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(INTERNATIONAL MANAGEMENT)

Strategic Corporate Social Responsibility in the Varieties of Capitalism Framework

A Need for Multinational Corporations to Adapt to Different National Institutional Contexts?



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ABSTRACT

Most of the existing literature on the CSR-related operations of multinational corporations (MNCs) focuses on how MNCs of developed countries behave in developing and emerging countries. However, this research examines in an institutional theoretical setting whether MNCs in different developed economies have the same perspective on CSR or not. In this respect, there is both the scientific goal as well as the practical interest to see whether CSR strategies should be approached as a globally standardized operation by MNCs, as a potential source for global synergies, or if they need to be adapted to the apparent national institutional contexts. The research consists of an empirical part including both quantitative and qualitative research strands, as well as a part focusing on the formulation of managerial implications.

According to the institutional theoretical “Varieties of Capitalism” approach (VOC), there are two ideal-type models of economies: liberal market economies (LMEs) or coordinated market economies (CMEs).

It has been hypothesized that 1. there is a differing perception of CSR in the two kinds of VOC; 2. LME corporations adopt a shareholder value perspective; and 3. CME corporations adopt a stakeholder values perspective. These three guiding hypotheses have been confirmed with certain restrictions by the means of mixed research methods: a survey, interviews with a semi-structured questionnaire and secondary data analysis.

The findings primarily lean on a quantitative analysis conducted in four countries: Germany, the Netherlands, Canada and the United States. Additionally, practical qualitative input from CSR managers is taken into consideration.

In pursuing the objective of adding also practically-focused value, the paper at hand ultimately highlights managerial implications for MNCs with regard to strategically using CSR in their cross-border contexts; impulses for further research are presented in the end.

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“The only time success comes before work is in the dictionary.”

(Vince Lombardi)

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LIST OF ACRONYMS

Acronym	Definition
CA	Canada
CME	Coordinated market economy
CSR	Corporate social responsibility
GER	Germany
LME	Liberal market economy
MNC	Multinational corporation
NGO	Non-governmental organization
NL	Netherlands
OECD	Organisation for Economic Co-operation and Development
UK	United Kingdom
US/USA	United States of America
VOC	Varieties of capitalism

1. INTRODUCTION

“As per our strategy, we always aim to link societal and business agenda. Pure 'Checkbook philanthropy' is not what we are after, it would never be sustainable as inevitably you will only donate what is 'left over'.”

(Interviewed CSR manager of a US corporation)

Corporate social responsibility (hereafter CSR) is a concept that has been introduced on the business agenda over 60 years ago. Instead of focusing on how the CSR concept has evolved over time, this research emphasizes the strategic nature of CSR. Although many academics have treated the subject during this long time span, the strategic approach to CSR is still rather juvenile.

More and more, business actors nowadays seem to grasp the potential of CSR to become a sustainable competitive advantage for their corporations when being conducted in a strategic way. Therefore, it is important from an academic standpoint to further build the grounds for testing the trend's validity. The research at hand aims at contributing to this undertaking by offering managerial implications to MNCs which operate in different kinds of market economies.

The introductory part is supposed to offer the reader both the rationale and motivation for the research project at hand, as well as an overview of the structure of this paper.

Part 1.1 exemplifies the background of this research by highlighting the research objectives and the problem statement which is at the heart of the whole project. Moreover, the research objectives will be visualized.

Part 1.2 subsequently introduces the general research questions at the core of the project's research design, including the analytical framework and its operationalization. Furthermore, the various specific sub-questions are presented which guide the way through the research. In the end, a table is shown offering an overview of the research set-up, which is intended to simplify the readers' journey along the following sections.

1.1 Motivation: research objectives and problem statement

With the CSR concept being labeled as a global one that is “still emergent” (Williams & Aguilera, 2008), businesses more and more embrace the idea of generating strategic advantages from conducting CSR actions. This is the so-called strategic CSR approach. It seems to be the right way to silence those critics which verbally bury the CSR concept by stating that it would not hold within the business world due to its crucial shortcoming of not being economically beneficial to corporations. However, if companies succeed in generating economic value by doing good for society and environment, strategic CSR is a valid resource for creating a competitive advantage.

Nevertheless, especially MNCs face a dilemma from an institutional theorist’s point of view in this respect (, even more when approaching it with a resource-based view). A consequent question therefore could be: How to approach the concept of CSR and exploit the diverse national institutions in the best possible way in order to reap the gains from strategically using CSR in the MNCs’ essentially international environment? Three approaches are generally possible. Corporations being active in various countries can pursue a global strategy that focuses on globally standardizing the corporate approach to CSR. Another approach would be to have a continuous exchange among the subsidiaries to allow for synergy in their strategic CSR efforts and in this respect stimulate a continuous learning process on the corporate way to common innovative strategies to CSR. Thirdly, they can be locally responsive by conducting different national approaches to strategic CSR. In general, combinations of these approaches are possible as well. MNCs are supposed to benefit from the findings in this research, which consequently tries to tackle the following problem statement:

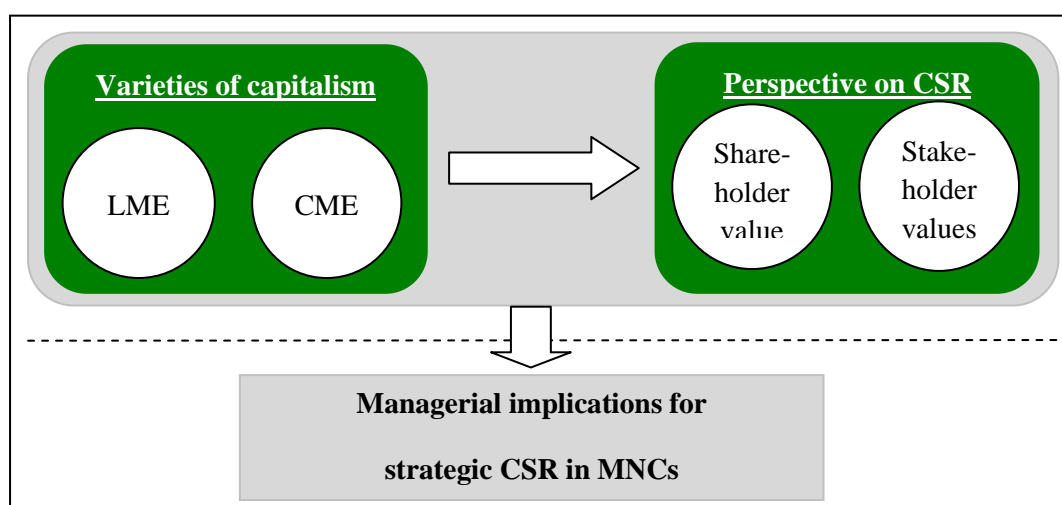
To maximize the benefits from conducting CSR in an international context, MNCs need to know how to strategically approach the concept.

Though, the fundamentals for the question how strategic CSR should be approached by MNCs need to be built before being able to conclude and generate advice for MNCs. As the scope of this research is too limited to conduct a comparative institutional analysis of different countries, its approach relies on the dualist varieties of capitalism framework (hereafter VOC framework) which was introduced by Hall and Soskice in 2001. The two authors establish two kinds of

market economies with which many countries can be associated: liberal market economies (hereafter LMEs) and coordinated market economies (hereafter CMEs). Their distinction is based on five economic determinants: industrial relations, vocational training and education, corporate governance, inter-firm relations, and the internal structure. This dualist distribution of market economies is supposed to help dipping the first academic toes in the mostly unexplored and undiscovered waters of linking the strategically-approached CSR concept with institutional theory. Therefore, one of the research's objectives is not to find out what causes potential differences among countries in perceiving CSR, but rather to verify that the kind of market economy in a country – as a set of market-institutional characteristics – indeed influences the perspective on CSR in the respective nations. There are two prominent poles of how to look at CSR: the first one, the shareholder value perspective, is characterized by the position that corporations have profit-maximization as the highest (or only) priority, thus making CSR a matter that does not concern businesses; the other pole, the stakeholder values perspective, sees corporations as joint-ventures of many stakeholders whose interests all need to be taken into consideration.

By clarifying whether CSR perception can indeed be linked to the varieties of capitalism framework, a basis will be provided on which the second part of the research project, the generation of managerial implications for strategically conducting CSR in MNCs, can be built (as shown by figure 1).

Figure 1: Visualization of the project's research objectives



1.2 Research structure: general and specific research questions

Thus, the two connected general research questions (Punch, 2006) steering the research at hand are:

To what extent does the perspective on corporate social responsibility differ within varieties of capitalism? What are managerial implications with regard to strategic CSR in multinational corporations?

In order to tackle this multifaceted research problem, the first step to take is providing a sound theoretical framework. The foundation for this undertaking is created by and descriptive research part which embraces an in-depth literature examination for the deployed concepts: the varieties of capitalism framework, the perspectives on CSR, as well as strategic CSR. This leads to the following specific sub-questions (Punch, 2006):

SQ 1.1.1: What is institutional theory?

SQ 1.1.2: What is the varieties of capitalism framework?

SQ 1.1.3: How can CSR be perceived?

SQ 1.1.4: What is strategic CSR?

Based upon this elaborate theoretical framework, connecting and interweaving the different parts by highlighting cross-cutting aspects will lead to a fitting and coherent analytical framework for the research at hand, also providing several hypotheses. The subsequent sub-question guiding this part is:

SQ 1.1.5: What is the resulting analytical framework for the perception of CSR and its strategic usage by MNCs operating in different varieties of capitalism?

As shown by both the research questions and the related figure above, the research can then be divided into two parts: the first one of these parts focuses on the relationship between the independent variable – which is the kind of apparent market economy – and the dependent variable – which is the perspective on CSR, as well as MNC managers' perception of strategic CSR. The respective sub-questions steering this sub-part of the first general research question (**To what extent does the perspective on corporate social responsibility differ within varieties of capitalism?**) are:

SQ 1.2.1: How do business students in different VOC perceive CSR?

SQ 1.2.2: How would business students in different VOC use CSR strategically?

SQ 1.2.3: How do MNC managers in different VOC use CSR strategically?

The second part of the research at hand subsequently focuses on the analysis and interpretation of the empirical results retrieved in the first sub-part, guided by the second general research question: **What are managerial implications with regard to strategic CSR in multinational corporations?**

Finding answers to this question results in a section of advisory conclusions to MNCs.

Table 1 offers a compressed overview of the structure of this research, of the tactics how to deal with the different sub-parts methodologically, as well as the research objectives that are aimed at with each of the sub-parts. Some information visible in the table has not discussed yet (e.g. the country selection for both the quantitative and the qualitative research), but further elaboration is given in chapter 3 “Research Methodology”.

Table 1: Overview of the research set-up

SUB-QUESTION	RESEARCH METHODS	EXPECTED OUTPUT
FIRST PART: TO WHAT EXTENT DOES THE PERSPECTIVE ON CORPORATE SOCIAL RESPONSIBILITY DIFFER WITHIN VARIETIES OF CAPITALISM?		
Part 1.1		
What is institutional theory?	Literature review	Description of institutional theory
What is the varieties of capitalism framework?	Literature review	Description of liberal market economies versus coordinated market economies
How can CSR be perceived?	Literature review	Description of the shareholder value perspective versus the stakeholder values perspective
What is strategic CSR?	Literature review	Description of strategic CSR
What is the resulting analytical framework for this research?	Theoretical contextualization and analytical framework	Connection and contextualization of the four above concepts → Formulation of hypotheses
Part 1.2		
How do business students in different VOC perceive CSR?	Quantitative survey among business students in GER, NL, CA and US	Getting a picture of how (future) business actors are influenced by their institutional setting with regard to their CSR perception and whether there are differences between LMEs and CMEs

How would business students in different VOC use CSR strategically?	Quantitative survey among business students in GER, NL, CA and US	Insight into potential strategic usage of CSR → Answer to the question whether CSR should be a MNC's global strategy or whether it needs to be locally responsive, as well as its prioritization
How do MNC managers in different VOC use CSR strategically?	Qualitative interviews with MNC managers in GER, NL, CA and US (preferably CSR managers)	Insight into actual managerial CSR practices and their strategic contextualization → Answer to the question whether CSR should be a MNC's global strategy or whether it needs to be locally responsive, as well as its prioritization
SECOND PART: WHAT ARE MANAGERIAL IMPLICATIONS WITH REGARD TO STRATEGIC CSR IN MULTINATIONAL CORPORATIONS?		
	Mixed methods analysis of both research strands' findings	Conclusions can lead to the provision of a "best-practices" framework that shows MNCs how to behave in their cross-border operations with regard to the strategic use of CSR

As the above table shows, the next chapter presents the theoretical framework on which the research at hand is based. At its end, several hypotheses will be introduced which aim to help answering the general research questions.

2. THEORETICAL FRAMEWORK

To succeed, every research project needs a sound theoretical framework as its fundamentals. In the case at hand, several theories and concepts need to be interconnected in order to create a suitable theoretical framework for the research to be conducted: guided by the earlier introduced specific sub-questions 1.1.1 to 1.1.4, this chapter will conclude by answering sub-question 1.1.5 “*What is the resulting analytical framework for the perception of CSR and its strategic usage by MNCs operating in different varieties of capitalism?*” on the basis of a thorough descriptive literature desk research.

Beginning with roughly presenting institutional theory, the chapter then describes the varieties of capitalism framework. Subsequently, the concepts of CSR perception, as well as strategic CSR are being introduced. In the end, a fitting theoretical framework for the research project at hand is provided by putting those sub-parts into context.

2.1 Institutional theory

According to institutional theorists, MNCs “face challenges in strategically locating themselves and adapting to the diversity of institutions across countries and regions” (Jackson & Deeg, 2006, p. 540), which is why an elaboration on and analysis of their institutional contexts as external environment is of huge importance. Institutions are thus influential and determinant factors for the strategic behavior of organizations (Argandoña & Hoivik, 2009; Hoskisson, Eden, Lau, & Wright, 2000; Williams & Aguilera, 2008), as corporations should conform to these apparent rules and requirements to increase “their legitimacy, resources and survival capabilities” (Kondra & Hinings, 1998, p. 744). This perspective is strongly supported by North (1990) who states that the influence of institutions on “the performance of economies is hardly controversial” (North, 1990, p. 3).

The term ‘institution’ in this respect includes both formal and informal “rules of the game in a society” (North, 1990, p. 3), or, in other words, institutions are “humanly devised constraints that shape human interaction” (North, 1990, p.3). These “regulative, normative, or cognitive parameters” (Scott, 1995, in Jackson &

Deeg, 2008, p. 541) are supposed to be distinct in different economies and therefore force corporations to adapt to the institutional context which is created by the sum of existing institutions (Amann & Anger, 2006; Hansen, 1999; Narayanan & Fahey, 2005). Examples for formal institutions are the judicial and political system, while informal institutions can come in the form of societal rules or shared beliefs, for instance.

Institutional theory offers three different ways of interpreting institutions and their influence on companies' behaviors with regard to making economically rational and strategic decisions in a specific national institutional context. As offered in international business literature, institutional approaches can see institutions as either restrictions, or distance, or resources (Jackson & Deeg, 2008).

Seeing institutions as restrictions means that they create transaction costs for MNCs which plan to enter a new market, as adaptation is necessary in order to fit the firm strategy to the host country institutional context; therefore, corporations are supposed to make market entry decisions primarily based on the fact which market necessitates the lowest transaction costs due to its degree of market development (Jackson & Deeg, 2008).

Seeing institutions in terms of distance refers to a company's necessity to fit its strategy to a host country's institutional context by conducting pair-wised comparisons to derive the degree of distance between home and host country institutions; the closer these compared institutions are to one another, the easier and more attractive it is for companies to enter a respective new market due to enhanced transferability and lower costs (Jackson & Deeg, 2008).

Seeing institutions as resources approaches the question of how firms strategically adapt themselves to the circumstances in host countries' markets differently: rather than regarding institutions as restrictions and costs, the fit of strategy with the institutional context which is apparent in a respective host country is essential for optimally exploiting or complementing existing resources; therewith, institutions are seen as sources to "create opportunities" (Jackson & Deeg, 2008, p. 543). Hence, the latter institutional approach qualifies as the best fit for this theoretical framework (McWilliams, Siegel, & Wright, 2006).

2.2 *The varieties of capitalism framework*

The varieties of capitalism approach, stemming from institutional theory assumptions, has become a very prominent approach when it comes to analyzing comparative capitalism over the last decade, thereby becoming the general fixture of the recent capitalism debates (Bieling, 2009). The VOC approach has often been criticized for its simplicity or the wrong way of terming the two types of market economies (LMEs and CMEs), and thus it has been labeled as an approach of limited validity by various authors (Ahrens & Jünemann, 2007; Crouch, 2009; Hancké, Rhodes, & Thatcher, 2009; Howell, 2003; Jackson & Deeg, 2006; Kenworthy, 2009; Taylor, 2009; Watson, 2003). Especially the wording in respect of ‘liberal’ is debatable, as it cannot necessarily be put into direct reference to economic liberalism. As shall be seen in the forthcoming elaborations, LMEs naturally comprise several characteristics of economic liberalism, but there are those additional dimensions included in which LMEs might potentially deviate from or extend the original economic liberalist perspective, such as the relationships between employers and employees with regard to vocational training and education. While economic liberalism can be said to be concerned with the overall market conditions, the ‘liberal’ in LMEs is also strongly focused on internal corporate facets.

Nevertheless, the very basic way of classifying states as either LMEs or CMEs has proven to withstand the critics by offering “a very sophisticated, holistic, and easily understandable picture of the institutional complexity of advanced capitalism” (Nölke & Vliegenthart, 2009, p. 670). This is due to the critics’ various struggles to come up with alternative consistent indicators for corporatist systems apparent in other countries than LMEs or CMEs (Pistor, 2005). The VOC approach presents itself as an especially attractive one for firm-centered comparative analyses as its “reliance on conceptual tools borrowed from economics seem[s] able to fit this *Zeitgeist* better than other approaches” (Bohle & Greskovits, 2009, p. 355), making it a “landmark contribution” (Walker, 2010, p. 146) to comparative capitalism literature.

The “dualist” (Crouch, 2009, p. 79) VOC approach was introduced by Hall and Soskice (2001) in order to overcome the neglect of the impact of national institutional contexts on economic actors’ behavior in neo-classical and subsequent neo-liberal theories (Hoffmann, 2003). However, Hall and Soskice did

not stop there. Furthermore, they regard established institutional theories as incomplete in so far that they do not see institutions adequately, or rather to their full extent. “One sees institutions as *socializing agencies*” (Hall & Soskice, 2001, p. 5), another regards them “as a *matrix of sanctions and incentives*” (Hall & Soskice, 2001, p. 5), while yet another approach bases institutions’ effects on its respective distribution of *power* (Hall & Soskice, 2001). Still, what is lacking for Hall and Soskice in these approaches is the acknowledgement that the behavior of economic actors is centrally influenced by the ways in which institutions condition *strategic interactions* (Hall & Soskice, 2001), thus regarding “them also as resources” (Hall & Thelen, 2009, p. 253).

In pursuing a firm-centered approach, the VOC approach takes a relational view of the firm, which deals with the question how companies overcome “coordination problems central to their core competencies” (Hall & Soskice, 2001, pp. 6-7). Therefore, five spheres are chosen in which companies need to develop internal and external relationships: *industrial relations*, *vocational training and education*, *corporate governance*, *inter-firm relations*, and the *internal structure* (Hall & Soskice, 2001). The relational perspective stems from Dyer and Singh’s (1998) theory that “idiosyncratic interfirm linkages” (Dyer & Singh, 1998, p. 661) are crucial to corporations’ competitive advantages, as they are essential to optimally exploiting corporations’ resources. In this sense, it is also important to extend the original resource-based view in such a way that resources can also be seen as shared by several corporations. Only by jointly using them will there be both relational rents and internal rents for each corporation involved in this relational approach (Lavie, 2006).

In their process of strategizing, corporations hence need to consider both the internal and external context with regard to relations. This shows that the VOC approach can be closely connected to Pettigrew and Whipp’s (1991) elaborations on the four interacting parts of strategy: content, process, internal context and external context (also in: Webb & Pettigrew, 1999).

The VOC authors thus conclude that the comparison of different national political economies can be based on “the way in which firms resolve the[se] coordination problems” (Hall & Soskice, 2001, p. 8), leading to the introduction of two ideal type market economies: the liberal kind and the coordinated kind.

In LMEs, competitive market arrangements and hierarchies are the primary influences of companies' activities. Market institutions, such as the equilibrium of supply and demand in a national market, are "highly effective means for coordinating the endeavors of economic actors" (Hall & Soskice, 2001, p. 8) in national capitalist systems that are labeled liberal.

In CMEs, the dependence of businesses on non-market relationships and information-sharing networks in order to be active and survive in the respective markets and to create and develop their core capabilities is emphasized (Hall & Gingerich, 2004). Therefore, equilibria stemming from strategic interactions among companies and other relevant stakeholders are the primary influences of companies' activities in CMEs (Hall & Soskice, 2001).

Among the large OECD countries, LME countries are generally all "Anglophone" (Crouch, 2009, p. 79) countries, thus Australia, Canada, Ireland, New Zealand, United Kingdom (hereafter UK), and the United States (hereafter US). CMEs are generally most Nordic and middle-European countries, such as Austria, Belgium, Denmark, Finland, Iceland, Germany, the Netherlands, Norway, Sweden and Switzerland, as well as Japan (Hall & Soskice, 2001; Kenworthy, 2009; Schneider, 2009).

As the VOC approach stems from institutional theoretical roots, Hall and Soskice (2001) hold that the respective mode of coordination employed by companies in any national economic setting is dependent from its institutional support. Due to path dependency, historical choices are determinant for the status quo of the respective political economy that is apparent in the different nations (Bieling, 2009). These institutional varieties subsequently influence firms' behavior in these distinct environments, thus leading to varieties in their strategies as well (Hall & Thelen, 2009; Jackson & Deeg, 2008).

The institutional context that is present in the different nations hence establishes a stable and rigid environment with "inelastic" (Fioretos, 2001, p. 220) institutional preferences of economic actors due to institutional complementarities (Hall & Gingerich, 2009; Hoffmann, 2003), thereby making change and interchangeability of any sorts difficult and presumably problematic owing to its outreach. This point is especially supported by Hoffmann's (2003) and Royo's (2009) analytical conclusions that a possible convergence towards the LME model is improbable due to different institutional contexts. Institutional change is, at most, incremental

(Fioretos, 2001; Hall & Gingerich, 2004; Hall & Soskice, 2001), which consequently reinforces the differences between LMEs and CMEs (Hall & Soskice, 2001). These circumstances lead to the VOC approach's prediction of "systematic differences in corporate strategy across nations" (Hall & Soskice, 2001, p. 15), and more specifically, "across LMEs and CMEs" (Hall & Soskice, 2001, p. 16).

Going back to the five spheres introduced earlier, Hall and Soskice (2001) display those systematic differences between companies in LMEs and CMEs that build the groundwork for their distinct corporate strategies.

With regard to *corporate governance*, LME firms have the main objective to sustain, and optimally maximize, their profitability. This is due to the fact that LMEs link a corporation's access to capital and its ability to resist any kinds of takeover to its current financial status. Moreover, Hoffmann (2003) states that LME firms in this respect are often highly dependent on their short-term returns due to their frequent stock market engagement. In this aspect, CME companies can remain more comfortable, as CME financial systems provide firms with access to capital independent of their current profitability. By the means of generically used long-term credits (Hoffmann, 2003), as well as other forms of "patient capital" (Hall & Soskice, 2001, p. 22), CME corporations can more steadily ship through stormy economic waters (Hall & Soskice, 2001). These assumptions are further supported by the way the German and the US governments have handled the recent economic crisis: while companies in Germany (especially export-oriented corporations) have been granted state aid financial supports in order to stabilize the economic market by guaranteeing the liquidity of industry players, the US government has focused rather on directly helping crisis-affected citizens, e.g. by the means of tax reductions, thereby aiming at a sustained demand by consumers (Widmann & Berentzen, 2011).

Another facet of a company's *corporate governance*, which is labeled by Vitols (2001) as a "key concern" (Vitols, 2001, p. 337) of the VOC approach, is highlighted by Hoffmann (2003), as he sheds light on the question of ownership of a company: while ownership is the central theme in LME firms, and thus shareholders usually hold the decisive power, investing shareholders in CME firms (as long as they even exist besides those commonly used long-term credits) mostly voluntarily take in the position as one of many stakeholders involved. The

elaboration on these aspects significantly shows the relevance of these external relationships for corporations in respect of their strategic directions.

The aspect of *vocational training and education* is determined by the distinct approach to employment strategies in CMEs and LMEs and hence deals with the relational set-up for corporations in their internal contexts. While CME companies favor long-term employment strategies and thus focus on a high-skilled labor force, there are highly fluid labor markets in LME countries, leading to increased employment insecurity. While CME firms invest in their employees in order to increase their value and bind them with specific knowledge and skills, LME firms focus on a general skill set of their employees, therefore placing emphasis on a high degree of interchangeability (Hall & Soskice, 2001).

Also the *internal structure* differs starkly between LME and CME companies: instead of the usual unilateral control over the firm top management in LME corporations holds, CME corporations put emphasis on an internal structure that aligns managers' and employees' incentives alike (Hall & Soskice, 2001). Naturally, these facets also contribute to the internal relational context of corporations, while the two forthcoming dimensions treat aspects of corporations' external relationships again.

Concerning *industrial relations*, LME countries depend more heavily on macroeconomic policy and market competition to control wages and inflation, as economy-wide wage-setting through industry-level bargains between trade unions and employer associations, as it is the case in CME countries, is uncommon (Hall & Soskice, 2001).

With regard to *inter-company relations*, the aforementioned dependence of businesses on non-market relationships and information-sharing networks in CMEs is the main distinguishing factor. While LME firms engage in standard market relationships (Vitols, 2001) and enforceable contracts in which technology transfer is merely relying on the fluid labor markets, CMEs aim for a cultivation of "inter-company relations of the sort that facilitate the diffusion of technology" (Hall & Soskice, 2001, p. 26) across the respective economic sectors.

These five spheres described above clarify that the essence of the VOC approach is primarily focused on institutional prerequisites and arrangements in economic issues, and their institutional complementarities that lead to an overall institutional context for economic processes (Bieling, 2009). According to Hall and Soskice

(2001), one means with institutional complementarities that the interaction of two or more single institutions results in increased levels of efficiency of those single institutions (Bohle & Greskovits, 2009), meaning that an institutional context can be more than the mere sum of its included institutions (Walker, 2010). Therefore, institutions should not and cannot be studied in an isolated fashion (Goyer, 2006; Nölke & Vliegenthart, 2009) but as a holistic context embracing both corporations' internal and external relations (Pettigrew & Whipp, 1991; Webb & Pettigrew, 1999).

2.3 Perspectives on CSR

In staying in line with dualist approaches, there are two perspectives of how to look at CSR and how to contextualize the concept. It can be closely connected to the organizational purpose. While on the one hand some hold a shareholder value perspective, on the other hand some hold a stakeholder values perspective.

To put it in a nutshell, the shareholder value perspective is strongly directed at generating and maximizing profit for a corporation's owners (De Wit & Meyer, 2010). This is the only given objective; if this aim can be achieved whilst contributing to the improvement in societal matters and thus also taking into account other stakeholders' interests, CSR activity is wishful as well, but not a moral obligation.

The stakeholder values perspective, as a contrasting view, sees corporations as coalitions between stakeholders aiming at generating added value for all stakeholders involved (De Wit & Meyer, 2010). This means that profitability needs to be balanced with the responsibilities towards all other stakeholders.

2.3.1 Shareholder value perspective

For advocates of the shareholder value perspective, profitability proceeds responsibility. This is due to their perception of corporations as being "instruments whose purpose it is to create economic value" (De Wit & Meyer, 2010, p. 608) for their owners, thus including shareholders, and "to do so legally and with integrity" (Rappaport, 1998, p. 5).

As the perspective's title suggests, shareholder value is the ultimate measure of economic success (Jurgens, Berthon, Papania, & Shabbir, 2010; Zimmermann,

1998). For this, “the dividends plus the increase in the company’s share price” (Rappaport, 1986, p. 622) are the key data in order to determine the shareholder value that is being generated by a corporation (Rappaport, 1986), even though some proponents argue for a broader sense of the term ‘shareholder value’: for them, also other motives of shareholders should be considered in the equation, such as security, prestige or personal attachments (Zimmermann, 1998). The focus of the shareholder value perspective is thus sharply focused on short-term returns (Rappaport, 2006). Still, companies seem to face a dilemma: despite the economic success being ultimately measured by short-term returns to the shareholders, managers are also obliged to take into consideration what serves best in terms of shareholders’ long-term interests (Rappaport, 2006). In the attempt of combining these contradicting goals by pursuing “value-creating growth” (Rappaport, 2006, p. 76), a managerial pitfall of the shareholder value perspective can occur: the need for management to focus on shareholders’ and owners’ interest bears the risk of the so-called principal-agent problem: as the corporation’s ownership and its managerial control are usually separated, it is difficult to make managers serve the owners’ and shareholders’ interests instead of their own goals motivated by self-interest (De Wit & Meyer, 2010; Rappaport, 1998). Thus, corporate governance should be conducted by “independent-minded outside directors” (De Wit & Meyer, 2010, p. 608) who – optimally – also hold shares of the respective corporation’s stock themselves.

For proponents of the shareholder value perspective, social responsibility is not an organizational matter. Topics falling into this category (for instance employment, environment, local communities) are concerns for individuals and governments (Friedman, 1970). This facet is closely connected to the notion of members of the shareholder value perspective’s camp that society is best served by corporations when those pursue self-interest in terms of economic efficiency (De Wit & Meyer, 2010). This means that a firm’s survival and economic well-being are important for general society as well, and those goals can only be achieved by maximizing shareholder value (Rappaport, 1998). According to Rappaport (1998), if that would not be the case and a corporation ceases to exist or to create value due to an economically weak position, all of the corporation’s stakeholders were vulnerable as well.

The mere focus on shareholder value creation nevertheless does not exclude stakeholder management *per se*: though, from the shareholder value perspective, stakeholder relations management rather has the purpose of gathering information on constraining factors for the corporation, and is therefore viable for the company's strategy process (Zimmermann, 1998). However, it is important to mention here that paying "attention to stakeholders does not mean that it is the corporation's purpose to serve them" (De Wit & Meyer, 2010, p. 609).

2.3.2 Stakeholder values perspective

At the other end of the debate, the stakeholder values perspective builds its camp of proponents. For them, responsibility proceeds profitability: as a corporation should be regarded as "a coalition between various resource suppliers" (De Wit & Meyer, 2010, p. 610), organizations are seen as joint ventures which aim at creating and maximizing common value to all parties – or better referred to as stakeholders – involved in the process (De Wit & Meyer, 2010; Freeman, 1984). Nevertheless, Freeman (1984) notices that the stakeholder values perspective always implies a certain extent of voluntarism, as otherwise it would not be able to be applied.

Success of a corporation is measured by stakeholder satisfaction. Therefore, stakeholder management and exchange is a vital and inevitable part of a corporation's strategy process: managers need to be aware of "their responsibility towards all constituents" (De Wit & Meyer, 2010, p. 611), as stakeholders are key groups – as Freeman (1984) put it – "without whose support the organization would cease to exist" (Freeman, 1984, p. 31). Hence, stakeholder management is supposed to be both an end and a means in the stakeholder values perspective (De Wit & Meyer, 2010; Zimmermann, 1998), and managers should be morally obliged to serve all of respective corporation's stakeholders (Hillman & Keim, 2001). In this sense, Freeman follows the stakeholder definition as proposed by general corporate social responsibility literature: by including non-traditional stakeholders, which are said to have mostly "adversarial relationships with the firm" (Freeman, 1984, p. 38), the emphasis clearly shifts towards other focal points, such as society or employees, instead of merely satisfying shareholders (Freeman, 1984). For managers, it is thus essential to do more than just identifying a corporation's stakeholders and instead seriously take into account

many stakeholders' views in order to guarantee a firm's success (Werther & Chandler, 2010) – both “in the current and future environment” (Freeman, 1984, p. 52). This aspect highlights that the stakeholder values perspective employs a rather long-term view on a company's strategic undertakings. If the dialogue with stakeholders is executed effectively, Hillman and Keim (2001) forecast a company's long-term value creation by the means of intangible resources, which – according to Barney's (1991) resource-based view of the firm – are an essential ingredient for sustainable competitive advantage over competitors.

In this respect, the major challenge for a company's management is to balance and prioritize the interests of its various stakeholders adequately. To the perspective's advocates, such an approach will ultimately result in a more effective form of corporation (De Wit & Meyer, 2010). How narrow or wide management defines its circle of stakeholders is debatable even among supporters of the stakeholder values perspective (Zimmermann, 1998). Some propose including only those actors surrounding a corporation which actually have a risk of some sort in interacting with the respective corporation (Werther & Chandler, 2010), such as suppliers, customers or employees, which are commonly labeled ‘primary stakeholders’; others would like to broaden the scope by further including so-called ‘secondary stakeholders’, such as the general society, activist groups or the media (De Wit & Meyer, 2010; Freeman, 1984; Zimmermann, 1998).

In line with the general thought of including all stakeholders involved in a corporation's undertakings, the perspective at hand also regards society best served when joint-interests are being pursued: society will benefit most when a company and its stakeholders join a form of “economic symbiosis” (De Wit & Meyer, 2010, p. 614).

Also for corporate governance, stakeholder management is highly important: either the board of directors is able to judge over the proposed balance of stakeholders' interests (De Wit & Meyer, 2010), or there should even be representatives of the most important stakeholder groups on the board themselves (Turnbull, 1994). Moreover, corporations are advised to promote and foster internal policy processes aiming at ameliorating “ethical behaviour and responsiveness to societal issues” (De Wit & Meyer, 2010, p. 612).

Proponents of the stakeholder values perspective regard social responsibility as both an individual and an organizational matter. Due to the fact that corporations

are run by people, they do not see a reason or a possibility to separate these two issues (De Wit & Meyer, 2010). Furthermore, the isolation of economic issues from societal ones “misses the mark both managerially and intellectually” (Freeman, 1984, p. 40), thereby directly contradicting sharply with the shareholder value perspective’s proponents Rappaport and Friedman.

2.4 Strategic CSR

The concept of strategic CSR will be based on a definition of CSR that has been established in an earlier project by the author of this research:

“Corporate social responsibility is a concept embedded in the idea of sustainable development which embraces all those actions, operations and initiatives by businesses that contribute to an improvement of social and environmental issues by voluntarily going beyond the corporations’ legal obligations. Such undertakings have to be in line with the businesses’ legal, ethical and philanthropic responsibilities, besides the given economic ones. Thereby, they have to reflect the needs and interests of all their relevant stakeholders, including customers, employees, investors, the general community and the environment.” (Esken, 2011, p. 28).

Esken’s definition is an attempt to combine common aspects throughout the literature on conceptualizing and defining CSR¹. Due to the dynamic characteristic of the “still emergent” (Williams & Aguilera, 2008, p. 452) concept it is difficult to establish a commonly agreed upon definition, therefore integrating the most frequently used and shared facets of the various definitions of the concept of corporate social responsibility seemed to be the best possible way in this respect. As further becomes clear from the above definition, the CSR concept is a very broad and complex one that covers ever-evolving fields (Matten & Moon, 2008).

Departing from this working definition of CSR in general, the question that needs to be answered subsequently is what makes companies’ CSR actions strategic?

¹ For a more elaborated in-depth description of the CSR concept including its evolution over the last six decades, I advise you to consult the works of Carroll (1979, 1999) and Dahlsrud (2008).

Strategic CSR represents the “intersection” of CSR and strategy (Werther & Chandler, 2010, p. 86). Hence, it regards the resulting interdependence between society and the corporation as a “win-win-win situation for society, businesses and customers” (Guzmán & Becker-Olsen, 2010, p. 197), as the corporation’s values and strategic objectives are aligned with societal issues (Burke & Logsdon, 1996; Guzmán & Becker-Olsen, 2010), which moreover should also be the case vice versa (Porter & Kramer, 2006).

Both the CSR concept as well as strategic management deal with “a company’s relationship to the environment in which it operates” (Nussbaum, 2008, p. 8), which makes the circumstances for the incorporation of CSR into a corporation’s strategy favorable: while strategy is concerned with firm performance within its external environment by internally aligning the apparent external factors, CSR focuses on how a corporation can and should affect its stakeholders strategically (Burke & Logsdon, 1996; Mohan, 2006; Nussbaum, 2008). Key factors for success in this respect are that a corporation’s CSR activities are both proactive and visible. These characteristics (as well as being central to the corporate strategy and articulated specifically) are especially helpful for a corporation’s brand management (Burke & Logsdon, 1996; Guzmán & Becker-Olsen, 2010; Werther Jr & Chandler, 2005; Werther & Chandler, 2010).

Strategic CSR can nevertheless only be established in a corporation that makes “social impact a part of its overall business strategy” (Guzmán & Becker-Olsen, 2010, p. 202), based upon voluntarism (Husted & Allen, 2007; Werther & Chandler, 2010). In the long term, such integration is supposed to lead to a sustainable competitive advantage for the corporation (Nussbaum, 2008; Werther & Chandler, 2010), and therefore is – in comparison to ethical and altruistic CSR – the most “admirable” (Lantos, 2001, p. 608) solution for corporations, as the corporation sustainably benefits from its CSR engagement (Husted & Allen, 2007; McWilliams, et al., 2006; Muruganantham, 2010). Nevertheless, Doane (2005) highlights that “short-term financial returns and long-term social benefits” (p. 25) cannot both be delivered by the market at the same time, as “CSR does not give immediate results” (Muruganantham, 2010). Still, in current times corporations might have to stress further aspects of their undertakings other than their financial performance as well (Dima Jamali, Safieddine, & Rabbath, 2008).

Whether strategic CSR is in most cases a mere “profit-maximization strategy motivated by self-interest” (Baron, 2001, p. 10), or whether the concept is primarily characterized by philanthropic motivation (Lantos, 2001) remains a point of vivid discussion among academics shedding light onto strategic CSR, as it clearly presents “firm behaviors with *dual* intentions” (Ramachandran, 2011, p. 286).

2.5 Analytical framework

So, how exactly can the concepts described earlier be merged to create a useful analytical framework that sustains this research project? In the following paragraphs, connections and interweavements will highlight the cross-cutting aspects between institutional theory, the varieties of capitalism framework, the perception of CSR and the strategic employment of CSR. Other respective literature will be taken into account as well, thereby providing a fitting theoretical background for the study at hand. Several hypotheses will emerge from these elaborations.

Feeling the way along six cross-cutting subjects, the subsequent part will tackle the following areas: the prioritization of CSR, the justification for CSR, the ownership and purpose of a company, the role of different stakeholder groups, the global characteristic of CSR, and the integration of CSR into a firm’s strategy.

Stemming from the previous elaborations on the VOC framework and the theoretical background concerning the differing perceptions of the CSR concept, these are the three hypotheses which guide the overall research:

- *H1: There is a different perception of CSR between LMEs and CMEs.*
- *H2a: LME companies adopt a shareholder value perspective.*
- *H2b: CME companies adopt a stakeholder values perspective.*

These main hypotheses also strongly serve as an assumption for the forthcoming hypotheses. Therefore, these three will be examined in the end, as they can only be answered based upon the outcomes of the other analyses.

2.5.1 Prioritization of CSR

Institutional theory states that the apparent national institutional context influences firm strategies, as well as the general society's behaviors (Jackson & Apostolakou, 2010). Moreover, these institutional influences come from both the host country institutions and the home country institutions (Amaeshi & Amao, 2009). This means that institutions – as they are the “rules of the game in a society” (North, 1990, p. 3) – determine the needs of society. In order to successfully exploit the institutional pre-requisites, companies consequently need to take into consideration what society as one of their stakeholders demands.

The choice of companies with regard to their primary focus in CSR matters might echo this chain of causation: if governmental regulations and policies already demand a high level of a company's delivery in either social or environmental matters, there might not be a lot of resources for companies to become active in the respective area themselves (Argandoña & Hoivik, 2009). Therefore, the higher a government's legal requirements for e.g. environmental protection are, the higher should be the probability that a company acting in this institutional context will try to distinguish itself from competitors by implementing CSR initiatives and projects that are concerned with social issues (Hansen, 1999; Meyer, 2011). Such strategizing can be explained by the resource-based view that states that a corporation should aim at using the institutional setting for creating a sustainable competitive advantage (Barney, 1991; Falkenberg & Brunsæl, 2011; Maltz, Thompson, & Ringold, 2011; McWilliams, et al., 2006). Furthermore, corporations also need to identify potential CSR activities that might be a “strategic necessity” (Falkenberg & Brunsæl, 2011, p. 11).

With regard to the VOC framework, we can go even one step further in predicting how companies prioritize CSR topics. While there is a high degree of governmental requirements in both the social and the environmental sector in CMEs – which is an apparent sign of the high level of the so-called “implicit” CSR (Jackson & Apostolakou, 2010; Matten & Moon, 2008), LMEs' governments rather shed the light onto environmental protection (Amann & Anger, 2006; Williams & Aguilera, 2008). Hence, LME companies seem to have more potential for becoming active in social matters due to the fact that the status quo of legal requirements is lower than the one in CMEs – a sign of the so-called “explicit” CSR culture being apparent in LMEs (Jackson & Apostolakou, 2010;

Matten & Moon, 2008). This estimate is supported by Rappaport's (1998) notion that the shareholder value perspective conflicts sharply with the long-standing tradition of social welfare in Europe (Argandoña & Hoivik, 2009).

→ *H3a: In LMEs, companies prioritize social issues over environmental ones.*

→ *H3b: In CMEs, companies see social and environmental issues as equally relevant.*

2.5.2 Justification for CSR

The shareholder value perspective primarily focuses on a company's profit maximization and its financial returns to its shareholders. Therefore, it is very unlikely that owners and shareholders would appreciate CSR actions that do not guarantee economic benefits in return (Rappaport, 1998). In some cases, non-economic benefits may be tolerated, for instance when the improvement of a company's image indirectly links CSR actions with consequential economic benefits stemming from such image polishing, or an increase in employee motivation (Weber, 2008). Overall, the shareholder value perspective – which is assumed to be found in LMEs – focuses on tangible short-term financial returns. This can also be connected to the wide-spread “hire and fire” mentality in LME companies: here, firms equip their work force with a mere general skill set and thereby emphasize a high degree of interchangeability and fluctuation in the job market. CME firms, on the other hand, usually invest in their employees and their well-being to foster a long-term relationship with their employees to bind them and their specific knowledge and skills (De Wit & Meyer, 2010). This aspect shows that companies in CME countries – by employing the assumed stakeholder values perspective – are obliged to think more in the long term. Furthermore and more importantly, they need to take into consideration the various needs of other stakeholders, thus making profit maximization one of several interests for the company to pursue.

Therefore, CME companies may also regard CSR as a moral obligation (Argandoña & Hoivik, 2009) to themselves directly or indirectly through their interest to satisfy stakeholder needs, hence making it easier for CME firms to regard CSR also as a potential investment without return.

Strategic CSR theorists still offer a third path which somehow combines the best of both worlds: while CSR is regarded as a moral obligation and an essential area for companies to become involved in, a company's CSR actions are supposed to be integrated into the company's overall strategy (Del Pilar Muñoz Dueñas, 2008; Werther & Chandler, 2010). Thereby, the moral obligation should lead to economic and non-economic benefits at some point in time (Werther Jr & Chandler, 2005). Strategic CSR cannot be linked solely to either LME or CME companies: as it promises to be an investment with economic return, strategic CSR might just be the suitable way for LME firms to become engaged in CSR actions in a justifiable fashion. Still, the presumably more prominent stakeholder approach in CMEs provides a ground on which strategic CSR is more likely to be implemented than in LMEs.

→ *H4a: In LMEs, CSR measures are only justified when they bring economic benefits to the corporations.*

→ *H4b: In CMEs, CSR measures are a moral obligation for corporations.*

2.5.3 Ownership and purpose of a company

As has been described in the VOC framework, the purpose of a company is a different one when comparing the LME and CME view. CME firms are regarded as joint ventures between the company and its various stakeholders aiming at satisfying all of the involved parties' interests, while LME firms are supposed to be instruments for maximizing profitability for their owners and shareholders (Amaeshi & Amao, 2009; De Wit & Meyer, 2010; Hoffmann, 2003).

As we have learned in the descriptive section on the VOC framework, this difference stems from various subordinated differences, such as the differences between CMEs and LMEs as to firms' access to capital and their inter-company relations.

This allocation of LME firms having a mere profit maximization purpose for their owners and shareholders on the one hand, and CME firms being joint ventures attempting to satisfy the needs of all stakeholders involved on the other, can easily be linked to the different CSR perceptions as well. As the phrase already reads, the LME company's purpose is highly congruent with the shareholder value

perspective, whereas the CME company's purpose is as obviously congruent with the stakeholder values perspective.

Moreover, the question of ownership is closely related to the above disquisition, too. The LME setting with its close connection to the shareholder value perspective advances the aspect of ownership to a central theme by usually granting the company's owners and shareholders full decisive power. This is supposed to be different in the CME setting, in which shareholders often voluntarily take in the position as one of many stakeholders to the company.

Such sectioning is further supported by the research findings of Yoshimori (1995): for him, the ultimate difference between the two perspectives roots in their view of organizational ownership. While the UK and the US indeed adopt the shareholder value perspective, CMEs such as Germany rather tend towards the stakeholder values perspective. However, these countries take both shareholder and employee interests into consideration. This differentiates the mostly Western European systems from the pure stakeholder values perspective which can be found in Japan. In comparison to the Anglo-Saxon view, they qualify as advocates of the stakeholder values perspective despite the gradual reduction of limiting their focus of attention to two central stakeholders.

Yoshimori's findings are moreover closely related to the differing internal structures that are apparent in the two forms of capitalism: while CME corporations seek to align managers' and employees' incentives alike to ensure the pursuit of common goals, LME corporations usually grant unilateral control over the firm to their top managements (Amaeshi, 2008). Often, top managers are subsequently bound to their firm's best interests by being necessitated to become shareholders of their respective company, thus preventing the principal-agent problem (De Wit & Meyer, 2010).

- *H5a: LME corporations primarily have the purpose of profit maximization for their owners, shareholders and top managers.*
- *H5b: CME corporations need to find a way to combine profit maximization with CSR practices, as shareholder interests and employee interests need to be taken into consideration.*

2.5.4 Role of different stakeholder groups

The handling of different stakeholder groups is a difficult field to examine in a generalized fashion. Stakeholder management is a highly individual subject for corporations, as too many contingencies – such as the firm's industry sector or the nature of their products – influence the scope of stakeholders involved, their prioritization, as well as the way the company chooses to communicate and interact with them.

These contingencies are strongly dependent on the institutional context within which the corporation operates (Mohan, 2006; Williams & Aguilera, 2008). Hence, this research is not the right place to shed light onto this matter. Still, what can be analyzed within the scope of this research project is the interaction between corporations and two specific stakeholder groups: governments and their various organizations, and NGOs and other non-governmental organizations.

Again, the two perspectives central to this research have strongly differing views on which roles these two kinds of stakeholder groups should play when it comes to dealing with CSR matters. While the stakeholder values perspective, presumably apparent in CMEs (Amaeshi & Amao, 2009), – as for all relevant stakeholder groups – sees interaction and dialogue between a company and its respective stakeholders as a vital part of a firm's responsibilities (Chen & Bouvain, 2009; Husted & Allen, 2007; Williams & Aguilera, 2008), the shareholder value perspective, presumably apparent in LMEs (Amaeshi & Amao, 2009), contradicts sharply. For its proponents, CSR is not an organizational issue: rather, it is an individual responsibility that needs to be fostered and dealt with primarily by the government (Friedman, 1970). Although not clearly stated, it can be presumed that the same holds true for non-governmental actors (Williams & Aguilera, 2008), which should not be concerned with the private sector but solely with the public sector.

Despite this hard-line presumption, it is known that in the European context, for instance, business affiliates call for a self-regulatory approach to CSR (Matten & Moon, 2008). Such an approach leaves it to companies whether and in how far they become involved in CSR activism and stakeholder management. Instead of mandating how CSR matters need to be tackled, advocates of the so-called business case for CSR rather wish for governments to foster and support CSR measures taken by corporations voluntarily (Matten & Moon, 2008). Moreover,

even the shareholder value perspective leaves some wiggle room concerning stakeholder management: it might not be necessary to take a corporation's stakeholders' interests into consideration with regard to the firm's strategy and undertakings, but it nevertheless seems essential for corporations to know which risks, threats and limitations might arise from some of their stakeholders' standpoints (De Wit & Meyer, 2010; Rappaport, 1998).

→ *H6a: In LMEs, CSR measures are regarded as a responsibility of the government, while NGOs should be concerned with shaping public policy.*

→ *H6b: In CMEs, corporations conduct a stakeholder management which includes continuous communication with both governments and NGOs.*

2.5.5 Global characteristic of CSR (convergence vs. divergence)

In institutional theory, the two opposing trends are convergence and divergence. On the one hand, institutional convergence predicts the approximation, or potentially the full congruence, of two different institutional contexts over a certain amount of time. In most cases, convergence in this respect means that the Western institutional model exceeds another one by strongly influencing the other institutional context. Often, such a relationship of convergence is supposed to be found between a Western nation and emerging economies (Jackson & Deeg, 2008). This approach especially bears the potential to raise the bar with regard to working circumstances in emerging economies (Werther Jr & Chandler, 2005).

Institutional divergence, on the other hand, is a concept that predicts the maintenance of institutional diversity, or even further alienation. Such a trend would be the outcome of a nation's conscience of and appreciation for its own traditional institutional context. To some extent, it might even be a rebellion against the strong Western institutional model.

The CSR concept has been introduced on the international agenda as a global concept. This is due to its need to respond to problems and nuisances on a global scale. Of course, CSR might also need to tackle national, regional or local issues, but all in all, the CSR movement seeks to improve societal problems that are shared across the globe. For Argandoña and Hoivik (2009) though, "one global standard is [...] unlikely" (p. 226). This view is supported by Chen and Bouvain (2009), as well as by other authors which call the European and the US CSR-

related models “apples and oranges” (Jurgens, et al., 2010, p. 770), thus making a plea for different national strategic approaches to CSR (Amaeshi, 2008; Husted & Allen, 2006; D. Jamali, 2010; Meyer, 2011).

How business people from different countries see CSR with regard to its global characteristic is not a question that might fully depend on the institutional context they are situated in. Still, their opinion on that matter can hold viable information when it comes to the strategic alignment of CSR in MNCs: if CSR is regarded as a global concept whose trend is converging, MNCs could use CSR as a tool that can be globally standardized; if CSR is seen as a concept that is diverging, or at least non-converging, MNCs might rather need to be locally responsive by using different national strategies when approaching CSR strategically. Both approaches may also be combined with a framework to find synergies in strategically approaching CSR by fostering continuous learning by exchange and discussion among subsidiaries.

Muller (2006) nevertheless stresses a vital point in this matter by stating that for local responsiveness, corporations most likely need to engage with several stakeholders. Thus, different national strategic approaches to CSR might rather be implemented by CME corporations.

Husted and Allen (2006) make another important point: they distinguish between two kinds of CSR concepts. While the first one – global CSR – embraces issues that go beyond national boundaries, such as the protection of human rights and the environment, the latter one – local CSR – is more concerned with issues which concern a local community (Muller, 2006). It might thus also be a question of which issues a corporation wants and needs to address (Mohan, 2006).

In order to link it to the above elaborations, one can conclude that global CSR issues can normally be addressed without excessive stakeholder engagement, while local CSR necessitates the dialogue with local stakeholders in order to provide a “reactive” (Muller, 2006, p. 190) CSR strategy. Therefore, global CSR might be more prominent in LMEs, while local CSR might be more prominent in CMEs.

- *H7a: Future managers who see CSR as a globally converging concept advise MNCs to implement one common global CSR strategy in all their subsidiaries. This global CSR approach is more prominent in LMEs.*
- *H7b: Future managers who see CSR as a globally non-converging concept or as a non-global concept advise MNCs to implement different national CSR strategies in their subsidiaries. This local CSR approach is more prominent in CMEs.*

2.5.6 Integration of CSR into a firm's strategy

CSR can be interpreted in two very basic ways – at least: while some see CSR as contributing to the improvement of social and environmental nuisances and problems by using a share of the company's profits, others regard CSR as the socially responsible way of companies to generate their profits (Del Pilar Muñoz Dueñas, 2008; Muruganantham, 2010).

If the first approach is prominent in a corporation, it is unlikely that this point of view will change without external influences. Thus, companies which are not involved in CSR actions at all, or merely use a share of their profits as CSR-related sponsoring, probably will not see the need to make CSR an integral part of their overall strategy (McWilliams, et al., 2006). If the latter approach is chosen by a company, it is likely that the CSR concept is integrated into the firm's strategy, thus making the company's CSR engagement a part of profit generation and a potential source of competitive advantage (Guzmán & Becker-Olsen, 2010; Matten & Moon, 2008; Muruganantham, 2010; Werther & Chandler, 2010). This is even more probable for corporations which need to address local CSR issues (Husted & Allen, 2006).

Such potential strategic approach to CSR and the general conception of CSR as a tool and necessity to generate a company's profits can certainly be related to the VOC framework. In LME countries with the presumably apparent shareholder value perspective, companies are likely to spend a small amount of their profits for CSR-related sponsoring and funding – if at all. In CMEs, however, awareness is supposed to be higher for a corporation's need to monitor and improve the way it generates its profit by the means of CSR initiatives.

→ *H8a: In LMEs, CSR is not integrated into a corporation's overall strategy.*

→ *H8b: In CMEs, CSR is integrated into a corporation's overall strategy.*

On the grounds of the theoretical framework and the consequential analytical framework, the next chapter introduces the empirical part of this research by presenting its research methodology: the research design, the research questions, their operationalization, the sampling and data collection will be described.

3. RESEARCH METHODOLOGY

The following part of the master thesis at hand is concerned with the structure of the research project, as well as the respective research methods for each of the thesis' parts.

3.1 Research strategy: research design, data collection and sampling

The research project is an empirical research which uses a mixed methods approach. Due to its thin scientific literature background, the combination of the varieties of capitalism approach with the concept of CSR perception gives an exploratory character to this research.

The research is steered by two connected general research questions:

To what extent does the perspective on corporate social responsibility differ within varieties of capitalism? What are managerial implications with regard to strategic CSR in multinational corporations?

This research thus contains different research methodological parts. In the beginning, the theoretical framework has been developed by conducting a thorough descriptive desk research on the relevant scientific literature, thereby answering the sub-questions

- 1.1.1 *“What is institutional theory?”*,
- 1.1.2 *“What is the varieties of capitalism framework?”*,
- 1.1.3 *“How can CSR be perceived?”*,
- 1.1.4 *“What is strategic CSR?”*, and consequentially
- 1.1.5 *“What is the resulting analytical framework for the perception of CSR and its strategic usage by MNCs operating in different varieties of capitalism?”*.

Afterwards, two empirical studies will be conducted. The sub-questions

- 1.2.1 *“How do business students in different VOC perceive CSR?”* and
 - 1.2.2 *“How would business students in different VOC use CSR strategically?”*
- are answered by the means of a quantitative data analysis.

Quantitative primary data has been collected by the means of an online survey² with questions that are designed to make the values of the variables measurable. It is a self-administered survey with closed-ended questions.

In order to have a sample that is representative for the target group, multistage cluster sampling has been used. This sampling method seems particularly appropriate for this research, as it increases and guarantees the representativeness for samples of a huge target group.

Multistage cluster sampling for the research at hand has had several stages. The target group, or scientifically speaking the population (Babbie, 2007) consists of business actors with a master's degree in both LME and CME countries. In order to increase the likelihood of a satisfying return rate of the survey, the study population has been narrowed down to master students at business schools in LMEs and CMEs. Such choice for purposive sampling can be motivated by the fact that these elements are most likely the next generation of managers and thus will influence the playing field with the perception of CSR that they bring with themselves to their jobs. Moreover, these elements have a guaranteed unbiased theoretical focus on the issue at hand. The sampling frame has further been limited to four countries: two LMEs, which are Canada and the US, and two CMEs, which are Germany and the Netherlands. The country selection bases on the idea of having two country pairs which each share a border, and, more importantly, which are not based on a common continent (which is a specific reference to the non-selection of the UK). This is due to the threat of regional policies (like EU policies) potentially causing biased outcomes in the perception of CSR; hence, the above choice of countries for the sample.

To increase the representativeness of the sample, multistage cluster sampling calls for clustering, as the name already suggests. Thus, each of the countries has been sectorised into two parts – East and West. In each evolved cluster, an equal amount of business schools has been chosen to participate in the survey (the amount of chosen universities has been strongly dependent on the country size). The goal has been to get a sample size of 200 (approximately 50 respondents per country). The quantitative research strand contributes to the breadth of the study (Babbie, 2007). To gain more depth, additional qualitative research has been conducted to answer sub-questions 1.2.3 *“How do MNC managers in different VOC use CSR*

² The online survey set-up is attached as “Appendix I” at the end of the research.

strategically?”. Therefore, qualitative primary data has been collected by the means of interviews³ with MNC managers which are responsible for the topic of CSR in their respective corporations (Babbie, 2007). The decision to focus on CSR managers has two simple reasons: first, managers who are not concerned with CSR most likely would not be willing to spend time for an interview on the very matter; second, in order to gain insights in the strategic employment of CSR in MNCs, the research benefits most when focusing on those corporations that engage extensively in strategic CSR. For the interviews, CSR managers (or a position alike) of MNCs in the sample countries will be selected: by the means of a pre-selection process based on established CSR/sustainability rankings, 20 MNCs in each of the VOCs. This purposive sampling technique will be further described in the qualitative operationalization part 3.2.2.

In contrast to the tick-off questions in the quantitative survey, the interview is semi-structured with open-ended questions. This should invite the interviewees to tell a story rather than to be limited in what information they offer. In total, the interview is composed of 16 questions (including sub-questions). At the end, the interviewees were asked whether their identity could be disclosed or not. The interviews have been gathered in written form.

As stated earlier, in answering the second general research question “*What are managerial implications with regard to strategic CSR in multinational corporations?*” the author focuses on the analysis and interpretation of the empirical results retrieved in the previous parts. The integration of both research strands’ findings is expected to result in an overall conclusion that provides managerial implications for strategic CSR practices in MNCs.

For a compressed overview of the research, please consult table 1 “Overview of the research set-up” at the end of part 1.2 again.

3.2 Operationalization

The operationalization will be divided into two parts, respective to the two different methodological approaches being conducted. While the first section deals with the quantitative research strand and elaborates on the content of the online survey conducted with business master students in Canada, Germany, the

³ The interview set-up is attached as “Appendix II” at the end of the research,

Netherlands and the USA, the second section examines the content of the qualitative interviews conducted with CSR managers of MNCs in the accordant countries.

In order to provide a structured and well-arranged display of the operationalization, extensive tables are applied instead of a pure descriptive text. Such approach offers the advantage that the operationalization as a whole can be gathered in the most coherent way possible. The order of the questions does not necessarily depict the order used in the surveys or interviews, as the operationalization part rather aims at showcasing the respective categories.

3.2.1 Quantitative online survey

For the quantitative online survey, the programme *Limesurvey* has been used. It is available at the University of Twente for research purposes. The survey included six categories which are in line with the main cross-cutting subjects introduced in the analytical framework on which the hypotheses are built. Additionally, the survey embraces the categories “Pre-Knowledge of CSR” and “Personal data”.

In the category “Personal data”, the country of study is the most important information to gather: the respondents hereby determine in which VOC pool they belong. Therefore, this data set provides the allocation of respondents with regard to the independent variable of all hypotheses.

An important aspect of the online survey is its anonymity. Herewith, respondents were supposed to be motivated to answer in an honest way without thinking about how their responses might shape a certain image.

Table 2 presents three columns: the category which is addressed by the relevant question(s), the questions with respective response options, as well as the interpretation of the particular response options. This means that – if it is possible to base the response option on the theoretical framework – it is stated what the chosen response option represents with regard to CSR perception, and consequentially with regard to the presumed kind of VOC.

Table 2: Operationalization of the quantitative survey

CATEGORY	RESPONSE OPTIONS	INTERPRETATION (IF AVAILABLE)	
Pre-Knowledge of CSR	Have corporate social responsibility (CSR) or business ethics been subject to your study up to this point in time?		
	▪ No, and I have never heard of these terms.		
	▪ No, but I know about these terms.		
	▪ Yes, in my bachelor.		
	▪ Yes, in my master.		
	▪ Yes, in both my bachelor and my master.		
	▪ Other		
	In which semester of your master program are you at this point in time?		
	▪ 1		
	▪ 2		
	▪ 3		
	▪ 4		
	▪ 5 or more		
Personal data	Age		
	Gender		
	▪ Female		
	▪ Male		
	Country of study		
	▪ Canada	→ LME	
	▪ Germany	→ CME	
	▪ Netherlands	→ CME	
	▪ USA	→ LME	
Prioritization of CSR	Which issues does CSR need to address? How would you prioritize them?		
	▪ Only environmental issues		
	▪ First environmental issues, then social ones		
	▪ First social issues, then environmental ones	→ LME	
	▪ Only social issues	→ LME	
	▪ Both are equally relevant	→ CME	

Justification for CSR	With which of the following statements do you agree most?	
	▪ CSR measures are only justified when they bring economic benefits to the corporation.	→ Strong shareholder value perspective → LME
	▪ CSR measures are justified when they bring non-economic benefits to the corporation.	→ Eased shareholder value perspective → (rather LME)
	▪ CSR measures may be investments without return.	→ Eased stakeholder values perspective → (rather CME)
	▪ CSR measures are a moral obligation for corporations.	→ Stakeholder values perspective → CME
	▪ CSR measures are tools with which a win-win-win situation for society, businesses and customers can be achieved.	→ Strategic CSR approach → (rather CME)
Ownership and purpose of a company	With which of the following statements do you agree most?	
	▪ Corporations primarily have the purpose of profit maximization for their shareholders.	→ Strong shareholder value perspective → LME
	▪ Corporations have to maximize their profits, and if possible, this can be combined with CSR practices. This is only optional though.	→ Eased shareholder perspective → (rather LME)
	▪ Corporations are coalitions between stakeholders aiming at generating added value* for all stakeholders involved. * Added value in this respect has to be regarded in a broader sense, as it can go beyond the mere economic understanding.	→ Strategic CSR approach → Strong stakeholder values perspective → CME
	The scientist Yoshimori asked in 1995: "Whose company is it?" (Yoshimori wanted to know who has a say in company-related matters.)	
	▪ Its owners and shareholders	→ Strong shareholder value perspective → LME
	▪ Its owners and shareholders, and its top managers	→ Shareholder value perspective → LME
	▪ Its owners and shareholders, and its top managers, and its employees	→ Limited stakeholder values perspective → CME
	▪ Its owners and shareholders, and its top managers, and its employees, and other stakeholders	→ Strong stakeholder values perspective → CME

Role of different stakeholder groups	With which of the following statements do you agree most?					
	<table border="1"> <tr> <td>▪ Governments are the main actors for measures that need to be taken to improve so-called “CSR topics”.</td><td>→ Strong shareholder value perspective → LME</td></tr> <tr> <td>▪ Governments need to foster and support CSR measures taken by corporations.</td><td>→ Eased shareholder value perspective → Eased stakeholder values perspective → Can be both LME or CME</td></tr> <tr> <td>▪ Governments - as corporations' stakeholders - should interact with corporations in order to develop CSR practices.</td><td>→ Strong stakeholder values perspective → CME</td></tr> </table>	▪ Governments are the main actors for measures that need to be taken to improve so-called “CSR topics”.	→ Strong shareholder value perspective → LME	▪ Governments need to foster and support CSR measures taken by corporations.	→ Eased shareholder value perspective → Eased stakeholder values perspective → Can be both LME or CME	▪ Governments - as corporations' stakeholders - should interact with corporations in order to develop CSR practices.
▪ Governments are the main actors for measures that need to be taken to improve so-called “CSR topics”.	→ Strong shareholder value perspective → LME					
▪ Governments need to foster and support CSR measures taken by corporations.	→ Eased shareholder value perspective → Eased stakeholder values perspective → Can be both LME or CME					
▪ Governments - as corporations' stakeholders - should interact with corporations in order to develop CSR practices.	→ Strong stakeholder values perspective → CME					
With which of the following statements do you agree most?						
<table border="1"> <tr> <td>▪ NGOs (and other non-governmental actors) are essential stakeholders with which corporations need to interact in order to tackle CSR topics.</td><td>→ Strong stakeholder values perspective → CME</td></tr> <tr> <td>▪ NGOs (and other non-governmental actors) are important actors for shaping public policy. They should not be concerned with the private sector.</td><td>→ Strong shareholder value perspective → LME</td></tr> <tr> <td>▪ NGOs (and other non-governmental actors) simply are dispensable institutions that only complicate the policy-shaping landscape.</td><td>→ (rather LME)</td></tr> </table>	▪ NGOs (and other non-governmental actors) are essential stakeholders with which corporations need to interact in order to tackle CSR topics.	→ Strong stakeholder values perspective → CME	▪ NGOs (and other non-governmental actors) are important actors for shaping public policy. They should not be concerned with the private sector.	→ Strong shareholder value perspective → LME	▪ NGOs (and other non-governmental actors) simply are dispensable institutions that only complicate the policy-shaping landscape.	→ (rather LME)
▪ NGOs (and other non-governmental actors) are essential stakeholders with which corporations need to interact in order to tackle CSR topics.	→ Strong stakeholder values perspective → CME					
▪ NGOs (and other non-governmental actors) are important actors for shaping public policy. They should not be concerned with the private sector.	→ Strong shareholder value perspective → LME					
▪ NGOs (and other non-governmental actors) simply are dispensable institutions that only complicate the policy-shaping landscape.	→ (rather LME)					
Global characteristic of CSR	Do you see CSR as a global concept that consequently will converge, or do you think that there are national differences (that will remain)?					
	<table border="1"> <tr> <td>▪ CSR is a global concept which will converge over time.</td><td rowspan="3"></td></tr> <tr> <td>▪ CSR is a global concept which nevertheless will not converge over time due to national institutional differences.</td></tr> <tr> <td>▪ CSR should not be regarded as a global concept, as it can never converge due to national institutional differences.</td></tr> </table>	▪ CSR is a global concept which will converge over time.		▪ CSR is a global concept which nevertheless will not converge over time due to national institutional differences.	▪ CSR should not be regarded as a global concept, as it can never converge due to national institutional differences.	
▪ CSR is a global concept which will converge over time.						
▪ CSR is a global concept which nevertheless will not converge over time due to national institutional differences.						
▪ CSR should not be regarded as a global concept, as it can never converge due to national institutional differences.						

	Should a multinational corporation have one common global CSR strategy or different national approaches for its subsidiaries in case of incorporating CSR into their firm strategy?	
	▪ One global CSR strategy	→ Focus on global CSR issues → LME
	▪ Different national approaches	→ Focus on local CSR issues → CME
Integration of CSR into a firm's strategy	Should corporations incorporate the CSR concept more into their overall strategy?	
	▪ Yes	→ Strategic CSR approach → Stakeholder values perspective → CME
	▪ No	→ Shareholder value perspective → LME

3.2.2 Qualitative interviews

The qualitative interviews, which are to be conducted with CSR managers of MNCs being based in the countries relevant to this research, have a slightly different focal point. Instead of focusing on the CSR managers' perception of CSR, the interviews rather aim at learning how CSR-active corporations use the concept strategically. This is mainly due to the fact that managers who are responsible for CSR in their corporations will most likely have a biased standpoint to CSR and therefore cannot be considered representative respondents with regard to CSR perception.

Still, several questions remain the same as for the quantitative online survey in order to benefit in the analysis part from the opportunity to compare both the theory-driven and the practice-driven vantage points, and to be able to come up with sharper managerial implications in the end. For this purpose, five categories remain the same, although there are additional questions in order to stress the receipt of extensive information relevant to strategic CSR.

The category "Strategic potential of CSR" is introduced to obtain a grasp of how CSR managers evaluate the potential CSR has as a tool for gaining a (sustainable) competitive advantage.

The main difference compared to the quantitative research part, however, is that the qualitative part of the research is not considered for the testing of the hypotheses. Due to its add-on character, the qualitative data will be analyzed

without any reservation, as they most likely will not offer opinions and practices which are merely based on theoretical grounds, but have a strong practical influence.

The qualitative part is supposed to serve as a way to highlight good practices with regard to (strategic) CSR in MNCs. Therefore, purposive sampling has been conducted: only MNCs that are listed in one or more of the subsequently mentioned CSR/sustainability rankings have been contacted and asked to participate in the interview for the qualitative research strand of this research project.

In order to be contacted, CME corporations have to be headquartered either in Germany or in the Netherlands, as well as being listed in the European Good Company Ranking, which focuses on the 120 largest European companies, conducted by Kirchhoff Consult AG in 2007⁴. The European Good Company Ranking (Kirchhoff Consult AG, 2007) ranks companies on the grounds of an elaborate analysis which embraces the four main areas society, employees, environment, as well as economic performance. All of these main areas have several sub-categories which include many other aspects, thereby basically covering all topics that are crucial to strategic CSR.

LME corporations' headquarters have to be located either in Canada or the US; moreover, they have to be grade C or better in McBassi & Company's 2012 Good Company Index Report, which focuses on the 300 largest public North-American companies. The 2012 Good Company Index Report (McBassi & Company, 2012) ranks companies based on their performances in three main categories: employer, seller, and steward. In how far companies perform well in these three categories is determined by analyzing several other ranking results with regard to sub-areas that are crucial to strategic CSR.

Additionally, corporations move up in the priority of contacting when they are also listed in the Global 100 Ranking which has been conducted by Corporate Knights in 2012. The Global 100 Ranking (Corporate Knights, 2012) bases its analysis methodology strongly on the economic productivity of corporations in relation to their negative (mostly environmentally-focused) impacts, therefore only being a prioritizing facet at second instance. Besides the environmental

⁴ At the time of contacting respective corporations, the latest 2013 European Good Company Ranking had not been published yet.

productivity (revenue versus energy consumption/carbon emissions/water withdrawal/waste production), also leadership diversity, clean capitalism payment link of senior executives, taxes paid and payment ration of CEOs versus average workers are indicators for this global ranking.

Table 3 presents an overview of the operationalization of the qualitative interviews, thereby emphasizing how the different questions to be asked are being categorized.

Table 3: Operationalization of the qualitative interviews

CATEGORY	QUESTIONS
Integration of CSR into a firm's strategy; global characteristic of CSR	Is CSR an integral part in your company?
	Do you have a specific department or position for CSR?
	Is it embedded in the company strategy?
	Is it globally steered (HQ responsibility) or is it the responsibility of subsidiaries?
Strategic potential of CSR	Do you see CSR engagement as a potential source for competitive advantage?
Prioritization of CSR	Which issues does CSR need to address?
	How would you prioritize them?
Justification of CSR	How would you justify CSR measures?
	In how far does the economic factor influence your CSR engagement?
	Are CSR measures always directly linked to the company's core business?
Ownership and purpose of a company; stakeholder management	What is the primary purpose of a corporation?
	The scientist Yoshimori asked in 1995: "Whose company is it?" (Yoshimori wanted to know who has a say in company-related matters.)
	→ Whose company is it?
	How is stakeholder management pursued and organized?
	Are there prioritizations?

Role of different stakeholder groups	What role should governments have with regard to CSR?
	What role should NGOs (and other non-governmental actors) have with regard to CSR?
Personal data	Name of interviewee
	Job/Position
	Name of company
	Country of company's residence
Confidentiality	Is your information confidential, or may I openly use your and your company's name in my master thesis?

The upcoming chapters present the findings of the data analysis: all hypotheses are tested in order to offer answers to the respective research questions of part 1.2 *“To what extent does the perspective on corporate social responsibility differ within varieties of capitalism?”* and part 2 *“What are managerial implications with regard to strategic CSR in multinational corporations?”*.

4. FINDINGS IN DIFFERENT VOC

Chapter 4 of this research is dedicated to analyzing and discussing the findings based on the whole collected data set.

Part 4.1 deals with the quantitative data in order to test the hypotheses which have been put forward in part 2.5. The three guiding overall hypotheses will be addressed in part 4.1.8 in a concluding setting of the quantitative research strand. For the sub-hypotheses, the same structure as in part 2.5 will be deployed. This means that the testing of the respective hypotheses is sub-divided again into the six categories prioritization of CSR, justification for CSR, ownership and purpose of a company, role of different stakeholder groups, global characteristics of CSR, and integration of CSR into a firm's strategy.

Part 4.2 elaborates on the analysis of the qualitative data. While several questions are aligned with the content of the quantitative surveys, the main focus is corporations' approach to strategically conducting CSR.

4.1 Future managers' CSR perception and their vision to use CSR strategically

This part highlights the analysis of the quantitative data and subsequently presents the findings. The overall purpose of the quantitative research has been to mirror the theoretically-based view of future business managers in their respective countries. This is why those respondents who did not have any pre-knowledge – and therefore no theoretical understanding of the CSR concept – are not considered in the data analysis. This means that those nine respondents stating no pre-knowledge on CSR need to be subtracted from the total amount of 197 responses, thus creating a pool of 188 valid responses for data analysis.

The initial goal has been to receive approximately 50 responses per country, and thus 100 responses per VOC. The final distribution of responses divides the 188 total responses into 100 responses from CME countries (59 from Germany, 41 from the Netherlands) and 88 responses from LME countries (38 from Canada, 50 from the US). The distribution at hand and the total amount of responses is suitable as the basis for the quantitative data analysis, as it may be regarded as adequately reaching the goals set earlier in the research methodology part.

The data collection process has taken five and a half months (from January 15th, 2013 until June 30th, 2013), and has strictly followed the multistage cluster sampling rules, although being conducted in two different ways. First, the pre-selected universities (and if available, their specialized business faculties) have been contacted and asked to distribute the link of the online survey among their respective students. Thereby, an indirect way has been followed to reach the sample population, as data law in all four countries does not allow receiving direct contact information from the universities' students. Therefore, this initial technique has not generated a satisfying return rate. In a second stage, a more direct approach to reaching the students of the target group has been chosen by contacting faculties, study associations, student associations/clubs and fraternities of the respective universities via their own websites or their *facebook*® profiles. For both ways, four reminders have been sent requesting to distribute the link to the online survey again. Thus, students were supposed to receive a reminder every month.

The testing of the sub-hypotheses follows a simplistic majority-based analytical pattern: if more than 50% of the respective group of respondents have answered the related survey question in the way it has been presumed based on the analytical framework, the hypothesis in question can be confirmed; if it is less than 50%, the respective hypothesis has to be rejected. Thus, the simple majority rule is conducted.

Possible reasons for failing the assumptions that are based on the theoretical framework will be dealt with in the “discussion” section (4.1.7).

4.1.1 Prioritization of CSR

59 of the 88 LME respondents answered the question “*Which issues does CSR need to address? How would you prioritize them?*” with either of the presumed answers A3 “*First social issues, then environmental ones*” or A4 “*Only social issues*”. This means that hypothesis 3a “*In LMEs, companies prioritize social issues over environmental ones*” can be verified, as 67.05% of the LME respondents follow the hypothesized response scheme in this category.

Hypothesis 3b “*In CMEs, companies see social and environmental issues as equally relevant*” can be verified as well: 59 of the 100 CME respondents chose option A5 “*Both are equally relevant*” as response to this category's leading

question. Therewith, 59% of the CME respondents follow the hypothesized response scheme.

The respective response distribution among both the LME and CME students are inventoried in table 4. In the table, it is also interesting to observe that the two answer options which are relevant for confirming the hypotheses (A3 and A5) are the most popular responses among the whole sample of respondents.

Table 4: Prioritization of CSR in LMEs and CMEs

		Prioritization of CSR					Total
		A1	A2	A3	A4	A5	
VOC	LME	1	3	49	10	25	88
	CME	1	14	24	2	59	100
Total		2	17	73	12	84	188

4.1.2 Justification for CSR

In order to test hypotheses 4a “*In LMEs, CSR measures are only justified when they bring economic benefits to the corporations.*” and 4b “*In CMEs, CSR measures are a moral obligation for corporations.*”, we take a look at which of the five proposed statements concerning the justification for CSR the LME and CME respondents have chosen respectively.

For LMEs, the hypothesized choice in this matter is option A1 “*CSR measures are only justified when they bring economic benefits to the corporation.*” However, with 38 of the total 88 LME respondents only 43.18% follow the presumption. Hence, the initial rejection of hypothesis 4a.

If we broaden the scope of the LME hypothesis in so far as presuming that “*In LMEs, CSR measures are only justified when they bring benefits to the corporation.*”, we can add the amount of responses having chosen option A2 “*CSR measures are justified when they bring non-economic benefits to the corporation.*” as well. Adding those five responses generates a total of 43 LME respondents, which equals 48.86% of all LME respondents. Thus, even the eased hypothesis 4a needs to be rejected.

With regard to hypothesis 4b, CME respondents are supposed to choose answer option A4 “*CSR measures are a moral obligation for corporations.*” With only 21% (21/100) of the respondents following the presumption, hypothesis 4b has to be rejected.

Nevertheless, hypothesis 4b also leaves a certain wiggle room for interpretation: if option A5 “*CSR measures are tools with which a win-win-win situation for society, businesses and customers can be achieved.*” is interpreted as regarding CSR measures as a moral obligation, which – if conducted in the right way – lead to benefits for all parties involved, the option A5 needs to be added to those responses that are crucial for testing the hypothesis at hand. Then, 81% (81/100) of the CME respondents answer this category in such a way that hypothesis 4b can be verified.

Table 5 presents the distribution of responses given with regard to the matter of how CSR is justified in LMEs and CMEs. It becomes clear that the respective CSR perceptions are polarized: LME students have primarily chosen answer option A1 (38/88), while CME students have primarily answered with answer option A5 (60/100). Moreover none of the CME students picked up A1 as CSR justification, which proves the contextual influence on the respondents’ perception of CSR.

Table 5: Justification of CSR in LMEs and CMEs

		Justification of CSR					Total
		A1	A2	A3	A4	A5	
VOC	LME	38	5	3	19	23	88
	CME	0	8	11	21	60	100
Total		38	13	14	40	83	188

4.1.3 Ownership and purpose of a company

For hypotheses 5a “*LME corporations primarily have the purpose of profit maximization for their owners, shareholders and top managers*” and 5b “*CME corporations need to find a way to combine profit maximization with CSR practices, as shareholder interests and employee interests need to be taken into consideration*”, the analyses of two questionnaire categories are relevant.

The assumption is that LME respondents will choose one of the response options A1 *“Its owners and shareholders”* or A2 *“Its owners and shareholders, and its top managers”* with regard to the question of ownership of a company. 48 LME respondents chose one of the above options, thus combining for 54.55%. In this first respect, hypothesis 5a is thus verified.

When it comes to the purpose of a company, LME respondents are assumed to choose option A1 *“Corporations primarily have the purpose of profit maximization for their shareholders.”* This is however not the case: only 7 of the 88 LME respondents did so. With those 7.95% the second part of hypothesis 5a would have to be rejected. Nevertheless, option A2 *“Corporations have to maximize their profits, and if possible, this can be combined with CSR practices. This is only optional though.”* offers a very similar approach: instead of taking a hardliner position, respondents do not have to categorically neglect CSR practices, but rather see it as an optional choice as long as profit maximization is not limited. Therefore, it is very likely that most shareholder-value-minded people have chosen for option A2. Looking at the data, this is exactly what can be observed: 68 LME respondents chose option A2, thus guiding to a total of 75 of the 88 possible LME respondents. The resulting 85.23% are significant enough to verify hypothesis 5a also in its second part. Subsequently, hypothesis 5a can be confirmed.

CME respondents will presumably choose option A3 *“Its owners and shareholders, and its top managers, and its employees”* or A4 *“Its owners and shareholders, and its top managers, and its employees, and other stakeholders”* when it comes to the issue of company ownership. With a combined 82% (82/100) of all CME respondents, these two options have indeed outweighed the rest. Hence, the verification of the first part of hypothesis 5b.

With regard to a corporation’s purpose, the presumption is that CME respondents choose answer option A3 *“Corporations are coalitions between stakeholders aiming at generating added value for all stakeholders involved.”* 76 of the 100 CME respondents followed the presumption for the second part of hypothesis 5b. The 76% lead to the confirmation of the second part of hypothesis 5b, and subsequently, also to the overall confirmation of hypothesis 5b.

Table 6 presents the distribution of the responses with respect to the ownership issue of a company, while in table 7, it can be seen in which frequency the

respondents chose the possible answer option concerning the purpose of a company.

It is striking to observe that in table 6, 57 of the CME students chose answer option A4, whereas only nine of the LME respondents chose this option. Thus, one can see how different the understanding of the ownership concept is between LMEs and CMEs.

The same holds true for the distribution in table 7: with a ratio of 68 LME respondents to 15 CME respondents for answer option A2, as well as a ratio of 13 LME respondents to 76 CME respondents for answer option A3, a picture of a polarized perception of a company's purpose between LMEs and CMEs is being painted.

Table 6: Ownership of a company in LMEs and CMEs

		Ownership				Total
		A1	A2	A3	A4	
VOC	LME	25	23	31	9	88
	CME	15	13	15	57	100
Total		40	36	46	66	188

Table 7: Purpose of a company in LMEs and CMEs

		Purpose			Total
		A1	A2	A3	
VOC	LME	7	68	13	88
	CME	9	15	76	100
Total		16	83	89	188

4.1.4 Role of different stakeholder groups

Concerning the role of different stakeholder groups in the VOC framework, both hypothesis 6a *“In LMEs, CSR measures are regarded as a responsibility of the government, while NGOs should be concerned with shaping public policy”* and hypothesis 6b *“In CMEs, corporations conduct a stakeholder management which*

includes continuous communication with both governments and NGOs” contain two parts again.

LME respondents are supposed to choose option A1 *“Governments are the main actors for measures that need to be taken to improve so-called “CSR topics.”* With only 28.41% (25/88) of the LME respondents indeed choosing for answer option A1, the first part of hypothesis 6a has to be rejected. Depending on one’s interpretation, option A2 *“Governments need to foster and support CSR measures taken by corporations”* could be regarded as an eased form of the presumed shareholder value perspective in LMEs as well. In this case, 51 LME respondents could be added, combining for 76 of 88 respondents, which would be 86.36% of the LME respondents. Then, the first part of hypothesis 6a could be confirmed.

For the second part regarding the role of NGOs, it is assumed that LME respondents chose answer option A2 *“NGOs (and other non-governmental actors) are important actors for shaping public policy. They should not be concerned with the private sector.”* The second part of hypothesis 6a can be supported due to 82.95% (73/88) of the LME respondents acting accordingly.

In respect to the role of governments, CME respondents will presumably choose answer option A3 *“Governments – as corporations’ stakeholders – should interact with corporations in order to develop CSR practices.”* With 49% (49/100) of the CME respondents, the first part of hypothesis 6b has to be rejected – albeit with just the tiniest of margins. As for the LME case, answer question A2 *“Governments need to foster and support CSR measures taken by corporations”* could also be an eased form of the presumed prevalent stakeholder values perspective in CMEs (again depending on one’s interpretation). In this case, 44 CME respondents could be added, combining for 93 of the total 100 CME respondents. This significant 93% would then lead to the confirmation of the first part of hypothesis 6b.

The second part of hypothesis 6b turns out to be more obvious in its analytical results. The role of NGOs in the CME respondents’ conception is assumed to be mirrored by them choosing answer question A1 *“NGOs (and other non-governmental actors) are essential stakeholders with which corporations need to interact in order to tackle CSR topics.”* With 75% (75/100) of the CME respondents following this presumption, the second part of hypothesis 6b can be supported.

Table 8 and table 9 both build the reference framework for the above elaboration. In table 8, answer option A2 was chosen by more than half of all respondents. The role of governments, therefore, might have to be considered as a rather supportive than a leading role when it comes to CSR – independent from the respective VOC.

With regard to the role of NGOs, the numbers highlight a polarization of opinions between LMEs and CMEs again. While answer option A1 shows a distribution of ten LME respondents in contrast to 75 CME respondents, the opposite is the case for answer option A2: here, 73 LME respondents face 22 CME respondents.

Table 8: Role of governments with regard to CSR in LMEs and CMEs

		Government role			Total
		A1	A2	A3	
VOC	LME	25	51	12	88
	CME	7	44	49	100
Total		32	95	61	188

Table 9: Role of NGOs with regard to CSR in LMEs and CMEs

		NGO role			Total
		A1	A2	A3	
VOC	LME	10	73	5	88
	CME	75	22	3	100
Total		85	95	8	188

4.1.5 Global characteristic of CSR (convergence vs. divergence)

Hypothesis 7a “Future managers who see CSR as a globally converging concept advise MNCs to implement one common global CSR strategy in all their subsidiaries. This global CSR approach is more prominent in LMEs” and hypothesis 7b “Future managers who see CSR as a globally non-converging concept or as a non-global concept advise MNCs to implement different national CSR strategies in their subsidiaries. This local CSR approach is more prominent in CMEs” both have another generation of the data set as their basis. First, those

respondents of the total 188 respondents need to be identified whose answers built a specific combination: the first group consists of respondents answering the question *“Do you see CSR as a global concept that consequently will converge, or do you think that there are national differences (that will remain)?”* with answer option A1 *“CSR is a global concept which will converge over time”* and at the same time answering the question *“Should a multinational corporation have one common global CSR strategy or different national approaches for its subsidiaries in case of incorporating CSR into their firm strategy?”* with answer option A1 *“One global CSR strategy”*; the second group is defined by a combination of choosing answer option A2 *“CSR is a global concept which nevertheless will not converge over time due to national institutional differences”* or A3 *“CSR should not be regarded as a global concept, as it can never converge due to national institutional differences”* for the first of the above questions, and choosing answer option A2 *“Different national approaches”* for the second question. In a second stage, these combination groups are linked to the VOC framework.

The first group consists of 33 respondents. The assumption is that the majority of respondents in this group are LME respondents. As 75.76% (25/33) of the filtered respondents are indeed LME respondents, hypothesis 7a can be verified.

The second group consists of 112 respondents. It is presumed that the majority of these respondents are CME respondents. 61 of those 112 respondents are *de facto* CME respondents, thus making for 54.46%. Hence, the confirmation of hypothesis 7b.

The tables 10, 11 and 12 support the description of the specific data set generation for this section’s hypotheses. In table 10, the 33 respondents in the first row of the left column create the relevant group of respondents for testing hypothesis 7a, while the 112 respondents in the second row of the right column represent the group of respondents for testing hypothesis 7b.

Subsequently, table 11 and table 12 show the response relevant distributions on which the testing of hypothesis 7a and hypothesis 7b base respectively.

Table 10: Cross-tabulation of convergence/non-convergence and the level of the CSR strategic approach

		CSR strategy		Total
		Global approach	Different national approaches	
Convergence of CSR?	Yes	33	26	59
	No	17	112	129
Total		50	138	188

Table 11: Connection of the global approach to CSR and convergence in LMEs and CMEs

		Selected cases: Convergence + Global approach
VOC	LME	25
	CME	8
Total		33

Table 12: Connection of different national approaches to CSR and non-convergence in LMEs and CMEs

		Selected cases: Non-convergence + Different national approaches
VOC	LME	51
	CME	61
Total		112

4.1.6 Integration of CSR into a firm's strategy

This pair of hypotheses bases upon the usual data set generation again.

Hypothesis 8a “In LMEs, CSR is not integrated into a corporation’s overall strategy” has to be rejected: the assumption purports that LME respondents most likely answer the question “Should corporations incorporate the CSR concept more into their overall strategy?” with answer option A2 “No”. However, only 38 of the 88 LME respondents (43.18%) chose for the said answer option. This

might highlight that the majority of the LME respondents sees CSR as an essential strategic tool in the future operations of LME corporations.

In contrast, hypothesis 8b *“In CMEs, CSR is integrated into a corporation’s overall strategy”* can be verified, as 97% (97/100) of the CME respondents chose the presumed answer option A1 *“Yes”* with regard to whether corporations should incorporate the CSR concept more into their overall strategy.

In table 13, the respondents’ choices are shown on which the above elaborations base, thereby also stressing the unexpected distribution of 147 of the total 188 responses being answer option A1 again.

Table 13: Incorporation of CSR into the overall firm strategy in LMEs and CMEs

		Strategy incorporation		Total
		A1	A2	
VOC	LME	50	38	88
	CME	97	3	100
Total		147	41	188

4.1.7 Discussion of the sub-hypotheses

In this part, the primary focus is laid upon highlighting those research results that have not turned out the way the hypotheses have forecasted it based on the constructed theoretical framework. The discussion is the last set piece in order to subsequently address the guiding overall hypotheses in the upcoming part 4.1.8.

In order to enable the reader to more easily consume the outcomes of the testing of the sub-hypotheses, table 14 presents all verification statuses in a concentrated and summarizing fashion.

Table 14: Overview of the sub-hypotheses and their verification status

Hypothesis		Verified?
3a	In LMEs, companies prioritize social issues over environmental ones.	Yes
3b	In CMEs, companies see social and environmental issues as equally relevant.	Yes
4a	In LMEs, CSR measures are only justified when they bring economic benefits to the corporations.	No
4b	In CMEs, CSR measures are a moral obligation for corporations.	Partially
5a	LME corporations primarily have the purpose of profit maximization for their owners, shareholders and top managers.	Yes
5b	CME corporations need to find a way to combine profit maximization with CSR practices, as shareholder interests and employee interests need to be taken into consideration.	Yes
6a	In LMEs, CSR measures are regarded as a responsibility of the government, while NGOs should be concerned with shaping public policy.	Partially
6b	In CMEs, corporations conduct a stakeholder management which includes continuous communication with both governments and NGOs.	Partially
7a	Future managers who see CSR as a globally converging concept advise MNCs to implement one common global CSR strategy in all their subsidiaries. This global CSR approach is more prominent in LMEs.	Yes
7b	Future managers who see CSR as a globally non-converging concept or as a non-global concept advise MNCs to implement different national CSR strategies in their subsidiaries. This local CSR approach is more prominent in CMEs.	Yes
8a	In LMEs, CSR is not integrated into a corporation's overall strategy.	No
8b	In CMEs, CSR is integrated into a corporation's overall strategy.	Yes

With regard to the prioritization of CSR measures, both hypotheses have been verified. Thus, there is indeed a distinction between LMEs and CMEs: while LMEs prefer tackling social issues, CMEs address social and environmental issues alike. Remembering what Rappaport (1998) stated, the longstanding history in Europe with respect to welfare state models seems to be the key to understanding this difference. Whereas in CMEs, the addressing and prevention of social issues is supposed to be “implicit” (Matten & Moon, 2008), the non-existence of comparable policies in LMEs offers corporations in LMEs the opportunity to stronger focus on distinguishing themselves from competitors by spotlighting socially-focused CSR measures. This distinction of legal situations that corporations find in LMEs and CMEs also reinforces the probability of CSR measures being taken to different levels: while CME companies need to go beyond their higher legal requirements, LME corporations have a lower bar to overcome, thus rather matching the CME countries’ high standards than exceeding them.

For the ownership and the purpose of a company, the two sub-hypotheses have been confirmed as well. With respect to the question of ownership, the verification of the theoretically-based hypothesis shows that Yoshimori’s findings from 1995 are still valid more than one and a half decades later. Ownership structures in the different varieties of capitalism might therefore be considered quite rigid, which consequently allows the presumption that LMEs and CMEs will not approach each others’ structures in the matters of corporate governance and ownership any time soon.

The distinction between LMEs and CMEs with regard to the purpose of a corporation is also apparent, and therewith confirms the respective hypotheses. Due to their shareholder-focused operation, LME firms strongly need to focus on profit maximization, whereas CME firms are supposed to be joint ventures that have to respond to all kinds of different stakeholder groups. In the analysis part for this category, it has already been mentioned that instead of choosing the hardliner shareholder-value perspective response option, the majority of LME respondents chose for basically the same response but including the add-on of optional CSR measures. In the end, the essence remains the same: profit maximization is the primary goal for LME corporations, while CME respondents see CSR measures as integral to a company’s purpose.

The last set of hypotheses that can fully be confirmed concerns the global characteristic of CSR and how to strategically approach it in a global environment. It has been verified that those respondents who think that CSR is a globally converging concept think that MNCs should implement one common global CSR strategy (everything else would not make sense anyway). It has moreover been confirmed that this approach is prominent in LMEs. This shows that LME corporations are likely to limit themselves to addressing global CSR issues. For these, they can design one universal strategy and therewith save investments in terms of both time and money. Such an approach also gives these corporations the opportunity to synergistically tackle CSR: by fostering a continuous exchange among its subsidiaries a corporation can implement a continuous learning environment in which contingency-driven potentials and obstacles can be discussed in order to produce synergies in the corporate CSR strategy.

Those respondents who combined regarding CSR as a non-converging concept with the advice for MNCs to deal with the CSR concept by the means of different national CSR strategies were essentially situated in CMEs. This circumstance most likely stems from CME corporations rather tackling “local CSR” issues (Muller, 2006). Aligning with the presumption (which has been confirmed by verifying the hypotheses on ownership and purpose of a company) that CME firms are joint ventures with a stakeholder-values perspective, these corporations do not shy away from implementing an extensive stakeholder management which builds the fundamentals for successfully addressing local CSR issues. This approach can also very well be combined with the above explained synergistic approach to continuously improving CSR strategies and learning from other subsidiaries’ best practices.

So far, the discussion rather summarized which sub-hypotheses have been fully confirmed. As it is dealt with partially confirmed or even rejected sub-hypotheses in the upcoming paragraphs, the ongoing discussion becomes more challenging due to the lack of a theoretical foundation.

When it comes to the issue of justifying CSR in corporations, it has been hypothesized that LME firms only justify CSR measures when they generate (economic) benefits to the firm. However, this hypothesis had to be rejected, as 19 of the total 88 LME respondents chose for option A4 “*CSR measures are a moral*

obligation for corporations” and 23 of the LME respondents indicated that CSR measures should be used as strategic tools to generate the so-called “win-win-win” situation for customers, society and the corporation itself by choosing answer option A5. These results basically show that LME business actors seem to be much more interested in the implementation of CSR measures than the shareholder-value perspective gives them credit for. However, one might also keep in mind that answer option 5 can also be interpreted in such a way that the “win” on the business side is more important to the respondents than the other “win” areas. Then, it would in fact lead to a belated confirmation of the hypothesis that for CSR measures to be justified in LMEs, benefits have to be apparent for the company.

With regard to the CME-related hypothesis concerning the justification of CSR measures, there is a clear signal: businesses cannot totally disregard their economic performance. Again, answer option 5 can be interpreted in a broader sense by seeing the “win-win-win” situation as the result of a fruitful integration of morally motivated CSR measures this time. This would be the morality-based interpretation. The more likely case is that even though the individuals in CMEs might be motivated by moral guidelines, their professional actions as businessmen force them to balance both the moral standpoint with the economic one, thereby engaging as many stakeholder groups as possible and doing good in the most strategic way possible with regard to the core business to gain the highest economic benefits. Whether or not this is a wishful development remains in the eye of the beholder: some might hold the opinion that strategically using morality for one’s own benefits is hypocritical, while others focus on the result and believe that the end justifies the means. To a certain extent, the same debate also holds true for the LME outcome.

The results concerning the stakeholder-related hypotheses illustrated that governments and NGOs do not have the same basis and thus should be separated in the discussion of the outcomes. While those parts of the sub-hypotheses concerning the role of NGOs in both kinds of VOC could be confirmed (CMEs include NGOs as stakeholders, LMEs do not see NGOs as relevant actors in the business sector), the role of governments could only be partly verified in CMEs and had to be rejected in LMEs.

LME respondents attributed the government as an actor with whom businesses need to interact mainly in such a way that the government should foster and support business-driven CSR measures. This outcome contradicts the initial assumption that LME companies see CSR as a governmental obligation, but on second thought it makes a lot of sense: if governments shape the CSR landscape and the accompanying agenda, businesses would be forced to become active in ways and to degrees of extent with which they might not be comfortable. Rather, LME companies wish to be the agenda-setters themselves, and optimally, also be supported and fostered by their governments in doing so – by financial means, suitable policies (or maybe instead enough wiggle room for self-regulatory means) and in the general ideational sense. This way of dealing with CSR is well-known as the business case⁵ for CSR in the European context. The European context, however, should in no way be misunderstood as synonymous to CMEs due to several Anglo-Saxon states being engaged in European issues.

Nevertheless, also 44% of the CME respondents chose for the respective answer option A2. Compared to the 49% of the whole CME pool favoring the hypothesized answer option A3, which positions governments as corporations' stakeholders that need to be involved in the process of creating suitable CSR measures, there is a lack of predominance in the CME responses. This can have two reasons: first, it once again depends on how the respondents having chosen answer option A2 interpret the essence of their choice; second, also CME businesses probably wish to remain in charge themselves instead of being forced to comply with a governmentally imposed regulatory framework.

Concerning the first stream of reasoning, the respondents could have interpreted answer option A2 in the setting of the stakeholder-values perspective. This is supposed to mean that answer option A2 is interpreted by the respondents as a way of stakeholder interaction with governments. If that is *de facto* the case, the government-related part of sub-hypothesis 6b would eventually also be confirmed based on the significant amount of 93% of the CME respondents choosing the answer options as predicted by the sub-hypothesis in question.

⁵ For additional information on the European conflict between the business case and the social case for CSR, it is recommended to have a more in-depth look at: Esken, B. (2011). *Corporate social responsibility in the European Union: a concept in need of a hybrid multi-level governance solution*. University of Twente, Enschede.

The latter approach to analyzing and discussing the data area at hand might however assemble more proponents: if given the choice, any corporation prefers to be the agenda-setter itself instead of obeying a governmentally-set regulatory framework. Such statement can be propped up by the outcomes of the data analysis, as 95 of the total 188 questionnaire respondents – in both CMEs and LMEs –, thus more than 50% of the total amount of respondents, have chosen answer option A2. This clearly indicates that the role of the government with regard to CSR seems to have at least one common denominator which LMEs and CMEs share: if given the choice, businesses prefer to be the agenda-setters themselves; governments merely take a supporting role. On another level, the two kinds of VOC might still distinguish themselves in terms of the earlier described ways how LMEs and CMEs interpret the way in which corporations are supposed to interact with governments against the background of remaining the agenda-setters when it comes to creating and initiating CSR measures.

The sub-hypothesis claiming that in LMEs, CSR would not be integrated into a corporation's overall strategy, has to be rejected when looking at the respective numbers: 50 of 88 LME respondents chose the opposite answer option A1, which affirms the question whether corporations should integrate CSR into the corporation's overall strategy. One reason why the prediction has not been fulfilled might probably be a wording issue. Sub-hypothesis 8a reads in present tense, thus implying that the status quo is presented. The question in the survey, however, is formulated with regard to a prospective development by highlighting what corporation ought to be doing with regard to CSR integration into the overall corporate strategy. Also, future business actors cannot validly inform about the status quo, which holds for both LMEs and CMEs. Therefore, the response distribution should rather be interpreted as a directory for the future.

In respect thereof, CME respondents build a homogeneous group with 97% of them choosing the assumed answer option A1, which then predicates that an integration of CSR into the overall strategy of a corporation is strongly requested. LME respondents, on the other hand, chose answer option A1 in 56.82% of the cases. This is – *per se* – sufficient to reject the initial hypothesis, but still sends another signal than the CME results: in LMEs, the group of respondents is rather evenly divided, which consequentially means that in this kind of market economy, the response group is heterogeneous.

On the one hand, there are the hardliners who hold the opinion that CSR measures hinder the corporations' successful achievement of their economic goals and thus may not be integrated into the overall corporate strategy; on the other hand, there are those LME respondents who think that CSR measures need to be integrated into corporations' overall strategies. This might be for several reasons. The answer can be found by going back to the response distribution with regard to the question how CSR measures can be justified in LMEs. The respective sub-hypothesis had to be rejected, too, as more respondents than expected chose for those answer options that see CSR measures as either of the following facets: CSR measures as a moral obligation for companies, CSR measures as strategic tools to achieve a "win-win-win" situation, CSR measures as investments without return, or CSR measures source for non-economic benefits to the company.

It is striking to observe that the number of LME respondents choosing one of these answer options that do not fully focus on the economic variable is 50 out of the total 88 LME respondents; 38 LME respondents regarded CSR measures as justifiable only when they bring economic benefits to the company. It is striking in so far that the distribution of 38 to 50 is congruent with the distribution of LME respondents concerning the integration of CSR into the overall strategy of corporations. Thus, those LME respondents focusing on the economic returns by CSR measures are likely to be against a full integration of CSR into the overall corporate strategy, while the other group of LME respondents favors such a CSR integration into a corporation's overall strategy.

Returning to the issue at hand, the rejection of sub-hypothesis 8a should not be mistaken for portraying the status quo in LMEs, but instead it should be interpreted as a signal that business actors might reconsider the accounts of CSR measures and the concept's standing within a corporation's wholly context.

Departing from the testing of the sub-hypotheses and the discussion of the respective outcomes, the next step is to have a look at the guiding overall hypotheses and to draw conclusions for the quantitative research strand.

4.1.8 Guiding overall hypotheses and summing up

What does the previous discussion imply for the three overall hypotheses that guide the research at hand? This section will elaborate on the three hypotheses by highlighting in how far they can be rejected or confirmed. The evaluation is based

on the results of the testing of the sub-hypotheses and therefore will not introduce an own testing scheme. It should rather be regarded as a concluding section of the quantitative research part of this master thesis.

Hypothesis 1 reads “*There is a different perception of CSR between LMEs and CMEs.*” In this matter, the quantitative results of the survey clearly present the situation of a polarized relation between LMEs and CMEs in terms of their respective perception of CSR. Due to the fact that the pairs of sub-hypotheses take up antithetical positions, the opposite opinions of the two kinds of VOC in how to perceive the CSR concept are highlighted. Regarding the prioritization of CSR issues, the purpose and ownership of a corporation, as well as the global characteristic of CSR, the data analysis reveals the confirmation of the sub-hypotheses. This means that the presumed differences in the CSR perception are verified as well. Hence, the confirmation of hypothesis 1 in these aspects.

These do not remain the only categories in which a different perception of CSR among LMEs and CMEs can be confirmed though. As the discussion of the results has shown, the two stakeholders groups ‘governments’ and ‘NGOs’ should be reviewed separately. While the standpoint of corporations seems to be similar in respect of the need-to-be-supportive governmental role, the polarization between LMEs and CMEs concerning the role of NGOs is evident. Also the government role potentially shows different approaches in LMEs and CMEs. It is not significant enough to confirm the hypothesis that there is a different CSR mindset regarding the role of governments in CMEs and LMEs, but the nuances still show a divergent trend: whereas only 13.64% of LME respondents acknowledge governments as corporations’ stakeholders, 49% of CME respondents accredit governments as corporations’ stakeholders; on the other hand, 28.41% of the LME students considered CSR to be mainly the issue of governments, while only 7% of the CME students agreed with this choice. These distributions highlight that there seems to be a difference in perception as well, albeit not strong enough to fully account for confirming hypothesis 1 in this category.

Moreover, although the two sub-hypotheses relating to the justification of CSR in the two kinds of VOC both could not be fully confirmed, the distribution of responses still highlights a polarized picture of LMEs’ and CMEs’ perception of CSR. This is due to the fact that the majority of the respective responses is settled

at the two extremes (LME students primarily chose answer option A1, while CME students primarily chose answer option A5). The circumstance of no CME student having chosen the most popular LME response underlines the existing contextual influence on CSR perception.

Looking at the total outcomes of analyzing the sub-hypotheses, it can therefore be concluded that from seven categories⁶ five (and a half⁷) verify the polarized relation between LMEs and CMEs pertaining to the perception of CSR, consequently confirming hypothesis 1: There is indeed a different perception of CSR between LMEs and CMEs.

With the confirmation of hypothesis 1, it is not automatically verified that in LMEs, the shareholder value perspective is apparent and that in CMEs, the stakeholder values perspective is adopted. Thus, hypotheses 2a and 2b are evaluated as well.

Hypothesis 2a “*LME companies adopt a shareholder value perspective*” needs to be examined by looking at the analytical outcomes of those sub-hypotheses which target LMEs.

Four categories are completely confirmed: the sub-hypotheses with reference to the prioritization of CSR issues, to the ownership and purpose of a corporation, to the role of NGOs, and to the global characteristic of CSR in LMEs have all been verified.

With regard to the role of governments, however, LME respondents signaled that corporations need to work together with governments in the way that corporations are the agenda-setters and governments need to support and foster the company-initiated CSR measures. This contradicts with the theoretical assumption of the shareholder value perspective that CSR is an issue which needs to be addressed and initiated by governments, which is primarily based on Friedman’s (1970) elaborations on corporate responsibilities.

Another aspect that could not be confirmed is the LMEs’ viewpoint concerning the justification of CSR measures. Although the presumed dependence on benefits for the corporation in return of their CSR engagement holds the relative majority among the response distribution with 48.86%, the methodologically conducted

⁶ The role of governments and NGOs is split in this section, also including the examinations of hypotheses 2a and 2b.

⁷ Although not significant enough to fully contribute to confirming hypothesis 1, the results of the sub-hypotheses concerning the role of governments still hint at a difference in perception between LMEs and CMEs.

simple majority approach rejects the respective sub-hypothesis. With 21.59% of the LME respondents choosing CSR as a moral obligation to corporations and 26.14% stating that CSR measures would be justified in order to achieve a “win-win-win” situation for corporation, customers and society, the LME society sends the signal that the mere focus on the financial and economic facets is out-dated to a certain extent. In combination with the other rejected sub-hypothesis relating to the integration of CSR into the overall strategy of a corporation, which presents the wish in LMEs to incorporate CSR into the overall corporate strategy, the LME respondents highlight their awareness of CSR becoming a critical factor in corporate operations which should not be underestimated.

In sum, these two rejected sub-hypotheses neither account for the shareholder value perspective nor do they reject it: rather, they should be interpreted as constituting a trend in LMEs towards a more responsible kind of the shareholder value perspective in which the economic returns and the profit maximization for the shareholders still is the primary goal, but in contrast to the early hardliner economists accounting for the shareholder value perspective, the way in which the goal is pursued matters nowadays.

Therefore, hypothesis 2a may be confirmed as well, although with certain limitations. With the confirmation of the relevant sub-hypotheses in four of the seven categories, 57.14% of the shareholder value perspective is backed by these full verifications. The rest should not be regarded as strict rejections, but instead as an evolution of the basic shareholder value perspective towards a shareholder value perspective with a responsibility-driven mindset. It certainly does no longer present the rigid and extreme contrast to the stakeholder values perspective, but should nevertheless still be regarded as a form of the shareholder value perspective.

The testing of hypothesis 2b “*CME companies adopt a stakeholder values perspective*” does not necessitate broad elaborations: with the prioritization of CSR issues, the ownership and purpose of a corporation, the role of NGOs, the global characteristic of CSR, and the strategic integration of CSR into the corporate overall strategy, already five of the seven categories are fully affirmative when looking at the confirmed sub-hypotheses dealing with CMEs.

In respect of the role of governments, the presumed stakeholder role of governments achieved the relative majority with 49% of the CME students

choosing the correspondent answer option A3. In the earlier discussion part, it has already been asserted that the role of governments in terms of CSR is a supportive one in both CMEs and LMEs due to the fact that companies would like to position themselves as agenda-setters when given the choice. Therefore, this aspect cannot be added to those sub-hypotheses verifying hypothesis 2b.

The justification of CSR measures is the other category not being fully confirmative. With 60% of all CME respondents regarding CSR as a strategic tool in order to achieve the “win-win-win” situation for customers, society and the company itself (in contrast to the 21% for the assumed answer option labeling CSR as a moral obligation for corporations), it becomes clear that CSR is already strategically conducted in CMEs. Although this answer option is a different one than the prediction, it does not symbolize the total rejection of the sub-hypothesis in question: rather, the strategic CSR approach bases upon the moral obligation for corporations to broaden its focus from their own economic benefits to a more extensive scope also embracing as many stakeholders’ interests as possible. Consequently, the deviating outcome should not be regarded as a rejection of the moral grounds of CSR measures in CMEs, but instead it should be interpreted as a more strategic approach to morality-based actions.

In this sense, hypothesis 2b can be confirmed on the basis of five (and a half⁸) verified categories of the total of seven categories. However, the displayed form of the stakeholder values perspective clearly shows signs of a strategic approach to conducting CSR measures.

It is important to take the above limitations and contextualizing analyses into consideration and keep them in mind at all times when addressing the evaluation of the guiding overall hypotheses. It is only in combination to those additional elaborations that all of the three main hypotheses can be contemplated confirmed. This concluding section of the quantitative research strand in this master thesis sets the stage for responding to the first general research question as well: *To what extent does the perspective on corporate social responsibility differ within varieties of capitalism?* The answer based on the previous elaborations is that first of all, there is a difference in the perception of CSR in the two different kinds of VOC. More precisely, CME corporations are supposed to adopt a strategic

⁸ Although not significant enough in terms of numbers to fully contribute to confirming hypothesis 2b, the analysis of the results of the sub-hypothesis concerning the justification of CSR measures in CME corporations can account for the support of hypothesis 2b.

stakeholder values perspective in implementing CSR measures. In contrast, LME corporations are said to adopt a shareholder value perspective with a responsibility-driven mindset.

Against the background of these quantitative findings, the additional qualitative research input is presented in the upcoming section 4.2. Afterwards, both theoretical findings as well as insights stemming from a more practical view will be combined to demonstrate managerial implications with regard to strategic CSR in MNCs.

4.2 Current managers' vision to use CSR strategically

This part elaborates on the analysis of the qualitative data and the consequential findings. The overall purpose of this qualitative research strand has been to display the practically-based view of current CSR or sustainability managers of MNCs on how to use CSR strategically in a multinational context.

Data was collected by contacting corporations which have been labeled as applicable with regard to the selective criteria for purposive sampling as described earlier in the qualitative operationalization part 3.2.2. In total, the interview request was sent to 20 companies per VOC.

The data collection process has taken five and a half months (from January 15th, 2013 until June 30th, 2013), with re-requests being sent twice within this time span. However, the turnout has not been satisfactory: only three responses could be collected (one LME response and two CME responses), making for a return rate of only 7.5%. Due to the lack of representativeness, the qualitative research strand should therefore rather be regarded as an add-on section which bears practical insights into the strategic employment of CSR in MNCs.

The interviewees all wished to keep the identities of their corporations and themselves confidential, which has been their option of choice in the end of the interviews. This is why the information offered by them will be presented only with the industry sector and the home country of the respective MNCs.

Corporation 1 (hereafter C1) is an American IT services and consulting company which has been represented by its 'Corporate Citizenship & Corporate Affairs Manager'. C1 has been the only response that has been received by a corporation whose headquarter is located in an LME.

For CMEs, both sample countries are represented: for Germany, Corporation 2 (hereafter C2) agreed to participate in the interview. It is a Germany-based media company which has been represented by its ‘Director Corporate Responsibility’. Having its headquarter in the Netherlands, Corporation 3 (hereafter C3) is a Dutch electronics company which has been represented by its ‘Director Sustainability’ in the conducted interview.

As described in the research methodology for this qualitative part, several question categories are the same as for the quantitative research strand. The findings in these categories will be presented and analyzed first. Subsequently, it will be elaborated on the responses in terms of their focus on the strategic nature of the conducted CSR measures by the respective corporations. In the discussion part 4.2.7, the findings will be discussed in a summarizing and concluding fashion for the qualitative research part of this research.

4.2.1 Prioritization of CSR

All respondents consider several issues as fields which CSR has to address and in which corporations need to be active.

For C1, a limited area of issues, or “*challenges*” (as preferred by C1), that needs to be addressed by a corporation’s CSR measures does not exist:

“we do not restrict responsibility to specific areas but to anything we do”.

That being said, C1 nevertheless acknowledges that it superficially prioritizes certain CSR issues, as

“prime areas are common to every business (such as environment, employee well being and health, diversity, supply chain, governance & compliance)”.

Furthermore, C1 lists systemic societal issues which are being dealt with at C1 as ‘citizenship’ topics,

“such as education, privacy, (broad) economic development, community development, health, literacy, civic engagement”.

Concerning the question of prioritizing these fields of issues, C1 clearly expresses its conception that there may not be prioritizations with regard to the prime CSR challenges, as “‘trade-offs’ are to be avoided”. In respect of the ‘citizenship’ topics, however, C1 states that priorities might change by country due to C1’s adaptation to different national needs, as

“we try to provide meaningful programs locally by adapting to the national agenda of a given country”.

C2 simplifies C1’s elaborations by stating that there is a

“broad variety which is asked by CR Ratings and Rankings, all kind[s] of ESG topics”,

thereby emphasizing that its CSR engagement is strongly outward-directed. As a corporation that is involved in many different industry sectors, the scope of issues can differ due to the fact that

“some of them are relevant for all sectors, some are sector-specific”.

With regard to a prioritization of CSR issues to be addressed, C2 has not been able to give a fruitful response at the time of the interview, as it had been involved in conducting a “*materiality analysis*” among stakeholders and business subsidiaries in order to figure out which kind of prioritization is suitable for the needs and concerns of its environment.

C3 reveals a more economically-focused approach. For C3, also several CSR issues need to be addressed by corporations, which are

“Compliance and Regulatory in the areas of energy, waste, chemicals, recycling and packaging; plus lifetime reliability and weight. All aspects of Health, Safety and Environment according to local legislation. Strategy, Business Development, Marketing, Communications, Lobbying, Policies, Processes, Site Management, and so on”.

The mention of diverse business operations, particularly strategy, is a positive aspect with regard to the strategic CSR concept that stands out in C3's response, as it clearly emphasizes that CSR needs to be an integral part of a corporation. It seems, however, that CSR in C3's context is not defined in the same way as in Esken's working definition of CSR (2011) which was introduced in part 2.4 of this paper. It is rather portrayed as the mere compliance with local legislation and regulations.

When it comes to prioritizing CSR issues, C3 has two main tools with which it ranks the importance and usefulness of CSR measures: *"risk management and value add"*. This approach highlights the fact that each action taken by C3 in terms of tackling CSR issues is evaluated in a purely economic context: if the risk is too high from an economic standpoint to implement certain CSR measures, or if C3 does not receive enough economic value in return, these CSR measures will not be further pursued.

4.2.2 Justification of CSR

The above position of C3 concerning the prioritization of CSR issues is strongly supported by its view on the justification of CSR measures: for C3, the economic factor influences its decisions

*"Very much, a business case is always needed
for all developments beyond legislation".*

In this respect, it is all the more surprising that C3 does *"not always"* directly link CSR measures to its core business.

In terms of the economic factor influencing corporations' decisions, both C1 and C2 agree with C3. C2 admits that

*"we cannot ignore the economic factor of such
engagements".*

With regard to the connection of CSR measures to the corporation's core business, C2 reveals a contrasting approach than C3, as

*"All of our CR efforts aim to be linked in one
or the other way with our core business".*

C1 stresses that it is inevitable for a corporation to consider the economic factor when discussing CSR measures. As its strategy *“always [aims] to link societal and business agenda”*, C1’s main argument is that

“Pure ‘Checkbook philanthropy’ is not what we are after, it would never be sustainable”.

Therefore, C1’s notion is to link CSR measures to the core business, in order to sustainably be able to the tackling of societal issues and needs.

4.2.3 Ownership and purpose of a company; stakeholder management

According to C1, a corporation’s purpose should be *“to be essential”*. By this, C1 refers to the need for a corporation to take a position in its stakeholders’ lives that guarantees benefits for all parties involved and consequentially necessitates continuous cooperation and dialogue.

C1 uses a manifold stakeholder management which allows them to involve every stakeholder group in solving conflicts, as well as in initiating new areas of action by *“tap[ping] their insights and agendas”*. Although C1 aims

“at serving all our “constituencies” [...], clients, employees and investors are naturally key groups”.

All in all, C1 invests a lot of effort and time (and probably money) into this elaborate stakeholder management system, as its conception is that

“Any conflicting agenda may be the source for a smarter solution by exposing all stakeholders to those conflicts and seek a common solution”.

C3, as a CME corporation, holds an eye-catching shareholder value perspective in respect to its view on ownership and purpose of a company: its answer to Yoshimori’s 1995 question “Whose company is it?” is shareholders. This is in line with C3’s notion that a corporation’s main purpose is *“to generate capital”*. Nevertheless, C3 also has a stakeholder management approach in place, which prioritizes the involved stakeholders

“Through a sustainability network across businesses and functions”.

In contrast to C3, the other CME corporation C2 answers more in line with the theoretically assumed stakeholder values perspective. For C2, the owners of a corporation are all stakeholders involved. In consequence, C2 regards the purpose of a corporation being a place for mutually beneficial partnerships: both C2 and its employees and business affiliates should benefit from engaging with one another. Moreover, it regards corporations as obliged to making valuable contributions to society in order to be legitimate as a corporation. How its stakeholder management looks in particular is impossible to state, according to C2, as

“there is not one single stakeholder approach valid for all parts within the company. The business units stay in contact with their respective stakeholders as appropriate and prioritized by them”.

Thus, both the organization of C2's stakeholder management approach and the prioritization of its stakeholders are considered the responsibilities of its subsidiaries in order to adapt to the diverse contexts that the subsidiaries are located in.

4.2.4 Role of different stakeholder groups

With regard to the roles of governments and NGOs, C2 offers a remarkably distant response. Whereas NGOs *“should be the watchdogs of companies' behavior in a globalized world”*, governments are assigned the roles of regulators:

“Governments have the chance to create stronger rules in the behavior of companies within society. A role that should be taken seriously especially when self-regulation does not work as expected.”

The last sentence reveals C2's awareness of businesses often being exploitive of the self-regulatory framework CSR has been situated in within the European context. C2 therefore seems to be more interested in the establishment of

universally valid behavioral boundaries for corporations than the maintenance of its own behavioral freedom (probably due to their presumed commendable behavior).

In how far C2 aims at engaging into a cooperative dialogue with these two stakeholder groups could not be revealed.

C3 delivers a clearer picture in this respect: NGOs are supposed to be

“The voice of society [...], promoting dialogue and solution to environmental and social issues”.

Governments – according to C3 – have to establish a suitable and fruitful environment for corporations’ self-regulatory actions, as well as they need to be facilitators of good corporate conduct by being

“committed to the interests of society and enforce best practices around: business capital, the environmental capital and the social capital”.

C1 basically agrees with the statements of C3 concerning the role of governments as setting the stage for corporate self-regulation, as well as supporting corporations in doing so:

“It’s ‘Corporate’ responsibility. So the prime role is with the businesses. [...] some regulation is needed [...] but governments should avoid to suffocate innovation by regulating”.

With regard to the role of NGOs, C1 assigns a different role to NGOs than the other two respondents. For C1, NGOs are supposed to be partners who also need to be willing to cooperate with businesses in order to combine “*comparative strengths*” for a long term partnership. NGOs

“should identify which specific competencies and needs they have to be successful – and then look for companies which have a business which suggest a strengths in that competency

or need. That would become a good base to long term cooperation”.

Therewith, C1 clearly expresses its desire to engage in such cooperative partnerships for the sake of improving or abolishing societal issues.

4.2.5 Integration of CSR into a firm's strategy; global characteristic of CSR

In all three corporations, there is a specific department for CSR; moreover, CSR is embedded in the overall company strategy.

While the CR & Diversity department is part of C2's Corporate HR functions, C3 has specific CSR departments at both “*group level and sector (business) level*”.

In C1, there is also a specific department for CSR, but the representative respondent of C1 explicitly stressed that

“it is even more ‘integral’ than just having a dedicated department – all business leaders do take part in taking the responsibility”.

Moreover, there is an additional department for ‘Corporate Citizenship’ which also comprises the

“Corporate Responsibility steering group, which governs the overall CR strategy of the company”.

With regard to the embedding of CSR into the overall company strategy, C2 states that the concept is one of the corporation's four “*Essentials*”. C3 also affirms the integration of CSR into the overall company strategy, adding that “*it is part of the vision*” as well.

In reference to its Corporate Responsibility steering group, C1's

“CR strategy is deeply linked to our business strategy. In fact, we are aiming to converge both into one”.

In respect of the question whether CSR is globally steered (and therefore a headquarter responsibility), or whether it is the responsibility of the subsidiaries, all three respondents expressed a dual approach. While C3 answered with a sole “*Both*”, the other two corporations elaborated more on this aspect.

C2, as a decentralized corporation, has established a centralized

“CR Council with representatives from all divisions and the relevant HQ functions”

in order to set the stage for further action on subsidiary level. Here, the accordant differing environments force for adaptation to the isomorphic contexts.

C1 also follows the same approach as the other two corporations of setting a globally steered basis which

“sets the framework within countries to execute and adapt to local needs [which always means] working on top of global guidelines”.

In both C1 and C2, it becomes apparent that the CR Council and the respective Corporate Responsibility steering group are tools for synergistic action: by providing a subordinated CSR platform these corporations stimulate the exchange of experiences and best practices among the different subsidiaries as well as the headquarter. Therewith, the ground is being set for a corporate environment of continuous learning and common improvement-driven action within the whole corporation.

4.2.6 Strategic potential of CSR

All three corporations see CSR engagement as a potential source for competitive advantage.

C1 follows an economically motivated predication in order to express its understanding of CSR being a source for competitive advantage:

“Where there are true societal challenges there are the markets of the future”.

This statement seems to have an exploitive approach to societal issues as such, but C1 explains its motivation behind it: to anticipate and help solve societal issues is a motivator for C1 as a corporation as well as its employees; for C1, this motivation means to help solve societal nuisances before they become topical on everyone's agenda.

For C2, the focus of why CSR is supposed to be a source for competitive advantage is a different one:

“Apart from the fact that being a responsible business partner is a core element of our self-concept, we see that customers as well as (potential) employees care about our responsible principles and behavior”.

Thus, C2 rather focuses on the positive image it can achieve by conducting CSR measures, aside from its basic understanding of CSR measures being an essential behavioral necessity for responsible businesses.

Both approaches show that the CSR concept seems to offer several different starting-points for corporations to exploit its potential to be a source for competitive advantage.

In combination with the qualitative findings in the other categories, the upcoming ‘discussion and conclusions’ part of sub-chapter 4.2 is supposed to truss the essence of strategic CSR in MNCs, as presented by the interviewees.

4.2.7 Discussion and summing up

Except for the ownership question and minor differences in respect of their stakeholder managements and their perception of what roles governments and NGOs should play with regard to CSR, all of the three corporations having participated in the qualitative research have a similar approach to CSR, which is extensive and, more importantly, strategic.

All in all, the practical insights that could be gained by the interview responses can be considered very valuable in order to subsequently expose managerial implications with regard to strategically conducting CSR measures in MNCs. Nevertheless, the findings cannot be connected to the theoretical findings that are grounded on the quantitative analysis in part 4.1: while C2 as a CME corporation has been the only respondent whose answers are aligned with the theoretical findings, both C1 and C3 do not confirm the theoretical findings. Whereas C1 as a LME corporation follows a strong stakeholder values perspective, C3 as a CME corporation to all appearances rather follows a shareholder value perspective.

In consideration of the lack of representativeness of the sample for the qualitative research part, it is almost impossible to analyze these deviating outcomes. Still, at least for the case of C1, there seems to be a plausible explanation: while the quantitative research had a sample population that included all kinds of business core areas, the qualitative research focused on a more specific sample population, scilicet those corporations which distinguish themselves by being leaders in conducting CSR and sustainability measures. Therefore, C1's deviation from the majority of future business actors in LMEs is not worrisome as such. For C3, on the other hand, there is no clear explanation. As a global player listed on the stock exchange, this corporation might simply have to answer the demands of globally-spread investors, thus including those in LMEs. However, this is just speculation. Hence, in terms of the way of strategically conducting CSR, C3 should only be considered with caution in comparison to the other two interviewed corporations. There are several factors which emphasize the strategic nature of the three corporations' approaches to CSR. As a first factor, the CSR concept is deeply integrated into the corporations. Besides dedicating a specific department to dealing with CSR, all three interviewed corporations emphasized that CSR is an integral part in their corporations' business strategy and vision. Moreover, C1 and C3 added that they have departments at both "*group and sector (business) level*" in place for CSR, as well as C1 and C2 highlighting their further establishments of specialized councils and steering groups.

This deep integration of CSR into all of the three respondents' corporations can be based upon three major facets: first, in the interviewees' opinion, corporations need to contribute to the improvement of societal issues in order to build up or maintain their legitimacy in the society and community; second, the respondents emphasized that a lot of the popular CSR measures are simply considered good corporate conduct; third, these corporations believe that CSR can be a source for competitive advantage of a corporation.

To a certain extent, these three factors that seem to drive and enforce the integration of CSR into corporate structures are also entangled with one another in so far that the 'social license' – as corporations' legitimacy in a society is called oftentimes – itself is the gateway to competitive advantage. This may be due to societies and communities supporting good corporate behavior by favoring CSR-minded companies over competitors. Thus, the corporate image seems to play a

role, and as such, the image needs to be confirmed on a continuous basis by the respective corporate actions. Once the corporation stops to satisfy the expectations, there will be negative economic consequences.

Therefore, whether having an innate CSR mindset, or whether CSR is just a tool to polish the corporate image by answering society's demand, it does not matter: the corporation may no longer undermine the bar it has set with its CSR actions for itself and its competitors. This is definitely a good development, as it forces corporations to always strive for a continuous improvement with regard to its CSR measures in order to not only remain competitive but rather to abide and sustain its (opportunity of a) competitive advantage.

Another factor that gives the corporations' measures the characteristic of a strategic CSR measure is its proactivity: instead of simply reacting to market and societal developments, especially C1, for instance, aims at anticipating developments in order to be able to directly respond to them by providing suitable products or initiatives. While C3 falls short in this respect due to its conception of complying with the prevalent local regulations and legislation, C2's approach is proactive as well: by conducting a materiality analysis among stakeholders and business subsidiaries, C2 proactively shapes its prioritization of issues that need to be addressed from the points of view of the involved groups in order to be able to respond to them in the best way possible.

The previous aspect also shows that as a further beneficial factor, an elaborative stakeholder management is necessary for corporations to be active with regard to strategic CSR. Communicating with (and not only to) its stakeholders in a fruitful and constructive way is a key element for successful strategic CSR of a corporation: if a corporation offers the opportunity to its stakeholders, or maybe even obliges them, to participate in finding problem solutions, CSR measures will be both more aware of stakeholders' needs and more adequate and of a higher value. This is due to the possibility to *"tap [stakeholders'] [...] insights and agendas"*, too, as C1 puts it. For C1, such procedure also includes looking for potential mutually beneficial cooperation with stakeholder groups, such as NGOs. Another factor that plays a crucial role for corporate CSR to be strategic is the structure of the corporations' CSR strategy: in all three interviewed corporations, the CSR strategy follows a two-level approach. CSR in these corporations is pursued on both the global and the local level. In the cases of C1 and C2 it has

been explained (and in the case of C3 it can be assumed) that the basic corporate CSR strategy is mainly created on the global level and subsequently can be adapted by subsidiaries on the local level to the local isomorphic issues. Therefore, the corporate CSR strategies of these corporations are supposed to manifest the common values and goals of the CSR strategy for the whole corporation, but subsidiaries still have the ability, and, with regard to the notion that CSR is regarded as a source for competitive advantage, also have the obligation to adapt to the locally differing contexts in which they are situated. This approach enables these corporations to respond to both global and local CSR issues. Furthermore, this framework seems to stimulate a synergistic approach to CSR strategizing as well: by fostering the dialogue and exchange of experiences and best practices among the corporate headquarter and the different subsidiaries, especially C1 and C2 allow for synergies in their CSR strategies.

A further factor of strategic CSR that has not been emphasized to such an extent in the theoretical findings of part 4.1 is the essential economic benefit for a corporation that conducts CSR measures. According to all of the three interviewed corporations, the economic factor of CSR engagements has to be considered at all times. This shows that any CSR engagement in practice is supposed to open out into the “win-win-win situation” which is one of the main characteristics of strategic CSR. This aspect is probably the most valuable insight this research can gain from the practically-focused qualitative research part.

Referring to the attributes that have been mentioned in 2.4 as characteristic and essential for strategic CSR, the three corporations having participated in the qualitative research all show the same key success factors: first, they are proactive; second, their CSR strategies are visible, which in this case means that based on their stakeholder management dialogue, they clearly address issues which are crucial to the corporation and their stakeholders; and third, CSR is central to the corporate strategies.

The upcoming part 5 consequentially consolidates the quantitative and the qualitative findings by presenting managerial implications with regard to strategically conducting CSR for MNCs in their cross-border contexts, and offering further general conclusions for the research project at hand.

5. *MANAGERIAL IMPLICATIONS WITH REGARD TO STRATEGIC CSR IN MNCs*

Part 5 is dedicated to answering the second general research question “*What are managerial implications with regard to strategic CSR in MNCs?*” on the basis of both the quantitative and qualitative findings.

The quantitative and qualitative findings offer a sufficient amount of insights from which managerial implications with regard to strategic CSR in MNCs can be derived. These managerial implications are supposed to combine the two research strands in such a way that businesses hopefully regard them as vital and helpful for their future endeavors in their CSR measures.

As a starting point, it is crucial to conclude that CSR is perceived differently in CMEs and LMEs, as the quantitative testing of hypothesis 1 has confirmed. Subsequently, this means that it does not seem to be wise for corporations to treat CSR as an globally standardized operative field.

Although the connections between CMEs and the stakeholder values perspective on the one hand, and the connections between LMEs and the shareholder value perspective on the other have been verified only with certain restrictions, the results clearly do not advise for the same strategic approach to CSR in the two differing kinds of capitalism. This is due to the difficulty to find a common denominator on which to base a common globally steered CSR strategy for all corporations’ subsidiaries: while it is assumed that CME-based corporations tackle “explicit” CSR topics, LME-based corporations focus on “implicit” CSR topics (Matten & Moon, 2008, p. 413). The institutional theoretical approach to the differing CSR perception in different institutional contexts owing to the “role of social, cultural, political, economical, and ideological environments in the configuration of the social responsibility of businesses” (Argandoña & Hoivik, 2009, p. 227) is further supported by findings from different authors (e. g. Williams & Aguilera, 2008).

With regard to the prioritization of CSR issues to be addressed by corporations, the verifications of the sub-hypotheses 3a and 3b have emphasized that there is a dissimilar focus needed: whereas LME corporations assess more importance to the resolving of social issues, CME corporations weight social and environmental issues alike.

The above elaborations strongly highlight that MNCs operating in both LMEs and CMEs would be ill-advised to follow a globally implemented one-size-fits-all approach with regard to their CSR strategy. Responsiveness to the national and local institutional contexts therefore seems to be the more successful solution (Muller, 2006).

Nevertheless, the qualitative findings offer another suitable solution. Instead of making a black-or-white decision in respect of which approach to choose, a combination of global and local characteristics is possible as well for corporations' CSR strategies. First, corporations can implement a strategy focusing on a set of CSR issues that can be tackled on a global scale on the grounds of shared corporate principles and values. Second, based on this fundamental core of a corporate-wide CSR strategy the subsidiaries subsequently become responsible to extend the scope of CSR issues to be addressed by adapting to the different national and local institutional contexts in which they operate. This kind of comprehensive approach is also supported by other authors' empirical findings, such as Mohan (2006). Thirdly, this combinative set-up allows for a synergistic approach as well: by stimulating the discussion and exchange of experiences and best practices among the headquarter and the different subsidiaries the corporation can establish a corporate environment of continuous learning and improvement. Therewith, synergies can be identified which help the corporation as a whole to commonly and continuously adapt its CSR strategy, or rather strategies to respond to ever emerging new insights.

The two-level CSR strategy is advantageous in so far that it offers a global basis of common corporate values, while the second stage of local responsiveness makes it possible for the corporations to fully reap the gains of concertedly approaching the CSR concept strategically: owing to the closeness and potential responsiveness of the subsidiaries' CSR strategies to the local needs, the implemented CSR measures are likely to be both proactive and visible. These are two highly important characteristics of strategic CSR. Moreover, continuous intra-corporate exchange allows for optimally exploiting the synergistic potential of the corporate strategic CSR approach.

Moreover, it is crucial for strategic CSR that the corporation as such, as well as its subsidiaries articulate and communicate in an easily understandable and

transparent way why and how they tackle certain societal issues. Investing into an elaborate stakeholder management is likely to pay off in the long run.

The fourth characteristic that needs to be fulfilled by a corporation and its subsidiaries in order to successfully conduct a strategic approach to CSR is the centrality of CSR in the overall corporate strategy. As banal as this aspect might sound at a first glance: a corporation which does not confirm their communicated promises with appropriate actions will most likely not be able to maintain society's and customers' trust. Therefore, strategic CSR is supposed to be successful only when the respective corporation believes in the economic potential of CSR to be a source for (sustainable) competitive advantage and in this respect seriously commits to the corporate CSR measures; corporations that regard CSR as a mere tool to polish the corporate image by green-washing are doomed to fail in the long run. A proper integration of the CSR concept into the corporation – into its culture, its values, its vision and its overall strategy – might best be achieved by dedicating a specific department to CSR on both the global and the local level.

To sum up the essence of strategic CSR, an interviewee's response (C1) seems to be excellently fitting: it is important to “believe [that] in tackling these [societal] issues to help the company not only to be profitable today but to set the ground for the next 100 years”.

6. CONCLUSIONS

The conclusions part will very roughly sum up the research set-up and subsequently offers the main conclusions to be drawn.

The research project at hand has been divided into two parts. The first part has been dedicated to the general research question “*To what extent does the perspective on corporate social responsibility differ within varieties of capitalism?*”, which has been answered by the means of both a quantitative and a qualitative data analysis. The quantitative analysis has been based on 188 responses which were retrieved from an online survey among business master students in the four sample countries. The qualitative analysis has been based on three semi-structured interviews with CSR managers of MNCs headquartered in the respective sample countries.

The second part of the research has tackled the general research question “*What are managerial implications with regard to strategic CSR in multinational corporations?*”. The identification of the major managerial implications with regard to strategic CSR in MNCs are based on the findings of the first part.

In the following, the three main conclusions of this paper are presented in an easy-to-read kind of way by offering a summarizing headline before elaborating on the respective aspect in more detail.

1. All of the three guiding overall hypotheses of the quantitative research part are confirmed.

Based on the quantitative testing of twelve sub-hypotheses which evolve from an extensive analytical framework, the three guiding overall hypotheses were verified, albeit with some restrictions: it has been confirmed that

1. there is a differing perception of CSR in the two kinds of VOC;
2. LME corporations adopt a shareholder value perspective; and
3. CME corporations adopt a stakeholder values perspective.

With regard to the second hypothesis, it is noticeable that although the apparent form of CSR perception in LMEs still qualifies as a shareholder value perspective, there seems to be a trend towards a more responsibility-driven mindset in this respect.

Concerning the third hypothesis, the empirical findings suggest that the verified stakeholder values perspective already embraces several aspects which account for a strategic approach to CSR.

2. The qualitative research part has identified several key success factors for strategically conducting CSR.

The qualitative research strand has not fulfilled the dimensions to reach a degree of representativeness due to its lack of responses. Therefore being downgraded to being an add-on offering practical insights to the theoretically-focused quantitative analysis part, several key success factors for strategically conducting CSR have been identified:

- deeply integrating CSR into a corporation's culture/values/vision/corporate strategy,
- dedicating a specific department to CSR,
- regarding CSR as a source for a (sustainable) competitive advantage,
- being proactive and anticipative,
- implementing an elaborative stakeholder management,
- tackling CSR on both the global and the local level whilst seeking and allowing for synergies, as well as
- considering the economic dimension when it comes to implementing CSR measures.

3. These key success factors can be formulated as managerial implications for MNCs which aim at strategically conducting CSR.

MNCs are advised to implement a two-level approach to strategic CSR: whereas the core of a corporate strategy should focus on a set of CSR issues that can be tackled on a global scale on the grounds of shared corporate principles and values, the subsidiaries then need to extend the scope of CSR issues to be addressed by adapting to the different national and local institutional contexts in which they operate. By fostering a continuous intra-corporate exchange of experiences and best practices the corporation's approach to CSR should exploit its potential for synergies as well. Only if a corporation's CSR strategy in this framework satisfies the four attributes which are crucial to strategic CSR – proactivity, visibility, articulation and centrality – can it be called a comprehensive strategic CSR approach.

Final conclusions

To ultimately conclude, this research has delivered on its objective to dip the first academic toes in the mostly unexplored and undiscovered waters of linking the strategically-approached CSR concept with an institutional theoretical framework of different kinds of market economies. The results with regard to the guiding hypotheses have probably been assumed by many readers as some sort of common wisdom, but up to this research scientific confirmation for these circumstances did not exist. In this sense, the research at hand has succeeded in delivering an academic added value.

By formulating managerial implications with regard to strategically conducting CSR in MNCs the research has also delivered on addressing the practical interest in the topic: this research has generated an output which can serve as a valuable advisory basis for MNCs.

7. LIMITATIONS AND FURTHER RESEARCH

Every research project gives wiggle room to improve certain processes or choose a different approach to a problem. Some of these aspects to be changed or improved can only be identified retrospectively, some of them emerge from intentional trade-offs, and some of them are simply theoretical limitations which cannot be changed as such in practice. More often than not, several of these aspects are connected to one another.

One facet that clearly limits the expressiveness of the findings is both the relatively small sample size in the quantitative research part and, even more significant, the lack of a representative sample for the qualitative research strand. Being self-critical, these circumstances are very unfortunate and derogative in terms of the validity of the findings, but overall, the scope of a master thesis project (especially in terms of time and money spent, as well as data law difficulties) does not seem to allow a more elaborate approach to generating larger sample sizes in four different countries. Moreover, the researcher alone cannot increase the general interest in a topic; it rather needs to exist already to a more extensive degree. Still, another type of statistical testing would have enhanced the status of the data analyses. If both the quantitative and the qualitative data would have been collected in a more quantifiable way, and if both sample sizes would have been larger, the mixed methodological approach could have also included a more elaborate inference process in the end.

A different approach to the varieties of capitalism framework would certainly hold more value for corporations: instead of choosing for the simplistic original dualist VOC framework, the researcher could have also used more elaborate theory which also embraces those kinds of market economies which have been neglected by Hall and Sokice's (2001) original approach. This surely qualifies for a valuable focus for further research to be conducted into this direction, as MNCs are likely to not only operate in LME or CME contexts, but also in market economy forms such as China or France. According to several academics, these exemplary countries represent a state-run kind of capitalism form, for instance.

Another topic for valuable further research would be conducting the same approach as in the research at hand in other CME and LME countries in order to verify or falsify the findings of this research.

As “individuals are likely to have distinct expectations and attitudes towards CSR contingent on the industry or societal culture in which they are embedded” (Williams & Aguilera, 2008, p. 452), further research might also be wise to focus on the question whether there are sector-related differences with regard to (strategically) conducting CSR. This is due to the assumption that the institutional structures do not only differ within the diverse economic local models but also within specific industry-sector contexts: while some corporations might include CSR-related structures in their business models, others might consider them externalities. This is basically underlined by Rappaport’s (1998) notions concerning the difference between the Anglo-Saxon and the European state of the art *vis-à-vis* welfare state values, as well as the distinction between “implicit” and “explicit” CSR concepts (Jackson & Apostolakou, 2010; Matten & Moon, 2008). A last aspect that offers an attractive focus for further research is a different interpretation of institutions. Whereas this research regarded institutions as resources, regarding them as either distancing factors or as costs will paint another picture. Especially the cost-interpretation might be more popular in business practice than the resource-based approach conducted in this research. Criticism of the research at hand and further deepening of this research focus are highly appreciated, as both signalize the on-going examination of the topic. CSR is a concept that cannot be neglected by business any more, therefore any kind of contribution to the discussion is helpful and supports both the academic and the business world to further evolve.

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APPENDICES

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Appendix I: Quantitative survey for master business students

Survey on CSR perception

Survey for my master thesis on strategic CSR in the varieties of capitalism framework

Dear fellow student,

I am currently working on my master thesis project for the track "Business Administration - International Management" at the University of Twente in the Netherlands. The broad topic concerns a strategic approach to corporate social responsibility in different countries with distinct institutional contexts.

It is an ambitious project with regard to the sample size I am trying to achieve, so I really need your help to obtain a sufficient amount of responses to this survey.

The survey consists of 14 tick-box assessment questions, so no question needs to be answered by writing a text. Therefore, it should take up no more than 10 minutes of your time. Moreover, it is totally anonymous, so please give honest answers, as otherwise, the results will not be valid.

I would really appreciate if you helped me out by answering these few questions within the next two weeks.

Thank you in advance for devoting some of your precious time!

1 Have corporate social responsibility (CSR) or business ethics been subject to your study up to this point in time?

Please choose **only one** of the following:

- ☐ No, and I have never heard of these terms.
- ☐ No, but I know about these terms.
- ☐ Yes, in my bachelor.
- ☐ Yes, in my master.
- ☐ Yes, in both my bachelor and my master.
- ☐ Other

Please tick one of the choices.

2

Here is a very short definition of the concept of CSR:

"Corporate social responsibility is a concept embedded in the idea of sustainable development which embraces all those actions, operations and initiatives by businesses that contribute to an improvement of social and environmental issues by voluntarily going beyond the corporations' legal obligations. Such undertakings have to be in line with the businesses' legal, ethical and philanthropic responsibilities, besides the given economic ones. Thereby, they have to reflect the needs and interests of all their relevant stakeholders, including customers, employees, investors, the general community and the environment."

In contrast to the CSR approach, some economists support the idea that corporations only need to create and maximize profits for their owners/shareholders.

So, it is up to you to think about and decide which camp you support.

I hope this helps you to answer the upcoming questions...

3 Do you see CSR as a global concept that consequently will converge, or do you think that there are national differences (that will remain)?

Please choose **only one** of the following:

- ☐ CSR is a global concept which will converge over time.
- ☐ CSR is a global concept which nevertheless will not converge over time due to national institutional differences.
- ☐ CSR should not be regarded as a global concept, as it can never converge due to national institutional differences.

4 Which issues does CSR need to address? How would you prioritize them?

Please choose **only one** of the following:

- ☐ Only environmental issues
- ☐ First environmental issues, then social ones
- ☐ First social issues, then environmental ones
- ☐ Only social issues
- ☐ Both are equally relevant

5 With which of the following statements do you agree most?

Please choose **only one** of the following:

- ☐ CSR measures are only justified when they bring economic benefits to the corporation.
- ☐ CSR measures are justified when they bring non-economic benefits to the corporation.
- ☐ CSR measures may be investments without return.
- ☐ CSR measures are a moral obligation for corporations.
- ☐ CSR measures are tools with which a win-win-win situation for society, businesses and customers can be achieved.

6 With which of the following statements do you agree most?

Please choose **only one** of the following:

- ☐ Corporations primarily have the purpose of profit maximization for their shareholders.
- ☐ Corporations have to maximize their profits, and if possible, this can be combined with CSR practices. This is only optional though.
- ☐ Corporations are coalitions between stakeholders aiming at generating added value* for all stakeholders involved.

* Added value in this respect has to be regarded in a broader sense, as it can go beyond the mere economic understanding.

7 The scientist Yoshimori asked in 1995: "Whose company is it?"

(Yoshimori wanted to know who has a say in company-related matters.)

Please choose **only one** of the following:

- ☐ Its owners and shareholders
- ☐ Its owners and shareholders, and its top managers
- ☐ Its owners and shareholders, and its top managers, and its employees
- ☐ Its owners and shareholders, and its top managers, and its employees, and other stakeholders

8 With which of the following statements do you agree most?

Please choose **only one** of the following:

- ☐ Governments are the main actors for measures that need to be taken to improve so-called "CSR topics".
- ☐ Governments need to foster and support CSR measures taken by corporations.
- ☐ Governments - as corporations' stakeholders - should interact with corporations in order to develop CSR practices.

9 With which of the following statements do you agree most?

Please choose **only one** of the following:

- ☐ NGOs (and other non-governmental actors) are essential stakeholders with which corporations need to interact in order to tackle CSR topics.
- ☐ NGOs (and other non-governmental actors) are important actors for shaping public policy. They should not be concerned with the private sector.
- ☐ NGOs (and other non-governmental actors) simply are dispensable institutions that only complicate the policy-shaping landscape.

10 Should corporations incorporate the CSR concept more into their overall strategy?

Please choose **only one** of the following:

- ☐ Yes
- ☐ No

11 Should a multinational corporation have one common global CSR strategy or different national approaches for its subsidiaries in case of incorporating CSR into their firm strategy?

Please choose **only one** of the following:

- ☐ One global CSR strategy
- ☐ Different national approaches

12 Age

Please write your answer here:

13 Gender

Please choose **only one** of the following:

- ☐ Female
- ☐ Male

14 Country of study

Please write your answer here:

15 In which semester of your master program are you at this point in time?

Please choose **only one** of the following:

- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ 5 or more

With your response, you have brought me one step closer to finishing my studies.
Thank you very much!

Appendix II: Qualitative survey/interview for CSR managers

Interview with managers on CSR and its strategic employment

Dear Sir or Madam,

this document contains twelve questions which are concerned with CSR and its strategic employment in your company.

The interview can be conducted in one of two ways: we can either make an appointment for an interview via telephone/skype, or you can fill out this document and send it back to me, to b.esken@student.utwente.nl. As you are the interviewee, this choice is up to your convenience. Either way, the interview will only take 15-20 minutes.

As interviewee, you can also choose whether you want the information given to be confidential or not. In the case of desired confidentiality of the data, I guarantee your anonymity.

Thank you very much for your support!

Kind regards,

Björn Esken

1. Is CSR an integral part in your company?

1.1 Do you have a specific department or position for CSR?

1.2 Is it embedded in the company strategy?

Response:

2. Is it globally steered (HQ responsibility) or is it the responsibility of subsidiaries?

Response:

3. Which issues does CSR need to address?

Response:

4. How would you prioritize them?

Response:

5. How would you justify CSR measures?

5.1 In how far does the economic factor influence your CSR engagement?

5.2 Are CSR measures always directly linked to the company's core business?

Response:

6. Do you see CSR engagement as a potential source for competitive advantage?

Response:

7. What is the primary purpose of a corporation?

Response:

The scientist Yoshimori asked in 1995: "Whose company is it?" (Yoshimori wanted to know who has a say in company-related matters.)

8. Whose company is it?

8.1 How is stakeholder management pursued and organized?

8.2 Are there prioritizations?

Response:

9. What role should governments have with regard to CSR?

Response:

10. What role should NGOs (and other non-governmental actors) have with regard to CSR?

Response:

11. Personal information

Name of interviewee:

Job/Position:

Name of company:

Country of company's residence:

12. Is your information confidential, or may I openly use your and your company's name in my master thesis?

Response:

Appendix III: Unedited quantitative data set of complete responses

ID	Knowledge	Knowledge other	Con-/Divergence	Prioritization	Justification	Purpose	Ownership	GOV role	NGO role	Strategy incorporation	Global/National strategy	Age	Gender	Country	Study progress
2	A5		A1	A5	A5	A3	A4	A3	A1	1	A1	23	1	A3	A3
3	A5		A1	A5	A4	A3	A4	A3	A1	1	A2		1	A3	A4
4	A4		A1	A5	A3	A1	A2	A3	A2	1	A1	25	1	A3	A3
5	A1		A1	A3	A5	A2	A4	A2	A2	1	A2	25	1	A3	A2
6	A2		A2	A3	A1	A1	A1	A3	A2	1	A1	29	1	A1	A2
8	A4		A2	A5	A2	A3	A2	A2	A3	1	A1	21	1	A3	A3
9	A2		A2	A5	A5	A2	A1	A1	A2	1	A2	27	1	A1	A2
10	A4		A2	A5	A5	A1	A1	A3	A1	1	A2	25	2	A1	A2
11	A3		A1	A5	A5	A3	A3	A2	A1	1	A2	27	2	A3	A3
13	A5		A3	A5	A3	A4	A4	A2	A1	1	A2	25	2	A3	A3
15	A5		A2	A2	A5	A3	A4	A3	A1	1	A1	24	1	A3	A2
16	A2		A3	A5	A5	A2	A4	A3	A1	1	A2	23	2	A3	A4
17	A1		A1	A5	A2	A3	A3	A2	A1	1	A2	27	2	A3	A2
18	A4		A2	A2	A3	A1	A2	A2	A1	2	A2	25	1	A3	A4
20	A4		A3	A5	A5	A3	A4	A2	A1	1	A2	28	1	A2	A2
24	A3		A2	A5	A5	A3	A4	A3	A1	1	A2	22	1	A2	
25	A3		A2	A5	A4	A3	A3	A3	A2	1	A2	24	1	A2	
29	A3		A1	A2	A5	A3	A2	A3	A2	1	A2	21	1	A1	
30	A2		A3	A5	A2	A2	A2	A3	A2	1	A2	21	1	A2	A4
32	A2		A2	A2	A3	A3	A1	A2	A2	1	A2	21	1	A2	A4
33	A5		A1	A5	A5	A3	A4	A3	A1	1	A1	23	1	A2	A2
34	A1		A2	A3	A5	A1	A4	A3	A1	1	A2	22	2	A2	
37	A4		A2	A4	A4	A3	A4	A3	A1	1	A2	26	1	A3	A4
38	A4		A1	A2	A4	A3	A4	A3	A1	1	A2	23	1	A2	A1
39	A2		A2	A5	A4	A3	A4	A3	A1	1	A2	23	2	A2	A1
40	A3		A1	A4	A5	A2	A1	A2	A1	1	A2	29	2	A2	A4
44		No, but I'd like to have it	A1	A3	A5	A3	A4	A2	A2	1	A2	21	2	A2	A2
45	A3		A3	A4	A4	A2	A4	A3	A1	1	A1	21	2	A4	
46	A3		A2	A3	A5	A2	A3	A3	A2	1	A2	22	2	A2	
47	A3		A2	A3	A5	A3	A4	A3	A1	1	A2	37	1	A2	
49	A1		A3	A3	A5	A3	A3	A3	A2	1	A2	23	2	A2	A2
53	A4		A2	A2	A2	A2	A4	A2	A1	1	A2	26	2	A2	A2
54		work place	A1	A5	A1	A1	A4	A3	A1	1	A2	24	2	A2	A1
57	A2		A2	A2	A5	A3	A1	A1	A1	1	A2	24	2	A2	A1
58	A2		A3	A3	A3	A2	A1	A2	A2	2	A2	26	2	A2	A4
59	A2		A2	A3	A5	A3	A4	A2	A2	1	A1	23	1	A2	A2
60		Yes, but as elective	A2	A5	A5	A3	A2	A3	A1	1	A1	27	2	A2	A1
61	A2		A1	A2	A5	A2	A4	A3	A1	1	A2	24	2	A2	A5
65	A4		A2	A5	A5	A3	A4	A2	A1	1	A2	31	1	A4	A2
66	A3		A2	A5	A5	A3	A1	A3	A1	1	A2	25	1	A2	
70	A2		A2	A4	A4	A3	A3	A1	A2	1	A2	25	2	A2	
71	A4		A2	A3	A5	A3	A4	A2	A1	1	A2	24	1	A2	A3
72	A5		A1	A5	A4	A3	A3	A3	A2	1	A1	27	2	A3	A4
73	A3		A2	A3	A2	A3	A2	A2	A3	1	A2	23	2	A3	A4
74	A2		A2	A4	A1	A2	A2	A1	A2	2	A2	28	2	A4	A2
77	A2		A1	A5	A3	A3	A3	A2	A1	1	A1	29	1	A4	A2
78	A3		A3	A3	A5	A3	A4	A2	A1	1	A2	24	1	A2	
79	A2		A2	A5	A5	A3	A4	A2	A1	1	A2	27	2	A3	A4
80	A3		A3	A3	A2	A1	A1	A1	A3	2	A2	25	2	A4	
81	A4		A2	A5	A5	A3	A4	A3	A1	1	A2	24	1	A4	A3
84	A3		A1	A3	A1	A1	A1	A2	A2	1	A2	19	2	A3	A5
86	A2		A1	A5	A5	A3	A3	A3	A1	1	A2	23	2	A2	
88	A3		A1	A5	A5	A1	A4	A3	A1	1	A2	26	1	A1	A4
89	A1		A3	A5	A5	A1	A2	A2	A1	1	A2	27	1	A3	A4

90	A4		A3	A5	A3	A2	A2	A2	A2	A1	1		A2	27	1	A2	A4
91	A4		A2	A3	A2	A2	A2	A2	A2	A1	1		A1	30	2	A4	A4
92	A4		A2	A5	A4	A3	A1	A1	A1	A1	1		A1	33	2	A4	A4
93	A5		A2	A5	A5	A3	A4	A2	A2	A1	1		A1	28	2	A4	A5
95	A5		A1	A5	A4	A2	A4	A2	A3	A1	1		A1	50	1	A4	
98	A4		A3	A2	A1	A2	A2	A2	A1	A2	1		A2	27	2	A1	A2
99	A5		A2	A5	A5	A3	A1	A3	A1	A2	1		A2	26	2	A4	A3
100	A5		A1	A5	A4	A2	A3	A2	A2	A2	1		A1	28	1	A4	A3
101	A3		A2	A5	A3	A4	A3	A1	A3	A1	1		A2	24	1	A3	
102	A2		A2	A4	A1	A2	A2	A1	A2	A2	2		A2	26	2	A4	A3
103	A5		A2	A2	A1	A2	A3	A2	A2	A2	1		A2	27	1	A1	A2
104	A2		A2	A3	A4	A3	A4	A4	A3	A1	1		A2		2	A3	
105	A4		A2	A5	A5	A3	A4	A4	A3	A1	1		A2		1	A2	A2
106	A2		A2	A3	A3	A3	A4	A2	A2	A2	1		A2	25	1	A3	A4
109			A2	A5	A1	A2	A2	A2	A2	A2	2		A2	29	2	A1	
110	A2		A2	A5	A5	A3	A4	A4	A2	A2	1		A2	26	2	A2	A1
111	A2		A2	A3	A3	A2	A1	A1	A1	A3	1		A2	22	2	A3	
112	A3		A1	A3	A4	A3	A4	A2	A2	A1	1		A2		2	A2	A3
113	A4		A3	A4	A1	A2	A3	A3	A1	A2	2		A2	23	2	A1	A1
114	A2		A1	A5	A2	A2	A1	A2	A2	A2	1		A2	26	1	A3	
115	A5		A2	A3	A5	A3	A4	A4	A3	A1	1		A2	24	1	A3	A1
116	A2		A2	A5	A1	A2	A2	A2	A1	A2	2		A2	29	2	A4	
117			A2	A3	A1	A2	A3	A2	A2	A2	2		A2	23	1	A1	
118			A2	A3	A1	A2	A1	A2	A2	A2	1		A2	25	2	A4	A3
119	A4		A2	A5	A4	A3	A3	A3	A2	A2	1		A2	26	1	A4	A2
120	A3		A2	A3	A1	A2	A1	A2	A2	A2	2		A2	22	2	A1	
121			A1	A3	A1	A2	A2	A2	A1	A2	2		A2		2	A1	A1
122	A5		A1	A5	A5	A2	A3	A2	A2	A1	1		A1	24	1	A1	A1
123	A2		A1	A3	A1	A2	A1	A2	A2	A2	2		A2	26	2	A4	
124			A2	A4	A4	A3	A3	A3	A2	A2	1		A2	24	1	A1	A1
125	A2		A1	A3	A5	A2	A3	A2	A2	A2	2		A1	23	2	A4	
126	A4		A2	A5	A5	A3	A4	A4	A3	A1	1		A2	25	2	A3	A3
128	A2		A3	A5	A4	A3	A4	A4	A1	A1	1		A2	28	1	A2	A2
132		In company where i work	A1	A2	A4	A3	A3	A3	A3	A1	1		A2	26	2	A2	A3
133	A2		A1	A3	A1	A2	A2	A2	A2	A2	2		A1	24	2	A1	A1
135	A3		A2	A5	A5	A3	A4	A4	A2	A1	1		A2	61	1	A4	
137	A4		A2	A5	A5	A3	A1	A1	A2	A2	1		A2	23	2	A2	A3
139	A2		A1	A5	A5	A3	A4	A4	A3	A1	1		A2	37	1	A1	A5
141			A3	A4	A2	A1	A2	A2	A2	A2	2		A1	69	2	A3	A2
142	A3		A1	A5	A5	A3	A4	A4	A3	A1	1		A1	19	1	A1	
143	A4		A2	A3	A1	A2	A1	A2	A2	A2	2		A2	25	2	A1	A2
144	A2		A1	A3	A5	A2	A3	A3	A2	A2	2		A1	24	1	A1	A1
145	A5		A2	A5	A4	A3	A4	A4	A3	A1	1		A2	23	1	A2	A1
146	A2		A3	A3	A1	A2	A2	A2	A1	A2	2		A2	31	2	A4	
147	A4		A1	A5	A5	A2	A2	A2	A3	A2	1		A2	24	1	A2	A2
148	A5		A2	A5	A5	A3	A4	A4	A3	A1	1		A2	24	2	A3	A2
149		work place	A2	A3	A1	A2	A3	A3	A1	A2	2		A2	26	2	A1	A2
150	A3		A2	A3	A1	A2	A2	A2	A2	A2	2		A2	26	2	A4	
151	A4		A2	A5	A4	A3	A4	A2	A2	A1	1		A2	27	1	A2	A3
152	A2		A1	A3	A1	A2	A2	A2	A2	A1	2		A1		2	A4	
153			A1	A3	A1	A2	A2	A2	A2	A1	2		A1	30	1	A1	
154	A4		A2	A5	A5	A3	A4	A4	A3	A1	1		A1	26	1	A3	A4
155	A4		A2	A5	A5	A2	A3	A2	A2	A2	1		A2	28	2	A4	A3
156	A2		A1	A5	A5	A3	A4	A4	A3	A1	1		A2	23	1	A3	
157			A1	A3	A4	A3	A3	A3	A2	A1	1		A1	24	2	A1	
158	A2		A2	A2	A5	A3	A4	A4	A3	A1	1		A2	27	2	A2	A2

[illegible]

A1	235	A1	A5	A3	A3	A2	A2	A2	1	A2	24	1	A2	A4
A2	236	A2	A5	A2	A2	A3	A2	A2	1	A2	23	1	A2	
A2	237	A2	A2	A5	A3	A1	A2	A1	1	A2	22	1	A2	A1
A2	238	A2	A3	A3	A3	A2	A2	A3	1	A2	21	1	A2	
A4	239	A4	A3	A2	A2	A2	A2	A1	2	A2	24	2	A1	A2
A1	240	A1	A2	A2	A2	A2	A3	A2	1	A2	24	1	A2	A2
A2	241	A2	A3	A4	A2	A1	A2	A1	1	A2	26	2	A4	
A2	243	A2	A3	A1	A2	A2	A1	A2	2	A2	27	2	A4	
A3	245	A3	A1	A3	A2	A1	A2	A2	1	A1	25	1	A1	A3
A3	246	A3	A5	A3	A2	A2	A2	A2	1	A2	22	1	A2	
A2	248	A2	A5	A3	A3	A2	A3	A1	1	A2	29	2	A2	
A2	249	A2	A4	A1	A1	A1	A1	A3	2	A4	32	2	A4	
A3	251	A3	A2	A1	A2	A3	A2	A2	1	A2	23	1	A4	
A2	253	A2	A3	A1	A2	A2	A2	A1	1	A2	26	2	A1	
A4	254	A1	A4	A1	A2	A2	A2	A2	1	A4	28	1	A1	A3
A2	255	A2	A3	A1	A2	A3	A1	A2	1	A1	2	2	A4	
A5	256	A5	A5	A5	A3	A2	A3	A1	1	A2	24	1	A3	A2
	257	A2	A3	A1	A2	A3	A1	A2	2	A2	2	2	A4	
A4	258	A2	A3	A4	A2	A3	A2	A2	2	A2	26	1	A4	A3
A5	259	A5	A2	A4	A2	A3	A2	A2	1	A2	25	1	A2	A2
A4	260	A4	A4	A4	A2	A3	A2	A2	1	A4	24	1	A4	A1
A2	261	A2	A3	A1	A2	A2	A2	A1	2	A2	28	2	A1	
	264	A2	A3	A4	A2	A3	A2	A2	1	A2	23	1	A1	
A4	265	A1	A5	A1	A2	A1	A1	A2	2	A1	25	2	A1	A3
A2	266	A2	A3	A1	A2	A1	A2	A1	2	A2	2	2	A4	
A4	267	A4	A4	A4	A2	A3	A2	A2	2	A1	32	1	A4	
A3	268	A3	A3	A3	A1	A1	A2	A2	1	A2	1	1	A4	
A1	269	A3	A5	A3	A3	A3	A2	A2	1	A1	23	1	A1	A3
A2	271	A1	A1	A2	A2	A1	A1	A1	1	A1	29	2	A3	A5
A4	272	A4	A3	A2	A3	A4	A3	A2	1	A2	23	1	A2	A2
A1	274		A5	A5	A3	A4	A3	A1	1	A3	1	1	A3	

Appendix IV: Edited qualitative data set of interview responses

Corporation 1

- **Is CSR an integral part in your company?**
 - Do you have a specific department or position for CSR?
 - Is it embedded in the company strategy?

Response:

Yes. But it is even more 'integral' than just having a dedicated department – all business leaders do take part in taking the responsibility: e.g. supply chain management being the task of purchasing, environment mgmt being with real estate/manufacturing, health & well being with Human Resources and so on.

Only „Corporate Citizenship“ (CCCA) is set up as a dedicated department since serving 'communities in need' does not naturally align with one part of the company but affects all our businesses.

Our VP CCCA convenes also the Corporate Responsibility steering group, which governs the overall CR strategy of the company. The steering group is being built by senior VPs of the company (Senior VPs being the highest management level reporting to the CEO).

Our CR strategy is deeply linked to our business strategy. In fact, we are aiming to converge both into one as has been stated also by our CEO and President, [REDACTED] in her messages to our CR Reports.

Moreover, the [REDACTED] Brand is centered not around products or specific services, but around purpose and relevance. Purpose („To be essential“), values and practices govern any behaviour of [REDACTED] – be it when doing business or when engaging in society. Values and practices have been established through broad discussion with all [REDACTED] by means of 'Jams' – a special technology for massive parallel online discussions – so are built from 'within' providing for a deep embedding into daily behaviour of all employees.

- **Is it globally steered (HQ responsibility) or is it the responsibility of subsidiaries?**

Response:

CR is a globally steered (see above). That sets the framework within countries to execute and adapt to local needs. The latter not meaning compromising and overall guideline if potentially permissive in a given country (i.e. child labor) but working on top on global guidelines. E.g. with the diversity of education systems around the world, education is a global priority with global programs but will be adapted so to add value locally.

- **Which issues does CSR need to address?**

Response:

The overall aim is to 'manage all our business processes in order to produce an overall positive impact on society'. That is, we do not restrict responsibility to specific areas but to anything we do. Of course, prime areas are common to every business (such as environment, employee well being and health, diversity, supply chain, governance & compliance). Citizenship addresses systemic societal issues such as education, privacy, (broad) economic development, community development, health, literacy, civic engagement.

- **How would you prioritize them?**

Response:

Priorities for CR issues such as environment, employee well being, health, governance, supply chain cannot be given. They all are to be addressed and 'trade-offs' are to be avoided as these would mean an even 'intentional harm' to those then being lumped in favor of others. We do see all of them as challenges rather than issues, it is not about risk mitigation but how we can build better business through driving ONE agenda (see above). In fact, when looking at these 'issues' as opportunities, societal challenges are a mean to steer a company towards longterm success. We believe in tackling these issues to help the company not only to be profitable today but to set the ground for the next 100 years [REDACTED]. Our [REDACTED] initiative is a prime example. Our newest technology, [REDACTED], yet another.

Citizenship priorities might change by country – e. g. 'literacy' does have in emerging countries often a different priority than in industrial countries. Similar with economic development of civic engagement. So, within global guidelines, we try to provide meaningful programs locally by adapting to the national agenda of a given country.

- **How would you justify CSR measures?**

- In how far does the economic factor influence your CSR engagement?
- Are CSR measures always directly linked to the company's core business?

Response:

As per our strategy, we aim always to link societal and business agenda. Pure 'Checkbook philanthropy' is not what we are after, it would never be sustainable as inevitably you will only donate what is 'left over'. So in tough economic times this type of philanthropy is cut back first, which also means that the success of the supported organizations – and the social cause they address - is made directly dependent of a company's business performance.

When linked to business, it is an entire different setup: you only 'disinvest' into a business when you really discussed it well and pondered the impact. Of course, it always can happen that disinvestments are being made (that is the nature of business), but those decisions are much more challenged than simply cutting back on a philanthropic fund.

- **Do you see CSR engagement as a potential source for competitive advantage?**

Response:

Clearly: Yes. See above. Where there are true societal challenges there are the markets of the future. Environment is a great example. Our research and development departments do have since the 70s guidelines to also consider the environmental impact (power, climate, footprint) of upcoming systems design. When then in mid 90s Carbondioxid emissions became a key success factor ('green IT') we had products right away readily available and could further build on a longstanding development while competitors struggled to redesign their systems to fulfill new requirements. Same does/will apply for any real societal issue, e. g. Health. [REDACTED] and [REDACTED] solutions are geared to capture these opportunities.

- **What is the primary purpose of a corporation?**

Response:

To be essential. (see [REDACTED], p. 7)

The scientist Yoshimori asked in 1995: "Whose company is it?" (Yoshimori wanted to know who has a say in company-related matters.)

- **Whose company is it?**
 - How is stakeholder management pursued and organized?
 - Are there prioritizations?

Response:

We aim at serving all our „constituencies“ (the term does express our conviction that it is them who we need to serve, so they choose to affiliate with us): clients, communities, partners, investors. Besides standard means (such as events, interview, questionnaires) we use surveys (e.g. CxO studies with 1:1 interviews with thousands of our client executives), the Global Innovation Outlook (a worldwide effort to engage a wide variety of experts, influencers, activists, students etc. on a given topic to understand trend of the future and spur product development) and our Jams (see above, we not only to them with employees but with representatives of all constituencies on a variety of topics) to tap their insights and agendas.

While we aim at engaging all constituencies frequently, clients, employees and investors are naturally key groups. Still, this natural 'prioritization' does not mean easy trade-offs between groups. Any conflicting agenda may be the source for a smarter solution by exposing all stakeholders to those conflicts and seek a common solution.

- **What role should governments have with regard to CSR?**

Response:

It's 'Corporate' responsibility. So prime role is with businesses. It is important tap into the 'wisdom of all' by letting companies develop CR strategies which fit their businesses best. That is a key resource for innovation and therefore important for a thriving community, too.

Of course some regulation is needed (e.g. child labor) but governments should avoid to suffocate innovation by regulating. No government can be smart enough to oversee longterm impacts of such regulations (see CO2 certificates as a current example). So governments should help build a climate which spurs innovation and cooperation across society.

- **What role should NGOs (and other non-governmental actors) have with regard to CSR?**

Response:

NGOs should focus on the societal cause they are addressing. This is their strength. With a clear strategy to support their goal they should identify which specific competencies and needs they have to be successful – and then look for companies which have a business which suggest a strengths in that competency or need. That would become a good base to long term cooperation. They should not simply look for cash or goods “to be funded“ and be ready to cooperate with a number of different companies as it is unlikely that one would be able to serve all their needs. That will reduce also dependency on one 'sponsor' helping to build a sound 'business model' for their cause and lower the threshold for companies to get involved: contributing a strength is always easy. So focus should always be on combining comparative strengths. Also, NGOs need to better understand the specific business of a partner, to understand how they can add value back to the partner which in turn will help to build stronger and equal partnerships.

- **Personal information**

Job/Position: Manager Corporate Citizenship & Corporate Affairs

Industry sector: IT services and consulting

Country of company's residence: USA

Corporation 2

1. Is CSR an integral part in your company?

- 1.1 Do you have a specific department or position for CSR?
- 1.2 Is it embedded in the company strategy?

Response:

Yes, it is one of the four [REDACTED] Essentials
CR & Diversity department within the Corporate HR functions.

2. Is it globally steered (HQ responsibility) or is it the responsibility of subsidiaries?

Response:

See above, but [REDACTED] is a decentralised company. Therefore we have the [REDACTED]
CR Council with representatives from all divisions and the relevant HQ functions.

3. Which issues does CSR need to address?

Response:

The broad variety which is asked by CR Ratings and Rankings, all kind of ESG topics – some of them are relevant for all sectors, some are sector-specific – please refer to our issue cloud in the latest CR report.

4. How would you prioritize them?

Response:

Right now we are working on a materiality analysis in order to prioritize the different CR issues.

5. How would you justify CSR measures?

- 5.1 In how far does the economic factor influence your CSR engagement?
- 5.2 Are CSR measures always directly linked to the company's core business?

Response:

All of our CR efforts aim to be linked in one or the other way with our core businesses. Surely we cannot ignore the economic factor of such engagements. For several concrete projects please visit [REDACTED]

6. Do you see CSR engagement as a potential source for competitive advantage?

Response:

Yes, we do. Apart from the fact that being a responsible business partner is a core element of our self-concept, we see that customers as well as (potential) employees care about our responsible principles and behavior.

7. What is the primary purpose of a corporation?

Response:

Of 'a' corporation I can't tell you. The purpose of [REDACTED] is clearly written down in the company's constitution:

[REDACTED]

The scientist Yoshimori asked in 1995: "Whose company is it?" (Yoshimori wanted to know who has a say in company-related matters.)

8. Whose company is it?

8.1 How is stakeholder management pursued and organized?

8.2 Are there prioritizations?

Response:

In a corporation with around 1,000 single decentralized firms and companies within six very diverse divisions, there is not one single stakeholder approach valid for all parts within the company. The business units stay in contact with their respective stakeholders as appropriate and prioritized by them.

9. What role should governments have with regard to CSR?

Response:

Governments have the chance to create stronger rules in the behavior of companies within society. A role that should be taken seriously especially when self-regulation does not work as expected.

10. What role should NGOs (and other non-governmental actors) have with regard to CSR?

Response:

NGOs should be the watchdogs of companies' behavior in a globalized world.

11. Personal information

Job/Position: Director Corporate Responsibility

Industry sector: Media

Country of company's residence: Germany

Corporation 3

1. Is CSR an integral part in your company?

1.1 Do you have a specific department or position for CSR?

1.2 Is it embedded in the company strategy?

Responses:

Yes.

1.1 Yes, at group level and sector (business) level.

1.2 Yes, and it is part of the vision too.

2. Is it globally steered (HQ responsibility) or is it the responsibility of subsidiaries?

Response:

Both.

3. Which issues does CSR need to address?

Response:

Several:

Compliance and Regulatory in the areas of energy, waste, chemicals, recycling and packaging; plus lifetime reliability and weight.

All aspects of Health, Safety and Environment according to local legislation.

Strategy, Business Development, Marketing, Communications, Lobbying, Policies, Processes, Site Management, and so on.

4. How would you prioritize them?

Response:

Mainly around 2 areas: risk management and value add.

5. How would you justify CSR measures?

5.1 In how far does the economic factor influence your CSR engagement?

5.2 Are CSR measures always directly linked to the company's core business?

Response:

5.1 Very much, a business case is always needed for all developments beyond legislation.

5.2 Not always.

6. Do you see CSR engagement as a potential source for competitive advantage?

Response:

Yes.

7. What is the primary purpose of a corporation?

Response:

To generate capital through the sale of goods and services.

The scientist Yoshimori asked in 1995: "Whose company is it?" (Yoshimori wanted to know who has a say in company-related matters.)

8. Whose company is it?

8.1 How is stakeholder management pursued and organized?

8.2 Are there prioritizations?

Response:

Shareholders.

8.1 Through a sustainability network across businesses and functions.

8.2 Yes.

9. What role should governments have with regard to CSR?

Response:

They need to be committed to the interests of society and enforce best practices around: business capital, the environmental capital and the social capital.

10. What role should NGOs (and other non-governmental actors) have with regard to CSR?

Response:

The voice of society represented through these groups of interest, promoting dialogue and solution to environmental and social issues.

11. Personal information (optional)

Job/Position: Director Sustainability

Industry sector: Electronics

Country of company's residence: The Netherlands