avoid coercive pressures at a later stage, which would have forced a company to respond and thus have limited its scope for strategic action.

Our cases also show evidence pointing to the validity of arguments regarding a continued role of national divergence in international management practices. To begin with, the cases highlight the fact that CSR is not a European idea, and for all three companies the engagement in these issues was a rather recent phenomenon that had not hitherto been practised (at least not in the particular form adopted). Furthermore, all companies engaged in CSR not because of many of the classic issues in the original, US-style practices of CSR, such as corporate philanthropy, education or healthcare (Husted 2003). For all three companies in our cases CSR got on the agenda because of issues beyond their home country, most notably in their global supply chains (Van de Velde), in subsidiaries in less developed countries (STARCAR) or the governance of social responsibility within the globalising organisation (AA Group). However, in particular the German and the French cases show that traditional forms of corporate involvement in social and environmental issues, which have a strong tradition in Europe, are not necessarily in conflict with CSR. Rather, STARCAR and AA Group both sought to reframe their previous commitments through the use of CSR terminology. Furthermore, the industrial relations framework in many European countries makes it a necessity for companies to involve their works council in CSR as part of the co-determination process, which turns works councils or trade union representatives into a ‘natural partner’ for such issues. This is certainly the case at STARCAR and Van de Velde, although the evidence of AA Group suggests that this is not necessarily the typical practice.

Our research also highlights the fairly different approaches to employee stakeholders on both sides of the Atlantic. The role and rights of employees have been a long-standing item on the US-style CSR agenda. However, while American-style CSR sees the employer as the pivotal agent and conceptualises its responsibility in terms of *duties* it has to fulfil, Europe has a long and vibrant tradition of conceptualising these responsibilities in terms of *rights* of employees which are embedded in and enforced through a dense network of mandatory regulation, often referred to as the ‘European social model’ (Hyman 2001a, 2001b, 2005). As Royle (2005) has shown, it is exactly at this point where US companies – even those that are otherwise known as leaders in the CSR field – struggle to embrace the different nature of employment relations in Europe.

As far as adaptation processes between globalising pressures and national business systems are concerned, our research highlights these tensions in an interesting way. Many corporate critics argue that corporations have increasingly taken up CSR in order to forestall or circumvent imperative regulation by national governments (e.g. Bakan 2004). Many of our respondents indeed expressed concern regarding the voluntary nature of CSR initiatives that are pursued in their companies (see also Preuss et al. 2006 and Preuss 2008). At STARCAR the works council was very eager not just to implement CSR policies but to integrate them into the usual regulatory framework of an agreement which transforms voluntary commitments of employers into a mandatory and codified right of employees. The French case in particular shows that trade union representatives perceived the initiatives – though in themselves laudable – as a potential threat to their position.

Despite legal backing from the French government for a works council role in the design of CSR tools and the evaluation of their effectiveness, Berthoin Antal and Sobczak (2007) too had noted that the legitimacy and competence of French unions in CSR initiatives has been declining in recent years, in particular as these move from internal employment to wider issues, such as labour relations in global supply chains or environmental issues.

These findings reiterate, on the one hand, the institutional argument that resistance to an emerging dominant paradigm is the stronger the greater the institutional distance between home and host country and the greater the dependence on the local institutional environment are (Tempel et al. 2006), as the countries in which our three companies are headquartered – Belgium, France and Germany – are all coordinated market economies in contrast to the liberal market economy of the US from where CSR is emerging. On the other hand, the analysis of the German and the Belgian cases in particular reveals that conflicts between an emerging dominant paradigm and local practices and institutions do not have to lead to a strict refusal of this paradigm by employee representatives but can be perceived as a challenge to actively shape and remake emerging global pressures according to local practices and institutions.

What implications do the adaptation processes we observed in response to the rise of CSR have for HRM theory and practice? Above we already contrasted the initial apprehension of STARCAR's HR department to get involved in the CSR debate with the leading role taken by the HR directors in the other two cases. As is visible most clearly in the French case, here HR has asserted itself as the driving force behind CSR, supported by a history of a paternalistic approach to social issues that stretches back to the 1970s. Although AA Group states that it values constructive workplace relations, no other stakeholder has been involved in its CSR activities. These differences between the cases can be seen as an extension of the concept of institutional duality (Kostova and Zaheer 1999) from the prevailing focus on parent-subsidiary relations (as applied e.g. by Tempel et al. 2006) to a functional perspective concerning the relationship between different managerial groups. Given the company's history of social initiatives and the long-standing HR involvement in these, one can speak of the HR function of AA Group as enjoying a high degree of internal legitimacy vis-à-vis its senior management, which is not shared by STARCAR's HR function. The findings of our research thus point to an important role of the HR function in a CSR context that is shaped by differences regarding the status of the HR function in different national contexts – an issue that slightly transcended the scope of our study.

In terms of managerial practice, the case evidence points to two crucial challenges for HRM, namely the need to maintain a first-mover advantage in the CSR debate and an opportunity to exclude other stakeholders from shaping CSR policy. The first one arises from the considerable advantages that influencing the meaning and subsequent implementation of an emerging concept in its early stages can offer. The second challenge consists of presenting CSR as an alternative form of addressing employee needs and thus forestalling efforts to organise labour. It needs to be born in mind that, for example, German law, although offering far-reaching rights to employee representatives, firmly places the initiative to set up works councils on the work force itself (Muller 1998).

From an employee representation perspective, the challenges arising from the spread of CSR are a precise mirror image to those for HRM, as the two important issues here seem to be to maintain an active role in shaping the emerging CSR agenda and to avoid losing influence and power in the process. The ability of organised labour to play an active role in CSR has been demonstrated in the examples of STARCAR and, most notably, Van de Velde. As they are traditionally involved in many CSR related issues, unions can assume, as it were, the role of an in-house NGO in pushing and implementing the CSR agenda throughout the global operations of a European company. In these two cases workers' representatives served as contact points for an engagement with other civil society actors and thus provided a pre-existing infrastructure for companies to engage with stakeholders – a phenomenon largely unmentioned in the predominantly US-authored stakeholder literature.

However, the fear of losing power and influence in the wake of CSR is also very real for organised labour. In fact, trade union representatives heavily criticised the UN Global Compact as having been drawn up at the exclusion of the trade union movement and only recently starting to integrate these actors (Baker 2004). As the French case shows, when becoming 'socially responsible' the company can in fact largely ignore its workers' official representatives. In particular at the global level we see that corporations, mostly by adopting codes of conduct, in fact privatise the governance of workers' rights and use CSR as a replacement of traditional industrial relations frameworks (Arthurs 2005). While this can still be considered an improvement in developing countries with poor governance and weak enforcement of workers' rights (see Blowfield and Frynas 2005), it becomes problematic in Europe where employees traditionally have been protected by a fairly solid regulatory regime. Many commentators though have argued that current trends of EU-wide regulation of industrial relations tend to erode and weaken this position (Hyman 2001b). Conspicuously, with its latest initiative in the area of CSR the European Commission has left the long-standing tradition of multi-stakeholder consultation (including organised labour) and has launched its new 2006 'European Alliance for CSR' which focuses solely on corporations and excludes other stakeholder representatives, such as NGOs and trade unions. Against this backdrop, the spread of CSR might indeed become a threat to the influence of trade unions and works councils so that the French, rather than the German and the Belgian case, might actually point to the road ahead.

Conclusions

While acknowledging that the small number of case studies, which furthermore cover companies of different size, industrial sector and national origin, posits limits to the generalisability of our findings, we nonetheless see a number of interesting conclusions that are worthy of more detailed study. As a contribution to the national business systems debate, we found that European corporations focus on different aspects of CSR to their North American counterparts. They also face a different institutional setting in which they attempt to provide a new meaning for their role of 'responsible' societal actors, which is shaped by a different constellation of actors. Ultimately, the recent European interest in CSR points to a necessity to define and contextualise CSR in different national and regional contexts.

Our research has also shown that – though largely ignored in the contemporary CSR literature – employee representatives and trade unions can play an active role in CSR, in some cases even a pivotal one. The relative differences in responses, strategies and practices, however, suggest that a large amount of research effort is still required to establish what the antecedents, contingencies and success factors of an involvement of organised labour in the CSR agenda might be. By contrast, HR managers have not in all cases been at the forefront of CSR initiatives either, as one might have deduced from the argument that CSR touches upon many aspects of the HR role. The Belgian case in its early stages, and the German case more durably so, saw the initiative being in the hands of employee representatives. It remains to be seen, however, whether these initial first-mover advantages can be translated into a durable advantage.

Linking our findings to the wider international management literature, the cases point to an importance of early movers and their ability – or lack thereof – to shape the meaning, interpretation or implementation of what is still an emerging concept in continental European societies. Whichever party should turn out to be successful in its attempts to shape the ascendant archetype, its early-mover advantage might, in turn, contribute to a deepening of the differences between national business systems in Europe. Our cases also allow us to extend the concept of institutional duality of external and internal pressures for legitimacy from the prevailing emphasis on parent-subsidiary relations to a functional perspective that hones in on relations between managerial groups, not least between senior management and HRM.

Acknowledgements

We would like to thank Gina Ebner and Dirk Ameel of Eurocadres, Brussels, for coordinating the research project that underlies this paper, Luc van Liederkerke, Katholieke Universiteit Leuven, Céline Louche, Vlerick Leuven Gent Management School, and Julienne Brabet, Université Paris 12, for their work on the Belgian and French case studies we were able to draw on and last but not least the anonymous reviewers for their helpful comments on the paper.

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