

Towards a Convergent Institutional Perspective on Corporate Social Responsibility (CSR)

by
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TO CATHRINE, EMMA, HELENA AND SOFIE

Oluf Langhelle, friend and supervisor; Thanks!

Contents

Contents.....	vii
Part I.....	1
1 Introduction (As if Society Doesn't Matter...)	2
1.1 Research aims	6
1.2 Structure of the thesis	7
2 Background: The Study Field of Business and Society	9
2.1 Autonomy and Control	9
2.2 The Construct of CSR	11
3 Theory	22
3.1 Institutional Theory	24
3.2 The Current Institutional Analysis of CSR	25
3.3 The New Institutional Descriptive Argument	30
3.3.1 <i>Manifestations of CSR within National Institutional Fields</i>	37
3.3.2 <i>The Potential Political and Institutional Implications of CSR</i>	40
3.4 The New Institutional Normative Argument.....	46
3.4.1 <i>Institutional Theory and CSR: A Normative Inquiry</i>	49
3.5 Analytical Model.....	52
3.6 Summary of Research Questions	53
4 Methodology	55
4.1 Introduction	55
4.2 Some Epistemological and Theoretical Considerations.....	55
4.2.1 <i>Final Remarks on the Research Prologue</i>	61
4.3 Research Design (or the Construction of Plots).....	63

4.3.1	<i>Selection of Theoretical Perspective</i>	67
4.3.2	<i>Data Production and Construction</i>	72
4.3.3	<i>Analysis and Interpretation</i>	73
4.4	The Trustworthiness of the Study	77
5	Results	80
5.1	Research Articles.....	80
5.2	Analytical Content of Article I.....	82
5.3	Analytical Content of Article II.....	86
5.4	Analytical Content of Article III	90
5.5	Analytical Content of Article IV	94
6	Discussion	96
6.1	The Institutionally Contingent and Embedded Nature of CSR	96
6.2	Institutional and Democratic Implications of Explicit CSR...	101
6.3	Towards a Political Conceptualisation of CSR	109
6.4	Towards an Convergent Institutional Perspective on CSR	117
6.5	Implications for the Institutional Analysis of CSR	119
6.5.1	<i>Understanding Manifestations of CSR</i>	120
6.5.2	<i>Understanding Societal Implications of Manifestations of CSR</i>	121
6.5.3	<i>Justifying the Role and Responsibility of Business</i>	122
7	Conclusions (As if Society Mattered...)	123
7.1	Limitations with the Study	124
7.2	Final Remarks	127
	References	130
	Part II	164
	List of Articles	165

Article I.....	166
Article II.....	213
Article III	264
Article IV.....	292

Part I

“There are (...) situations where an institution has its *raison d’être*, mission, wisdom, integrity, organization, performance, moral foundation, justice, prestige, and resources questioned and it is asked whether the institution contributes to society what it is supposed to contribute” (March and Olsen, 2005)

“...pressures for organizational autonomy are like coiled springs precariously restrained by the counterforce of the state and ready to unwind whenever the system is jolted” (Dahl, 1982)

1 Introduction (As if Society Doesn’t Matter...)

The research reported in this thesis has been directed by three interconnected questions: 1) How can institutional theory contribute to our understanding of the contingent nature of CSR and manifestations of CSR within national-level fields? 2) What are the potential institutional and political implications of CSR? and 3) How can institutional theory contribute to discussions of a justified foundation for companies (political) efforts on the societal arena?

Since the 1950s, the role of business in, and the responsibility of companies towards, society have increasingly been addressed in terms of Corporate Social Responsibility (CSR) (Carroll, 1999, 2008; Frederick, 2006). Simply put, CSR refers to responsibilities that either a corporation has to society or responsibilities that society imposes on corporations (De George, 2008).

The research on CSR is dominated by two broad strands of literatures (Gond, Palazzo, and Basu, 2009), the *economic* or *instrumental* approach to CSR (e.g., Friedman and Friedman, 1962; Friedman, 1970; Husted and Allen, 2000; Maignan and Ferrell, 2001, 2004;

McWilliams, Siegel, and Wright, 2006; McWilliams and Siegel, 2001; Porter and Kramer, 2002, 2006), and the *duty-aligned* or *ethical approach* on CSR (e.g., Bowie, 1998; Cassel, 2001; Donaldson and Dunfee, 1999; Donaldson and Preston, 1995; Freeman, 1984; Mahon and McGowan, 1991; Melè, 2002; Shrivastava, 1995; Swanson, 1995, 1999). Each approach holds – more or less explicitly – both positive/descriptive and normative ambitions.

The inquiry of this thesis is informed by two concurrent observations. The first observation is that, within the Business and Society literature – and in particular within the instrumental and duty-aligned perspectives – the notion of CSR is often interpreted within the assumptions and aspirations of *methodological individualism* (e.g., Weber, 1968) and a social and political philosophy putting individual rather than collectives in the centre of its ideas about the ideal institutional order, and of theories on how to understand and explain societal phenomena.

Methodological individualism is “the doctrine that all social phenomena – their structures and their change – are in principle explicable in ways that only involve individuals – their properties, their goals, their intentions, and their rational choices” (Elster, 1985, p. 5). As such, methodological individualism makes individuals – citizens, managers, consumers – and their choices the primary object of study (Petrovic, 2008). The analysis begins and ends with the individual rational calculation: societal phenomena must be explained by showing how they result from individual actions, which in turn must be explained through reference to the intentional states that motivate the individual actors (Heath, 2009). Methodological individualism does not deny the existence of social structures. These are social realities. But social structures – as institutions – should be understood and explained with reference to the individual characteristics of their constituents (Weber, 1968).

The basis of the instrumental and duty-aligned approaches to CSR within the assumptions and aspirations of methodological individualism has important implications for how the notion of CSR is understood, that is, what the notion contains, how responsible – or irresponsible – corporate action is, and of the variables that might promote responsible behaviour.

In its positivist and descriptive outlook (e.g., Husted, 2003) *the instrumental or strategic approach to CSR* seeks to explain responsible – or irresponsible – corporate behaviour with reference to rational self-seeking individuals' (mostly corporate managers) pursuit of profit maximisation. In its normative outlook (e.g., Friedman and Friedman, 1962; Friedman 1970), the instrumental or strategic approach justifies CSR solely on economic grounds. In slightly other words: business and companies may legitimately engage in CSR only when their underlying motivation is the attainment of financial performance.

In its positivist and descriptive outlook, the *duty-aligned or ethical approach to CSR* seeks to explain corporate responsible – or irresponsible – behaviour with references to the values premises of individual preference-based action. In its normative outlook, the duty-aligned or ethical approach justifies CSR on ethical grounds. In slightly other words, business and companies should engage in CSR because this is the right thing to do according to some ethical treaty, that, in turn, should inform moral reasoning and better individual decision-making.

The second observation informing the inquiry of this thesis – and one that is closely connected to the first observation – is that – within the Business and Society literature – the notion of CSR is often interpreted in *apolitical* terms. With this I mean that interpretations of CSR tend to ignore the specific political and institutional roots of CSR (Frederick, 1987; Hanlon, 2008), it tends to ignore the political nature of the social institution of business, the corporate entity, and the activities

companies perform under the rubric of CSR (Crane, Matten, and Moon, 2008; Scherer and Palazzo, 2007, 2008), and it tends to ignore the potential institutional and political implications of CSR (Barley, 2007; Vogel, 2005). This second observation can also be formulated as the logical implications of the assumptions of methodological individualism inherent in the instrumental and duty-aligned approaches to CSR.

The convergent institutional perspective of CSR suggested in this thesis contrasts with the assumptions of methodological individualism that are inherent in both the instrumental and duty-aligned perspectives on CSR, and assumes that social reality contains “chunks of irreducible social matter” (van Oosterhout, 2002, p. 125), that through regulative, normative and cognitive institutions provide institutional logics (Friedland and Alford, 1991; Thornton, 2004) that inform specific manifestations of CSR within an institutional field (e.g. van Oosterhout and Heugens, 2008). An institutional approach to CSR thus questions the assumption of methodological individualism that unified individual subjects are the units of society and economic, social, and political behaviour. That means that rather than seeing challenges of corporate responsibility as residing primarily in the value premises of individual preference-based action – as assumed within instrumental and duty-aligned perspectives – an institutional perspective assumes that challenges of corporate responsibility constitute an inherent aspect of the structures of political rules, institutions, and identities (e.g., March and Olsen, 1996). The position that social reality contains “chunks of irreducible social matter” does, however, not preclude the possibility of agency. Actors are capable of purposefully acting in pursuit of their own interest, potentially leading to both the maintenance and change of institutions (DiMaggio and Powell, 1991). At the same time, they do this within socially constructed frames, both constituting and limiting their purposefully interpretations and actions (Scott, 2008; Lounsbury, 2008).

The institutional perspective on CSR in this thesis has not only positivist or descriptive, but also normative ambitions. That is, it is argued that the perspective holds promises for justificatory purposes, and hence can be used to outline criteria for probing into the question of why the social institution of business and companies has a responsibility towards society, and what constitutes the elements of this responsibility. The position taken is that political democracy and the pursuit of the common good not only depends on economic and social conditions, but also on the appropriate design and functioning of political institutions (March and Olsen, 1984). The perspective thus builds on a normative vision of a political order based upon institutions (Wolin, 1960, 2004) as its point of departure for descriptive analysis of the impact of diverse institutional variables on manifestations of CSR, and reasoning about the how to judge and evaluate the institutional and political implications of CSR and manifestations of the notion within institutional fields.

In sum then, the thesis argues in favour of a convergent perspective (e.g., Jones and Wicks, 1999; Kochan, Guillen, and O'Mahony, 2009; Margolis and Walsh, 2003; Van Oosterhout and Heugens, 2009; Wicks and Freeman, 1998) of CSR in which descriptive and instrumental analysis is combined with normative assumptions about the preferred institutional order and prerequisites for organisational and corporate responsibility.

1.1 Research aims

This study sees the construct of CSR in terms of how to understand and conceptualise the organisation and responsible business activity¹. Given

¹ This point of departure builds on Wick's and Freeman's (1999) discussion of the nature of business ethics.

the puzzles of CSR as methodological individualism and the concurrent apolitical nature of the concept, the inquiry of this thesis has been directed by the aim of suggesting an institutional convergent alternative to the instrumental and duty-aligned CSR perspectives, and to arrive at insights into some possible building blocks of such a perspective. Within this framework, the inquiry has been directed by the following objectives:

1. To explore the institutional contingent and embedded nature of the construct of corporate social responsibility
2. To explore the potential political-institutional implications of corporate social responsibility
3. To contribute to discussions about a justified foundation for companies efforts on the societal arena from an institutional point of view

1.2 Structure of the thesis

The thesis consists of two parts. Part I contains the background for the study, research aims, theoretical framework and research questions, methodology, results, discussion and conclusion. The design and thus also the structure and disposition of this study reflects its theoretical more than its policy or empirical orientation. The context of the research has not primarily been some empirical real-life world of CSR, but rather the theoretically informed literature and constructs of business and society reflecting this world. Thus, relatively large emphasis is put on elaborating on the literature on CSR, and the institutional perspective from which I analyse and inquire into the notion of CSR.

Introduction

Part II consists of the four research articles included in the thesis²:

Article I. Blindheim, B-T. Multiple and Contesting Perceptions of Explicit Corporate Social Responsibility Within a National Institutionalised Field. Submitted February, 2008 for publication to *Business and Society*. New York: Sage Publisher. Revised February 2009 and September 2009.

Article II. Blindheim, B-T. (2008) Corporate Social Responsibility: The Economic and Institutional Responsibility of Business in Society. In Mikkelsen and Langhelle (Eds.), *Arctic Oil and Gas – Sustainability at Risk?* London and New York: Routledge.

Article III. Blindheim, B-T. and Langhelle, O. (2010) Reinterpreting the Principles of CSR: A Pragmatic Approach. *Corporate Social Responsibility and Environmental Management*, 17: 107-117. John Wiley & Sons Ltd. and ERP Environment.

Article IV. Blindheim, B-T, Øgaard, T. and Mikkelsen, A. Development and Validation of the CSR Issues Scale (CSRIS): A Corporate Citizenship Perspective. Submitted February 2010 for publication to *Journal of Business Ethics*. Springer.

² In the following, I refer to the articles as “Article I”, “Article II”, “Article III” and “Article IV”.

2 Background: The Study Field of Business and Society

This chapter first frames discussions about notions of Corporate Social Responsibility (CSR) within the dual notion of organisational autonomy and control (Dahl, 1982). The chapter then proceeds with a closer presentation of CSR as a definitional construct, and the different approaches towards the notion. As part of this presentation, I also present the study's initial understanding of CSR.

2.1 *Autonomy and Control*

Discussions about the role and responsibility of business in society can be framed by what Dahl (1982) calls the fundamental problem of pluralist democracies, the dilemma between autonomy and control. In pluralist democracies, independent or autonomous organisations – like business organisations – can be understood as highly desirable and indeed necessary to the functioning of the democratic process itself, to minimising coercion, to protecting liberty, and to ensuring human well-being and societal development in general. It can thus be argued that organisations – for the sake of democracy and the common good – ought to possess some *autonomy* in society. Valuable as organisational autonomy is for societal development and the pursuit of the common good, organisational autonomy also creates an opportunity to do harm (Dahl, 1982, p. 1):

Organizations (like corporate entities) may use the opportunity to increase or perpetuate injustice rather than reduce it, to foster the narrow egoism of their members at the expense for a broader public good, and even to weaken or destroy democracy itself.

Background

Although organisations ought to possess some autonomy in society, it can thus also be argued that organisations should be *controlled*. The dilemma between autonomy and control – or the problem of democratic pluralism – constitutes a central challenge of political life (Dahl, 1982):

How much autonomy should be granted to which actor, in respect to what areas and action, and in relation to what other actors? And how much control ought to be exercised by what actors, employing what means of control over what other actors, and with respect to what actions?

In more general terms, the problem of democratic pluralism comes close to a description of the entire project of political theory (Dahl, 1982), and it can also serve as a framework for, or overriding issue within, the Study-Field of Business and Society³.

The study-field of business and society is primarily concerned with the tension that arises from the interaction between the economic and the cultural, and political sphere of society, and the mechanisms to cope with this tension (Jones, 1983). As such, the social control of business – defined as the means by which society directs business activity to useful ends – constitutes the very essence of the field. Two questions are central to inquiries within the study-field (Jones, 1983): 1):

How compatible are the outputs and processes of the economic system with the values of the cultural and political system (How

³ This research follows Lockett, Moon and Visser (2006), who defined Corporate Social Responsibility as a field of study rather than a discipline. While disciplines can be identified with references to their theoretically or methodologically distinctive approaches (as are economics, philosophy, and sociology), or through being substantively distinctive and systematic (as are political science and law), CSR does not meet even the more “relaxed” definition or criteria of a substantive discipline (Lockett, et al., 2006).

compatible are existing social control mechanisms?, and 2) How can the outputs and processes of the economic system be made more compatible with the values of the cultural and political systems? (How can social control mechanisms be improved?).

Three broad strands of social control mechanisms can be outlined (Wood and Jones, 1995): public policy, market, and normative. CSR perspectives differ greatly in what strands are seen as relevant and appropriate. In general, while instrumental – or economic – approaches to CSR would emphasise the importance of market control mechanisms like consumer, owner, supplier, and competitor expectations and behaviours, ethical or duty-aligned perspectives would emphasise normative societal control mechanisms like moral suasion, symbols and references to values. In contrast to both the former, institutional approaches to CSR would emphasize the importance of public policy control mechanisms like laws, regulation, litigation, jurisgenerative politics, public discourses and democratic iterations (Benhabib, 2006, 2008), in addition to normative and symbolic orders and structures.

2.2 The Construct of CSR⁴

A possible source for identifying the modern roots of CSR is the work of Berle and Means (1932). They documented a separation of ownership from control in large United States (US) corporations, thus resulting in a:

“...small (managerial) group, sitting at the head of enormous organizations, with the power to build, and destroy, communities, to generate great productivity and wealth, but also to control the distribution of that wealth, without regard for

⁴ This section draws on Article II and III of Part II of the thesis.

Background

those who elected them (the stockholders) or those who depended of on them (the larger public)” (Mizruchi, 2004).

In line with Berle and Means’ concern that increased corporate and managerial power could harm public interests, the early literature and definitions of CSR were tied more to society’s interests than to those of the firm. As such, CSR built upon moral ideas about the primacy of human interests over corporate ones and the desire to mitigate many of the negative consequences of corporate power – environmental degradation and poisoning, unhealthy products, inhumane workplaces, and more (Logsdon and Wood, 2002).

Selected definitions of CSR⁵. Bowen’s *Social Responsibilities of the Businessman* (1953) is generally recognised as the book that marks the beginning of the academic literature on CSR. His point of departure for writing about the social responsibility of business was that the largest corporations at that time were vital centres of power and their actions affected citizens in many ways (Carroll, 2008). Bowen defined social responsibility as “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action that are desirable in terms of the objectives and values of our society”.

Writers after Bowen, including Davis (1960; 1967; 1973), Preston and Post (1975; 1981) and Carroll (1979), continued to search for an appropriate definition of the meaning and content of CSR⁶. In 1960, Davis suggested that corporate responsibility involves decisions and actions that transcend the firm’s direct economic interests. Davis later

⁵ This section largely presents definitions of CSR from the 1960 and 70 as this body of literature still provides an important context for the contemporary CSR debate (Blowfield and Murray, 2008).

⁶ Table 1 provides an overview of selected CSR definitions.

Background

(1973) defined CSR as “the firm’s considerations of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm (to) accomplish social benefits along with the traditional economic gains which the firm seeks.”

A landmark contribution to the concept of CSR came from the Committee for Economic Development (CED) in its 1971 publication “Social Responsibilities of Business Corporations.” The CED became interested in the topic by observing that business functions by public consent and its basic purpose is to serve constructively the needs of society (Carroll, 1999). The CED (1971, p. 15) report articulated a three concentric circles definition of CSR: The inner circle consisted of the basic responsibilities for the efficient execution of the economic function – products, jobs and economic growth. The intermediate circle in the CED understanding of CSR encompassed the business responsibility to exercise the economic function with sensitivity to changing social values and priorities: for example, with respect to environmental conservation; hiring and relations with employees; and more rigorous expectations of customers for information, fair treatment, and protection from injury. The outer circle outlined the responsibility that business should assume to become more broadly and actively engaged in improving the social environment.

Preston and Post introduced the notion of public responsibility in 1975. At the core of this notion lies the idea that business and society are mutually dependent systems, and firms should be socially responsible by adhering to the standards of performance both in law and in the public policy process because they exist and operate in a shared environment. According to Preston and Post (1975, 1981) the notion of public responsibility expresses the responsibility of businesses for outcomes related to their primary and secondary areas of involvement with society; meaning that business organisations are not responsible for solving all social and environmental problems. Instead, they are responsible for solving problems they have caused and for helping to

Background

solve problems and issues related to their business operations and interests. Together, the primary and secondary responsibilities define what Preston and Post (1975, p. 57) call the “legitimate scope of corporate responsibility”.

Carroll (1979) closed in on the notion of CSR by observing that society has some basic expectations towards the role and responsibility of business. The first obligation of business towards society is *economic* in nature, and refers to the fundamental responsibility of business to produce goods and services that society wants, and being profitable. The second obligation of business is *legal* in nature, and refers to the responsibility of business to fulfill its core economic activity within the laws and regulations that society has laid down. The third obligation of business is *ethical* in nature, and refers to the responsibility of business to go beyond legal compliance, as society has expectations to business over and above legal requirements. The fourth obligation of business is *discretionary* in nature, and refers to the voluntary responsibility of business in “doing what is right” even if there are no clear-cut societal expectations.

Given this range of obligations business has to society, Carroll (1979, p. 500) thus defined CSR as “the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.” This conceptualization and definition of CSR is probably the most established, accepted and cited one for understanding the different aspect of the social responsibility of business in society (Crane and Matten, 2004), and it is also the one that constitutes the point of departure for the understanding of and the inquiry into manifestations CSR in this study.

Contrary to many contemporary instrumental and duty-aligned CSR conceptualizations, Carroll’s (1979) definition goes beyond the idea that corporate responsibility is purely voluntary (ethical and discretionary) by emphasizing the importance of legal mechanisms and frameworks

Background

Table 1: Selected definitions of CSR

Author	Definitions of CSR
Bowen (1953)	(CSR) refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action that are desirable in terms of the objectives and values of our society.
Davis (1973)	(CSR is) the firm's considerations of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm (to) accomplish social benefits along with the traditional economic gains which the firm seeks.
Sethi (1975)	Social responsibility implies bringing corporate behaviour up to a level where it is congruent with the prevailing social norms, values, and expectations of performance.
Carroll (1979)	The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time.
Frederick (1986)	The fundamental idea of corporate social responsibility is that business corporations have an obligation to work for social betterment.
Marrewijk (2003)	In general, corporate sustainability and, CSR refer to company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders.
Waddock (2004a)	Corporate social responsibility is the subset of corporate responsibilities that deals with a company's voluntary/discretionary relationships with its societal and community stakeholders.
McWilliams, Siegel, and Wright (2006)	CSR (is) situations where the firm goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law.

for informing responsible business conduct. The conceptualization also goes beyond many instrumental CSR conceptualizations by emphasizing that the economic mission and responsibility of business is not per se about making a profit for shareholders (e.g., Porter, 2006), but more importantly about an obligation to produce goods and services that society wants. The locus for defining responsibility is thus not – as in instrumental CSR perspectives – corporate objectives and interests, but the interests of people and society.

CSR perspectives. The notion of CSR later evolved into different approaches, covering related terms such as *social responsiveness* (e.g., Frederick, 1987), *corporate social performance* (e.g., Wartick and Cochran, 1985; Wood, 1991; Wood and Jones, 1995), the *stakeholder approach* (e.g., Donaldson and Preston, 1995; Freeman, 1984; Jones and Wicks, 1999), *corporate citizenship* (Matten and Crane, 2005; Moon, Crane, and Matten, 2005; Nèron and Norman, 2008; Wood and Logsdon, 2002), the *'triple bottom line' approach* (Elkington, 1994, 1997) and *corporate sustainability* (e.g., Marrewijk, 2003). CSR can thus be understood as an umbrella term for economic, social and environmental issues (Welford, 2003), wherein the relationship between business and society is studied.

Several typologies and classifications have been suggested to bring some order into the business in society literature (e.g. Blowfield and Murray, 2008; Carroll, 1999; Frederick, 1987, 1998; Garriga and Melè, 2004; Melè, 2008; Windsor, 2006). Brummer (1991) suggested that the spectrum of approaches to CSR could be ordered as *classical*, *stakeholder*, *social demanding* and *social activist*.

The classical approach to CSR, which can also be framed as arguments against CSR, comes in two variants. Building on classical Parsonian pluralism (Parsons, 1951), it could be argued that other institutions in society – like political institutions and civil society institutions – exist to perform the types of functions required by social responsibility

Background

(Jones, 1999). The functional theory argument largely defines CSR along the same economic dimension as identified by Friedman and Friedman (1962). His property rights argument against CSR above what is profitable has its roots in classical capitalism. This perspective maintains that managers have no right to act other than to enhance shareholder value. To do otherwise constitutes a violation of the management's legal, moral and fiduciary responsibilities. In sum, the social obligations of business are confined to satisfying legal and economic criteria.

Contrary to the classical perspective, the stakeholder perspective suggests that responsibilities of a business extend beyond shareholders to include the company's stakeholders. In general, stakeholder theory is focused on those interests and actors who affect, or in turn are affected by, the corporation (Freeman, 1984). Stakeholders can be defined as persons or groups with legitimate interests in procedural or substantive aspects of corporate activity (Donaldson and Preston, 1995: 67). It is their interests in the corporation that identify the stakeholders, whether or not the corporation has any corresponding functional interest in them. Freeman's stakeholder theory asserts that managers must satisfy a variety of different individuals or groups inside or outside the corporation. This could be a 'primary' stakeholder like the providers of capital, customers, employees and suppliers, but also more 'secondary' stakeholders like governments, local community organisations, indigenous people and non-governmental organisations (NGOs). Stakeholder theory implies that it can be beneficial for the firm to engage in certain CSR activities that stakeholders define as important. Otherwise, stakeholders might withdraw their support from the firm.

The social demanding approach holds that corporations are responsible to carry out those activities that society (not just stakeholders) demands and expects of them. A foundational idea is that, since business depends on society for its existence and growth, business should integrate social demands and expectations into its activities so that they

Background

operate in accordance with the prevailing social values. As such, the approach is inherently relativistic: It does not state any specific action that corporations and their managers are always responsible to perform. The actual content of CSR is dependent both upon time and place, that is, what society currently defines as its societal responsibility.

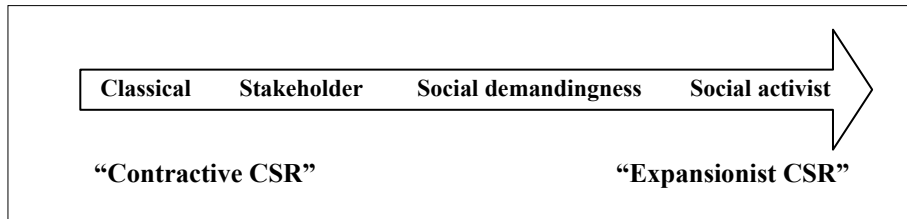
In contrast to the social demanding approach to CSR, the social activist approach to CSR holds that universal standards or values should determine corporate and managerial decision-making and action, independent of the view of shifting coalitions of stakeholders or expectations from society at large. Brummer (1991: 190) summarises the social activist approach to CSR in the following way:

“It (the social activist approach to CSR) holds that executives are responsible for pursuing social or moral goals from voluntary motives, even when doing so compromises the firm’s profit performance (at least in the short term). Corporations or their members are required to perform acts that benefit shareholders, stakeholders, and the general public, both in the primary areas of their business decision making (where the direct effects of their actions are more likely to be noticed) and in secondary and tertiary areas as well (where the indirect effects become more prominent). Last, in considering the interests and welfare of others, corporate executives are to respond to the formers’ ideal or rational interests rather than merely their expressed or current interests.”

The responsibility assigned to businesses and companies in the different approaches to CSR are summarised in Figure 1 (adapted from Article II, 2008):

Background

Figure 1: Responsibility assigned to business in different CSR perspectives



The arrow pointing towards the right indicates increasing degrees of responsibility towards society, from “contractive” to “expansionist” notions of responsibility (Article I). “Contractive CSR” refers to a notion of CSR in which the responsibility mechanisms is initiated by collective-level actors (e.g., the state, tri-partite arrangements), and where the collective-level actors usually functions as the prime responsibility bearers, but where the corporate entities affiliated with the responsibility program become involved in the administration of CSR issues close to the core economic functioning of the corporate entity. In contrast, “Expansionist CSR” refers to notions of CSR in which the corporate entity assumes a responsibility for a potential broad range of issues beyond the core economic mission of the firm (Article I). The classical approach to CSR falls closest to the base of the arrow (‘the only responsibility of business is to make profit’), while we find the social activist approach at its point (‘corporate managers as moral and social leaders’)⁷.

⁷ What I refer to as instrumental and duty-aligned CSR perspectives in many ways cut across the approaches outlined by Brummer (1991). Instrumental CSR perspectives is most firmly rooted within a classical approach to business in society, where making a profit for shareholders constitute the ultimate justification of business responsibility. Some stakeholder (e.g., Mitchell, Agle, and Wood, 1997) and social demandingness approaches has however also an identifiable instrumental orientation (Scherer and Palazzo, 2007). Duty-aligned or ethical CSR perspectives are most firmly rooted within the social activist approach to business in society, where ethics and universal

Background

Having presented a general backdrop from which to frame discussions about the role and responsibility of business in society (autonomy and control), and some definitions and approaches to CSR, I now turn to an outline of the overall theoretical perspective from which I proceed to analyse institutional manifestations of CSR, the potential societal level implications of CSR manifestations, and the justification of CSR.

norms constitute the ultimate justification for responsible business conduct. Some stakeholder (e.g., Freeman, 1984) and social demandingness approaches (Wood, 1991) has however also an identifiable value orientation (Blowfield and Murray, 2008; Melè, 2008).

Background

3 Theory

This chapter presents an overall theoretical framework for discussing the institutional contingent and embedded nature of CSR, its potential political-institutional implications, and for conceptualising CSR as a political construct. This theoretical framework is the *New Institutionalism* of political science (e.g.; Hall, 1986; Katzenstein, 1996; March and Olsen, 1984, 1989, 1996, 2006a, 2006b; Olsen, 1983, 1988, 2009; Skocpol, 1985, 1992⁸).

What makes this variant of new institutionalism⁹ especially relevant for analysing a construct like CSR, it that it offers a framework for discussing both what variables inform different interpretations and manifestations of CSR, and that it builds on normative criteria for judging the appropriateness and desirability of organisational behaviour and its potential institutional and political implications. As such, the new institutionalism of political science unites normative¹⁰ political theory with descriptive/empirical¹¹-positivist/interpretationist

⁸ The New Institutionalism is “new” in the sense of constituting an alternative to the “old” institutionalism of political science.

⁹ Institutional theory comes in several variants, each with its own conception of what constitutes ‘old’ and ‘new’ institutional theory (Scott, 2001).

¹⁰ I refer to *normative theory* as theory that attempts to interpret the function of, and offer guidance about the social responsibility of the business firm on the basis of some underlying (philosophical and/or political) principles (Donaldson and Preston, 1995).

¹¹ I refer to *descriptive institutional theory* as theory that is used to describe structural-regulative and normative-cognitive aspects of institutions, and their implications for individual preferences and behaviour.

organisational theory about how to – through institutional and organisational mechanisms and structures – support or sustain specific values and interests within the framework of representative democracy¹².

The theoretical framework for this thesis thus follows the approach of Jones and Wicks (1999) for outlining a convergent perspective, in this study, in which the theory – the new institutionalism – combines an ‘orthodox’ or functionalistic social science approach (Burrell and Morgan, 1979) that purports to describe and understand manifestations of organisational and societal phenomena (empirical/descriptive research), with normative inquiries specifying what is and what is not the role and responsibility of business in society. As such, the thesis answers a recent call for linking and converging positivist and empirical organisational (CSR) research to normative theories (e.g., Kochan, Guillen, Hunter, and O’Mahony, 2009; Margolis and Walsh, 2003; Walsh, Meyer, and Schoonhoven, 2006).

This chapter proceeds as follows: Next, I briefly present the field of institutional theory. I then discuss some limitations of the current institutional analysis of CSR. This discussion constitutes the point of departure for three institutional accounts: 1) how institutional logics can inform contestation and multiple manifestations of CSR within a national institutional field, 2) the potential institutional and political

¹² It should however already at this stage be noted that the new institutional perspective do not come without some highly problematic elements. Peter (1996) summarises the theoretical problems of new institutionalism as the paradox of constraints (Grafstein, 1992), the absence of a clear definition of the notion of institution, the tautology problem, the problem of the capacity of institutional design, and, finally, the problem of conceptual stretching and reductionism. I return to some of these problems both in chapter 4.3.1 (“Selection of Theoretical Perspective”) and chapter 7 (“Limitations”).

implications of explicit manifestations of CSR, and 3) the appropriate (political) role and responsibility of business in society from an institutional point of view. Finally, the three institutional accounts of CSR – embodying both descriptive and normative argument – are united into a single analytical model illustrating the main theoretical inquiries and assumptions of the thesis.

3.1 Institutional Theory

Institutional theory comes in different variants or approaches¹³. Campbell (2004) makes a distinction among three versions of institutional analysis: rational choice, organizational, and historical institutionalism. The New Institutionalism of political science falls neither into the category of organisational nor of historical institutionalism¹⁴. Rather – and as will be clear from the discussion below – it can be described as building on the assumptions of both, uniting historical institutionalism’s normative aspirations and its assumptions about the importance of structural-regulative institutions for understanding individuals’ perceptions and behaviour, with the organisational institutionalism’s assumptions about the importance of

¹³ Hall and Taylor (1996), Campbell (1997), Peters (1999), Campbell and Pedersen (2001), and Scott, 2001) give a detailed overview and analysis of the different variants of institutional theory: its historical roots, differences, and similarities.

¹⁴ Scott (2001) and Campbell (2004) categorise the new institutionalism of political science as historical institutionalism. Although it certainly – as Scott (2001, p. 26) formulates it – hearkens back to the turn-of-the-century institutional scholars who devoted themselves to the detailed analysis of regimes and governance mechanisms, new institutionalism also builds on assumptions associated with organisational institutionalism, e.g. the idea that taken for granted cognitive and normative structures constrain and enable actors.

normative, cognitive, and symbolic structures for understanding behaviour.

3.2 The Current Institutional Analysis of CSR¹⁵

An increasingly large body of literature argues that we need to pay more attention to how institutional mechanisms influence managers' understanding of the social responsibility of business, and whether or not corporations act in socially responsible ways (Aguilera, Rupp, Williams, and Ganapathi, 2007; Boxenbaum, 2006; Bühner, Rasheed, Rosenstein and Yoshikawa, 1998; Campbell, 2007; Doh and Guay, 2006; Gjølborg, 2009; Hoffman, 1999, 2001; Jennings and Zandbergen, 1995; Jones, 1999; Orlitzky, Schmidt and Rynes, 2003; Walsh, Weber and Margolis, 2003; Matten and Moon, 2005, 2008). Looking beyond the differences among variants of institutional theory, the importance of the literature is that it focuses on how institutional variables constrains and enables behaviour and argues that institutions beyond the market are often necessary to ensure that corporations are responsible to the interest of social actors apart from themselves (Campbell, 2006). An organisation's action – and individual's understanding of the world and choices – is understood not as a result among an unlimited array of possibilities, but rather as a result of a narrowly-defined set of legitimate alternatives (Scott, 1995). As such, institutional theory asks questions about how perceptions and choices are shaped, mediated, and channelled by the institutional environment. Focusing on the institutional determinants of CSR is important because companies are embedded in a broad set of political and economic institutions that affect their behaviour (Campbell, Hollingsworth, and Lindberg, 1991; Fligstein, 1990, 2001; Hall and Soskice, 2001; Morgan, 2007; Roe,

¹⁵ Parts of this section draw on Article I in Part II of the thesis.

1991, 1994; Whitley, 1992, 1999, 2002). As argued in chapter 1 of this thesis, this is a somewhat neglected insight within the instrumental and duty-aligned perspectives on CSR, that too often understand “corporate practices, prices, and working conditions as matters of managerial discretion rather than an outcome of production networks as economic, political, and ideological systems” (Levy, 2008, p. 947).

Although the current institutional analysis of CSR holds some promise, it comes with its own weaknesses and limitations. A first observation is that the current institutional analysis of CSR relies on a somewhat one-dimensional and over-deterministic account of institutional theory that only to a limited degree take into account recent developments within institutional theory (e.g., Levy and Scully, 2007; Lawrence, Suddaby, and Leca, 2009; Lounsbury, 2008; Zilber, 2002). That theory explains how to account for heterogeneity, contestation and practice variation, as well as homogeneity and consensus within a distinct institutional field. Furthermore, through emphasising how a dominant and exclusive (Scott, 1994, 2001) institutional logic of the role and responsibility of business in society informs consensus around the manifestations of CSR within an institutionalised national framework, the literature often ignores the very essence of the notion of CSR: managerial discretion or agency (e.g., Carroll, 1979; Matten and Moon, 2008; Marrewijk, 2003). Much of the current institutional analysis of CSR envisages managers’ choices and corporate actions as structurally bounded and highly institutionalised, and thus – to borrow a phrase from Meyer and Rowan (1977, p. 344) – ‘in some measure beyond the discretion of any individual participant or organization’. Differently put, the current institutional analysis of CSR very much discharges the essence of the notion of explicit CSR itself, that of managerial discretion or agency, allowing “each entity, individual or group” some relative freedom to act according to its awareness, capabilities and best understanding of its situation” (Marrewijk, 2003, p. 98), within some political, economic, and cultural bounds. Consequently, the framework also somewhat

ignores how actors not only adapt to their institutional context, but also often play an active role in shaping those contexts (e.g., DiMaggio, 1988; Maguire and Hardy, 2006; Meyer and Rowan, 1977; Levy and Scully, 2007; Lounsbury, 2008).

A second observation is that the current institutional analysis of CSR seems to direct most attention towards the study of the variables that inform different manifestations of CSR, and how we can understand these manifestations, rather than to the potential outcome of CSR. That is, the current institutional analysis very much treats CSR as *explanandum*, rather than as *explanans*. As such, CSR is treated as a dependent variable in need of explanation (e.g. Aguilera, et al., 2007; Campbell, 2006, 2007; Matten and Moon, 2005, 2008). Although this is highly valuable research, an argument of this thesis is that the institutional analysis of CSR should also concern itself with, and make inquiries into the potential implications of CSR (e.g., Barley, 2007; Walsh, et al., 2006). Rather than treating CSR as an dependent variable in need of explanation, such an approach would treat CSR as an institutional independent variable with the potential to increase our understanding of the institutional and political outcome or implications of different manifestations of CSR. Within the study field of CSR – and especially within the instrumental tradition – there is a huge body of literature that has used CSR as explanans in order to explain corporate financial performance (although with very mixed conclusions, e.g. Aguilera, et al., 2003; Margolis and Walsh, 2003). CSR is, however, not regularly used as explanans in order to make inquiries into its potential societal implications. As argued by Matten and Moon (2008) ‘...it remains, (...) open to future research whether different social issues are more effectively and efficiently addressed by explicit than by implicit CSR; how the social outcomes reflect fairness, social inclusion, and equalities of opportunities...’. The relative lack of research into the societal implications of CSR is a paradox; early definitions of CSR

were tied more to society's interests than to those of the firm (e.g. Bowen, 1953).

A third observation is that although institutional theories have normative as well as positive ambitions, the current institutional analysis of CSR is seldom used for justificatory purposes (Van Oosterhout and Heugens, 2008); that is, the theory is not used for making inquiry into and discussing the appropriate role and responsibility of business in society. Normative considerations have mostly been treated as explanans in positivist institutional explanations of CSR. Campbell (2007, p. 962) argues for example that

corporations are more likely to act in socially responsible ways the more they encounter strong state regulation, collective industrial self-regulation, NGOs and other independent organizations that monitor them, and a normative institutional environment that encourages socially responsible behavior.

Such positivist inquiries often constitute a point of departure for, or often coexist with, normative arguments about the worth and superiority of specific institutional structures for obtaining or promoting socially responsible behaviour. Again, Campbell (2007, p. 963) can serve as a good example of this kind of normative inquiry within the institutional analysis of CSR:

...some suggest that the best way to get firms to behave in socially responsible ways is to convince their managers that it is either the right thing to do ethically or it is in their self-interest (Handy, 2003; Kaku; 2003; Prahalad and Hammond, 2003). Appeals such as these may help, but institutions are critical, especially if we are concerned with ensuring that corporations actually behave in socially responsible ways, rather than just pay rhetorical lip service to the issue.

Valuable as such normative inquiries is, and contrary to the position of Van Oosterhout and Heugens (forthcoming), an argument of this thesis, is that institutional theory – or more precisely, the New Institutionalism of political science (e.g., March and Olsen, 1984; 1996; Olsen, 2009) – also holds some justificatory promise and potential for discussing the role and responsibility of business in society.

A fourth and final observation is that the current institutional theory of CSR has yet to suggest a convergent perspective, in which empirical and positive analysis is combined with normative judgement about the appropriateness of diverse manifestations of CSR and what the role and responsibility of business in society should be.

Given these observations, an important argument of this thesis is that a more satisfactory institutional analysis of CSR needs to account for the existence not only of multiple and contesting logics (Friedland and Alford, 1991; Scott, 1994; 2001) and its embedded institutional contradictions (Meyer and Rowan, 1977) existing within an institutional field, but also for the role of actors and agency in molding the material practices and symbolic constructions that constitute the organising principle of a given institutional logic and order. In addition, a more satisfactory institutional analysis of CSR should also make inquiries into the potential implications of CSR. Rather than treating CSR as a dependent variable in need of explanation, such an approach would treat CSR as an institutional independent variable with the potential to improve our understanding of the institutional and political outcome or implications of different manifestations of CSR. Further, given the potential societal and institutional impact and implications of CSR, the institutional analysis of CSR should also discuss how to critically evaluate and judge the appropriateness of companies' CSR efforts, and the role and responsibility of business in society. Finally, the descriptive and normative oriented institutional analysis should inform each other in a dialectic fashion, and hence comprise a convergent institutional perspective on CSR.

3.3 The New Institutional Descriptive Argument

Most fundamentally, the new institutionalism of political science (e.g. March and Olsen, 1984, 1996) is a theory – or a collection of ideas¹⁶ – about the structuring effect of institutions on individuals’ perceptions, behaviour, and action, through which mechanisms this influence comes about, and about institutional adaptation and change. It thus resemble an historical interest in political theory for the ways in which behaviour is institutionally contingent and embedded (e.g. Wolin, 1960), limiting the room for individual will-calculation, but without excluding the possibility for agency. However, the new institutionalism of political science is more than this. It can also be understood as a normative political theory, directing attention to politics as ‘the interpretation of life’ (March and Olsen, 1989, p. 47), and the values and importance of political criteria as a foundation for sustaining the political order (e.g. Crick, 1962) itself.

Unlike, or in contrast to, other ‘stories about politics’ (March and Olsen, 1994, p. 3) and decision-making, behaviour and action within formal normative organisations, structures and rules (e.g. reductionism and structuralism), the new institutional perspective of political science assumes that political institutions and structures – or formal organisations – have an independent and structuring effect on an individuals’ view of the world, perceptions, attitudes, decision-making and behaviour. Preferences are not only exogenous, but also endogenous constructed in which the institutional structures and rules individuals find themselves.

¹⁶ March and Olsen (1984, 1996) argues that the new institutionalism of political science not should be understood as a fully developed and logical consistent theory, but rather as a collection of – sometimes inconsistent – ideas about politics, behaviour in formal organisations, and the institutional condition for politics. For the purpose of this thesis, I will still refer to the new institutionalism of political science as a theory.

That means that the institutional perspective questions the view of structuralism (dominating the discipline of sociology) that politics and individuals' perceptions and behaviour within formal organisations first of all should be understood and explained as reflecting exogenous variables like class, social stratification, economy, religion, and ideology. That also means that the institutional perspective questions the view of reductionism (dominating the disciplines of economics and psychology) that politics and decision-making and action within formal organisations should be understood and explained as the aggregated outcome comprehensible at the individual level. Instead, the new institutionalism of political science insists on an independent effect of political structures and institutions and formal organisation on individuals' views of the world, the construction of meaning, roles and identities, the matching of identities to situations, the activation of rules of appropriateness, and behaviour (March and Olsen, 1984, 1996, 2006a). In short, institutions matter (e.g., Skocpol, 1985; Krasner, 1991), and inform identities and what March and Olsen (1984) refer to as *logics of appropriateness*, making some interpretations of the world and lines of actions more probable or reasonable (and appropriate) than others:

Political institutions are collections of interrelated rules and routines that define appropriate action in terms of relations between roles and situations. The process involves determining what the situation is, what role is being fulfilled, and what the obligations of that role in that situation are (March and Olsen, 1989, p. 160).

The central idea can be formulated like this: Structural/regulative and cognitive/normative (and symbolic) aspects of institutions define and institutionalise roles and identities for individuals, who in turn define rules of appropriateness informing some interpretations, behaviour and lines of action as appropriate, that is, as normal, natural, right, or good,

and some interpretations, behaviour and lines of action as appropriate, that is, as unnatural, wrong and bad (March and Olsen, 2006a).

The notion of institution. The new institutionalism of political science takes its point of departure from the ‘old’ or historical institutional tradition (e.g., Weber, 1946) and of political science. This variant of institutionalism assumes that institutions matters in political life and that politics could be understood by acquiring knowledge about the formal normative organisational structure of political institutions. Therefore, the hallmark of this tradition was an insistence on descriptive and detailed analysis of political structural-regulative institutions, regimes and governance mechanisms. The old institutionalism – and indeed political science as a discipline – also had a strong normative orientation, in which political institutions were understood as the basic condition for the existence of a political order (Wolin, 1960).

The new institutionalism of political science represents a renewed interest for these two central elements of the old institutionalism. Most importantly, the new institutionalism assumes that the *structural-regulative aspects* of political institutions and formal organisations make a difference: that individual perceptions and behaviour can partly be understood with references to the formal normative organisational structure in which they function.

At the same time, the new institutionalism of political science deviates from the historical tradition by building on a much broader notion of institution. Institutions are not only structural-regulative formal organisations, but also normative, cognitive, and symbolic orders (March and Olsen, 1984; Olsen, 1988).

Formal organisations are more than their explicit structures, procedures, routines, budgets, demographic and physical structures and the like. From a new institutional perspective, formal organisations can

also be understood and studied as *normative orders* defining interests, goals, ideas, and values, informing perceptions and behaviours based more on a logic of appropriateness than on a logic of consequences. Institutions define for individuals what is and is not appropriate, creating behaviour capable of exceeding conceptions of self-interest towards (moral) obligations (Olsen, 1988). As a result, ‘political behaviour, like other behaviour, can be described in terms of duties, obligations, roles and rules’ (March and Olsen, 1984, p. 744). Finally, institutions are also *cognitive* (and *symbolic*) *structures*, that is, the rules that constitute the nature of reality and the frames through which meaning is made (Scott, 1995).

In sum then, the new institutionalism of political science sees institutions as including both ‘formal structures and informal rules and procedures that structure conduct’ (Thelen and Steinmo, 1992, p. 2). As such, new institutionalism draws attention to both the structural-regulative aspects of institutions (the state, financial system, and the like), and the normative and cognitive aspects of institutions (patterns of thought and taken-for-granted assumptions informing what is, and what is not natural or appropriate in a specific situation) (Tempel and Walgenbach, 2007). Given this broad notion of institution, this thesis builds on Scott’s (1995, p. 33) definition of institution as consisting of ‘cognitive, normative, and regulative structures and activities that provide stability and meaning to social behaviour’, transported by ‘various carriers – cultures, structures, and routines’, operating ‘at multiple levels of jurisdiction’.

Institutional effects. The new institutional perspective of political science sees politics as an ‘interpretation of life’ (March and Olsen, 1984, p. 741), thus challenging and opposing the instrumental notion of politics as who gets what and how (Lasswell, 1958). Building on Pateman (1970) and Lafferty (1981), politics is ‘regarded as education, as a place for discovering, elaborating, and expressing meanings, establishing shared (and opposing) conceptions of experience, values,

and the nature of experience' (March and Olsen, 1984, p. 741). Further, political institutions do not only represent authority and power, but also collective wisdom and ethics, suggesting 'physical, cognitive, and moral frames for action, concepts through which we observe and construct reality, rights and duties, perceptions of fairness and symbols through which individuals makes identifications' (Olsen, 1988, p. 32).

Given these ideas about the 'political' and 'political institutions', the new institutional perspective builds on broad assumptions about the effects and potential outcome of institutional life. The interest is not primarily directed towards the allocation of scarce resources in the face of conflict of interests, but rather and more importantly to how established institutions affect individuals' commitment, belonging, understanding, and interpretations (Olsen, 1988), and the condition for individual action on the basis of the interests of the political community (Arblaster, 1987) and the common good.

New institutional theory sees the construction of meaning and belief as an important aspect of politics, and one which institutional life is capable of affecting (Olsen, 1988). Further, institutions shape the definition of alternatives and influence the perception and construction of the reality within which action takes place (March and Olsen, 1996). It is assumed that political institutions – both as structural-regulative arrangements, and as cognitive, normative, and symbolic orders – affects citizens' conceptions of self, expectations of life, political resources, and activities. Further, it is assumed that political institutions influence and affect an individual's perceptions of the values of representative democracy itself; politics, democracy, justice and freedom (Olsen, 1988), and thereby also questions of the role of political institutions vis-à-vis other spheres of society, the relationship between these spheres – e.g. political vs. business – and what interests and values the different institutions of society should promote and assume responsibility for. Attention is thus directed to the potential institutional effect and implications for the political order itself,

individuals' identification with the political community, legitimacy and trust (Olsen, 1988). From an institutional point of view, the formal-regulative aspects of institutions should not only be judged according to its economic and technical efficiency, but also upon its impact on the conditions for sustaining the political order itself (Crick, 1962) and symbolic and cultural aspects (Meyer and Rowan, 1977).

The new institutional perspective does not only argue that established political institutions and formal organisations have an independent effect on individuals' perceptions and action, but also that the *change* of institutional life is capable of determining change in individuals' interpretation, constructions, and actions (e.g. Egeberg, 1984). Thus, an institutional perspective assumes that political institutional reforms and adaptation will – over time – inform change in citizens' perceptions of the political order and its own role within it and responsibility for sustaining that order.

Agency. A source of controversy among institutionalists and for critique of institutional theory is the role of agency within the institutional assumptions and argument (e.g. Lounsbury, 2007, 2008). In general, institutional analysis has seen limited room and possibilities for agency and individual and organisational level action influencing and determining the same institutional framework in which they function. To a certain extent, this is also true for the new institutionalism of political science, in which institutions are 'usually associated with routinization and repletion, persistence and predictability, rather than with political change and flexibility, agency, creativity and discretion' (March and Olsen, 1996, p. 258). At the same time, the new institutionalism of political science – as the neo-institutionalism of sociology (e.g. Meyer and Rowan, 1977; DiMaggio and Powell, 1991) – does not rule out the possibility for agency and institutional change. As argued by March and Olsen (1996, p. 258):

Communicable meaning is subject to reinterpretation. Institutions change as individuals learn the culture (of fail to), forget (parts of) it, revolt against it, modify it or reinterpret it (McNeil and Thompson, 1971; Lærgreid and Olsen, 1978, 1984). The resulting drifts in meaning lead to changes that explore alternative political paths and create the divergences of politics.

In that way, and from a cognitive point of view, new institutional theory recognises a basis and role for agency within its theoretical assumptions. Actors are capable of purposefully acting in their own interest, potentially leading both to the maintenance and change of institutions (Boxenbaum and Strandgaard Pedersen, 2009; DiMaggio and Powell, 1991; Scott, 2008). At the same time, they do this within socially constructed frames, both constituting and limiting their purposeful interpretations and actions (Scott, 1995).

The view of agency within the new institutional theory is thus more balanced than what Lounsbury (2008) refers to as *conventional interpretations of institutional theory* where individuals' meaning, interpretations, and actions are reduced to deterministic institutional conditions. Institutions matter, but are at the same time maintained, reinterpreted, and changed by actors following their own interests. Olsen (1988) refer to the view of the actor within new institutional theory as 'the political human', being an actor capable of following its own interests, values and point of views, but within a frame of distinctive institutional norms and rules.

Moving from the general new institutional argument about the structuring and probabilistic effects of institutions upon individuals' worldview, interpretations, sense-making, decisions, and ultimately lines of action, this section picks up on the observation of the current institutional analysis of CSR as often one-dimensional and over-deterministic, and develops an institutional argument of heterogeneity,

contestation, and practice variation. It is argued that the co-existence of conflicting institutional logics within a national field holds the possibility of informing agency and hence very different interpretations of the notion of explicit CSR within that field.

3.3.1 *Manifestations of CSR within National Institutional Fields*¹⁷

Early neo-institutional theory has often emphasised homogeneity and the development of consensus around institutional phenomena within institutional fields (e.g., Jennings and Zandbergen, 1995). More recent analysis (e.g., Lounsbury, 2007), however, has begun to show how heterogeneity, practice variation, and contestation can materialise in the context of a pluralistic environment that promulgate not only multiple, but also possibly contradictory, rationalised myths of reality (e.g., Meyer and Rowan, 1977).

The materialisation of the notion of *institutional logic* has been a turning point in the redirection of institutional analysis away from the study of homogeneity toward heterogeneity and practice variation (Lounsbury, 2008). That notion, which refers to a set of material practices and symbolic constructions constituting an institutional order's organising principles (Friedland and Alford, 1991), can be defined as 'the socially constructed, historical pattern of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organise time and space, and provide meaning to their reality' (Thornton, 2004, p. 69). Institutional logics shape both the individual and collective understandings of what conditions are problematic and the practices

¹⁷ This section draws on Article I in Part II of the thesis.

that represent appropriate solutions to these problems (Green, Li, and Nohria, 2009).

Institutional fields differ in the exclusiveness (Scott, 1994) enjoyed by their logics. Some fields may indeed be characterised by one central, relatively coherent set of beliefs. Other fields, however, will contain secondary logics that compete for adherents or – as emphasised in this study – they will contain multiple, contradictory and conflicting belief systems and material practice. Pluralistic political systems tend in general to be characterised by multiple and contentious institutional logics, rather than by dominant exclusive ones (Scott, 2001). This insight is important, as it constitutes a point of departure for explaining how multiple forms of rationality may exist within a national-level institutional field (Meyer and Rowan, 1977), and, as such, it provides a foundation for the explanation of heterogeneity and practice variation within that field (Lounsbury, 2008).

Within this theoretical thesis, actors – as individuals and organisations – do not passively adapt to the logics and scripts embedded in the institutional field. Rather, multiple logics provide an institutional foundation (Lounsbury, 2008), which enables actors to advance competing claims and diverse courses of action as they engage in continued processes of sense-making and interpretation. In other words, multiple logics provide a foundation for agency and institutional entrepreneurship as actors draw upon different logics in their ongoing struggles for appropriate and non-appropriate interpretations of reality (Maguire and Hardy, 2006).

The co-existence of multiple logics and institutional contradictions thus brings questions of interest, power, and agency into institutional analysis, key phenomena within the emerging and rapidly growing body of literature on institutional entrepreneurship (e.g., DiMaggio, 1988; Friedland and Alford, 1991; Lounsbury, 2008; Maguire and Hardy 2006; Maguire, Hardy, and Lawrence, 2004; Selznick, 1957;

Zilber, 2002; Zucker, 1987). Perhaps *the* key question addressed by the literature on institutional entrepreneurship is how actors – being embedded in an institutionalised field characterised by rationalised myths that is ‘in some measure beyond the discretion of any individual participant or organisation’ (Meyer and Rowan, 1977, 344) – are capable of imagining new interpretations of reality and practices (Hardy and Maguire, 2008). The position taken in this paper is that imagination, acts of interpretation, and the enabling of actors are made possible through field conditions characterised by the existence of multiple and contesting institutional logics (e.g., Clemens and Cook, 1999).

Drawing on social constructionist assumptions (Berger and Luckmann, 1967) emphasising translation (Latour, 1986) at the micro-level (Czarniawska and Joerges, 1996), rather than diffusion of institutional phenomena, this study sees institutions as formed and changed as meaning comes to be shared and taken for granted. Actors are not only carriers of institutional meaning (Zilber, 2002), but are also active interpreters, “formulating, conforming to, disobeying, and modifying” (Scott, 1994, p. 60) institutional phenomena in their efforts to make sense out of the world (Weick, 1995). In this respect, actors’ ‘sensemaking’, imagination and acts of interpretation of institutional phenomena – that is, the attribution of meanings to structures and practices (Zilber, 2002) – can be understood as an important form of institutional agency (e.g., Hajer, 1995; Maguire and Hardy, 2006; Munir, 2005; Zilber, 2002, 2006), in which actors play a role in both shaping and being shaped by their institutional environment.

Building on the theoretical thesis developed above, the assumption of homogeneity and consensus around manifestations of CSR within a national institutional framework can be questioned and challenged by an assumption of heterogeneity and contestation upon the manifestation of explicit CSR within a national institutionalised framework. If it can be assumed – as I do in this study – that both the logics of the liberal

and coordinated markets are embedded in institutional fields at the national level, then both explicit and implicit manifestations of CSR will be evident within a specific national framework, as well as hybrid combinations of the two, as actors invoke the institutional logics and their embedded contradictions in order to make sense of the role and responsibility of business in society.

Research question 1. Based on the discussion above, the following research question can be formulated: How can institutional theory contribute to our understanding of the institutional contingent nature of CSR and different manifestations of CSR within national-level fields?

3.3.2 *The Potential Political and Institutional Implications of CSR*

This section picks up on the observation of the current institutional analysis of CSR as directing far more attention to the study of what (institutional) variables that inform manifestations of CSR, than to the study of the potential institutional effects of CSR. In contrast to the first descriptive institutional account of CSR in this thesis – asking what informs manifestations of CSR – the second descriptive institutional account of CSR essentially asks what can be explained from CSR, or how organisations and explicit manifestations of CSR shape their environment. The point of departure for discussing the potential societal impact of CSR – that is, putting the organisation and CSR at the left hand side of the independent-dependent variable relationship – is that CSR not only can be studied as a dependent variable in need of explanation, but that CSR can be understood as an aspect of the institutional frames and a specific model of societal governance (e.g., Moon, 2005), that is, the system which “provide direction to society” (Peters, 1997, pp. 51-52).

The interest in studying organisations' impact on questions of human welfare peaked around 1980 (Walsh, Weber and Margolis, 2003). In the period after, questions of human welfare and the impact of organisations of society have mostly been implicit in the instrumental CSR approaches that are concerned with establishing a positive relationship between corporate social and financial performance. As such, concerns for societal development and human welfare have been conducted within an economic logic that is mainly concerned with organisational efficiency, effectiveness, and economic performance (Walsh, Meyer, and Schoonhoven, 2006). Barley (2007), Perrow (1991, 2000) and Walsh et al., (2006) have all argued that organisation theorists – because of the power and reach of modern organisations – need to see the organisation as an independent variable and society as an dependent variable in their work. Hinings and Greenwood (2002) and Margolis and Walsh (2003) have argued in a similar way.

The concrete manifestations of CSR within institutional fields are of course an empirical question. There are good reasons to believe that most pluralist democracies will be characterised by hybrid manifestations of CSR (e.g., Boxenbaum, 2006), in which multiple models of CSR are mixed together depending on how actors invoke multiple institutional logics in order to make sense of and translate notions of CSR. However, for the discussion of the potential societal implications of CSR, I assume and delimit the inquiry and discussion to an *explicit* manifestation of CSR.

The notion of explicit CSR can best be accounted for by discussing it in terms of its institutional informed antonym: implicit CSR. Building on the varieties of capitalism literature (e.g., Hall and Soskice, 2001) and the national business system (NBS) approach (e.g., Whitley, 1992, 1999, 2002), Matten and Moon (2005, 2008) have argued that the specific manifestation of CSR within a national context can be understood and accounted for with reference to the specific institutional logics dominating a country's historically-grown institutional

framework. The argument is that national institutionalised environments characterised by the logic of the liberal market will, in general, leave clear incentives and opportunities for business to take an *explicit* responsibility for various social issues; that is,

... corporate policies that assume and articulate responsibility for some societal interests. They normally consist of voluntary programs and strategies by corporations that combine social and business value and address issues perceived as being part of the social responsibility of the company (Matten and Moon, 2008, p. 409).

National institutional environments characterised by the logic of the coordinated market, on the other hand, will – compared to liberal market economies – leave fewer incentives and opportunities for business to assume a direct, explicit responsibility for social issues. Rather, companies' responsibility for social issues has been implicit, referring to

...a corporations' role within the wider formal and informal institutions for society's interests and concerns. *Implicit* CSR normally consists of values, norms, and rules that result in (mandatory and customary) requirements for corporations to address stakeholder issues that define proper obligations of corporate actors in collective rather than individual terms. (Matten and Moon, 2008, p. 409)

The question then becomes, what would the different, institutionally-informed manifestations of CSR look like; what comprises explicit and implicit manifestations of CSR? A weakness with the dual construct of explicit-implicit CSR is that explicit CSR is defined in terms of *corporate* properties ('corporate policies that assume and articulate responsibility for some societal interest...'), but implicit CSR is defined more in terms of some *institutional* properties ('Implicit CSR

normally consists of values, norms, and rules that result in (...) requirements for corporations to address stakeholder issues...'). While the definition of explicit CSR as 'corporate policies' has an intuitive validity in the context of established definitions of CSR as involving the 'Principle of Self-Determination' (Marrewijk, 2003) or managerial discretion (Carroll, 1979), the definition of the dualistic opposite to explicit CSR falls short of identifying the notion's corporate properties.

Drawing on Matten and Moon (2005, 2008) and based on the logics of the models of the liberal and coordinated markets, I suggest that the explicit and implicit models of CSR differ in two respects: 1) in the basic *responsibility mechanisms* to address social issues, and 2) in *the range* or scope of issues to which the corporate entity is expected to attend (Article I).

The models of the liberal and coordinated markets *differ considerably in how what is valued should be addressed and governed*. That is, the logic differs in the level at which to locate agency and how to construct governance structures (Dobbin, 1994). Where the logic of collective responsibility embedded in the model of the coordinated market in general prescribes rulemaking and rule following as the appropriate strategy, and hence defines a role for obligatory agency and associated actors, the logic of corporate responsibility embedded in the model of the liberal market in general envisages a greater role for isolated corporate initiatives and discretionary agency to address such issues. As a result, within the model of explicit CSR, the responsibility mechanisms are more *corporate* than collective: the corporate entity – through voluntary corporate policies and programmes – assumes a direct organisational-level responsibility for various social issues. Within the model of implicit CSR, on the other hand, the responsibility mechanisms for obtaining what is valued are more *collective* than corporate: the corporate entity, as a member of the societal institution of business – through values, norms and rules – assumes an *indirect* responsibility for various social issues, *together* with the other major

institutions of society. Moreover, the enterprise does not enjoy the same degree of status as a model for organising societal affairs (e.g., Byrkjeflot, 2001; Røvik, 1998) as it does within the model of the liberal market. The key difference between corporate- and collective-level responsibility mechanisms is that while the former are situated *inside* an organisation and are issued with the authority that managers are granted within formal organisations, the latter are situated *outside* organisations and are issued without the authority that managers are granted within formal organisations¹⁸.

While the models of the liberal and coordinated market evidently differ in how they address and govern what is valued, the logics of the liberal and coordinated market models *share some basic assumptions about what is valued*, having similar commitments to democracy, capitalism, and welfare (Matten and Moon, 2008). The similarities in what is valued do not, however, transcend to the corporate level in terms of the *scope of issues* for which the corporate entity is expected to assume a responsibility. Within the model of the liberal market, incentives and opportunities are left to the corporate entity in assuming a direct responsibility for contributing to obtain what is valued: democracy, capitalism and welfare. Consequently, explicit CSR is associated with a potentially broad range of social issues. For example, Vogel (1992, p. 42) showed how businesses have played a significant role in the development of U.S. cities and communities and, therefore, have been assigned ‘substantial responsibility for the moral and physical character of the communities in which they have invested’. It becomes legitimate for the corporate entity – more or less decoupled from other societal actors – to expound the needs of society and to develop strategies and

¹⁸ This distinction draws on the discussion by Ahrne and Brunsson (2004) about the nature of voluntary standards.

measures that can contribute to realising what is valued, that is, the corporate interpretation of democracy, capitalism and welfare.

Within the model of the coordinated market, on the other hand, the corporate entity has far less discretion in expounding the needs of society and in developing strategies that will contribute to realising those needs; such acts are more the result of collective institutional level efforts. As a result, the corporate entity – within the model of implicit CSR – will address a narrower range of social issues. For example, due to the role of the state in Europe in providing social welfare (Clough, 1960; Grahl and Teague, 1997), social responsibility has been defined very narrowly and has been constrained mainly to offering good working conditions (Weaver, 2001). Byrkjeflot (2001) notes that for the coordinated market economies of Scandinavia, there has been little tradition for (or acceptance of) businesses and managers themselves establishing a vision for society beyond the core economic activity of the firm.

To summarise the argument so far, while the logic of the liberal market in general will inform a manifestation of CSR in which the corporate entity assumes organisational-level responsibility mechanisms for a potentially broad range of social issues, the logic of the coordinated market in general will inform a manifestation of CSR in which the corporate entity enters into collective-level responsibility mechanisms for which it assumes responsibility, or a role in, the administration and managing of a narrow range of social issues, for which collective-level actors, e.g., the state, industry associations, and tripartite-structures, have the prime responsibility.

There are clear indications of explicit manifestations of CSR beyond the U.S. societal and institutional context of which the concept evolved in the 1950s. The edited collections of case studies by Habisch, Jonker, Wegner, and Schmidpeter (2005) illustrate how explicit notions of CSR have spread to all parts of the European continent (including Russia and

Turkey). In an empirical comparative study, Gjørberg (2009) found evidence of explicit CSR manifestations in 17 European countries, as well as in the U.S., Canada, Japan and Australia. The traditional coordinated market economies of Norway, Sweden, Finland, and Denmark, together with the more liberal market economies of the UK, Switzerland, and the Netherlands ranked at the top of indexes measuring explicit CSR performance. Outside the European context, there is – as argued by Matten and Moon (2008) – evidence of a rise in explicit manifestations of CSR in Africa (e.g., Visser et al., 2005), Asia (e.g. Birch and Moon, 2004), and Latin America (e.g., Puppim de Oliveira and Vargas, 2005).

In sum, we clearly need a better understanding of the possible impact of manifestations of CSR, its possible contributions to sustaining and developing an appropriate societal order, and, not least, of the possible unintended implications of organisational activity and manifestations of CSR on human welfare. A central argument of this thesis is that an institutional analysis of CSR is open for such inquiries, and leads us to ask different questions and undertake some inquiries other than those of the instrumental and duty-aligned perspectives on the role and responsibility of business in society. The second research question of this thesis can be formulated:

Research question 2. What are the potential institutional and political implications of explicit manifestations of CSR?

3.4 The New Institutional Normative Argument

While March and Olsen (1984, 1989, 1996) perhaps most importantly argued for the importance of organisational and institutional factors for understanding behaviour and politics (the new institutional descriptive argument), they also stressed the importance of norms and values in defining not only how those organisations not only would, but also

should function (Peters, 1996) (the new institutional normative argument).

From a new institutional descriptive point of view, it can be assumed that institutions will determine specific institutional contingent manifestations of CSR, manifestations also having the potential to influence the very same institutional factors that had informed it in the first place. From an institutional normative point of view, the question is how we ought to judge and evaluate manifestations of CSR, and ultimately what is and is not the appropriate social role and responsibility of business. Based on the normative orientation and assumptions of the new institutional theory of political science (March and Olsen, 1984, 1996), in this section, I outline some possible criteria and values that contribute to answering such a normative question.

Building on the *old institutionalism of political science* (e.g. Wilson, 1889; Burgess, 1902 and Willoughby, 1896, 1904), the new institutionalism represents a renewed interest in bringing normative political theory into institutional analysis. One of the hallmarks of the old institutionalism was studies of with moral philosophy, and scholars devoted much attention to the explication of normative principles (Scott, 1995) supporting the formal structural-regulative institutions of political life.

By the mid-19th century, the old institutionalism – with its strong orientation towards moral philosophy and assumptions about the structuring effect of formal organisations on individual behaviour – was largely supplanted by the behaviouralist approach (March and Olsen, 1984; Olsen 1988). Instead of explaining behaviour with reference to the formal normative organisational structure of institutions, attention shifted to structural and individual level variables, and the ties to moral philosophy were broken. In addition, as argued by Scott (1995) the notion of the political was reduced to instrumentalist conceptions of “Who Gets What, When, and How?” (Laswell, 1958).

The new institutionalism of political science can be portrayed as a reaction to the ‘behaviouralist revolution’, taking ‘the (normative) vision of a political order based upon institutions’ (Wolin, 1960) as its point of departure for studies analysing institutional level variables – as normative frameworks and rule systems – influence on individuals’ perceptions and behaviour. The position taken is that political democracy depends not only on economic and social conditions, but also on the design of political institutions (March and Olsen, 1984, p. 738).

An institution is understood as ‘being infused with values beyond its technical requirements’ (Selznick, 1949), and embedding ethical principles about the common good. These values in turn, are assumed to influence an individual’s worldviews, perceptions and behaviour.

New institutional theory sees the pursuit of the common good less as a personal value than as a constitutive part of democratic political identities and the construction of a meaningful person. The political order and community are created and sustained by their institutions and their rules, not by their intentions (March and Olsen, 1996); that is, the political order is institutionally contingent. Problems of contemporary society and democracy are thus understood as residing in the structure of political rules, institutions and identities, rather than – as assumed within reductionism – in individual-level value premises. As such, the new institutionalism of political science sees the pursuit of the common good as a question of building the right institutions and institutional embeddedness of morality, rather than as an effort to build a personal set of communitarian values and moral individualism:

Many of the greatest dangers to the democratic polity come not from particularistic individual self-seeking but from deep, group based identities that are inconsistent with democracy. Efforts to build a personal set of communitarian values enhancing concern for the common good will be of little use – even if successful –

if anti-democratic actions stems primarily not from preferences and their associated values but from commitments to identities that is inconsistent with democratic institutions (March and Olsen, 1994, p. 13-14).

From an institutional point of view, a central challenge is to examine the implications of specific institutional arrangements and rules on individual perceptions and behaviour, and their potential influence on the institutional condition for sustaining the political institutional condition for the political order itself.

Having presented aspects of the normative orientation of the new institutional perspective, the next section continues the observation that the current institutional analysis of CSR is seldom used for justificatory purposes, and develops an argument about the possibilities of using institutional theory for judging the appropriateness of companies' efforts on the societal arena, and about what the institutional and political responsibility of business in society should be.

3.4.1 Institutional Theory and CSR: A Normative Inquiry

Organisational theories have often been decoupled from normative discussions about the values and norms that different organisational configurations ought to promote (e.g., Walsh et al., 2006)¹⁹. The new institutionalism of political science represents a renewed attention to the normative criteria by which to judge and evaluate institutionally contingent behaviour. Building on the new institutionalism of political science and its assumptions derived from normative political theory

¹⁹ But see Hatch and Cunliffe (2006) for an overview of some exceptions from this observation.

(e.g., Wolin, 1960, 2004), this section introduces and outlines some possible criteria for judging the appropriateness of companies' CSR efforts in the societal arena, and for contributing to conceptualising CSR as a political construct, and the hence for discussing the political responsibility of the business firm.

Within theories of liberal democracy and instrumental or economic approach to CSR (e.g., Friedman and Friedman, 1962; Friedman, 1970; Jensen, 2001; Jensen and Meckling, 1976), the corporate entity is reduced to an economic actor, fulfilling its role in society through profit maximisation within the legal framework and moral custom of a society. Many of the ethical approaches to CSR do not – because of their distinction between management theory and moral philosophy – transcend the liberal assumption of the corporation as only an economic actor in society. As such, both instrumental and ethical CSR approaches normally lack a critical analysis of the underlying concept of society and its institutions (Scherer and Palazzo, 2007), and understand and conceptualise the corporate entity as an apolitical actor. As a result, corporate irresponsibility and a general lack of commitment to integration of broader economic, social, and environmental values into its decision-making and activities for the majority of firms, is to a large extent understood as a problem lying primarily in the premises of individual preference-based action. Such an analysis leads to discussions about constructing win-win scenarios based on voluntary exchange, competitive markets, and private contracts, and how to build a personal set of values enhancing or promoting ethical sensitivity and concern for the detrimental direct and indirect effects of business activity.

From a new institutional perspective, the notion of the corporate entity as an apolitical actor, can be questioned and challenged. A new institutionalism position itself is somewhere between a liberal and a communitarian model of politics (e.g., March and Olsen, 1989). Politics and the political order are not – as in the liberal model – based

solely on exchange among calculating, self-interested actors. Nor is the political order – as in the communitarian model of politics – based on shared values and worldviews in a community of common culture. Rather, it is assumed that the political order is institutionally contingent: political institutions make a difference in political life by affecting individuals' worldviews, perceptions, ideas and preferences. From the new institutional point of view, irresponsible business behaviour should not be analysed as a problem with the premises of individual preference-based action and self-seeking managers, but rather as a problem arising from institutionally contingent identities that are inconsistent with business behaviour assuming a responsibility for issues beyond the interests of the firm and what is required by the law. Institutions thus have a value of their own, constituting a source for the political order to exist (Wolin, 1960, 2004), for a functioning democracy (Dahl, 1982), and societal development.

The new institutionalism of political science can probably not deliver a full blown or all-encompassing theory of the role and responsibility of business in society. However, what the theory does is open the door to discussions about the values upon which to judge and evaluate the efforts of businesses on the societal arena (including corporate political activities), the political and institutional conditions for responsible business conduct, and for discussing what the (political) responsibility of business in society. An institutional perspective thus begs questions like: Do companies' efforts on the societal arena support or undermine the institutions constituting the very foundation of a political order (e.g., Barley, 2007)? How can the values and norms that society wants for business to support or live by be built into the political institutions of society (e.g., Campbell, 2007)? What are the political role and responsibility of business in society within the context of representative democracy (e.g., Hsieh, 2009)?

Research question 3. Based on the discussion above, the following research question can be formulated: How can institutional theory

contribute to discussions of a justified foundation for companies' efforts in the societal arena?

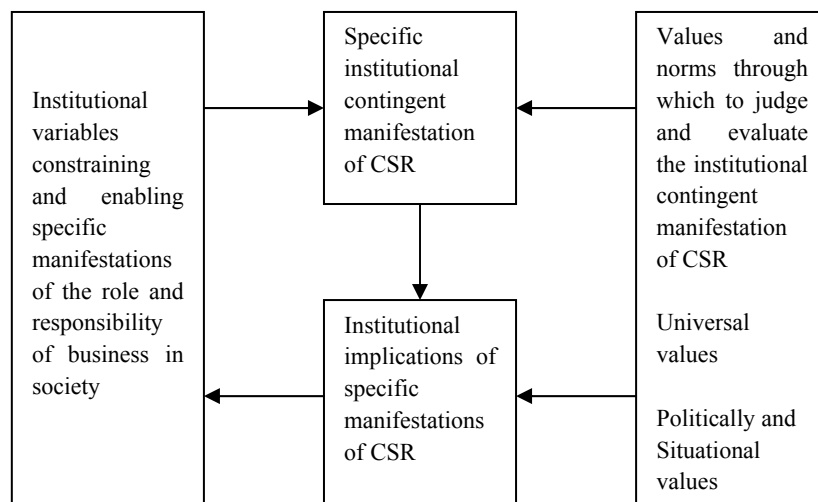
3.5 Analytical Model

This research can be seen as a response to the recent appeal within the study field of CSR (Jones and Wicks, 1999; Kochan, Guillen, Hunter, and O'Mahony; Margolis and Walsh, 2003,) for theories integrating descriptive-empirical and normative analysis. On the one hand, organisational theory and the positivist tradition of CSR (e.g. Campbell, 2007) have been relatively decoupled from normative analysis about what constitutes the social responsibility of the business entity. On the other hand, the post-positivist (e.g. Scherer and Palazzo, 2007) or normative tradition within the study field of CSR has been relatively decoupled from descriptive analysis of the variables that constrain or enable organisations to behave responsibly. The new institutionalism of political science represents a theoretical framework that makes it possible to address and discuss both these traditions, and thus the possibility for a convergent (Jones and Wicks, 1999) *institutional perspective* of the role and responsibility of business in society.

First of all, such a perspective – or sketch of ideas – would have to address the institutionally contingent nature of CSR: the institutional variables that inform, constrain, and enable responsible behaviour. Second, it would have to address the potential implications of institutionally contingent manifestations of CSR on the very same institutional conditions that informed it in the first place. Third, it would have to address some normative criteria by which to judge appropriate and inappropriate manifestations of CSR, thus answering the question of the role and responsibility of business in society. In sum then, a convergent institutional theory of CSR would be able to probe 1) what CSR is and what it is it to achieve, and 2) through which

institutional variables it is possible to support specific normative ambitions. As such, a convergent institutional theory of CSR would be able to address what Jones (1983, p. 560) described as *the* central focus of the business and society field: the social control of business, defined as ‘the means by which society directs business activity to useful ends’. The central aspects of this sketch of a theoretical framework are depicted in figure 2.

Figure 2: Sketch of a convergent institutional theory of CSR



3.6 Summary of Research Questions

Given the theoretical arguments developed above, this thesis addresses the following research questions:

1. How can institutional theory contribute to our understanding of the institutionally contingent nature of CSR and different manifestations of CSR within national-level fields?

Theory

2. What are the potential institutional and political implications of explicit manifestations of CSR?
3. How can institutional theory contribute to discussions of a justified foundation for companies' efforts in the societal arena?

4 Methodology

4.1 Introduction

This chapter describes and discusses the epistemological and theoretical orientation and perspectives of this study, and its methodology and methods of application. The chapter starts with a description of two main epistemological orientations of research conducted within the field of Business and Society: positivist and post-positivist CSR (Scherer and Palazzo, 2007, 2008). This orientation is followed by an outline and discussion of the social constructivist and critical inquiry oriented perspectives that inform the epistemology and theoretical perspectives of this thesis. Then, I present the research design of this thesis, including selection of theoretical perspective, data production and construction, and analysis and interpretation. Finally, I reflect on the trustworthiness of the study.

4.2 Some Epistemological and Theoretical Considerations

The research on CSR can be categorised into two broad epistemological orientations (Scherer and Palazzo, 2007): positivist and post-positivist²⁰. The positivist CSR tradition embeds a paradigm that – through empirically descriptive oriented research – tries to uncover “what is” and “why” “what is” is so, and with what implications. Where the positivist CSR tradition largely ignores philosophy and

²⁰ What I earlier has referred to as *instrumental* and *duty-aligned/ethical* CSR perspectives can most often be classified respectively as positivist and post-positivist notions of CSR.

argues in favour of a strict distinction between values (non-science) and facts (science), post-positive CSR inquires into different normative foundations for CSR, a tradition characterised by a critical view of positivist theory building. Rather than engaging in a descriptive analysis of “what is” and how we can understand or even explain some observable social phenomenon, post-positivist CSR can be characterised as embracing a ‘social philosophy unencumbered by empirical moorings’.²¹ Based on one or the other philosophy or ethical perspective (e.g., the notion of sustainable development, the common good, citizenship, social contract theory), post-positivist CSR concerns itself with moral evaluation, judgement and prescription (Swanson, 1999; Weaver and Trevino, 1994): What is CSR? Do companies respond appropriately to ethical dilemmas? How should managers and firms respond to social misery? Scherer and Palazzo (2007) identify monological and discursive CSR as two variants of post-positive CSR. Monological CSR refers to normative justifications of CSR that derive moral judgements from the cognitive operations of a single actor who ‘reflects on the consequences of alternative decisions in a given ethical dilemma’ (Scherer and Palazzo, 2007, p. 1097). In contrast, discursive post-positive CSR starts from the assumption that – in pluralistic societies – a justification of the role and responsibility of business in society should be found through joint communicative processes among multiple actors, of which the business firm itself constitutes one key actor (e.g., Article III). What Scherer and Palazzo (2007) refer to as *discursive post-positivist CSR* often share a theoretical perspective of critical inquiry through identifying the power and politics of CSR and through postulating alternatives to the dominant neo-liberal theory of the firm. At the same time, critical oriented CSR perspectives differ in the possibility and/or importance they ascribe to identifying and

²¹ The quote is from Wolin’s (1992, p. 60) reflection on the orientations of Adorno’s research in the Frankfurt School.

applying ethical criteria or some philosophical stance for justifying the role and responsibility of business in society. While some perspectives are sceptical about identifying ethical criteria's from which to justify CSR, others are more optimistic in that respect.

The overall aim, research questions and inquiry of this thesis has been informed by the epistemology and theoretical perspective of, respectively, constructionism (epistemology) and critical inquiry (theoretical perspectives)²². Constructionism is the view that: '...knowledge, and therefore all meaningful reality as such, is contingent upon human practices, being constructed in and out of interaction between human beings and their world, and developed and transmitted within an essentially social context' (Crotty, 2003, p. 42). The social constructivism of this thesis manifests itself in two very different, but still logically consistent ways. First, the new institutional perspective framing and informing the analysis of the study is a social constructivist one. At one level, social constructivism refers to the stance within which all meaningful reality is understood as socially constructed. Second, the methodology of data production and abductive line of reasoning can be understood as a social constructivist one. At another level, social constructivism refers to the mode of inquiry underlying the critically informed construction of arguments and sub-plots supporting the plot of the study informed by the social constructivist perspective of the new institutionalism.

Building on the critical tradition and orientation of the Frankfurt School, the inquiry of this thesis has been directed by the ambition and aim of contributing to the integration of normative-philosophical and

²² *Epistemology* is the 'the theory of knowledge embedded in the theoretical perspective and thereby in the research methodology'. *Theoretical perspective* here is 'the philosophical stance informing the methodology and thus providing a context for the process and grounding its logic and criteria' (Crotty, 2003, p. 3).

empirical CSR research. As such, the interest has not merely empirically documented some social phenomenon (as positivist CSR), or delved into normative and philosophical constructs (as post-positive CSR), but rather contributed to a convergent perspective (e.g., Jones and Wicks, 1999; Keating, 2009; Margolis and Walsh, 2003; Weaver and Trevino, 1994; Walsh, et al., 2006) that inhabits a normative orientation that guides empirical research, whose outcome can be judged according to the perspective's normative orientation. In other words, the interest has been to develop a perspective in which normative and philosophical considerations and empirical research can inform each other in a dialectical fashion. It is precisely in the combination of normative and empirical work that the social sciences may have the most to offer (Flyvbjerg, 2001; Van Langenhoven, 2007). The combination of normative and empirical theory is described by Baubök (2008) as one of the most promising developments in modern political science, harking back to the classical period before the splitting of the social sciences into different sub-disciplines.

In some sense, all social sciences build on some normative assumptions that serve as a starting point for theory building (Etzioni, 1990; Merton, 1973). Within the fields of management research – in which much of the current research of CSR is conducted (De Bakker, Groenewegen, and Den Hond, 2005; Lockett, Moon, and Visser, 2006) – these assumptions are, however, seldom made explicit (Kochan, Guillen, Hunter, and O'Mahony, 2009). What Kochan et al. (2009, p. 1098) suggest, is that authors should be clear 'in their heads, in their research, and in their involvement in policy debates, about the normative perspectives underlying their work'. For the inquiry undertaken in this thesis, that does not however imply that I, as a researcher, with any necessity, should devote space to illuminate my own values and orientations, but that the normative underpinnings of the theoretical perspective used as an overall framework for the inquiry of my work – the new institutionalism of political science (e.g., Olsen, 2009) – is

made explicit. In making these assumptions explicit, however, my own normative orientation is implicit simply because I probably would not have chosen the new institutional perspective having not believed in the vision of a political order based upon institutions (Wolin, 1960, 2004).

A hallmark of the critical form of inquiry is that it informs research in which some dominant ideology – in this case, the idea of explicit CSR as furthering the common good – is called into question and interrogated. According to Kincheloe and McLaren (1994), critical inquiry builds on the assumptions that

- all thought is mediated by power relations that are social and historically constituted
- facts can never be isolated from the domain of values or removed from ideological inscription
- the relationship between concepts and object, and between signifier and signified, is never stable and is often mediated by the social relations of capitalist production and consumption
- language is central to the formation of subjectivity, that is, of both conscious and unconscious awareness
- certain groups in any society are privileged over others, constituting an oppression that is most forceful when subordinates accept their social status as natural, necessary or inevitable
- oppression has many faces, and concern for only one form of oppression at the expense of others can be counterproductive because of the connection between them
- mainstream research practices are generally implicated, albeit often unwittingly, in the reproduction of class, race, and gender oppression.

Building on these assumptions, this thesis sees the notion of explicit CSR (Matten and Moon, 2005, 2008) as socially and historically constituted in which its ideological orientation is the result and outcome of certain privileged groups power within the system of capitalist production and consumption (e.g., Levy, 2008; Shamir, 2004a, 2004b) and where the positivist (e.g., Porter and Kramer, 2002, 2006) and part of the monological postpositive CSR paradigm (e.g., Swanson, 1995, 1999) contributes to the reproduction and potential strengthening of the very ideological system informing explicit CSR in the first place. Some of the instrumental CSR perspectives – often inclined in epistemological and theoretical assumptions of objectivism and positivism – do that through constructing the ‘business case’ for CSR (e.g., Elkington, 1994, 1997), in which both business and society are portrayed as better off by institutional structures emphasising voluntary exchange, competitive markets, and private contracts. In a similar manner, some of the duty-aligned perspectives do that not through questioning the institutionally constituted power and interest of business, but instead make responsible business to questions of individual moral reasoning, thus implicitly closing the door to discussions about institutional mechanisms to inform responsible business conduct. The critically oriented perspective informing this thesis is not an all-encompassing critical theory of society (e.g., Habermas, 1984), but rather a more middle-range (Merton, 1968)²³ critical perspective in which the assumptions of the dominant instrumental and ethical CSR perspectives are called into question. This is done through framing the analysis by a theoretical perspective – the

²³ Merton (1968, p. 39) defined a middle range theory as ‘theories that lie between the minor but necessary working hypotheses that evolve in abundance in day-to-day research and the all-inclusive systematic efforts to develop unified theory that will explain all the observed uniformities of social behaviour, organization and social change.’

new institutional theory of political science – which questions the ability of business in contributing to the common good through individualistic and corporate oriented strategies (such as instrumental CSR perspectives), or through individualistic moral reasoning and altruistic behaviour (such as duty-aligned perspectives).

4.2.1 *Final Remarks on the Research Prologue*

The epistemological position – and consequently theoretical perspectives, methodology, and methods – were by no means clear when this researcher started out the journey towards what would become a sketch of a (possible) convergent institutional perspective on CSR. Rather than starting with a clarified epistemological position – embodying certain assumptions informing theoretical perspectives and an overall research design – the research started with a real-life issue – CSR – that needed to be addressed, but without any clear understanding of its contested nature (Moon, Crane, and Matten, 2005; Windsor, 2006)²⁴, and thus, of the nature of the research inquiry, aims and research questions.

Due to choices taken within the frames of two projects in which this researcher participated, there was identified a need for developing an instrument to measure managers' perceptions of CSR. Thus, the research of this thesis started out on the foundation of some choices that were taken within the frames of a larger research project on CSR. These choices very much defined the nature of research carried out throughout the work with the thesis, research that would eventually be reported as the fourth and final paper of the thesis.

²⁴ Connolly (1983) gives three reasons why concepts are essentially contested: because they are 'appraisive' or are considered as valued; they are internally complex; and they have open rules of application. CSR has all of these characteristics.

The underlying epistemological and theoretical assumptions of the choices taken within the frame of the research project, were those of objectivism and positivism: Meaning and meaningful reality exist apart from the operation of any consciousness, and are to be objectively discovered – and sometimes, as in article IV of this thesis – measured through such empirical research and methodologies and methods as survey research and scaling.

As the work with the thesis and the research projects proceeded – but after some choices of methods and methodology were taken – this researcher, through literature studies within the field of business and society, and through engaging with the empirical field of CSR, became more aware of the nature of CSR and of his own position about its meaning and implications. Alongside the questions of scale development and measurement of some objective reality and meaning, the research developed in the directions of interpretivism and critical inquiries, that – based on the epistemological assumptions of constructionism – made critical questions of the meaning and potential implications of CSR as *the* key focus of the research for the thesis, informing more ‘discourse analysis’ methodologies and embedded methods. Within these lines of inquiries, meaning is not something to be objectively discovered and measured as within the tradition of objectivism and positivism, but rather something to be constructed, coming into existence in and out of our engagement with our area of interest. As such, the focus shifted from an interest in seeking objective, valid, and generalisable conclusions, to seeking plausible and suggestive results. In sum then, partly as a result of choices taken within the research project that framed a large part of the work with this thesis, and partly as the result of the journey of the researcher within the contested field of CSR, the research reported in the different papers of this thesis builds on very different and incompatible epistemological assumptions.

4.3 Research Design (or the Construction of Plots)

This section discusses the overall research design and modes of inquiry in this thesis. It does thus not discuss the research design of the different papers constituting part II of this thesis. Consequently, it does not discuss their data collection method, lines of reasoning and trustworthiness. Rather, the section relates to the overall research design and modes of inquiry, an inquiry in which these papers is included, but what is important is not the research and scientific nature of each paper, but how the papers enter into, and are used to construct the overall plot of the study

The research design of the thesis reflects the aim of contributing to the development of a convergent perspective on CSR, dividing the inquiry into three areas: the institutionally contingent and embedded nature of CSR, its potential institutional and political implications, and the appropriate role of business in society. Most importantly, *research design* refers to how the plan for the research (e.g., selection of theoretical perspectives, methods of data collection and analysis) fits the aim of the research. Scott and Marshall (2009) thus define *research design* in the following way:

The strategic plan for a research project (...), setting out the broad outline and key features of the work to be undertaken, including the methods of data collection and analysis to be employed, and showing how the research strategy addresses the specific aims and objectives of the study, and whether the research issues are theoretical or policy-oriented.

The research design of this thesis can be outlined as evolving around an inquiry into the construction of a *plot* (Czarniawska, 2004) constituted by several linked sub-plots, and in which some aspects of a theory, concept, line of reasoning, and empirical data are emphasised and

where other aspects are excluded or moderated, all in order to support the construction of the thesis' overall plot and research aim. According to Polkinghorne (1987, p. 570), a plot functions to 'transform a listing of events into a schematic whole by highlighting and recognizing the contribution that certain events make to the development of the whole'. Further, plots '[have] the capacity to articulate and consolidate complex trends of multiple activities by means of the overlap of subplots' (p. 19). A 'simple' deductive or inductive chronology of events is thus not sufficient to tell a story. What is needed, is rather an abductive line of inquiry (Danermark, et al., 1997): a constant back-and-forth between theory and empirical data (Wodak, 2004), and between theoretical constructs and new theories in which those constructs are encompassed and analysed, informing a potentially new understanding of or additions to the theoretical construct of interest.

This study consists of several (sub) plots which are connected to each other in *the* plot of the thesis. According to Todurov (1977), such a combination of (sub) plots is usually done by *linking* or *embedding*. In the former, plots are fitted together; in the latter, a plot (or several subplots) is set inside another (main) plot. In addition, Czarniawska (2004) argues that as social scientists, we must choose the elements of the story that we would like to tell out of a veritable chaos of events already constituted (White, 1973), making two additional tactics part of our scientific inquiry: *exclusion* and *emphasis*. In other words, some aspects of a theory, line of reasoning, concept, and empirical data are excluded while others are emphasised in order to construct the plots of the story that we want to tell. This also implies that other plots and stories could be constructed from the very same theoretical perspective, reasoning, concept, and empirical data, given a different emphasis and thus also exclusion, a point to which I will return below.

At its most basic, a plot can be considered as a way of theorising (Czarniawska, 2004), thus also embedding questions of research

design: What is the plan for the scientific inquiry? What work need to be undertaken in order to address and construct the plot of the research? What theoretical perspectives (and which aspects of these perspectives) are appropriate for the task at hand? What theoretical perspectives can the inquiry be contrasted against? What empirical data can support the construction of the plot and its sub-plots? What line of reasoning can support the inquiry at hand? In brief, these questions constitute the research design of this thesis.

The following are some of the ideas and sub-plots from which this thesis has been constructed, and that have informed its research design: the understanding of CSR as institutional contingent and embedded (e.g., Campbell, 2007), the idea of the business firm as not only an economic, but also social and even political actor in society (e.g. Matten, 2009), the understanding of CSR as including not only what companies do beyond what is demanded by legal frameworks, but also including economic and legal responsibilities (e.g., Carroll, 1979), and implicit notions of CSR (Matten and Moon, 2005, 2008), the idea of CSR's potential to impact and undermine the institutional and political pre-requisites for a functioning democracy, the understanding of CSR as developing from the business need for justifying its own activity within the context of increasing societal scepticism about the contribution of business to the common good (e.g. Frederick, 1987), the understanding of CSR as involving some notions of agency/autonomy (Marrewijk, 2003) and institutional embedded entrepreneurship, a distrust in the ability of the free market alone to inform responsible business, a scepticism about the ability of instrumental and duty-aligned CSR perspectives in themselves to support the common good, a belief in collective as superior to corporate mechanism in promoting notions of responsibility, and the idea of politics as more appropriate than philosophy and ethics in informing the appropriate role and responsibility of business in society (e.g., Scherer and Palazzo, 2007).

Building on these and related ideas and sub-plots, appropriate theoretical frameworks and perspectives, notions of corporate responsibility, literatures, methodologies, and methods were chosen, or more precisely, were judged as more or less appropriate for the task at hand. The question for the overall design was thus: What theories, literatures, empirical data, and so on are most appropriate for constructing the story that I wanted to tell through the research?

What is important to note, is that the plot of the thesis – and indeed most of the sub-plots – did not develop until I was well into the research project. When they did, it was a result of some underlying idea of what the story should look like, and based on a constant movement between notions of CSR, theoretical perspectives, empirical data, and lines of reasoning, informing certain emphases and exclusions, and certain linkages between ideas. For example: What notions of CSR incorporate economic and legal, as well as ethical categories of responsibility? Why does most of the CSR literature seem to focus on the implications of CSR for the financial performance of the firm and not on its potential societal implications (the latter in which the concept originally – as argued by Bowen (1953) was intended to support)? What theoretical perspectives can emphasise the political nature of CSR, and from what position is it possible to critically discuss the seemingly dominant position of explicit (Matten and Moon, 2005, 2008) and social activist (Brummer, 1991) notions of CSR? How can the dual construct of explicit and implicit CSR be further developed based on the empirical data at hand? The inquiry into these and related questions gradually developed into some sub-plot that would be linked in order to constitute the plot of the thesis in the form of a convergent institutional perspective on CSR.

The research design has reflected the inquiry into these plots: Considering the choosing of the theoretical perspective (the new institutional theory of political science) it needed – given the sub-plots of the work and the story that I wanted to tell – to hold the possibility

for linking empirically and normative oriented analyses, it needed the ability to analyse the institutionally contingent and embedded nature of CSR, it needed the potential to critically discuss the impact of explicit CSR on the very same institutional and political framework informing the explicit manifestation of CSR in the first place, and it needed to have the potential to discuss the institutional and political justifications for the role and responsibility of business in society.

Given the theoretically more than policy (or empirical) aim of this thesis, that is, contributing to the development of a convergent institutional theory of CSR, the search for and discussions of appropriate perspectives and concepts became more important than the empirical analysis. Thus, more than a (abductive) movement between theory and empirical data, the research design embedded a constant search for different perspectives in which the notion of CSR could be discussed, and that could be used in the construction of the plot of the thesis. At the same time, empirical data collected through focus group interviews constituted a necessary element for the construction of different institutionally informed models of CSR, and the role of agency in this construction (Article I). In addition, the focus groups interviews constituted the foundation for the development of items for the theoretically informed issue dimensions of CSR (Article IV). The following three sections reflect on the thesis' theoretical perspective and comments on the modes of data production and construction, analysis and interpretation.

4.3.1 *Selection of Theoretical Perspective*

In this thesis, the new institutional theory of political science is used as an overarching theoretical framework for drawing together three aspects or dimensions of an institutional analysis of CSR, 1) the institutionally contingent and embedded nature of CSR, 2) the potential political and institutional implications of CSR, and 3) the justification

of the role and responsibility of business in society from an institutional perspective. That means that the discussion in the thesis relies not solely on new institutional theory, but more importantly uses these theoretical lenses framing the different modes of inquiries conducted in the four papers of the thesis.

Why choose the new institutionalism of political science in order to support the construction of the thesis' plot? Other perspectives could and have been used to address the role and responsibility of business in society, for example, stakeholder theory (Donaldson and Preston, 1995) and social contract theory (Donaldson and Dunfee, 1999). It can also be argued that it is difficult to ignore the literature on 'corporate political activity' (CPA) when discussing the political nature of CSR and the activities of the corporate entity. There are, however, good reasons to be careful with critical analysis about the political nature of CSR from this body of research. As stated by Hillmain, Keim, and Schuler (2004), this literature

shows next to no awareness of the fact that though business may use the political sphere to realize its strategic goals, this influence has fundamental and highly problematic consequences for democracy, the public good, and some vital principles of political representation and decision making (Matten, 2009).

While the analysis of this thesis certainly incorporates other theoretical perspectives (i.e., functionalism, pragmatism, Marxist functionalism, neoinstitutionalism, democracy, citizenship), there are some good reasons for choosing the new institutionalism of political science as the perspective for constructing and building a case for the plot of this thesis.

First, the perspective is a social constructivist one (March and Olsen, 1996; Scott, 1995, 2001). Politics is depicted in contrast to an exchange perspective. Rather than understanding politics as a market for trades in

which individual and group interests are pursued by rational actors in an atomistic society, the institutional perspective emphasises the creation – or social construction – of institutions and identities, and the structuring effects of institutions (March and Olsen, 1996, p. 249):

The exchange vision of human nature as static and universal and unaffected by politics is replaced by a view of the political actor as flexible, varied, malleable, culture-dependent and socially constructed. Intentional, calculative action is embedded in rules and institutions that are constituted, sustained, and interpreted in a political system. The core notion is that life is organised by sets of shared meanings and practices that come to be taken as given for a long time. Political actors act and organise themselves in accordance with rules and practices which are socially constructed, publicly known, anticipated and accepted. Actions of individuals and collectives occur within these shared meanings and practices, which can be called institutions and identities.

The underlying idea of behaviour – and thus notions of responsibility – as an inherent aspect of the structures of political rules, institutions, and identities (e.g., March and Olsen, 1996) thus flies in the face of the methodologist individualistic assumptions of instrumental and duty-aligned CSR perspectives of challenges of CSR as primarily an issue of individual preference-based action.

Second, the new institutionalism of political science represents a coherent framework within which the two descriptive questions of the implications of institutions on manifestations of CSR, and the implications of manifestations of CSR on (political) institutions, and within which the normative question of the political role and responsibility of business in society can be critically addressed. Although the perspective is more empirical than normative (March and Olsen, 1996), it incorporates aspects of the “old” institutionalism

emphasising the role of philosophy and norms in the institutional analysis, echoing the Aristotelian judgement of man as at his worst when divorced from law and morals, and building on a vision of a political order based on institutions (Wolin, 1960, 2004). The perspective thus holds the possibility of encompassing and converging empirical and normative analyses in which empirical inquiry is anchored in some value-judgement, and where further justification and normative reasoning are partly based on our understanding of the world as interpreted from empirical modes of inquiry. As stated by Hardin (2008, p. 39): ‘the world we wish to judge normatively is the same world that we wish to explain positively.’

Third, the perspective builds on idea of agency, and thus contradicts much of the current comparative institutional CSR analysis that explicitly or implicitly emphasises homogeneity within institutional fields: ‘Institutionalism involves purposeful human agency, reflection, and reason giving as well as rules’ (Olsen, 2009, p. 9.). At the same time, an institutional perspective’s ontological approach to actors merits some emphasis:

...the notion of field reminds us that the true object of social science is not the individual, even though one cannot construct a field if not through individuals, since the information necessary for statistical analysis is generally attached to individuals or institutions. It is the field which is primary and must be the focus of the research operations. This does not imply that individuals are mere “illusions”, that they do not exist: they exist as *agents* – and not as biological individuals, actors, or subjects – who are socially constituted as active and acting in the field under consideration by the fact that they possess the necessary properties to be effective, to produce effects, in the field. And it is knowledge about the field itself in which they evolve that allows us best to grasp the roots of their singularity, their *point of view* or position (in a field) from which their

particular vision of the world (and of the field itself) is constructed (Bourdieu and Wacquant, 1992, p. 107).

Fourth, the perspective – although argued by March and Olsen (1984, 1996) not should be understood as a complete theory, but rather as a collection of ideas about politics and the potential effects of political institutions deviating from the study of politics and behaviour as seen by contextualism, reductionalism and utilitarianism – is a well developed, respected, and acknowledged one, described by Goodin and Klingeman (1996, p. 25) as constituting part of a new institutionalism with the power to provide an ‘integrative framework’ and even representing the ‘next revolution’ in political science.

Although there are some valid reasons for building on the new institutional perspective for the analysis of this study, the selection of this perspective do not come without problems. The perspective is usually applied to the study of political institutions (March and Olsen, 2005). In this thesis, the perspective is extended to the relationship between society (especially political institutions) and the social institution of business and companies. Although such an approach incurs the risk of conceptual stretching (Sartori, 1970) and reductionism, it can also be seen as a valuable extension of the basic argument (Peters, 1996, p. 211) of politics as informed by institutions. That means that while the new institutionalism argues that behaviour within the frames of formal organisations and politics can and should be understood as arising from collective values and norms, in this thesis, I extend the area of application of the theory and argues that the theory also can account for the norms, values, and stable pattern of interactions and relationships between a society and its political institutions, and businesses and companies.

4.3.2 Data Production and Construction²⁵

The construction of the thesis ‘by plots’ can be depicted as follows: The theoretical perspective supporting and framing the plot of the thesis is the new institutionalism of political science. The perspectives from which the different ‘events’ of the research – most importantly, the articles and their theoretical perspectives and lines of reasoning – are thereby transformed into a schematic whole through systematic emphasis and deemphasis of aspects of the different events of the research. Article (or event) I builds on theories of neoinstitutionalism (e.g., Friedland and Alford, 1991; Lounsbury, 2008; Meyer and Rowan, 1977) and institutional entrepreneurship (e.g., DiMaggio, 1988; Maguire and Hardy, 2006; Zilber, 2002) in order to explore the institutionally contingent nature of CSR and the possibility of conflicting institutional logics informing agency the construction of hybrid models of CSR (e.g., Boxenbaum, 2006). In the study, this line of reasoning is reframed within the new institutional perspective to stress the role of agency in the manifestations of different institutional embedded models of CSR. Article (or event) II builds on functionalism and a Marxist-institutionalist perspective (Jones, 1996) in order to discuss the potential negative societal implications of social activist (Brummer, 1991) conceptions of CSR, and in order to discuss the social responsibility of business in society. This line of reasoning is reframed within the new institutional perspective to support an argument of the

²⁵ This section discusses the data production and construction of the thesis, that is, how the plots of the articles constructed from the new institutional perspective enter into the analysis and inquiry of the thesis. Thus, I do not discuss the methods of data collection of the articles (focus group interviews and management survey) because, from a methodological point of view, what is important for the analysis is how the articles – as ‘data’ and being presented as ‘Results’ in chapter 5 – enters into the analysis of the thesis. For information about data collection methods, see part two of the thesis and the relevant articles.

potential institutional and political implications of explicit expansionist manifestations of CSR. Article (or event) III builds on pragmatism and the notion of jurisgenerative politics (Benhabib, 2006, 2008) in order to suggest how the principles of CSR (Wood, 1991) can be strengthened and come to constitute a justified foundation for companies' efforts in the societal arena. This line of reasoning is reframed within the new institutional perspective to propose a political rather than an instrumental or ethical justification of the institutional and political responsibility of business in society. In addition, the pragmatic stance is also used as an epistemological and theoretical orientation for the inquiry of the thesis, and one that can be contrasted to both positivist and anti-positivist CSR research. Article (event) IV builds on theories of development democracy (e.g. Dahl, 1982, 1989; Marshall, 1965, and Rawls, 1973, 1993), the conceptual vantage point of citizenship (e.g. Stokes, 2002) and thinking of the corporate entity as a citizen (e.g. Moon, Crane, and Matten, 2005, and Nèron and Norman, 2008) to develop and validate a scale measuring managers' orientation towards seven issue components of CSR: socio-economic development, anti-corruption and bribery, environmental responsibility, workers' rights and welfare, supply-chain responsibility, political participation, and accountability. In the study, this line of reasoning is reframed within the new institutional perspective in order to build and support a case for the political nature of the firm and for CSR issues. Finally, the different events or sub-plots are transformed into a schematic whole within the new institutional perspective in order to suggest a possible convergent institutional perspective on CSR, embedding both empirical analysis – in which CSR functions as both explanans and explanandum – and normative analysis.

4.3.3 *Analysis and Interpretation*

The modes of analysis and interpretation conducted in this thesis – though not in all of the articles – can best be characterised as a form of

abduction (e.g., Danemark, et al., 1997), a form of reasoning with some affinity to the pragmatist orientation (e.g., Rorty, 1991) of this study (Dey, 2004). In contrast to deduction – in which we start with a theory, make an observation and infer a result – and induction – in which we start with observations for them to generalise to a wider population – in abduction, we can go in one of two directions. We can start with theory, make observations, and draw some inference about those observations consistent with the theory. Alternatively, we can start with an observation and state a theory in order to infer a result (Dey, 2004). Either or, through abduction, observations are related to a theory (or the theory is related to the observations), and result in an *interpretation* rather than a logical conclusion (Dey, 2004). Differently put, what is important is that the results of a study do not – like with deduction – necessarily follow from the premises, but rather constitute a *plausible* interpretation of a phenomenon. Abductive inference is thus a matter of interpreting a phenomenon in terms of some theoretical frame of reference, but where the outcome not constitutes the only ‘true’ interpretation, but rather – given the theoretical frame of reference – constitutes a possible and meaningful interpretation given the phenomenon of interest.

Danemark et al., (1997, p. 91) defines *abduction* as ‘a move from a conception of something to a different, possibly more developed or deeper conception of it’, happening through our placing and interpretation of a phenomenon within the new (theoretical) ideas. The modes of reasoning constitute itself as processes of reconceptualisation, in which the researcher outline and interpret something within a new framework. This ‘something’ need not be restricted to some empirical observation, but can also be a particular theoretical construct – like CSR – or a thought, argument, or reasoning.

Abduction is often depicted as a mode of analysis and inquiry involving a certain inference based on some empirical observation and a theory (e.g., Danemark et al., 1997; Jensen, 1995). However, in this study,

abduction does not solely refer to a mode of inquiry in which empirical observations are related to some theoretical construct (e.g., Article I), but also to situations in which some lines of reasoning, arguments, and theoretical constructs are placed within some theoretical frame in order to generate reconceptualisations and potential new modes of theoretical and empirical analysis (e.g., Article II and III). This has been the line of reasoning that guides the inquiry and analysis of the articles and of the study as a whole.

In article I, empirical observations about the nature of CSR are interpreted within the theoretical frame institutional theory and the dualistic notion of explicit and implicit CSR (Matten and Moon, 2005, 2008), partly in order to infer more developed and nuanced conceptions of explicit and implicit conceptualisations of CSR. The modes of reasoning thus takes the form of a reinterpretation in which empirical observations of CSR is interpreted within a theoretical framework – that, for the purpose of the inquiry, is developed by including theories of institutional entrepreneurship – resulting in the development of four models of CSR: explicit expansionist and contractive CSR, and implicit contractive and expansionist CSR. The trustworthiness of the analysis does – like in article IV – depend not only on the consistency among theory, methodology and observations and analysis, but more importantly on its capacity to generate new ‘reinterpreted’ insights, which taken together can inform a new account of the subject under investigation, that is, the notion of CSR. The interpretation is not the one and only ‘true’ outcome of the study, but it is a possible and plausible one.

In article II, what Brummer (1991) describes to as the *social activist approach to CSR*²⁶ is framed within functionalism in order to inform a critical inquiry into the potential societal, institutional, and political implications of this manifestation of CSR, and in order to discuss the role and responsibility of business in society. The interpretation emerging from this discussion is not the only possible one. However, given the premises of the inquiry – the understanding of CSR as social activism and the idea of the common good as best aimed for if the core institutions of society stick to their basic mission – the interpretation is, as with Article I, a possible and plausible one.

In Article III, the abductive line of reasoning is again prominent. Here, the principles of CSR (Wood, 1991; Wood and Jones, 1995) – legitimacy (Davis, 1973), public responsibility (Preston and Post, 1975), managerial discretion (Carroll, 1979) – are reinterpreted from a pragmatic perspective (Wicks and Freeman, 1998) in which the notion of democratic iteration and jurisgenerative politics (Benhabib, 2008) is used as a theoretical frame for developing and suggesting a new meaning of the original CSR principles. The notion of legitimacy, public responsibility and managerial discretion is thus interpreted within and on the basis of some different and new theoretical ideas, informing a reconceptualisation constituting a potential new and politicised (e.g., Matten, 2009; Scherer, Palazzo, and Matten, 2009) way of understanding the social responsibility of business in society.

In the study as a whole, the abductive line of reasoning takes a new and different form. Here, the ‘results’ of the articles – that is, the line of arguments, reconceptualisations, and reinterpretations of the articles (including the results of Article IV) – are discussed within the new

²⁶ The social activist approach to CSR can also be referred to as what I have called *explicit expansionist CSR*, combining corporate level responsibility strategies with a potentially broad range of issues for the corporate entity to attend to. (See article I.)

theoretical frame of the new institutional perspective of political science (e.g., March and Olsen, 1984, 1996, Olsen, 2009) in order to sketch a convergent institutional perspective on CSR that embeds empirical and normative analyses that support each other in a dialectic fashion. The line of reasoning does thus not ‘discover’ something new, but rather develops a alternative analytical framework for the institutional embedded nature of CSR, its implications and justification, that differs from what is offered by the dominant instrumental and duty-aligned CSR perspectives (and by much of the current institutional analysis of CSR). What is worth noticing, is that in this interpretation and line of reasoning, the objectivist and positivist Article VI constitutes and is included as part of a constructionist and critically informed pragmatic endeavour. As such, what is important for the analysis, is not necessarily the epistemological and theoretical orientation and the methodology and methods applied in each of the articles, but rather how the articles and other research enter into and are used within the framework of a new theoretical perspective (the new institutionalism).

4.4 The Trustworthiness of the Study

A consequence of the abductive line of reasoning followed in this study is of course that there are no fixed or definitive criteria by which it is possible to assess or judge the validity of this study’s interpretations and conclusions (Danermark et al., 1997). What is important about this particular line of reasoning, is that ‘more than one plot can provide a meaningful constellation and integration for the same set of events, and different plot organizations change the meaning of the individual events as their roles are reinterpreted according to their functions in different plots’ (Polkinghorne, 1987, p. 19). As such, there is a considerable amount of subjectivity involved in the analysis informing a sketch of a possible convergent institutional perspective on CSR. It is difficult to see how this could not be the case. In this respect, Dahl’s (1982, p. 23-

24) discussion about the subjectivity of analysis of the relative autonomy of business vis-à-vis governments and political organisations is highly relevant:

How great is the control of major oil companies over congressional energy legislation? Not only would an answer to require one to appraise a vast body of complex information (some not readily available, if at all), but in the absence of an acceptable measure of magnitudes, different observers are likely to reach different qualitative judgements.

As such, an abductive line of reasoning also involves a considerable degree of creativity and imagination (e.g., Danemark, 1997), a creativity and imagination that could inform a different construction of plot and sub-plots – e.g., through emphasising and linking other aspects of the notion of CSR with other aspects of the institutional perspective – than what is presented as the outcome of the research reported in this thesis.

The methodological “move” of this thesis can be summarised as organised around the construction and analysis of plots. Following Czarniawska (2004), and given the nature of the research carried out in this project, the thesis should thus be evaluated as an *emplotment*. This being the case, the questions become: Is the plot coherent? Does it contain a basic plot structure, with complicating sub-plots and counter-plots? The following answer can be suggested: What is noteworthy is *the level of the analysis*. The articles – constituting part two of this thesis – constitute *level 1* of the inquiry, informed by a specific epistemological, theoretical, and methodological orientation. The inquiry of the thesis – its observations and aim, theoretical perspective (new institutionalism), methodology, results, and discussion – constitutes *level 2* of the inquiry. In the level 2 inquiry, the articles constitute the material from which the analysis – given the observations, aim, and theoretical perspective – can proceed towards

the final outline of insights into some building blocks of a convergent institutional CSR perspective. The eclecticism and partial inconsistency in philosophical and epistemological orientation between the articles could have been a problem for the overall and level 2 analyses. After all, how is it possible to unite the objectivistic and positivistic orientations of Article VI, the constructivist and critically oriented orientations of Article II, the pragmatist orientation of Article III, and the social constructivist orientation of Article I within a single social constructivist and critically informed level 2 inquiry? The answer is found in what *the construction of plots*. What constitutes the material from which the analysis proceeds at level 2 is not the articles *per se*, but rather the sub-plots that this researcher construct in them given the (social constructivist) new institutional perspective and the aim of discussing an institutional convergent CSR perspective constituting a possible alternative to instrumental and duty-aligned CSR perspectives.

5 Results

5.1 Research Articles

This chapter summarises the main analytical content and argument of the four articles included in the thesis. The institutional embedded nature of manifestations of CSR is elaborated and illustrated in Article I. On the normative level the article also discusses some possible political and collective level alternatives to the explicit CSR model. Article II addresses the potential institutional and political implications of CSR. On this background, the article argues in favour of a conceptualization of CSR in which the political responsibility of business is highlighted. Article III further elaborates the potential societal implications of CSR, and argues for a pragmatic approach to the role and responsibility of business in society in which jurisgenerative politics and democratic iterations constitute a possible frame for critical questioning and justification of competing moral claim. Article IV builds on democratic theory and the notion of corporate citizenship in order to outline seven CSR issues-dimensions the corporate entity currently are expected to assume a responsibility for, and act on. Table 2 provides an overview of the articles, that is, their main research questions, analytical focus and argument.

Table 2. Overview of articles and their main analytical focus and research questions

Number in thesis	Main argument	Thesis research question addressed
<i>Article I</i> Multiple and Contesting Perceptions of Explicit Corporate Social Responsibility Within a	The article takes the explicit-implicit CSR framework as a point of departure, and basically asks how managers within a national institutionalised context	How can institutional theory contribute to our understanding of the institutional contingent

Results

National institutionalised Field	perceive the notion of explicit CSR, and how the national institutional context can contribute to our understanding of manager's perceptions of CSR.	nature of CSR and different manifestations of CSR within national-level fields?
Article II Corporate Social Responsibility: the Economic and Institutional responsibility of Business in Society	The article argues that CSR can be counterproductive to the institutional conditions required for a sustainable development path. On this background, the article argues in favour of an orientation towards a political conceptualization of CSR	What are the potential institutional and political implications of explicit manifestations of CSR? How can institutional theory contribute to discussions of a justified foundation for companies' efforts in the societal arena?
Article III A Reinterpretation of the Principles of CSR: A Pragmatic Approach	The article argues for a pragmatic approach to the role and responsibility of business in society, in which the normative deficiencies of Corporate Social Performance theory can be strengthened through democratic iterations over some or the other ethical treaty.	What are the potential institutional and political implications of explicit manifestations of CSR? How can institutional theory contribute to discussions of a justified foundation for companies' efforts in the societal arena?
Article IV Development and Validation of the CSR Issues Scale: A Corporate Citizenship Perspective	Based on the conceptual vantage point of citizenship and thinking of the corporate entity as a citizen, seven different CSR issue components are identified and empirically validated.	How can institutional theory contribute to discussions of a justified foundation for companies' efforts in the societal arena?

5.2 Analytical Content of Article I

Taking the explicit-implicit CSR framework (Matten and Moon, 2005, 2008) as its point of departure, Article I basically asks a) how managers within a national institutionalised context perceive the notion of explicit CSR, and b) how the national institutional context can contribute to our understanding of the managers' perceptions of CSR. The empirical results of focus group interviews with Norwegian managers indicate the existence of multiple perceptions and manifestations of CSR within a national institutionalised setting.

Two observations inform the theoretical arguments and empirical illustration and illumination of the article. The first observation is that the explicit-implicit CSR framework, together with some of the current institutional analysis of CSR, relies on a somewhat one-dimensional and over-deterministic account of institutional theory that only to a limited degree take into account recent developments within institutional theory (e.g., Lounsbury, 2008). That theory explains how to account for heterogeneity, contestation and practice variation, as well as homogeneity and consensus within a distinct institutional field. Furthermore, through emphasizing how a dominant and exclusive (Scott, 1994, 2001) institutional logic of the role and responsibility of business in society informs consensus around the manifestations of CSR within an institutionalised national framework, the explicit-implicit CSR framework somewhat ignores the very essence of the notion of CSR, that of managerial discretion or agency (e.g., Carroll, 1979; Matten and Moon, 2008; Marrewijk, 2003). Consequently, the framework also somewhat ignores how actors not only adapt to their institutional context, but also often play an active role in shaping those contexts (e.g., DiMaggio, 1988; Maguire and Hardy, 2006; Meyer and Rowan, 1977; Levy, Brown, and de Jong, 2009; Lounsbury, 2008).

The second observation is that it is not really clear what comprises the institutionally-informed models of explicit and implicit CSR. While

explicit CSR is defined in terms of some corporate level properties, implicit CSR is defined more in terms of some institutional properties, that is, what are the institutional conditions that *inform* an implicit manifestation of CSR, rather than what it *is*. This limitation has potentially both descriptive and normative implications. First, it makes it difficult to study the actual institutionalization or de-institutionalization of one or the other manifestations of CSR within a national institutionalised context. Second, in its current form, the explicit, and especially implicit, models of CSR constitute somewhat unclear normative alternatives to the appropriate role and responsibility of business in society.

The overall aim of the article is to suggest a further development and refinement of the explicit-implicit CSR framework, a development and refinement that a) take into account recent developments within neo-institutional theory that explain how multiple logics and institutional contradictions within a nationalised institutionalised setting can enable agency and multiple manifestations of CSR, and that b) identify more closely what institutionally- informed, explicit and implicit manifestations of CSR comprise.

Drawing on social constructionist assumptions (Berger and Luckmann, 1967) emphasizing translation (Latour, 1986) at the micro-level (Czarniawska and Joerges, 1996), rather than diffusion of institutional phenomena, the article sees institutions as formed and changed as meaning comes to be shared and taken for granted. Actors are not only carriers of institutional meaning (Zilber, 2002), but are also active interpreters, “formulating, conforming to, disobeying, and modifying” (Scott, 1994, p. 60) institutional phenomena in their efforts to make sense out of the world (Weick, 1995). In this respect, actors’ “sensemaking”, imagination and acts of interpretation of institutional phenomena – that is, the attribution of meanings to structures and practices (Zilber, 2002) – can be understood as an important form of institutional agency (e.g., Hajer, 1995; Maguire and Hardy, 2006;

Munir, 2005; Zilber, 2002, 2006), in which actors play a role in both shaping and being shaped by their institutional environment.

Building on the theoretical thesis developed above, the assumption of homogeneity and consensus around manifestations of CSR within a national institutional framework can be questioned and challenged by an assumption of heterogeneity and contestation upon the manifestation of explicit CSR within a national institutionalised framework. If it can be assumed that both the logics of the liberal and coordinated markets are embedded in institutional fields at the national level, then both explicit and implicit manifestations of CSR will be evident within a specific national framework, as well as hybrid combinations of the two, as actors invoke the institutional logics and their embedded contradictions in order to make sense of the role and responsibility of business in society.

The data evidently revealed the existence of multiple narratives about the appropriate meaning of explicit CSR, each constituted by a somewhat different set of statements or storylines.

Narrative 1 can be labelled “the discourse of explicit expansionist CSR”. This discourse consists of some credible and attractive storylines: 1) the notion of the corporate entity as possessing an identified organizational-level responsibility for addressing some social issues, and 2) the notion that the corporate entity has a responsibility to address a broad range of issues on the societal arena.

Narrative 2 can be labelled “the discourse of implicit contractive CSR”. This discourse consists of some credible and attractive storylines: 1) the notion of collective-level responsibility for social issues, and 2) the notion of a narrow range of social issues for the corporate entity to address within the framework of collective-level responsibility mechanisms.

Narrative 3 can be labelled “the discourse of implicit expansionist CSR”. This discourse consists of some credible and attractive storylines: 1) the notion of collective-level responsibility for societal issues, and 2) the notion of a broad range of social issues for the corporate entity to address within the framework of some collective-level responsibility mechanisms.

Narrative 4 can be labelled “the discourse of explicit contractive CSR”. This discourse consists of some credible and attractive storylines: 1) the notion of corporate-level responsibility mechanisms, and 2) the notion that the corporate entity should address a narrow more than a broad, range of social issues through its corporate-level responsibility strategies and mechanisms.

Within the current institutional analysis of CSR, it is common to argue that a national-level institutional field informs homogeneity and consensus around a specific manifestation of CSR within that national, institutionalised framework (e.g., Aguilera et al., 2007; Gjøølberg, 2009; Matten and Moon, 2005, 2008). What Article I indicates, however, is that multiple and contesting perceptions of explicit CSR exist within a national institutional field. Each of the four different narratives or manifestations of CSR identified can be seen as being informed by different institutional logics (Friedland and Alford, 1991; Thornton, 2004) – or a different combination of these, co-existing in the historically-grown, national institutional framework.

The discussions and manifestations of explicit CSR should not, however, be understood as a “conventional” institutional analysis in which actors passively adapt to one or the other institutional script or logic. Rather, what the article indicates is that multiple logics and institutional contradictions inform agency (Clemens and Cook, 1999; Hardy and Maguire, 2008), through enable actors to attribute meaning to CSR in multiple ways. The actors become interpreters invoking, disobeying, and combining the features of different institutional logics

as they promulgate multiple translations of a new convention like explicit CSR. The institutional analysis of Article I thus highlight the discursive and interpretative struggles (Zilber, 2002) that occur in the context of the translation and institutionalisation of explicit CSR within a national institutional field.

5.3 Analytical Content of Article II

Article II argues that ethical CSR can be counterproductive to, and undermine the institutional conditions required for a sustainable development path. On this background, the article argues in favour of an orientation towards a political conceptualization of CSR in which business assumes a limited, rather than expansionist role in society. The article identifies business contribution to sustaining and developing political and collective level responsibility mechanisms, as a key area of CSR.

Article II argues that an ethical approach to CSR can be counterproductive to, or undermine the institutional condition for a sustainable development path. Sustainable development rest on an institutional condition (Spangenberg, 2002): the power and capability of the states and political institutions to shape and implement national and international policy, laws, and regulations for more sustainable forms of development. CSR has the potential to undermine this condition. The central reason is that CSR may imply increased power to business in society at the possible expense of political and civil society power. At the same time, the foundational features of capitalism may work against using this power to integrate broader social and environmental considerations voluntarily in business decision-making and activity.

The concept of CSR – and especially the ethical approach to it – largely ignores how the foundational features of capitalism and the basic

purpose of the firm itself within the capitalist system, structure and determine the pursuit of profit above all other considerations.

Any capitalist firm essentially represents a package of human, physical, (and) capital resources that have been organized for a single overriding purpose: the pursuit of profit for its owners. These organizations do not exist to solve society's problems, or to provide enriching jobs for their members (unless there is a positive linkage between job satisfaction and labour productivity), or to satisfy customers' needs. Employees are a resource to be utilized, a means to an end; society provides critical resources (e.g., customers, legitimacy) that the organization must obtain for survival and growth, as well as a site for externalizing the costs of production; customers' needs are to be met (as well as created) not as an end in itself, but a means to secure profits.

(Jones, 1996: 15)

Although capitalism comes in various forms (Hall and Soskice, 2001), and there are many nuances to the picture depicted above, the point is that capitalism imposes great limitations on the voluntary integration of broader societal considerations in decision-making and activity. One would simply not expect capitalist organizations voluntarily to adopt behaviour that 'flies directly in the face of their basic institutional rationality' (Jones, 1996: 25).

The suggested conceptualization of CSR builds on the classical approach to CSR (Brummer, 1991) and on functional theory (Parsons, 1951) and builds on the following basic assumptions:

Society may be understood as consisting of different but interacting spheres of activity: business, political and civil society (Waddell and Brown, 1997; Waddell, 2000), all framed by the

natural environment (Waddock, 2002) constituting the external limit of the total system (Daly, 1992). For the purpose of the functioning of the total system, the basic purpose of the different spheres of society differ; hence, the institutions belonging to the different spheres of society have different basic aims, roles, tasks, and responsibility.

The basic aim of business – working within the economic sphere of society and within a system of democratic capitalism – is to make profit. Companies thus primarily have an *economic responsibility* towards society. Other institutions – political and civil society institutions – are better suited to perform tasks (e.g. the provision and administration of basic citizenship rights) that are outside the domain of wealth generation.

The activity of companies – within the economic sphere of society – is framed by the larger society, including both political and civil society institutions (hence the notion of business *in* – and not *and* – society). The basic purpose of political institutions and governments may be characterized as, based upon democratic elections and processes of public policy, defining and establishing the ‘common good’. For the purpose of establishing that common good, business and companies thus have a responsibility not to undermine the capacity of political and civil society institutions to perform the task originating from their foundational role in society, an *institutional responsibility*.

The basic idea of the institutional responsibility of business is to recognize a need for what Scherer and Palazzo (2007: 1097) call ‘a political order where economic rationality is circumscribed by democratic institutions and procedures’, and for businesses’ role in contributing to sustaining or building this order.

Although institutional capacity building may work to strengthen rather than to undermine the political and governance framework necessary to

both regulate business and address complex societal challenges, it also has several potential ‘downsides’. Institutional capacity building may imply an increased influence of business in political discourses and agenda setting and a weakening of representative democracy (Martens, 2007), just to mentioning two important challenges. The dilemma, of course, is that the capacity of those political institutions setting the agenda and defining the terms and conditions for capacity-building projects may be the lowest precisely where the need for capacity building is strongest. As such, it is possibly easier to defend business entering the political and societal arena in societies that already have powerful political institutions capable of defining the terms for increased business participation in that arena.

The conceptualization of CSR is based on a primacy of politics and democracy to philosophy (Habermas, 1996; Rorty, 1991). It does not start with philosophical principles, but with a recognition of a changing interplay between governments, civil society actors and business, and the consequences of that dynamic (Sherer and Palazzo, 2007). Such a conceptualization of CSR is different from a social activist approach in several important respects. Most importantly, the social activist approach holds that universal standards exist for determining responsible corporate decisions and actions independent of the view of other, including political, interests. These standards typically have an ethical, religious or metaphysical basis (Brummer, 1991). This implies that, in considering the welfare of others, companies are to respond to their constituencies’ ideals rather than to expressed or current interests. Consequently, a CSR policy based on social activism is decoupled not only from the positions and interests of its current stakeholders, but also from processes of public policy. As such, the ideal CSR agenda – from a social activism position – is given based upon philosophical principles and moral reasoning outside the framework of public policy. This means that CSR, rather than being complementary to political solutions, constitutes itself as an alternative and competing framework

for solving social ills and challenges of sustainable development. Because corporate managers, in the role of moral leaders, voluntarily will address societal challenges because that is the right thing to do, there is no need for broader political solutions (implying increased risks for mandatory regulations).

5.4 Analytical Content of Article III

Article III argues for a pragmatic approach to the role and responsibility of business in society (Wicks and Freeman, 1998) in which the normative deficiencies of Corporate Social Performance (CSP) theory can be strengthened through democratic iterations (Benhabib, 2006, 2008) of some or the other ethical treatise, and thus provide a justified foundation for companies efforts on the societal arena, and for judging about those efforts.

The theory of Corporate Social Performance (CSP) represents one of the most influential approaches within the business and society literature (Melè, 2008). This theory, which holds that business and society are interwoven entities and that business, on this background, has a responsibility to society in some way or the other, is perhaps best represented by Wood's (1991) CSP model. The CSP model is a synthesis that includes a) principles of corporate social responsibility (CSR), b) processes of corporate social responsiveness, and c) outcomes of corporate behaviour. The CSP model thus encompasses a *normative* foundation or principles of CSR expressing what companies ought to do, a *descriptive* element focusing on what companies in fact do in response to the principles of CSR, and an *instrumental* element that draws attention to the actual outcomes of CSR. Finally, the CSP model demonstrates the interrelationship among these three topics.

Theories of Corporate Social Performance has been criticised for lacking a clear normative theory of business in society capable of

prescribing how management practice can reasonable move from “what is” to “what should be” (Swanson, 1995, 1999; Whetten, Rands, and Godfrey, 2002; Scherer and Palazzo, 2007; Van Oosterhout and Heugens, 2008).

The potential problem with the CSP assumptions is that they do not open for a *justification or critical questioning* of the norms for appropriate behaviour defined by corporate constituencies (e.g. Scherer and Palazzo, 2007). As argued by van Oosterhout and Heugens (2008, p. 202), societal and stakeholder expectations cannot constitute the meaning and content of corporate responsibility unless these expectations are justified, and businesses, on this background, ought to contribute to their realization:

“In general: your expectations toward A will only lead to A’s responsibility to meet them if they are justified. Without justification your expectations are just that. They would have no logical connection to any responsibility that A has”.

Van Oosterhout and Heugens (2008) further argue that CSR can only have desirable meaning if it holds up against some normative principles that state a) what is desirable, and b) that business has a responsibility to contribute to addressing what is desirable.

The lack of a critical judgement of stakeholder claims and their embedded moral becomes especially problematic since the claims of responsibility may be defined by vested and ethically questionable interests (Swanson, 1995). According to Scherer and Palazzo (2007, p. 1099), the idea that the different claims of stakeholders upon the corporation would be legitimate “seems to be an illusory idea, considering that modern societies exhibit a plurality of particular and conflicting moralities”. In the case of conflicting interests and claims, Scherer and Palazzo (2007) suggest that power and urgency, as well as legitimacy (Mitchell, Agle, and Wood, 1997) will explain and determine corporate response and behaviour in reaction to multitude

and conflicting claims put forward by corporate stakeholders and constituencies. The alignment of stakeholder claims with business activity has thus the potential to being counterproductive to notions of the common good (e.g. Dahl, 1982) or the values of our society (e.g. Bowen, 1953).

If we assumes that this critique is valid, the questions then becomes how the normative basis of the CSP model can be strengthened so as to constitute a justified and legitimate ground for companies efforts on the societal arena, where moral claims of the role and responsibility of business in society is subject to processes of critical questioning and judgement.

In Article III, what can be called a pragmatic approach to the question of how the normative deficiencies of the CPS model can be addressed and strengthened is suggested. Most basically, pragmatism can be outlined as an adequate epistemology constituting an alternative to the study of organizations than what offered by positivist or anti-positivist approaches (Wicks and Freeman, 1998). For the purpose of the article however, pragmatism is outlined as ideas about the need for ethics in organizational studies and organizational life, and about the need for political justification of diverse moral claims and action.

In contrast to positivism and anti-positivism, a pragmatic approach insists on a viable place for *ethics* in the study of organizations. The ultimate goal of organizational studies are understood as develop research that is focused on serving human purposes, such as knowledge being useful to organizations and the societies in which they operate. The key question for pragmatists is whether or not information – such as scientific data or a treatise of ethics – is useful in the sense of offering a viable alternative to organizational practice and life (Wicks and Freeman, 1998). A pragmatist approach would however not insist on the primacy of a specific treatise of ethics to the other. The issue is rather one of acknowledging the place for ethics in organizational life,

and one of “pragmatic experimentation” (Wicks and Freeman (1998, p. 124) and a search for novel approaches that may help organizations serve a human purpose. As such, a pragmatic approach opens the door for justification or critical judgement of moral claim upon some or the other treatise of ethic. At the same time, from a pragmatic point of view, the ultimate justification of diverse moral claim rests not on some universal ethical principle, but on the idea of the primacy of politics and democracy over philosophy (Crick, 1962; Habermas, 1996; Rorty, 1991). Pragmatism thus suggests political “conversations about ethics” (Wicks and Freeman, 1998, p. 131) as the central guiding principle for the critical inquiry of moral claims of corporate responsibility.

In the article, we propose that the notion of jurisgenerative politics and democratic iterations (Benhabib, 2006, 2008), offer a space of democratic interpretation and intervention between universal principles and the context-dependent will of democratic majorities within different polities. Democratic iterations refer to “complex processes of public argument, deliberation, and exchange – through which universalist claims are contested and contextualised, invoked and revoked, posited and positioned – throughout legal and political institutions as well as civil society” (Benhabib, 2008, p. 98).

Rather than being concerned with the question of which norms are valid for human beings across different societies and for all times, democratic iterations aim at democratic justice through asking questions about what decisions can be reached that would be conceived as both just and legitimate within specific polities (Dahl, 1989).

From the pragmatic approach outlined in Article III, it follows that the corporate entity has responsibilities to act on political conversations and democratic iterations over ethical values. For Benhabib (2006, 2008), systems of democratic self-government with free public spaces is a basic condition for legitimate processes of democratic iterations. Within this framework, the process of public opinion- and will-

formation takes place among all those who are formal citizens and residents of this system, but also among what she refers to as “other more fluid and unstructured communities” (Benhabib, 2008, p. 99) Such communities may include – and although the state is viewed as the principal public actor – international and transnational human rights organisations, various UN representatives and monitoring groups, global activist groups, compliance-monitoring NGOs, women’s groups, church groups, advocacy associations, but also businesses or business associations. From a pragmatic approach, also the corporate entity thus assumes a role in continues processes of democratic iterations (e.g. Nèron and Norman, 2008; Scherer and Palazzo, 2007) necessary for the justification of the very principles framing the activity of business in the first place.

The suggested framework does not solve all ethical and practical dilemmas and trade-offs that companies will endure. From a pragmatic point of view, this is neither possible nor desirable. It is precisely ethical and practical dilemmas and trade-offs that constitute the very foundation for continued political conversations over ethical values, and thus for the legitimacy of some or the other ethical treatise constituting the foundation for discussions about the role and responsibility of business in society.

5.5 Analytical Content of Article IV

Through CSR issue resolution, managers and companies are part of societal governance and the authoritative allocation of values and resources in society. Issues such as workers’ rights and environmental protection are not only economic, legal and social issues, but also have a thoroughly political nature, impacting the conditions for citizens’ political participation and, ultimately, a thriving democracy and societal development (e.g. Dahl, 1989). Building on the assumption that managers’ judgements of social issues (in some circumstances¹) impact

individual and organizational level decision-making and activity, measuring managers' orientations or attitudes towards the broad range of issues constituting the CSR construct becomes important. Despite the centralities of the issue construct in the CSR literature (e.g., Blowfield and Murray, 2008) and in the global governance structure constituting what Waddock (2008: 87) referred to as the "new institutional infrastructure for corporate responsibility", few scales have been developed to measure how managers evaluate social issues. The aim of Article IV was thus to develop and validate a measure of managers' orientation towards the broad range of issues constituting the CSR construct, cutting across what Carroll (1979) referred to as the categories of the construct. Based on a political understanding of the corporate entity and the roles and responsibility of the business firm and the conceptual approach of corporate citizenship (e.g. Crane et al., 2008), we hypothesized that CSR issue orientation is a multidimensional construct consisting of seven unidimensional components: socio-economic development, anti-corruption and bribery, environmental protection, working conditions and welfare, supply-chain responsibility, political participation, and accountability. Our data support this hypothesis: the data show that the measures converge on common constructs, with satisfactory discriminant and nomological validity. On this background, we conclude that the proposed scale for measuring managers CSR issues orientation meets standards for reliability and validity. However, the development of reliable and valid scales may be described as a "never-ending story" (Chen, Coglisier, and Vandenberg, 2005). The instrument should hence be tested and validated both within other industries and societies.

ⁱ See March and Olsen (1979) for a discussion on the limitations of the general theory of "the Complete Cycle of Choice".

6 Discussion

The following discussion attempts to answer the three research questions of this thesis, and outline some aspects of a convergent institutional perspective on CSR. I begin by discussing the institutionally contingent and embedded nature of CSR and how institutional theory can contribute to our understanding of national manifestations of *explicit* CSR. I then examine the potential institutional and political implications of explicit manifestations of CSR. Next – leaving the descriptive inquiry of the two first research questions – I address the normative question of the political role and responsibility of business in society. Finally, the three interrelated inquiries are drawn together within the sketch of a convergent institutional theory of CSR.

6.1 *The Institutionally Contingent and Embedded Nature of CSR*

Research question 1. How can institutional theory contribute to our understanding of the institutional contingent nature of CSR and different manifestations of CSR within national-level fields?

Instrumental and duty-aligned CSR perspectives understand and explain manifestations of CSR as the outcome and result of individual action, respectively as the outcome of rational self-seeking individuals' pursuit of profit maximisation, and as the outcome of the value premises of individual preference-based action. What the literature on institutional analysis and this study indicates is that field-level manifestations of CSR are institutionally contingent and embedded: Aguilera, et al. (2007) identify and discuss government action – both enacting laws and enforcing them – as an important factor in influencing firms to implement CSR initiatives and thereby becoming

agents of social change. Boxenbaum and Gond (2006) describe a process of contextualisation (Latour, 1996) as a business CSR practice is transferred from one institutional context to another, that is, practices are combined with elements in the host society during a transfer. Campbell (2007) identifies the following variables as influential in determining whether companies will or will not act in a responsible way: the balance between public and private regulations, the presence of nongovernmental organisations that monitor corporate behaviour, the institutionalised norms regarding corporate behaviour, associative behaviour among firms themselves, and the degree of organised dialogues among corporations and their constituencies. Gjørberg (2009) shows how high CSR performance falls together with the existence of certain institutional features. Doh and Guay (2006) discuss how different institutional structures and political legacies in the US and EU are important factors in explaining how governments, NGOs, and the broader polity determine and implement preferences regarding CSR. Following a similar line of inquiry, Matten and Moon (2005, 2008) argue that while the logic of the liberal market can be assumed to inform an explicit more than implicit manifestation of CSR, the logic of the coordinated market can be assumed to inform a more implicit than explicit manifestation of CSR. Others – although not from an explicitly institutional theory point of view – have discussed the birth of the modern notion of CSR and its basic characteristics with references to its cultural and institutional framework (e.g., Article II; Frederick, 1987, 2006; Hanlon, 2008; Levy and Newell, 2000; Maignan and Ralston, 2002; Vogel, 2005). What the literature and studies reviewed above indicate is that institutions – whether structural-regulative or normative-cognitive (Tempel and Walgenbach (2007) matter, and are central to our understanding of CSR, its constitutive principles and function of origin, its diffusion – or transformation – from one institutional context to another, and its manifestation within a specific institutional context.

At the same time, some of the current institutional analyses of CSR rely on a one-dimensional and over-deterministic account of institutional theory that only to a limited degree takes into account recent developments in institutional theory that explain how to account for heterogeneity, contestation and practice variation, as well as homogeneity and consensus within a distinct institutional field. Furthermore, through emphasising how a dominant and exclusive (Scott, 1994, 2001) institutional logic of the role and responsibility of business in society informs consensus around the manifestations of CSR within an institutionalised national framework, some of the current institutional analysis of CSR ignores the very essence of the notion: managerial discretion or agency (e.g., Carroll, 1979; Matten and Moon, 2008; Marrewijk, 2003). Consequently, the institutional analysis also ignores how actors not only adapt to their institutional context, but also often play an active role in shaping those contexts (e.g., DiMaggio, 1988; Maguire and Hardy, 2006; Meyer and Rowan, 1977; Levy and Scully 2007; Lounsbury, 2008).

However, what this study indicates is that the co-existence of multiple institutional logics within an institutional field – embedding different ideas and practice about at which level to locate responsibility mechanisms for social issues – can inform agency and heterogeneity and contestation around a manifestation of a social phenomenon. As illustrated in Article I, the co-existing logics of the liberal and coordinated market within a national institutionalised framework inform multiple and contesting institutional models and manifestations of CSR; explicit expansionist, explicit contractive, implicit expansionist, and implicit contractive CSR. These models differ in terms of their basic responsibility mechanism to address social issues, and in the scope of issues to which the corporate entity is expected to attend. Whereas the model of explicit expansionist CSR assume corporate level responsibility mechanisms for a potentially broad range of issues beyond the core economic activity of the firm, the model of

implicit contractive CSR assumes collective level responsibility mechanisms in which the corporate entity is expected to attend to a narrow range of social issues. Whereas Article I relates these two models to the logic of the liberal and coordinated market (e.g., Hall and Soskice, 2001), the model of explicit contractive and implicit expansionist CSR can arguably represent hybrids in which the logics of liberal and coordinated market are combined, respectively informing a model assuming corporate level responsibility strategies for a narrow range of social issues (explicit contractive CSR) and collective level responsibility mechanisms for a broad range of social issues (implicit expansionist CSR).

This study thus indicates how institutionalised fields often are not only constituted by a specific and dominant institutional logic – informing a specific manifestation of a social phenomenon like explicit CSR – but rather contain multiple and contesting institutional logics. This insight is important, as it opens the door for inquiries into how multiple forms of institutional rationality (Meyer and Rowan, 1977) can co-exist within an institutional field (Lounsbury, 2008). Further, what this study also indicates is the role of actors in the interpretation of a new managerial convention. Contrary to some of the earlier institutional analysis and current institutional analysis of CSR, actors are not portrayed as passively responding to one or the other institutional logic. Rather, the actors are understood as institutional entrepreneurs (DiMaggio, 1988) having an interest in particular manifestations of CSR, and invoking different institutional logics in order to make sense of the concept and establish a particular model as the appropriate one.

A perspective on actors as institutional entrepreneurs is not only vital in order to understand the translation (Czarniawska and Sevón, 1996) of a new managerial convention or rationalised myth (Meyer and Rowan, 1977) and the manifestation of this myth within a new institutional context. It is also vital to orient the institutional analysis of CSR towards the contestation, power-battles and conflicts of interest that

arguably spill out within the de-institutionalisation and institutionalisation of different institutional logics of the role and responsibility of business in society (e.g., Brown, de Jong, and Lessidrenska, 2009; Levy, 2008; Levy et al, 2009; Shamir, 2004a; 2004b). The outcome of such ‘institutional wars’ (Hoffman, 1999) (e.g., the actual manifestation of one or the other institutional model of CSR) is likely to be the outcome not only of – as indicated in Article I – discursive ‘configurations’ (e.g., Maguire and Hardy, 2006; Zilber, 2002), but also of actors’ organisational, economic, and political resources (Levy et al., 2009), factors to which the institutional analysis of CSR so far has paid scant attention.

To conclude this section, the notion and manifestation of CSR are indeed institutionally embedded and contingent, but not in the sense of actors ‘not having an interest in particular institutional arrangements’, and who do not ‘leverage resources to create new institutions or to transform existing one’ (Maguire, Hardy, and Lawrence, 2004, p. 657). On the contrary, different models of CSR build upon different and contesting institutional logics about the role and responsibility of business in society (Article I), in which agency is located on different levels (e.g. Dobbin, 1994). The models thus hold different assumptions about the appropriate corporate autonomy and power of business vis-à-vis political institutions. No wonder then, that CSR becomes a field of contention in which business seeks to preserve and strengthen its ‘hegemony’ over the appropriate meaning of CSR as involving a relatively high degree of corporate power in society (e.g., Shamir, 2004). It is to the potential implication of CSR for the political and democratic order I now turn.

6.2 Institutional and Democratic Implications of Explicit CSR

Research question 2. What are the potential institutional and political implications of explicit manifestations of CSR?

The analysis of and discussions about the impact of manifestations of CSR on society is rare, although increasing (e.g., Barely, 2007; Gond, Palazzo, and Basu, 2009). At the same time, studies in which CSR has functioned as a potential explanans (Van Oosterhout and Heugens, 2008) of corporate financial performance, have flourished (Margolis and Walsh, 2003), resembling the dominant position of instrumental and managerial perspectives (e.g., Lockett, Moon, and Visser, 2006) within the study field. The argument of this section is that explicit expansionist manifestations of CSR (Article I) can bring about and entail increased organisational and corporate (political) *autonomy* in society (e.g., Lindblom, 1977; Lowi, 1969; Kariel, 1961; McConnell, 1966) and thus negatively affect the conditions for a functioning democracy (Dahl, 1982, 2000). The discussion in this section takes the form of a critical inquiry into the widely held belief that *explicit* CSR²⁷ holds the potential to advance some societal good (e.g., Bowen, 1953; Davis, 1973; Frederick, 1986; McWilliams and Siegel, 2001; McWilliams, Siegel, and Wright, 2006)²⁸.

²⁷ In order to discuss the potential institutional and democratic implications of CSR, I assume and take an explicit expansionist CSR as the point of departure. As such, I assume that the contestation over CSR has resulted in some actors winning the 'institutional war' (Hoffman, 1999) over the appropriate meaning of CSR, resembling those actors discursive, organisational, and economic superiority within an institutional field.

²⁸ Concerning the level of analysis, the emphasis is on how organisational level manifestations of explicit expansionist CSR can affect societal level (political) institutions and governance structures (e.g., Peters, 1997).

From the institutional perspective, the societal institution of business and corporate entities can be understood as agents or institutional entrepreneurs (e.g., DiMaggio, 1988; Clemens and Cook, 1999), that is, ‘actors who have an interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones’ (Maguire, Hardy, and Lawrence, 2004, p. 657), although acting within the constraining forces or existing institutions (e.g., Olsen, 1988). What the societal institution of business often seek is autonomy. *Autonomy* is often defined as ‘the capacity of an agent to determine its own actions and ‘the state of being self-governing’. Following Dahl (1982, p. 26), an organisation...

... is relative autonomous if it undertakes actions that (a) are considered harmful by another organization and that (b) no other organization, including the government of the state, can prevent, or could prevent except by incurring costs so high as to exceed the gains to the actor from doing so.

Autonomy is an inherent aspect of what it means to be a ‘corporate entity’ (e.g., Brummer, 1991; Barbara, Dubee, and Galtung, 2009). The idea of corporate autonomy – constituting an important aspect of most conceptualisations and accounts of CSR (e.g., Carroll, 1979; Wood, 1991) – also constitutes perhaps *the* central principle of explicit CSR (Shamir, 2004). Marrewijk (2003) refers to the principle of autonomy as the *principle of self-determination*, reflecting the *agency* of business, its relative autonomy, its self-asserting and self-preserving tendencies, and the right of business and companies to define their role in a situation, and to act according to their own preferences and understanding of the world.

Autonomy – or relative autonomy – cannot reasonably be discussed without relating the organisation to which the notion is applied to some other entity from which the organisation is argued to be relatively autonomous from. Here, I am concerned about the social institution of

business' relative autonomy vis-à-vis political institutions. There is little agreement on the meaning of the term 'politics' (e.g., Almond, 1965; Frohock, 1974). It follows, therefore, that 'political institutions' can be understood in multiple ways. Consistent with the new institutional perspective of political science, political institutions can be understood as the structural-regulative institutions of the political sphere of society (Jones, 1983) – the legislative, executive, juridical, administrative, and regulatory branches – and its accompanying normative-cognitive taken-for-granted assumptions about the appropriate tasks, functioning, role, and responsibility of the political sphere of society, including the political control of business in society, that is, by which means politics should direct business towards useful ends. The notion of political institutions is thus understood somewhat narrow, and is analogue to Peters (1997) understanding of 'government', meaning the conventional institutions and processes of public policy, and constituting – as stated by Midttun (2004) – the locus for legitimate political aggregation of collective interest (Weber, 1947), and provider of public services (Baumol, 1967)²⁹.

Although judgements about harm, costs, and gains are not entirely objective or fixed, and since different observers are likely to reach very different qualitative judgements about the degrees of autonomy of one actor vis-à-vis another (Dahl, 1982) economic organisations arguably possess a relative degree of autonomy in society:

²⁹ The societal institution of business and the corporate entity – or civil society structures for that matter – is thus *not* understood as political institutions *per se*, but rather as constituting aspects of the economic institutions of society. That does however not mean – as will be indicated in the further discussion – that companies and corporate executives do not, at particular times – play a political role in society (e.g., through participating in societal *governance* though not *government*) or that corporate activity does not assume a political nature.

Economic organizations, mainly business firms and trade unions, are (...) deeply implicated in the problem of autonomy and control. Their autonomy is at once a fact, a value, and a source of harm. In all democratic countries, business firms make important decisions that are not fully controlled by government officials (...). Probably no one would deny that their actions are sometimes harmful (Dahl, 1982, p. 28).

Explicit CSR, though building on the idea of discretion, agency, and corporate autonomy from political institutions ('CSR as preferable to government regulation', Frederick, 1987, p. 144) entails a potential for preserving, increasing or strengthening the autonomy and power of business in society.

The atomistic nature of explicit CSR (e.g., Carroll, 1979; Marrewijk, 2003; Matten and Moon, 2005, 2008) can be given an institutional explanation through Articles I account of the institutional logic of the liberal market informing this manifestation of CSR, and through contrasting explicit CSR to its dualistic opposition: the notion of implicit CSR, and the institutional logic of the coordinated market constituting this particular model of CSR. As argued in Article I, although the model of the liberal and the coordinated market share some basic assumptions about what should be valued in society, e.g., democracy and welfare (Matten and Moon, 2008), the models *differ considerably in how what is valued should be addressed and governed*. That is, the logic differs in the level at which to locate agency (e.g., Dobbin, 1994) and how to construct governance structures:

Where the logic of collective responsibility embedded in the model of the coordinated market in general prescribes rulemaking and rule following as the appropriate strategy, and hence defines a role for obligatory agency and associated actors, the logic of corporate responsibility embedded in the model of the liberal market in general envisages a greater role for isolated

corporate initiatives and discretionary agency to address such issues. As a result, within the model of explicit CSR, the responsibility mechanisms are more *corporate* than collective in nature: the corporate entity – through voluntary corporate policies and programmes – assumes a direct organisational-level responsibility for various social issues. Within the model of implicit CSR, on the other hand, the responsibility mechanisms for obtaining what is valued is more *collective* than corporate in nature: the corporate entity, as a member of the societal institution of business – through values, norms and rules – assumes an *indirect* responsibility for various social issues, *together* with the other major institutions of society (Article I, pp. 179-180).

So, where the logic of the liberal market locates agency at the corporate level, the logic of the coordinated market locates agency at the collective level, that is, within what Matten and Moon (2008, p. 409) refer to as the ‘wider formal and informal institutions for society’s interests and concerns’. That means that the logic of the liberal and coordinated market differ considerably in the degree of autonomy that they envisage or grant business and the corporate entity. Within the logic of the liberal market, the corporate actor is granted a relatively higher degree of autonomy vis-à-vis collective actors – including political institutions – in addressing social issues than what the logic of the coordinated market grant the very same actor. The model of explicit CSR thus constitutes one aspect of a model of societal governance (Peters, 1997) in which the atomistic nature of the market is understood to be superior to socially embedded markets (Granovetter, 1985) in order to achieve what is valued in society: democracy and welfare. This can also be accounted for as a difference in the balance between control and autonomy (Dahl, 1982) and between the models of the liberal and coordinated market. Where the model of explicit CSR represents and is the logical outcome of an institutional logic emphasising a relatively

low degree of social control over business and a relatively high degree of business autonomy, the model of implicit CSR represents and is the logical outcome of an institutional logic emphasising a relatively high degree of social control over business and a relatively low degree of business autonomy. Jones (1983) describe the very same phenomenon as a difference between models of social control, in which explicit CSR represents a model of ‘self-control’, and hence a relatively high degree of corporate autonomy, that can be distinguished from other social control mechanisms – e.g., regulation, industrial policy, national economic planning – potentially reducing the autonomy of business in society. In short, while the logic of the liberal market contains institutions encouraging individualism more than collectivism, discretionary more than obligatory agency, policies providing discretion more than obligation, and isolated more than associated actors, the logic of the coordinated market contains institutions reversing that order: institutions encouraging collectivism more than individualism, obligatory more than discretionary agency, policies providing obligation more than discretion, and associated more than isolated actors (Matten and Moon, 2008).

Based on the argument so far, explicit manifestations of CSR entail a higher degree of business and corporate autonomy vis-à-vis political institutions than its opposite, implicit CSR. If this indeed is the case, then explicit manifestations of CSR also hold the potential for affecting the very institutions that informed the initial manifestation of CSR. Autonomous organisations – like businesses and business associations – are a result of democratic-liberal politics. From a democratic point of view, autonomous organisations are important as a counterforce to the coercive power of the state (Dahl, 1982). At the same time – as emphasised by writers as Lindblom (1977), Lowi (1969), Kariel (1961), and McConnell (1966) – autonomous organisations – especially business organisations – can undermine the principles of democratic government. Dahl (1982) discusses four ways in which autonomy may

weaken the institutions and functioning of pluralist democracy: by stabilising political inequalities, by deforming the civic consciousness, by distorting the public agenda, and by alienating final control. As explained by Pollack (1983-84, pp. 92-93)

Representation through groups means that inequalities related to organizational strengths are translated into political inequalities. The internal structure of organization is oligarchical; hence representation is further distorted. Finally different groups exert unequal influence because of the intrinsic inequality of different economic roles.

A growing body of literature has explored the potentially troublesome effects of CSR and increased corporate autonomy for political institutions and democracy. Frederick (1987, 2006) argues that the modern notion of CSR evolved within the business sphere of society itself as a response to a ‘hostile’ institutional environment seeking to reduce the autonomy and power of business in society through public criticism and governmental regulation. Sadler and Lloyd (2009) situate the rise of explicit CSR in the context of a re-casting of the boundaries between state- and corporate-centred regulations, and in which CSR constitutes an aspect of corporate-based social control, and hence as an expression of increased corporate power and autonomy of business. In a similar manner, other scholars (e.g., Henderson, 2001; Waddock, 2004b; Moon, 2005; Moon and Richardson, 1985) in the study field of business and society have asserted that the rise and revival of explicit CSR thinking since the 1970s can be understood in the same way as when the notion first emerged in the U.S. business community in the early twentieth century: as a notion functioning partly as an idea protecting the interests of business and preserving and strengthening the autonomy of companies vis-à-vis political institutions and the interests of civil society.

Barley (2007, p. 201) argues that the shift ‘to an organizational or, better yet, a corporate society’ has placed representative democracy in jeopardy. Barley (2007) illustrates three ways in which corporations affects their environment by undermining representative democracy and the public good; by promoting legislation that benefits corporations at the expense of individual citizens, by gaining control of the agencies that were intended to regulate them, and by privatising the functions that have historically been the mandate of local and state authorities and governments. I have argued (Article II) that explicit CSR can undermine what he calls *the institutional condition* for sustainable development, by allowing increased power to business in society within a new model of societal governance, by warding off public criticism and governmental regulation, and by “mystifying” the essential capitalist forces that drive business activity.

In discussing the political economy of explicit CSR, Banarjee (2008) explains how companies, as one of several groups of powerful actors in institutional fields, domains, or organised spaces (Bourdieu, 1977; DiMaggio, 1985; Scott, 1995) attempt to produce a system of domination. Jones (1996) argues that the paternalistic stewardship principle behind explicit CSR in its full context legitimates the hierarchical domination of business in society rather than encourages democratic pluralism. Sahlin-Andersson (2006, p. 603) argues that just as explicit CSR builds on the strength and power, that is, autonomy, of business in society, explicit CSR may reinforce this power and ‘add to a transfer of responsibilities and resources from states and civil society to corporations’. Shamir (2004a) shows how CSR is interpreted and given a meaning that is amenable to business rather than to society, and claims that explicit CSR prevents the use of law as means if bringing about greater corporate accountability. Finally, Levy (2008) identifies global production networks – in which notions of explicit CSR are included – as integrated economic, political, and discursive systems in which market and political power are intertwined.

From an institutional point of view, future researchers should make inquiries into if and exactly how this may come about: does explicit CSR help to stabilise political inequalities, and if it does, how, in what sorts of situations, and with what consequences? Does explicit CSR deform the civic consciousness, and if so, how, in what sorts of situations, and with what consequences? Does explicit CSR distort the public agenda, and if so, how, in what sorts of situations, and with what consequences? Finally, does explicit CSR alienate final control, and if so, how, in what sorts of situations, and with what consequences?

6.3 Towards a Political Conceptualisation of CSR

Research question 3. How can institutional theory contribute to discussions of a justified foundation for companies' efforts in the societal arena?

Anecdotal evidence suggests that explicit CSR can undermine the institutions constituting the very foundations of a democratic political order. It therefore follows that we should be concerned with the normative question of what the institutional and political responsibility of business in society is. From an institutional point of view, justification of the political responsibility of business in society is not sought on economic or instrumental grounds ('business should be socially responsible because companies can do well by doing well'). Nor is it sought solely on moral grounds ('business should be socially responsible because it is the right thing to do'). Rather, justification is sought on political grounds (e.g., Article III; Davis, 1960; Scherer and Palazzo, 2007)³⁰, and the idea of the primacy of politics and democracy

³⁰ See also Matten and Crane's (2005) discussion of the political role of companies as a foundation for an extended conceptualisation of corporate citizenship. Note however, that their analysis has no normative ambitions, that is, they are not seeking a

over philosophy (Crick, 1962; Habermas, 1996; Rorty, 1991). It does not start with philosophical principles but with an analysis of the changing interplay of governments, civil society actors, and corporations, and *the potential institutional consequences* of that interplay (Scherer and Palazzo, 2007).

Stern and Barley (1996) argues that organisations – including business organisations – not only have become prominent actors in society, but that they also may have become the only kind of actor with significant cultural and political influence. Although the latter certainly is an overstatement regarding business organisations, the societal institution of business and companies certainly wields inordinate political power (e.g., Lindblom, 1977; Dahl, 1982; Wilson, 2003). An important aspect of the explicit expansionist manifestation of CSR is what can be referred to as the politicisation of, and the political role of business in society and the corporate entity.

Within the business and society field, the assumption of the political role of the corporate entity itself, and the political nature of the activities companies rubric under the banner of CSR, is a highly contested one (e.g., Matten, 2009; Scherer, Palazzo, and Matten, 2009; Van Oosterhout and Heugens, 2008). However, a small, but steadily growing body of literature now discusses and is going in the direction of acknowledging the political nature of the corporate entity and of CSR activities (e.g., Article III; Banarjee, 2008; Barley, 2007; Crane, Matten and Moon, 2008; Dubbink, 2004; Levy, 2008; Norman and Nèron, 2008; Scherer and Palazzo, 2007, 2008). This is also reflected through the growing body of literature explicitly conceptualising and identifying dimensions of CSR from political theories of citizenship

(political) justification for the political roles that business is evidently assuming in society.

Discussion

(e.g., Article IV; Crane, Matten, and Moon, 2008; Nèron and Norman, 2008).

Business assumes a political nature and roles in multiple ways. This may happen as

- the corporate entity – from its position within the economic sphere of society – exposes itself to activities being the functioning of political institutions (Almond, 1965), when
- business believes that its interest will be affected by the decisions taken by political institutions – representing an arrangement of power and authority, and having the authority and legitimacy to make decisions that are applicable to the whole community – and this awareness takes the form of action directed towards political institutions (Wolin, 2004), when
- business take part in political discourses (e.g., Levy et al., 2009; Scherer and Palazzo, 2007), e.g., about the appropriate meaning and social control mechanisms of CSR (Shamir, 2004), when
- business assumes a role within jurisgenerative politics and democratic iterations (Article III), when
- companies assume a responsibility for issues earlier within the responsibility of political institutions and the state (e.g., Matten and Crane, 2005; Moon, 2005), as health care, basic shelter, education, telecommunication, public transport, water and electricity (Scherer, Palazzo, and Matten, 2009), when
- business and companies become involved in the administration and provision of civil, social, and political rights (Crane, Matten , and Moon, 2008), when

Discussion

- firms pursue political objectives in their technical standardisation practices (Frankel and Højbjerg, 2009), and when
- business and companies take part in constituting and institutionalising the very same regulations and standards that they are supposed to obey (e.g., Hirschland, 2006; Levy, et al., 2009).

The arguably multiple ways in which business and companies assume political roles in society, the potential institutional and political implications of these roles, and companies' expanded responsibility in society, begs the normative question of what the political responsibility of business should be. This question is scarcely discussed within the study field of business and society³¹. Van Oosterhout and Heugens (forthcoming) state that institutional theory is theoretically underdeveloped for justificatory purposes. In contrast, the position taken in this thesis is that new institutional theory of political science (March and Olsen, 1984, 1989, 1996) holds some promise for framing and informing discussions of the political and institutional role and responsibility of business in society, and to indicate what this responsibility might be. I will make no effort to arrive at specific solutions to the problem of the role and responsibility of business in society. Specific and satisfactory solutions can only be found in the special characteristics and predicaments of the context. At the same time, no specific solution is likely to be satisfactory unless it is

³¹ Business and companies' political responsibility is rarely mentioned in international CSR standards and guidelines. The forthcoming ISO 2600 is perhaps the standard/guideline that goes to the greatest lengths in acknowledging the political nature of the firm and CSR. Among other things, it states that organisations should prohibit use of undue influence and avoid behaviour, such as manipulation, intimidation and coercion that can undermine the public political process.

informed by some guiding principles and ideas (Dahl, 1982), and some guiding principles can be derived from institutional theory.

The new institutionalism of political science (e.g., Olsen, 2009) takes seriously the vision of the “old” institutionalism (e.g., Wilson, 1989; Burgess, 1902) of a political order based upon institutions (Wolin, 1960, 2004). Political democracy depends not only on economic and social conditions, but also on the design and appropriate functioning of political institutions (March and Olsen, 1984). An institution is ‘infused with values beyond its technical requirements’ (Selznick, 1957, p. 17), and embedding ethical principles about the common good. These values in turn – constituting a key element of institutional logics (Friedland and Alford, 1991; Thornton, 2004) – are assumed to influence an individual’s worldviews, sensemaking, perceptions, and ultimately his or her behaviour. For this reason, new institutional theory sees corporate social responsibility and the pursuit of the common good not so much as personal values – as within some duty aligned and ethical CSR perspectives (e.g., Swanson, 1995, 1999) – but rather a constitutive part of institutionally informed identities.

The institutional normative perspective, first, reflects a value from which *to judge and evaluate* the activities of business and its CSR ‘performance’, including the political roles assumed by business. For example, does companies’ enlarged responsibility in their globally expanded business environment – responsibilities once regarded as purely governmental (Walsh, Weber, and Margolis, 2003) – undermine the design of global democratic and political institutions (e.g., Article II), institutions that within the nation state historically has ‘comprised the free market’s indispensable context’ (Barber, 2000, p. 275)? Does companies’ engagement in health, education, and protection of human rights in countries with repressive regimes (Kinley and Tadaki, 2004; Matten and Crane, 2005) strengthen or weaken countries without the ‘institutional prerequisites for CSR’s’ (Matten and Moon, 2008, p. 406) capacity for building their own political institutions for dealing with

these issues? Does business and companies' engagement in self-regulation (Scherer and Smid, 2000) jeopardise national and international collective and legally binding initiatives (e.g., Barley, 2007)?

Second, an institutional normative perspective on CSR draws attention to the *political and institutional conditions* (Campbell, 2007) of responsible business conduct, and thus to ways of promoting responsible business behaviour. In contrast to the prevailing instrumental and duty-aligned CSR perspectives (Gond, et al., 2009), that means that the focus shifts from constructing 'the business case for CSR' and rational self-seeking individuals, and from discussions about the moral principles that should inform corporate managers and organisational members within their 'room of discretion', to discussions about the institutions framing and regulating the activity of business (e.g., Vogel, 2009), and the values and institutional logics that should constitute these institutions.

Third, and finally, an institutional perspective directs attention to the *responsibility of business and companies* in not undermining the institutional conditions for an appropriate political order and functioning democracy, and possibly for assuming coresponsibility for enhancing the political institutional conditions for democracy (e.g., Dobers and Halme, 2009). The premise of the political and institutional responsibility of business is the recognition of a need for what Scherer and Palazzo (2007: 1097) have called 'a political order where economic rationality is circumscribed by democratic institutions and procedures', and for business's role in contributing to sustaining or building this order. As such, there are two possible aspects of the institutional and political responsibility of business (Article II): 1) complying with national, international, and transnational laws, and what Waddock (2008) calls "the new institutional infrastructure for corporate responsibility", which includes CSR initiatives promoted by civil society institutions, states, and the business community itself, and 2)

enhancing and promoting collective responsibility mechanisms and the capacity for political and civil society institutions to perform their foundational tasks in society, including the capacity of political institutions to circumscribe economic rationality by democratic institutions and procedures (e.g., Dobers and Halme, 2009; Vogel, 2005)³².

Based on Campbell's (2007) discussion of the institutional variables that promote responsible business behaviour, it is possible to point to four areas in which companies may contribute to the function of collective responsibility mechanisms through organisational strategies and procedures: 1) institutionalising dialogues with unions, employees, and other stakeholders, 2) developing the capacity of trade and employer associations to address social issues, 3) contributing to effective industrial self-regulation, and 4) developing national and international regulative frameworks.

A fully developed normative theory is (from a pragmatic point of view) not possible – or should not be developed – without investigations and descriptive analysis of the extended and political roles that companies are playing in society, and about the societal and institutional consequences of these roles. A new institutional perspective indicates a normative orientation, but can not on its own deliver a full-blown normative theory of the political role and responsibility of business in society. It must be complemented and developed based on descriptive inquiry into the implications of corporate political activities. The institutional perspective on CSR suggested here, thus has some marks of the pragmatic approach to CSR suggested by Margolis and Walsh (2003): an approach where a descriptive research agenda lays the

³² More radical implications can also be outlined. See for example Söderbaum's (2009) discussion about alternatives to the ideological orientation and institutional structures of the 'mainstream' neo-liberal logic of sustainable development and CSR.

foundation for normative theoretical development. However, in contrast to Margolis and Walsh (2003) the normative theory development is not solely inductive. The contribution to the institutional perspective – on the normative level – is that it indicates a key value – the importance of political institutions for achieving the common good – both informing our key descriptive research questions of interest (how expanded notions of CSR and corporate political activities impact the very political institutions that frame and regulate business activity), and constituting a foundation upon which to evaluate and judge the outcome of firms' CSR practices. As such, the normative CSR theory building that can be outlined from an institutional perspective is neither one of (only) deduction, in which some philosophical principles inform a complete theory of action. Nor is it one of (only) induction, in which some competing principles are clarified and explored. Rather, it is one of abduction (Danermark, et al., 1997), in which the philosophical principles embedded in institutional theory informs a *direction* from which to conduct descriptive research and that the results of companies CSR activities can be evaluated upon, evaluations that will – over time – illuminate some possible course of action. As such, the perspective is one of pragmatism (Article III) in which the ultimate justification of the political role and responsibility of business in society does not solely rest with some philosophical principle, but with *political conversations* upon such principles informed by the contemporary role and responsibility business currently *are* assuming in society (as revealed by descriptive research), and what causes the manifestations of these roles.

The above sketch of an alternative for identifying the political role and responsibility of business in society contributes to an increased interest for political conceptualisations of CSR in the academic business and society literature (e.g., Vogel, 2005; Scherer and Palazzo, 2007; Nèron and Norman, 2008). From an institutional point of view, a political conceptualisation of CSR does not necessarily involve identifying the

corporate entity as a political organisation. Rather, a political conceptualisation of CSR is above all an acknowledgement of the need for a political framing of the economic activity of business in order to realise such important values as democracy, a functioning capitalism and welfare, and for business responsibility not to interfere improperly in processes of public policy, but rather to sustain and develop collective rather than corporate level responsibility mechanisms.

This conceptualisation of the political responsibility of the business firm diverges in some respects from the notion of political CSR and embedded political responsibility suggested by Scherer and Palazzo (2007, 2008). From a Habermasian position, they seem to suggest that companies and business should engage and assume political roles and enlarged responsibility in society, and that political coresponsibility can lead to an improved contextual sensitivity of the embedded corporation in comparison with “just-in-time” tactical responses. Building on the premises of the need for genuine political institutions for informing and bringing about responsible business, an institutional perspective would critically evaluate business political roles and activities upon its impact on the institutions constituting a basis for a political order and democracy to exist. Given the potential negative impact of explicit expansionist CSR – embedding an enlarged and political responsibility of the business firm – on society and political institutions (e.g., Barley, 2007; Shamir, 2004a, 2004b), an institutional perspective would be critical about business assuming expanded roles and responsibilities in society.

6.4 *Towards an Convergent Institutional Perspective on CSR*

The first descriptive inquiry of this thesis described the potential effects of and implications of (political) institutions and logics on national manifestations of CSR. In the second descriptive inquiry, attention was

directed to the potential effects or implications of explicit expansionist corporate level manifestation of CSR on the political institutions framing and informing specific manifestations of CSR in the first place, including the political institutions of modern pluralist democracies. In the normative inquiry of this thesis, the focus was on the possible justification of a political conceptualisation of CSR from an institutional point of view. Building on these insights, the discussion can be drawn together in a sketch of a convergent institutional perspective of CSR³³, a perspective with the following characteristics:

1. There are some *institutional prerequisites* for CSR (Matten and Moon, 2008), constituting the theory's boundary conditions (Bacharach, 1989). There are functioning markets in which corporations has a certain degree of discretion over their responses to market, social, or political drivers. Second, there are functioning governmental and legal institutions that guarantee, define, and administer the market and act on behalf of society to address the common good. Third, these institutions neither capture nor are captured by market actors. Fourth, there is a civil society that institutionalises and articulates social values and preferences, to which government and market actors respond.
2. The theory does not depend on any specific *behavioural assumptions* (Jones and Wicks, 1999). It assumes that a) human behaviour is both varied (e.g., self-interested, trusting, and cooperative) and variable (e.g., *sometimes* self-interested, trusting, and cooperative), and b) that human behaviour is malleable but often depends on context (e.g. institutional) and circumstances.

³³ The outline of a possible convergent institutional theory draws on Jones' and Wick's (1999) discussion and outline of a convergent stakeholder theory.

3. The theory is inherently *descriptive*. It directs attention towards the institutional contingent nature of CSR, and is thus interested in understanding and explaining how different institutional logics can inform specific manifestations of CSR, and how manifestations of CSR (embedding elements of agency and institutional entrepreneurship) affect the very same institutional logics, and with what consequences.
4. The theory is inherently *normative*. It pays attention to specific lines of descriptive inquiry (e.g., the impact of expanded corporate responsibility on the political institutions framing and regulating the activity of business). Further, it indicates some values (e.g., the vision of a political order based upon institutions) upon which to judge the appropriateness of companies CSR activities and their institutional impacts and implications, and from which to discuss a justification of the institutional and political responsibility of business in society.
5. The theory is *simultaneously* normative and descriptive/empirical.

6.5 Implications for the Institutional Analysis of CSR

The sketch of a convergent institutional theory on CSR has several implications for future research and the institutional analysis of CSR. The perspective informs research directed by the aim of making inquiries into the institutionally contingent nature of CSR and the implications and effects of different manifestations of CSR upon the institutional and political order of pluralist democracies, and thus upon human welfare (e.g., Walsh, Meyer, and Schoonhoven, 2006), and the appropriate role and responsibility of business in society. Differently put, there is a need for research that is simultaneously descriptive and normative.

6.5.1 *Understanding Manifestations of CSR*

Following the first descriptive orientation of a convergent institutional theory of CSR, future research should study the further institutionalisation of CSR manifestations – whether explicit, implicit, or hybrid (Boxenbaum (2006) in nature – within different institutional contexts, and how we can understand these manifestations. For example, what is the actual balance of explicit and implicit CSR strategies within industries and companies? What responsibility strategies do companies use? How do they address various social issues? What are the actual outcomes of these strategies?

The institutional literature on CSR indicates that – in a number of coordinated market economies – traditional ideas about the appropriateness of collective level mechanisms in which the firm attends to a narrow range of social issues are being challenged and contested by more explicit thinking of CSR, where corporate discretion plays an important role. This raises several intriguing questions. A first set of questions that arises is the exact nature and content of the expanded – and often political – roles business and companies assumes in society (Matten, 2009). For example, what elements in contemporary corporate behaviour are we talking about when we allude to a political role of the corporation? How do companies influence the political process?

A second set of questions that arises is how we can account for and understand the institutionally contingent and embedded nature of CSR and different manifestations of CSR. We are only beginning to understand how institutional variables do inform manifestations of CSR, and how these intervene with economic variables (e.g., Campbell, 2007), personal values, and motives (e.g., Aguilera et al., 2007). Further research could reveal how variations in the institutional context affect the ways business conduct CSR, and why firms favour unilateral

CSR initiatives to collective CSR codes and responsibility mechanisms (Griffin and Prakash, 2010).

6.5.2 *Understanding Societal Implications of Manifestations of CSR*

Following the second descriptive orientation of a convergent institutional theory of CSR, future researchers should study the institutional, political, and societal implications and effects of different manifestations of CSR (e.g., Gond et al., 2009). How does the eventual increase in the use of explicit CSR strategies affect the national business system, the nature of the firm, the nature of the market organisation, and internal coordination and control? How do explicit CSR strategies affect established and collective arrangements that address issues of work life and of environmental protection? How do corporations influence their institutional framework? What are the effects of explicit CSR on implicit norms for organising the business-society? What are the effects of corporations on the quality of democratic decision making? What problems are caused by corporate political strategies and political lobbying? What are the consequences of a political conception of corporate social responsibility for corporate governance and the economic theory of the firm? Does business participation in public policy stabilise political inequalities? Does business participation in public policy distort the public agenda? Does business participation in public policy alienate final control³⁴? These are urgent questions in the business and society study field. As Vogel (2005, 171) explains:

...the most critical dimension of corporate responsibility may well be a company's impact on public policy. A company's

³⁴ The three latter questions are based on Dahl (1982).

political activities typically have far broader consequences than its own practices. Yet relatively few demands raised by activists or social investors have addressed business-government relations. Too many discussions of CSR, especially in the business community, ignore the importance of government.

6.5.3 *Justifying the Role and Responsibility of Business*

Following the normative orientation on a convergent institutional theory of CSR, future research should discuss the appropriate role and responsibility of business in society. Important questions would be (Scherer, Palazzo, and Matten, 2009): Do companies have a political responsibility, and, if so, how can it be defined? How can we find a balance between corporate power and the public interest? How can the activities of companies be democratically controlled? Further inquiries into the political role and responsibility of business are of great importance in order to understand the effectiveness of the different ‘means by which society directs business activity to useful ends’ (Jones, 1983, p. 560), and the role of corporations in influencing these means.

“I have come to the view that voluntary social responsibility cannot be relied upon as a significant form of control over business. The power of business overwhelms the weak reed of voluntary social responsibility. My experience and observation since (1953) have led me to the conclusion that the social responsibility concept is of minimal effectiveness” (Howard Bowen³⁵, cited in Frederick, 2006, p. 10)

If indeed the international market place is crucial for the economic well-being of countries and their people, then there is a real need for government to exert as much control as possible over those markets (Peters, 1997, p. 54)

7 Conclusions (As if Society Mattered...)

The first descriptive inquiry of this thesis is an attempt to answer an appeal within organisation science and the business and society literature for treating CSR as explanandum and not only explanans (Van Oosterhout and Heugens, 2008). The second descriptive inquiry of this thesis is an attempt to answer a call within organisation science and the business and society literature for a study of how organisations (and especially business organisations) influence and shape their environment and human welfare (Barley, 2007; Margolis and Walsh, 2003; Walsh, Meyer, and Schoonhoven, 2006). The normative inquiry of this thesis responds to the need in the business and society literature for more politically rooted conceptualisations and justifications of CSR (e.g., Vogel, 2005; Scherer, Palazzo, and Matten, 2009) In sum, this thesis offers possible building blocks of a convergent institutional theory of CSR, thus responding to the need in organisation science and

³⁵ Howard Bowen is recognised as the “founding father” of Corporate Social Responsibility (Carroll, 1999). In 1953, he published *The Social Responsibility of the Business Man*, in which he defined CSR as

business and society literature for convergent perspectives in which descriptive and normative analyses are combined or integrated (Jones and Wicks, 1999; Kochan, Guillen, Hunter, and O'Mahoney, 2009; Margolis and Walsh, 2003; Matten, 2009). It matters whether an issue is defined as technical, economic, legal, moral, or political (Nelken, 1993). Situating the notion of CSR within the theoretical framework of the new institutionalism of political science opens the door to inquiring into the institutionally contingent nature of the construct and its manifestations, for discussing the potential outcome or implications of organisational level manifestations of CSR for society, and for discussing what is and is not the appropriate role and responsibility of business in society. Attention is thus drawn from the inward and self-centred corporate emphasis of instrumental – and sometimes ethical – perspectives seeking to establish 'the business case' for CSR by revealing a positive correlation between CSR and corporate financial performance, discourses often wrapped up in win-win scenarios in which both the corporate entities and society are portrayed as better off by adhering to the logic of rational self-seeking individuals and profit maximisation, and to questions of the interests, power, and politics of CSR.

7.1 *Limitations with the Study*

Given the theoretical more than empirical and policy orientated nature of this study, this section will dwell with some limitations concerning the use of the new institutional perspective to frame descriptive and normative CSR analysis.

The Institutional Contingent Nature of CSR. This study has used new institutionalism to frame discussions about the institutional contingent nature of CSR, but contingent on what institutions; structural-regulative; normative-cognitive, or both? In addition, how are we to precisely describe these institutions, and when do we know they exist

Conclusions

(Peters, 1996)? This study has build on the notion of institutional logic (Friedland and Alford, 1991; Thornton, 2004) in order to discuss acts of agency through the interpretation and manifestation of different models of CSR. The notion of logic refers both to structural-regulative and normative-cognitive features of institution, as well as practice. It is thus not very clear what the institution – or institutional logics – is, and how they are separable from other societal structures. In addition, there is the problem of not treating the logics as independent and dependent variables simultaneously (Pedersen, 1991): what constitute the institutional logics both constitute the frames from which manifestations of CSR is argued to arise, as well as the manifestations itself from which we study the development of new practices. The problem of the imprecise definition of an institution is closely related to what Peters (1996, p. 215) describe as the tautology problem: “If the rules that shape behaviour are expanded to include implicit rules and vague understandings, in order to cover instances in which observed behaviours do not correspond to the formal rules of an institution, than the theory may not be falsifiable”. In one way the inclusion of conflicting institutional logics within a distinct institutional field can amplify this problem in institutional analysis. At the same time, the social constructivism of new institutional theory is seldom about what is falsifiable or not in a strict positivistic sense. Rather, it is about arriving at some plausible interpretation of a social phenomenon. Other interpretation may also be “true” without that reducing the power of the perspective from which some empirical and/or theoretical perspectives and notions are related to as part of the analysis.

Justification of CSR. Although the new institutionalism represents a renewed interest for bringing normative political theory into institutional analysis, the perspective can be criticised for not providing a thorough discussion and reflections about the normative principles supporting the formal structural-regulative institutions of political life. This hampers the use of the perspective for justificatory purposes. We

Conclusions

are somehow left with the recognition that companies CSR efforts should not undermine the institutions on which the political order and democracy exists, and that business somehow has a responsibility to respect and support the collective institutions framing the activity of business. Although this is an important recognition – and one that flies in the face of many instrumental and ethical CSR perspectives – it is, from a normative point of view, somewhat unsatisfactory to not being able to proceed with a closer discussion about the institutional change and reform that could foster responsible business conduct. At the same time, the strength of a convergent institutional perspective, is that what is and what is not the appropriate role and responsibility of business in society, is not something that only could (or should) be outlined from some normative principles, but rather something that manifest itself through processes of democratic iterations upon the role business in fact is playing in society as evident from descriptive and empirical illumination. In addition, a convergent institutional perspective does not rule out the possibility of integrating other normative principles in the analysis of the appropriate role and responsibility of business in society (e.g., Van Oosterhout and Heugens, 2009).

Discussing justification of CSR from an institutional point of view, another problem is of course the capacity of individuals, groups, or other institutions to design institutions in a manner which will produce the desired outcomes (Peters, 1996), e.g., responsible business conduct. In addition, the conscious design of institutions often produces no discernible outcomes, or even the opposite of the intended ones. So, although institutionalist has knowledge about the institutional features informing responsible business conduct within the frame of the nation state – e.g., institutionalised tripartite dialogue, regulative frameworks and voluntary agreements – there are question about both the capacity of the design of such institutions at the international level, and about their potential implications for CSR on a global scale.

New institutionalism and other institutionalisms. In some respect, the application of the new institutionalism in this study can be portrayed as a paradox: At the one hand it is argued that the perspective is well suited to make inquiries into the questions at hand. At the same time, the analysis draws heavily on other institutionalisms – most importantly the neo-institutionalism of sociology and organisational analysis (e.g., DiMaggio and Powell, 1991; Meyer and Rowan, 1977; Lounsbury, 2008) – in order to make inquiries into the institutional contingent nature of CSR and its potential institutional and political implications. Although this design resemble the aim of contributing to a convergent perspective in which new institutionalism constitute a possible frame for the application of also other theoretical perspectives, the paradox begs analysis in which the new institutional perspective is applied more thoughtfully on the societal institution of business, and not just to frame discussions about the relationship between political institutions and business in which other institutionalisms constitutes the bulk of the theory and the foundation for the analysis³⁶.

7.2 Final Remarks

A key argument of this thesis has been that explicit expansionist manifestations of CSR hold the potential to undermine the political institutions of liberal pluralist democracies. The model of explicit expansionist CSR has spread beyond its birthplace to other parts of the world. Anecdotal evidence also suggests that this model of CSR is as a legitimate model of societal governance within liberal pluralist democracies. Looking, for example, at emerging public policy on CSR in Europe, several governments – and indeed EU– have accepted the

³⁶ Such an approach would however also come with its own problems, perhaps most importantly that of conceptual stretching (Sartori, 1970), but see discussion in chapter 4.3.1 “Selection of Theoretical Perspective”.

Conclusions

basic ideas of explicit expansionist CSR (Albareda, Lozano, and Ysa, 2007): the notion of corporate level responsibility mechanisms for a broad range of social issues. Moreover, the model is not only accepted, but also promoted in public policy in order to inform, support, and improve businesses CSR practices.

At the same time, public policy on CSR in European countries seems to be moving toward the establishment of a distinction between what companies should do at home, that is, within the institutional pre-requisites for CSR in European countries (Matten and Moon, 2008), and what companies should do in developing countries lacking the same type of institutional pre-requisites for CSR that we find in most European liberal democracies. As such, public policy on CSR (e.g., the Norwegian White Paper on CSR³⁷) often suggests that companies assume corporate responsibility and develop organisational responsibility mechanisms for a broad range of social issues for which European states still bear the prime responsibility. At home, public policy on CSR often suggests practices more associated with the model of explicit contractive and models of implicit CSR, in which corporate responsibility mechanisms is viewed as most appropriate for issues close to the core economic activity of the firm, and often as an aspect of state-initiated collective responsibility mechanism.

If this is the case, the question is if the model of explicit expansionist CSR holds the potential to undermine political institutions of Western liberal pluralist democracies while this manifestation of CSR is most practiced and suggested within a context of inadequate institutional pre-requisites for CSR. The implication of manifestations of explicit expansionist CSR for the institutional and political order of Western democracies has – of course – to be given an empirical answer.

³⁷ Norwegian Ministry of Foreign Affairs (2008)

Conclusions

However, from an institutional point of view, the potential implications for practice of changing discourses (e.g., Green, Li, and Nohria, 2009; Hajer, 1995; Maguire and Hardy, 2006; March and Olsen, 1989; Schmidt, 2010; Zilber, 2002) of what is and is not the appropriate role and responsibility of business in society must be kept in mind. The political discourses – in which business itself is a participant (e.g., Levy et al., 2009; Sharif, 2004; Scherer and Palazzo) – of the appropriate role and responsibility of business and companies in society have changed. For example, in Scandinavian countries, after the 1980s it ceased to be inappropriate for business to assume not only an economic but also a social and even political role for itself (Byrkjeflot, 2001). The changing discourse of CSR also holds the potential to change the very practice and functioning of business in society towards assuming a more explicit corporate level responsibility for a broad range of social issues. It thus also holds the potential for undermining the political institutions that constitute the foundation for a political order.

Instrumental and duty-aligned CSR perspectives can be understood as a trend of weakening deeply embedded societal issues political ties, and turn them into issues of the market and economy in which notions of responsibility are privatised and in general a concern not between political institutions and society, but between the autonomous firm and the customer. A convergent institutional CSR perspective constitutes a frame of reference from which this trend can be critically evaluated and from which discussion about the re-institutionalisation of state responsibility, political authority and democratic politics can take place, and thus the de-institutionalisation of neo-liberal explicit expansionist CSR logics emphasising voluntary exchange, competitive markets and private contracts.

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.....**Part II**

List of Articles

Article I

Blindheim, B-T. Multiple and Contesting Perceptions of Explicit Corporate Social Responsibility Within a National Institutionalised Field. Submitted February, 2008 for publication to *Business and Society*. New York: Sage Publisher. Revised February 2009 and September 2009.

Article II

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Article III

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Article IV

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