

Intrinsic and Extrinsic Corporate Social Responsibility

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By

Stéphanie Ursula Looser

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FOREWORD

A new story of business has been emerging since the global financial crisis. There is revived interest in re-visioning business to make it more compatible with human aims. A key part of this new story is renewed interest in and revitalized research on the idea of corporate social responsibility. Stephanie Looser has made an excellent contribution to this literature with *Intrinsic and Extrinsic Corporate Social Responsibility*.

Looser has rightly focused on small and medium-sized businesses which, to date, have been a fairly unexplored area for CSR research. By distinguishing between extrinsic and intrinsic motives for CSR she casts doubt on many standard conclusions, especially the idea that financial incentives must be in place for CSR to have a meaningful role. She suggests that we should be careful not to destroy the very fabric of intrinsic CSR that rests on an ethical foundation. Both kinds of CSR can help companies be competitive: extrinsic CSR companies don't care as much about "doing good" and intrinsic companies don't seem to mind if CSR doesn't pay.

Academics and executives will benefit from studying this book. While it is based on an empirical study of Swiss companies, I believe it has implications for the way we see corporate social responsibility and its many facets. It will help scholars and practitioners to build both better theory and better businesses.

R. Edward Freeman,
University Professor,
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ABBREVIATIONS

ARE	Bundesamt für Raumentwicklung
B2B	Business to Business
B2C	Business to Consumer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFR	Corporate Financial Reporting
COPOLCO	Committee on Consumer Policy
cp.	Compare with
CSID	Canadian Social Investment Database
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
e.g.	<i>exempli gratia</i> (for example)
EoC	Economy of the Communion
EU	European Union
f.	folgende Seite (following page)
FCAB	Federal Consumer Affairs Bureau
FINMA	Eidgenössische Finanzmarktaufsicht
ff.	fortfolgende Seiten (following pages)
GAAP	Generally Accepted Accounting Principles
GIIRS	Global Impact Investing Rating System
GRI	Global Reporting Initiative
i.e.	<i>id est</i> (that is to say)
IFRS	International Financial Reporting Standards
ISO	International Standards Organisation
ISO/WG SR	ISO Working Group on Social Responsibility
KLD	Kinder, Lydenberg and Domini
KPMG	Klynveld, Peat, Marwick and Goerdeler
L'EPOQuE	Leadership, employees, product, organisation, quality, education
MAXQDA	Qualitative Data Analysis (with the name MAX)
MBA	Master of Business Administration
Mio.	Million(s)
MNE	Multinational Enterprise
NCPs	National Contact Points
NGO	Non-governmental Organisation
NPO	Non-profit Organisation

NSBs	National standards bodies
PhD	Doctor of Philosophy
PRESOR	Perceived Role of Ethics and Social Responsibility
pp.	Pages
ROA	Return on Assets
SECO	Staatssekretariat für Wirtschaft SECO
SGB	Schweizerischer Gewerkschaftsbund
SME	Small and Medium-sized Enterprise
SR	Social Responsibility ⁷
TMB	Technical Management Board
UK	United Kingdom
US	United States
Zefix	Firmenindex des eidgenössischen Amtes für das Handelsregister
ZEWO	Zentralstelle für Wohlfahrtsorganisationen

PREFACE

There is a new story of business that is emerging post global financial crisis. There is a renewed interest in re-visioning business to make it more compatible with human aims. A key part of this new story is renewed interest and revitalized research on the idea of corporate social responsibility. Stephanie Looser has made an excellent contribution to this literature with *Intrinsic and Extrinsic CSR*.

Looser has rightly focused on small and medium sized businesses a fairly unexplored area for CSR research. By distinguishing extrinsic and intrinsic motives for CSR she casts doubt on many standard conclusions about CSR, especially the idea that financial incentives must be in place for CSR to have a meaningful role. She suggests that we be careful not to destroy the very fabric on intrinsic CSR that rests on an ethical foundation. Both kinds of CSR can help companies be competitive, as extrinsic CSR companies don't care so much for "doing good", and intrinsic companies don't seem to mind if CSR doesn't pay.

Academics and executives will be repaid in studying this book. While it is based on an empirical study of Swiss companies, I believe that it has implications for the way we see CSR and its many facets. It will help scholars and practitioners to build both better theory and better businesses.

R. Edward Freeman
University Professor
University of Virginia

INTRODUCTION

Corporate social responsibility (CSR) frameworks have been dominated worldwide by the concerns and distinctive needs of large companies and by efforts to direct CSR through a formal management system (Weber, 2008: 251; Mason and Simmons, 2013: 81; Cassimon et al., 2015). However, most businesses are small organisations and approaches to social responsibility in these companies are not as well researched or understood.

Given the numerous and well-publicised problems and scandals involving large corporations whose highly formalised CSR systems have often failed to prevent anti-social and illegal behaviour, there is growing interest in informal processes and relationships that foster organisational cultures that embed and exemplify CSR. It is proposed that a detailed study of small and medium-sized enterprises (SMEs) with informal and non-systematic approaches to CSR can shed light on these issues of cultural embedding of CSR values.

Multiple motives, such as internal desire, morale, virtues, or external pressure and/or financial added value can be applied as reasons to “do some CSR” (Maas and Reniers, 2014: 114). This wide spectrum of motives is responsible for CSR’s diffuse character and an endless list of definitions. A comparative and extensive overview can be found in van Marrewijk (2003: 98ff.) or Kakabadse et al. (2005: 277ff.). Whether companies are “not interested at all” or widely known as “sustainably responsible” is another facet that characterises CSR or, to be precise, the developmental phases of companies regarding their CSR engagement (Maas and Reniers, 2014: 111). The question of why firms should be interested in CSR is, indeed, a matter for ongoing debate (McWilliams and Siegel, 2001: 121).

Evidently, social responsibility as a concept is not easily assessed as it pits individual against community, business against society, and economic goals against ethical inclination (Lorenzo-Molo and Siloran Udani, 2013: 128). This book takes a closer look at a business model which might occur

at this nexus between businesses, their corporate cultures, employees, communities, and society (Lorenzo-Molo and Siloran Udani, 2013: 128).

Bowen (1953: 37) saw CSR as the “obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of society”. Consequently, companies should consider their responsibilities towards several societal stakeholders and their objective to generate profit, which is based, *inter alia*, on their stakeholder relationships. These relationships encompass many interests, first and foremost of which are social and environmental issues (Russo and Perrini, 2009: 211).

This concept is built on many attempts to define the nature and rules of CSR which, after the symbiotic and long-term relationship between “business and society”, became central (Swanson, 1999: 508; Castelló and Lozano, 2011: 15). In other words, the integration of business into society is crucial where society is lending its legitimacy and prestige to business (Garriga and Melé, 2004: 61), and business takes on the responsibility for its operations (Russo and Perrini, 2009: 211).

Such institutional norms, which develop from public opinions, educational systems, professions, ideologies, and certification bodies (Scott, 1987: 500), act as a social contract (Robin and Reidenbach, 1987: 49) stating that organisations should act with respect in order to attain legitimacy and cultural support (Du and Vieira, 2012: 418ff.). CSR actions are thus a means by which organisations can satisfy socio-cultural norms by contributing to long-term social, economic, and environmental benefits (Kotler and Lee, 2005: 65; Palazzo and Scherer, 2006: 79).

In the political and business debate that started in the early 1990s, corporate responsibility issues have gained importance mainly due to the realisation that development which is centred only on paradigms of economic growth is unsustainable (Katsoulakos and Katsoulakos, 2007: 361). The view developed that, for a process aimed at balancing economic growth with environmental sustainability and social cohesion, the roles of states, companies, and communities would need to be more pro-active (Katsoulakos and Katsoulakos, 2007: 361). This debate founded interlinked movements in the corporate world under the names of CSR, corporate sustainability, corporate governance, and corporate citizenship (cp. Sections 2.1 and 2.2).

Corporate sustainability represents a business management approach that should, in the long run, provide better value for shareholders as well as for other stakeholders. Corporate governance reflects the ways that companies address legal responsibilities and provides the foundations on which CSR and corporate sustainability practices can be built to improve responsible business operations (Katsoulakos and Katsoulakos, 2007: 361). Corporate citizenship regards companies as societal citizens that have economic, legal, ethical, and philanthropic responsibilities towards society (Matten et al., 2003: 115; Justice, 2002: 8). Scherer and Palazzo (2007: 1111ff.) think of corporate citizenship as a more political interpretation of CSR. In accordance, the Enquete Commission of the German Bundestag (2002: 457) understands CSR as “an ideal generic term and the roof, under which corporate citizenship is integrated”. Consequently, the field of responsible business strategy has become a dynamic and challenging subject.

The process of globalisation and international trade reflects increased business complexity and the demand for the aforementioned conceptualisations of this complexity to become more transparent (Jamali and Mirshak, 2007: 251). Traditionally, governments were responsible for improving living conditions but today, society’s needs have stretched the capabilities of states (Jamali and Mirshak, 2007: 253). Jamali and Mirshak (2007: 249) conclude that the private sector as key creator of value and managerial resources is the principal growth engine and has a duty to contribute to equitable and sustainable economic growth. CSR recognises this role of business as an active partner in a world of shrinking resources and, thus, of scarcity (Jamali and Mirshak, 2007: 253). Weber (2008: 251) and Carroll and Shabana (2010: 99ff.) state that, in general, companies can profit from a strategic engagement with CSR by reducing costs and risks (e.g. energy-saving and environmentally-sound production practices), gaining competitive advantages (e.g. investor relations management), by developing reputation and legitimacy (e.g. transparency practices), and by seeking “win-win” outcomes (e.g. charitable donations to education and stakeholder engagement).

To conclude, the definition of CSR is a matter of ongoing discussion which recognises that numerous definitions can lead to confusion and misperception. To collect data about the six research questions posed here (see Section 1.1), that cover a wide range of different CSR aspects (i.e. various stakeholders’ CSR; CSR in SMEs; the different motives for and manifestations of CSR; and a comparative overview), a broad definition of CSR is needed. Therefore, the European Commission’s (2011: 6) defini-

tion of CSR as “the responsibility of enterprises for their impacts on society” is adopted in this book.

Although this broad understanding of such a complex concept could be a drawback, especially in terms of internal validity, it also enables, more importantly, the identification of different idiosyncratic business agendas, various motives and diverging manifestations of CSR, as well as cultural leverage to motivate further investigations. This allows the collection of rich data for a qualitative, in-depth exploration of the role and dynamics of CSR in Swiss SMEs as the core purpose of this research, in the pursuit of grounded theory principles (as outlined in Section 1.2.1 and visualised in Figure 1-1).

Above all, CSR gives rise to a discussion about the nexus between society, companies, and their respective contributions. This research focuses on a sample of SMEs in Switzerland to investigate the role and dynamics of CSR with a special eye on processes, values, and relationships that make up informal, CSR-oriented organisational cultures manifesting in a respective business model.

1.1 Research Questions and Aim

This research answers the following question: “What are the role and dynamics of CSR in Swiss SMEs?” Several research steps helped to answer this question. Specifically, the research questions (1-6) posed in this programme of work are:

- 1) *What are the characteristics of the Swiss CSR stakeholder environment?*
- 2) *How do patterns of CSR practice in Swiss SMEs relate to their business practices? Is there a Swiss business model?*
- 3) *How do key drivers, peculiarities, and dynamics of Swiss SMEs determine the Swiss CSR business model?*
- 4) *How consistent is the Swiss model with conventional business models? How do the relative surroundings reflect the need for new templates?*
- 5) *How are Swiss companies motivated for CSR and how does CSR manifest in SMEs compared to multinational enterprises (MNEs)?*
- 6) *How do CSR approaches in SMEs on a global scale relate to Swiss SMEs? To what extent do the identified CSR agendas allow categorisation according to explicit/implicit CSR?*

An overview of the different data-gathering methods employed for the different research questions can be found in Table 1-1, with more details in Section 1.2.1 and alongside the specific sections.

<i>Question /Section</i>	<i>Method</i>	<i>Outcome</i>	<i>Comments</i>
1) <i>Section 3</i>	Open, exploratory face-to-face interviews, analysed using MAXQDA and quantitative network analysis, using VennMaker.	Stakeholder analysis map; initial idea of SMEs as crucial stakeholder group.	This is the initial exploratory part of the project, involving 27 interviews with stakeholder representatives.
2) <i>Section 4</i>	Open, exploratory face-to-face interviews, analyses using Legewie's global analysis (1994) and Mayring's (1996; 2003) qualitative content analysis.	Initial idea of a Swiss CSR business model.	This is the follow up exploratory part of the project, involving 40 company interviews.
3) <i>Section 4</i>	Delphi method. Action research to deepen understanding of the model's application and robustness.	Clear understanding of how the business model functions and how accepted it is across SMEs.	This evaluates and verifies the model.
4) <i>Section 5</i>	Literature review and two-stage Delphi method.	Clear understanding of how the business model fits to standard business model frameworks.	This part checks the model's feasibility and validity.
5) <i>Section 6</i>	Face-to-face focus-group discussions with large and small company leaders.	Clear insight into the role and place for intrinsic or extrinsic CSR agendas and how they link with business practices.	This compares the SME CSR business model with extrinsic CSR approaches (e.g. in large companies).
6) <i>Section 7</i>	Face-to-face interview analysis combined with a secondary data analysis of 30 research papers using MAXQDA.	Clear insight into SME CSR in different national contexts and how the Swiss model fits with this comparative overview.	This part compares the Swiss SME model with models of SMEs from 15 other countries.

Table 1-1: Research questions and corresponding methodology

Evidently, CSR is a complex phenomenon. To meet this complexity, several instruments or measures were developed to operationalise CSR and differentiate it from similar constructs, in terms of application in an organisational context and measurement for academic purposes (D'Aprile and Talò, 2013: 158). These measures could be positioned alongside the qualitative vs. quantitative and individual vs. organisational scales, and include interviews with responsible people, content analysis of documents, corporate publications and websites, case studies, forced-choice surveys, reputation indices and databases, and behavioural and perception scales (Waddock and Graves, 1997: 310).

The next section outlines some of the best-known methods for investigating CSR. While it clearly points to the difficulties, each methodology must elaborate the six approaches chosen here, specifically tailored to gain insight into each research question (as shown in Table 1-1).

1.2 The Wide Spectrum of CSR Methodology

Content analysis of social and environmental corporate reports, interviews with responsible people, and case studies are among the qualitative methods employed at an individual as well as an organisational level (Stanwick and Stanwick, 2006: 4f.). Databases and indices concerning reputation, surveys, and perception and behavioural scales are quantitative methods employed at organisational and individual levels of analysis (Maignan and Ferrell, 2000: 288ff.).

Among these, the Fortune Corporate Reputation Index, the Kinder, Lydenberg and Domini (KLD) database and the Canadian Social Investment Database (CSID) are the most common (Wood, 1995: 197f.).

Despite the wide adoption of these reputation indices and databases, some criticism concerning both the theoretical and methodological aspects should be mentioned: 1) In most cases, these methods are not based on theoretical frameworks; 2) The dimensions evaluated by these methods are frequently culturally rooted in the countries where they have been developed (Maignan and Ferrell, 2000: 289); 3) Single- and multiple-issue indicators are more objective than the qualitative (and, arguably, sometimes subjective) evaluations of experts.

Individual perceptions about CSR provided the groundwork for instruments at an individual level. For instance, the use of the Corporate Social Orientation scale to evaluate managerial values alongside Carroll's hierar-

chical pyramid model (1979) (see Figure 2-1) was developed by Aupperle (1984: 34ff.). Singhapakdi et al. (1996: 249f.) developed the Perceived Role of Ethics and Social Responsibility (PRESOR) scale. It was tested by Quazi and O'Brien (2000: 50ff.) as a potential cross-national model of CSR to evaluate both the managerial perceptions of the role of ethics in corporate effectiveness and the organisational values of managers.

The criticisms here are: 1) These perception-based methods do not adhere to the mainstream framework model of CSR; 2) They have, in many cases, only been tested on executives without considering the perceptions and values of employees. Hence, the perception scales reveal their non-exhaustive nature about the analysis of CSR as an organisational process. To address these weaknesses, two main scales have been constructed in the academic field to measure organisations and behaviours. First, Maignan and Ferrell (2000) developed a behavioural corporate citizenship scale. This was based on Carroll's hierarchy of responsibilities and on stakeholder management theory that involves three main stakeholders (employees, customers, and the public). This scale was empirically tested on executives from the United States and France (Maignan and Ferrell, 2000: 284). Because of its limitations (e.g. small sample and weak transition to praxis), Turker (2009a: 415) has recently developed a CSR scale that evaluates socially responsible corporate behaviours in relation to a wide range of stakeholders.

Despite the limitations of these scales, their inclusion of behavioural and perception-based aspects represents the first serious attempts to grasp the multidimensional nature of CSR, based on relevant theoretical frameworks. They allow, for instance, analysis of the relationships between CSR and employee commitment (e.g. Riordan et al., 1997: 405; Maignan et al., 1999: 462; Peterson, 2004: 304; Brammer et al., 2007: 1711f.; Turker, 2009b: 199), counterproductive organisational behaviours (Viswesvaran et al., 1998: 9ff.), and organisational reputations (Greening and Turban, 2000: 262f.). Thus, a few researchers (Albinger and Freeman, 2000: 249; Jenkins, 2004: 44f.; Jenkins, 2006: 244; Murillo and Lozano, 2006: 239; Spence, 2007: 540; Russo and Tencati, 2009: 344) have looked at the organisational agency of employers and executives.

To conclude, although academic interest is growing significantly and the literature has emphasised the behavioural aspects of CSR and its social nature, none of the studies, scales, or measures have yet considered the psychosocial features that are able to explain how and why CSR might be fostered in organisations.

In other words, the *status quo* known from empirical studies seems useful in gathering descriptive information about the socially responsible behaviours of organisations, without normatively analysing and/or considering the cognitive and affective components that are helpful in fostering responsible corporate behaviours. To contribute to a closing of this gap, the research here covers descriptive (i.e. in Section 2), normative (in sections 4, 5, and 9), and analytical aspects (i.e. sections 3, 6, 7, and 8).

Indeed, this short review of existing methods shows that most of them have some epistemological and methodological limitations. For this study, CSR has been conceptualised as a psychosocial construct whose cognitive, affective, and behavioural factors are strictly interconnected with business idiosyncrasies and the characteristics of lead actors, as well as with the core logic, motives and manifestations of CSR in companies, a set of multiple stakeholders and, most importantly, as something that extends beyond economic considerations.

1.2.1 This book's research framework and methodological approach

As outlined above, the in-depth exploration strived for in this book requires a research framework that is as complex as the topic it tries to grasp. Therefore, this research is primarily qualitative and exploratory and follows grounded theory rules to refine and keep track of ideas to generate hypotheses and compare power retrospectively (Patton, 2002: 544f.). It is epistemologically linked to social constructivism because it assumes that reality is constructed by human beings interacting in a cultural setting (Scott, 1995: 65). These latent social patterns should be revealed by conceptualising codes from collected data (Creswell, 2007: 71).

Therefore, qualitative data at an individual as well as a corporate level was collected. To do so, various methods were applied, ranging from interviews with company leaders and employees and representatives from Swiss economy and politics, to focus group discussions, Delphi processes, and company site visits. Methods are outlined (per research question and section) in Table 1-1 and in the six related methodology sections. Figure 1-1 demonstrates the corresponding research framework and the underlying hermeneutical integration as an inherent core principle of this research, based on grounded theory.

In general, hermeneutical integration means permanent and parallel analysis of findings through existing theory and accompanying literature studies

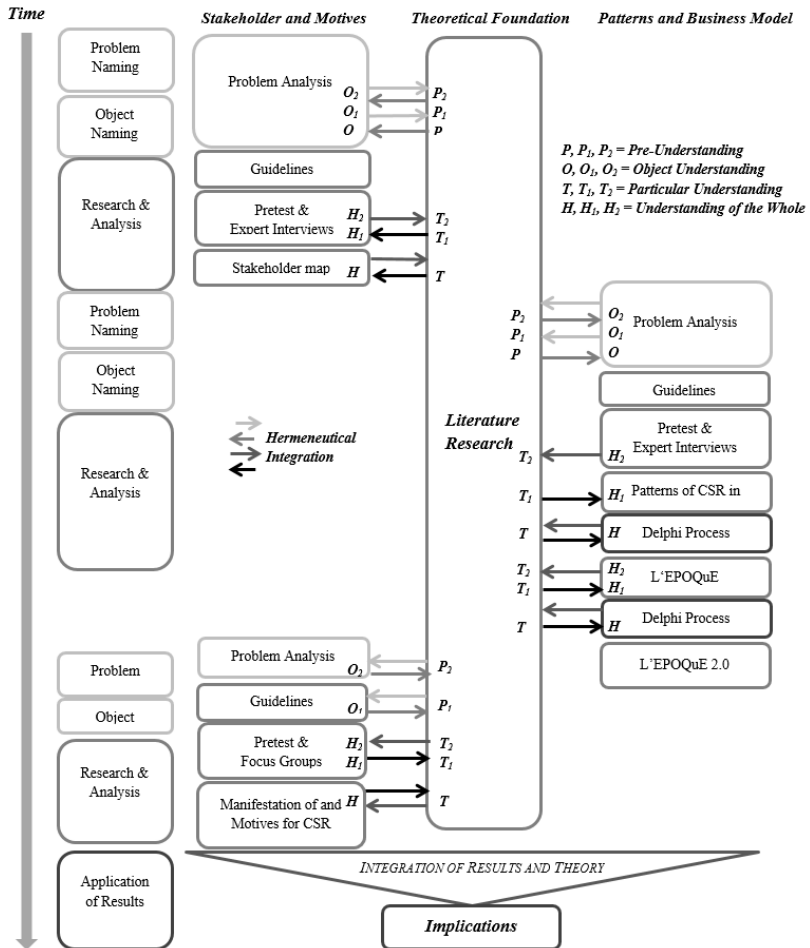


Figure 1-1: Research framework

To find out what the role and dynamics of CSR are in Swiss SMEs, Section 3 covers research question 1, regarding the CSR stakeholder environment in Switzerland. Section 4 then looks at research questions 2 and 3 on the patterns of Swiss small business corporate social responsibility and the underlying business model. This model is further verified in Section 5, answering research question 4. Research question 5 and the motives for CSR are explored in Section 6. To close the comprehensive overview,

Section 7 conducts a comparative analysis and answers research question 6. This is followed by an assessment of the research's quality in Section 8 and final conclusions, further research steps, and implications in Section 9. The data collection and analysing methodologies are discussed in the corresponding section.

This research adopts a quantitative definition of SMEs issued by the Federal Statistical Office (FSO, 2013): SMEs have fewer than 250 employees and their turnover or balance sheet total is below Euro 50 mio or Euro 43 mio respectively. Accordingly, large companies exceed these numbers. MNEs are companies that operate on a global scale with facilities and other assets in at least one country other than the home country of the MNE (Financial Times, 2015). Very large multinationals have budgets that exceed those of many small countries (Financial Times, 2015).

A truly multinational company has at least 20% of its sales in each of at least three different Continental markets (Financial Times, 2015). This is opposed to the way large companies are defined here: they may have international business operations but their location and strategic and organisational orientation remains regionally focused (Gabler, 2015). The same can be said for SMEs and the international relations they foster. In other words, many small companies have multinational business relations as well, e.g. as exporters, second-tier suppliers, or customers. This will be shown particularly in the stakeholder analysis (in Section 3.4.2) and the SME business model (Section 4.4.3).

Section 2 sheds light on different theoretical concepts and issues for discussion, ranging from diverging understandings of CSR and its historical background, to formal instruments and their drawbacks and benefits. From this, it becomes clear why it is heuristic and neat to look at culturally embedded, informal CSR in small companies. According to the hermeneutical research framework there will be additional theoretical inputs at later stages.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As has been stated, the notion of CSR is not new in our society. Bichta (2003: 85f.), for instance, argues that the “soul” of CSR is what the French philosopher Rousseau (1762) defined as “the social contract” between business and society. For Rousseau (1762), the relationship between society and corporations is a “symbiosis” enabling social members to act independently in a civil society that shares the same will (Bichta, 2003: 85).

Over the centuries, the concept of CSR has attracted a lot of attention, ranging from those who found that it was irrelevant to business (e.g. Freeman and Liedtka, 1991: 94f.), to those (e.g. Friedman, 1962) who could indeed see the relevance of CSR but thought of it as a “bad idea” for business, to the large numbers of authors who have regarded CSR as an important business strategy (Asongu, 2007: 14; Weber, 2008: 248).

Dahlsrud (2008: 7-11) analysed 37 definitions of CSR and identified five dimensions inherent in the concept: the environmental, the social, the economic, the stakeholder, and the voluntariness dimension. With a 97% probability, at least three of these dimensions are used in a random definition of CSR (Dahlsrud, 2008: 5). Van Marrewijk (2003: 102) included all five dimensions in her definition: “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”.

Accordingly, there are three general approaches to CSR (Wang and Juslin, 2009: 511ff.): the shareholder approach sees the social responsibility of business primarily as increasing shareholder profits, engendering the CSR business case; the stakeholder approach, in turn, recognises the need to balance other stakeholders’ and firm interests; finally, the societal approach acknowledges the broad responsibility companies should take in society. The definition here of CSR as “the responsibility of enterprises for their impacts on society” (European Commission, 2011: 6) could be largely aligned with the latter.

Van Marrewijk (2003: 101) added a fourth perspective — the philanthropic approach — which appears to be a strategic response to changing circumstances, new corporate challenges, and society's claims for companies to ultimately rethink their position and act as a part of the complex, societal context. For Godfrey (2005: 781), philanthropy is the marriage between CSR as strategy and CSR for legitimacy.

Corporate social responsibility between 1960 and 1970 was indeed mainly driven by social, (and not economic) considerations and by peer pressure among corporations to become more philanthropic (Carroll, 1999: 275; Carroll and Shabana, 2010: 99). There was no impetus, demand, or pressure to increase profit by applying CSR activities (Vogel, 2005: 31).

Corporate social responsibility was also understood to have different hierarchical layers ranging from economic responsibility at the bottom, to legal, ethical, and finally philanthropic responsibility at the top (Carroll, 1991: 41). Accordingly, Carroll (1991) organised his four-part definition of CSR in a pyramid construct as shown in Figure 2-1.

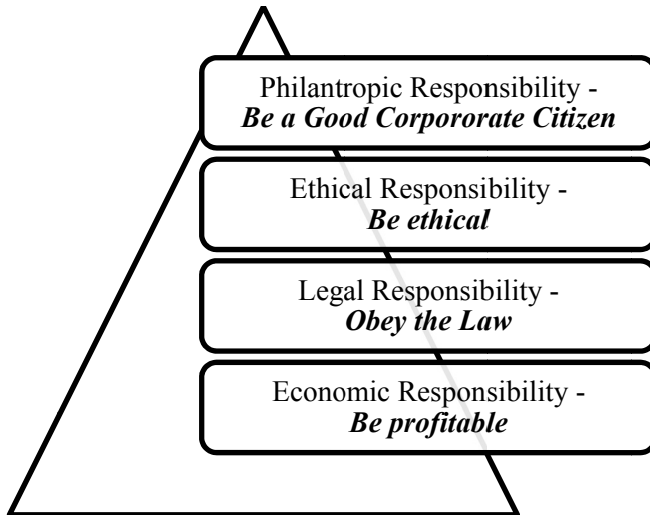


Figure 2-1: A hierarchy of CSR (Carroll, 1991: 497ff.)

Economic performance forms the groundwork while the second layer indicates following the law (Carroll, 1991: 497ff.). “The obligation to do what is right, just, and fair, and to avoid or minimise harm to stakeholders

(employees, consumers, the environment, and others)” is the third level and the most important one to Carroll (1991: 497ff.). Philanthropic responsibility to improve the life of communities forms the top level of the pyramid (Carroll, 1991: 497ff.). This model has been criticised for inconsistency in explaining why and how CSR should be hierarchical, and also for attempting to combine various allied concepts such as business ethics, corporate citizenship, and stakeholder management (Nkiko, 2013: 381).

Visser (2005: 18ff.) later discussed a CSR pyramid for developing countries and suggested that culture may have an important influence on perceived CSR priorities. In developing countries, economic responsibilities still get the most weight. However, philanthropy is given the second-highest priority, followed by legal and ethical responsibilities (Visser et al., 2005: 97). As the socio-economic needs of developing countries are immense and companies cannot thrive in societies that fail, philanthropy is one of the ways to improve medium- to long-term economic interests, while at the same time heightening the prospects of the communities in which businesses operate (Visser, 2005: 19). This conclusion will be discussed in the comparative analysis in Section 7 that especially looks at developing countries.

For a long time, the relationship between society and companies has been one of the main topics of discussion for academics and practitioners. However, they have mainly targeted the tension between business and society and ignored what should be of interest: the co-dependencies. Accordingly, Porter and Kramer (2006: 81) argued that “successful corporations need a healthy society and at the same time a healthy society needs successful companies”. Empirical findings indicate that companies experience evolutionary changes as they move from superficial CSR to culturally-embedded CSR (i.e. in a business model) and the application of corresponding business practices (Høgevold et al., 2014: 363).

Other researchers have found that different companies have different motivations for CSR, relative to their dependence on outside pressures, ranging from passive conformity, to active resistance (Zheng et al., 2014: 395f.), to voluntary (Lynch-Wood et al., 2009: 57ff.; Fitjar, 2011: 34; Armstrong and Green, 2013: 1924f.) and/or unintended deployment (Studer et al., 2008: 298f.; Arend, 2013: 6).

The essence of current mainstream CSR is “doing good to do well” (Zadek, 2000: 57; McWilliams et al., 2006: 9). Hence, CSR has become a core function of business strategy, addressing the question of “whether

companies can perform better financially by addressing both their core business operations as well as their responsibilities in a broader society” (Kurucz et al., 2008: 109f.). For Du and Vieira (2012: 416), CSR represents a way for companies to achieve such ethical standards and a balance of economic, environmental, and social requirements, thereby considering the concerns and meeting the expectations of their stakeholders. Whether this is a strategic decision with a commercial attempt or it comes from core logic and culture is a matter of further analysis below, particularly in Section 6.

2.1 Where CSR, business, and society intersect

Katsoulakos and Katsoulakos (2007: 361) distinguish between two interrelated CSR dimensions: 1) CSR as an intrinsic “moral activity” and a new vision for the world based on a global partnership for sustainable development; 2) CSR as an extrinsic “business case” or, more precisely, a business management approach that should, in the long run, provide better value for shareholders.

The former has no need for formalisation because it is driven by norms and values, where moral legitimacy can only be gained through “moral reasoning” (Schultz et al., 2013: 689) and the “forceless force of the better argument” (Habermas, 1984: 43). Here, neither the expectations of society or corporations are dominant (Scherer and Palazzo, 2007: 1099).

The latter is often built on principal-agent relations, in which stakeholders seek protection through formalised management systems, contracts, certificates (e.g. International Standards Organisation (ISO) 14001), or in the legal system (Sundaram and Inkpen, 2004: 358). It is driven by the assumed positive relationship between corporate social activities and financial performance to maximise profit (Vogel, 2005: 21; Porter and Kramer, 2006: 89; Sridhar, 2012: 318). This emphasis on performance is based on mainstream economics following “the predominant neoclassical system of the homo oeconomicus” (Richter, 2010: 637ff.). Many studies assume this “business case” between CSR and profit (Orlitzki et al., 2003: 421f.; Margolis and Walsh, 2003: 299). More corresponding research results can be found in Section 6.3 for Switzerland and in Section 6.1 for other contexts.

To identify such idiosyncrasies, while being aware of the embedded contradictions, this study defines extrinsic, business case CSR as the “expectations of the market or external stakeholders, primarily designed to improve the economic performance of the company” (Looser and Wehrmeyer,