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“IMPLICIT” AND “EXPLICIT” CSR: A CONCEPTUAL FRAMEWORK FOR A COMPARATIVE UNDERSTANDING OF CORPORATE SOCIAL RESPONSIBILITY

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We address the question of how and why corporate social responsibility (CSR) differs among countries and how and why it changes. Applying two schools of thought in institutional theory, we conceptualize, first, the differences between CSR in the United States and Europe and, second, the recent rise of CSR in Europe. We also delineate the potential of our framework for application to other parts of the global economy.

In this paper we address the question of why forms of business responsibility for society both differ among countries and change within them. We do so by comparative investigation of corporate social responsibility (CSR), historically and contemporarily, in the United States and in Europe.¹ The paper is inspired by two commonplace observations.

The first observation is that while many U.S. corporations have both been attributed, and ready to claim, social responsibilities, this has not been so common elsewhere. Comparative research in CSR between Europe and the United State has identified remarkable differences between companies on each side of the Atlantic. This pertains, first, to the language companies use in describing their involvement in society. In a comparative study of corporate self-presenta-

tions on the internet, Maignan and Ralston (2002) found that while 53 percent of U.S. companies mention CSR explicitly on their websites, only 29 percent of French and 25 percent of Dutch companies do the same. But these differences clearly transcend language: in a recent study of voluntary codes of conduct in the global coffee sector between 1994 and 2005, Kolk (2005a: 230) identified a total of fifteen corporate codes globally, of which only two were European (both by the same company, Nestlé), while the remaining thirteen codes were issued and adopted by exclusively U.S. corporations. In a similar vein, Brammer and Pavelin (2005) found, in a United States–United Kingdom comparison of one of the most long-standing areas of CSR—corporate community contributions—that the value of contributions by U.S. companies in 2001 was more than ten times greater than those of their U.K. counterparts (United States, \$4,831 billion; United Kingdom, \$428 million).

The second commonplace observation is that corporations elsewhere in the world have recently begun to adopt the language and practice of CSR—particularly in Europe, but also in Africa, Australasia, South America, and South, East, and Southeast Asia (e.g., Chapple & Moon, 2005; Puppim de Oliveira & Vargas, 2005; Visser, Middleton, & McIntosh, 2005). Although we use CSR in the United States and Europe as the empirical backdrop of our argument, we also address the wider canvas.

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¹ By Europe, we refer to Scandinavia, the Benelux countries, Germany, Switzerland, Austria, France, Italy, the United Kingdom, and Ireland. Although these do not represent the full European CSR experience, they strengthen our comparative design, since, like the United States, they are long-standing democratic, capitalist, welfare systems (the only postwar peace-time exception being the eastern part of Germany).

Our two observations inform two puzzles. First, if CSR has only recently entered the business debate and practice outside the United States, does this mean that, hitherto, non-U.S. corporations have neglected their social responsibility? Second, if "CSR has won the battle of ideas," as even *The Economist* skeptically commented (Crook, 2005), why has it only now entered non-U.S. business agendas?

We investigate these puzzles through two research questions. First, *comparatively*, why have U.S. corporations long made *explicit* their attachment to CSR, whereas European business responsibility to society has tended to be more *implicit* such that few specific *corporate* claims have been made? Here the comparison is between responsibility policies, programs, and practices enacted by and *explicitly* articulated by companies, on the one hand, and responsibility practices enacted by companies that reflect wider policy arrangements, and that are not articulated as reflecting these companies' own discretion and initiative, on the other. In order to explore this question, we present a theoretical argument about the social responsibility of corporations reflecting the historical institutions of their national business systems.

Second, *temporally*, why have European companies recently adopted a more explicit commitment to CSR resembling that of their U.S. counterparts? Here the focus is on why companies show a greater propensity to use their discretion to engage in firm-specific responsibility practices and to articulate these as CSR, regardless of the fact that responsible business practices have been and continue to be *implicitly* part of their day-to-day business activities. We develop our argument with reference to "new institutional" theories about corporations' responses to changes in their environments.

The remainder of paper is divided into five sections. In the first section we consider the meaning of CSR, noting that it is nationally contingent, essentially contested, and dynamic. The second section presents a theoretical analysis of the institutional bases of CSR. It opens with a discussion of the institutional prerequisites for systems of business responsibility and proceeds to distinguish two institutional approaches: the national business systems approach and new institutionalism. In the third section we apply the framework by comparing four salient social responsibility and irresponsibility issues in

the United States and Europe. The fourth section applies the framework with reference to analysis of the contemporary dynamics of CSR: how and why CSR is spreading globally and why certain distinctive features of European CSR persist. In the concluding section we offer an evaluation of the framework beyond the U.S.-European context, possible limitations of our analysis, and implications for further research.

WHAT IS CSR?

It is axiomatic for our analysis that we do not define CSR in detail, because the meanings and practices of business responsibility in different countries constitute part of the research question. Certainly, there is plenty of cross-national evidence that CSR varies in terms of its underlying meanings and the issues to which—and modes by which—it is addressed.

Despite a vast and growing body of literature on CSR (Crane, McWilliams, Matten, Moon, & Siegel, 2008; Lockett, Moon, & Visser, 2006) and on related concepts, defining CSR is not easy. First, this is because CSR is an "essentially contested concept," being "appraisive" (or considered as valued), "internally complex," and having relatively open rules of application (Moon, Crane, & Matten, 2005: 433–434). Second, CSR is an umbrella term overlapping with some, and being synonymous with other, conceptions of business-society relations (Matten & Crane, 2005). Third, it has clearly been a dynamic phenomenon (Carroll, 1999).

At the core of CSR is the idea that it reflects the social imperatives and the social consequences of business success. Thus, CSR (and its synonyms) empirically consists of clearly articulated and communicated policies and practices of corporations that reflect business responsibility for some of the wider societal good. Yet the precise manifestation and direction of the responsibility lie at the discretion of the corporation. CSR is therefore differentiated from business fulfillment of core profit-making responsibility and from the social responsibilities of government (Friedman, 1970). Furthermore, even within the United States, understandings of CSR have varied and have developed over half a century since Bowen's (1953) landmark book. Carroll (1979, 1991) systematized CSR, distinguishing economic, legal, ethical, and phil-

anthropic responsibilities. Subsequently, concerns with corporate social performance, stakeholder relations, corporate citizenship, links with financial performance, and new applications of business ethics have extended CSR theory and practice, sometimes reflecting impacts of European thinking (Garriga & Melé, 2004).

In Europe the academic debate is relatively young, and the practices of CSR in management education (Matten & Moon, 2004), CSR tools (Kolk, 2005b; Langlois & Schlegelmilch, 1990), and philanthropic donations for educational, social, or environmental causes (Brammer & Pavelin, 2005) have only become widespread relatively recently. While research has provided rich descriptions of national and regional specifics of CSR, little attention has been dedicated to the question regarding how and why CSR differs among national settings. It is here that our paper contributes. We now proceed with a theoretical analysis of systems of business responsibility that is founded on their institutional contexts.

THEORETICAL APPROACHES TO UNDERSTANDING COMPARATIVE CSR

Our comparative conceptualization of CSR draws on Tempel and Walgenbach's (2007) analysis of different institutional theories to explain both the historical comparative differences between U.S. and European CSR and the contemporary evidence of the spread of U.S.-style CSR in Europe.

As Aguilera and Jackson (2003) have argued, institutional—as opposed to agency—theory is particularly useful for understanding cross-national differences in corporate governance. Because stakeholder identities and interests vary cross-nationally, some of the assumptions of agency-oriented analysis are too simplistic. In CSR the motives of managers, shareholders, and other key stakeholders shape the way corporations are governed. Institutional theory allows these to be explored and compared within their national, cultural, and institutional contexts. Moreover, institutional theory brings interdependencies between and interactions among stakeholders into the analysis, which is vital to understanding CSR, given its societal orientation. We propose that differences in CSR among different countries are due to a variety of long-standing, historically entrenched institutions.

Contemporary institutional theory illuminates the global spread of CSR and its social contextualization beyond its U.S. origins. It enables CSR to be framed in the broader context of organization studies and international management. Thus, the recent worldwide adoption of CSR policies and strategies can be understood as part of the global spread of management concepts, ideologies, and technologies (Guler, Guillén, & MacPherson, 2002), resulting in some sort of "Americanization" of management practices (Djelic, 1998). Nonetheless, the assumption of social responsibility by corporations remains contextualized by national institutional frameworks and therefore differs among countries. Thus, CSR is part of the debate about the convergence and divergence of management practices (Child, 2000).

By "institutions," we mean not only the formal organization of government and corporations but also norms, incentives, and rules. We follow Huntington, who defined institutions as "stable, valued, recurring patterns of behavior," defined by their adaptability, complexity, autonomy, and coherence (1969: 12), and March and Olsen, who defined them as "collections of rules and routines that define actions in terms of relations between roles and situations" (1989: 160). Institutions enable predictable and patterned interactions that are stable, constrain individual behavior, and are associated with shared values and meaning (Peters, 1999).

Notwithstanding the differences we anticipate, we assume some basic institutional prerequisites for CSR. First, we assume a functioning market in which corporations have discretion over their responses to market, social, or political drivers. Second, we assume functioning governmental and legal institutions that guarantee, define, and administer the market and act on behalf of society to address instances of market failure. Third, we assume that these institutions neither capture nor are captured by market actors. And fourth, we assume a civil society that institutionalizes and articulates social values and preferences, to which government and market actors respond.

This idealized system masks great variety in the structure of markets and the nature of the firm, in the accountability of the government and the operation of the judiciary, and in the freedom of civil society. Opportunities for irresponsibility increase in the absence of these

conditions, as is evident in much of sub-Saharan Africa and the former USSR, with, for example, monopolistic companies exploiting capitalist economies or governments substituting regulation and administration of markets with rent seeking. Clearly, the point is not that responsibility can only be enacted where there are markets and business autonomy, as demonstrated by myriad cases of individual, family, tribal, religious, charitable, and feudal responsibility. Rather, it is that CSR is located in wider responsibility systems in which business, governmental, legal, and social actors operate according to some measure of mutual responsiveness, interdependency, choice, and capacity. But the question remains why, even among systems that share the prerequisites of CSR, there have been such contrasts between the explicit CSR in the United States and the more implicit versions in Europe.

The answer, we argue, lies in the respective national business systems. Although all markets necessarily generate actors that pursue their economic interests, corporate choices about these strategies are colored by their social and political context. Leaving aside economic contextual variables, as Polanyi (1957) has noted, markets are embedded in human societies and are created and maintained by state actions—specifically, in the design of legal frameworks and the management of markets.

In its very name, CSR presumes corporate choices (in Granovetter's [1985: 487] terms, the "atomistic"). Yet it also entails conformance with the law² (in Granovetter's terms, the "hierarchical") and with "customary ethics" (in Granovetter's terms, "embedded in ongoing systems of social relations"; see also Carroll, 1991). Given that different societies have developed different systems of markets, reflecting their institutions, their customary ethics, and their social relations, it would therefore follow that we might expect some differences in the ways in

which corporations express and pursue their social responsibilities among different societies.

Our analysis proceeds in two steps. First, we provide a theoretical framework to understand the differences in CSR among countries. This will be the basis of our conceptualization of CSR as a dual construct—the implicit and the explicit. We then explain the recent spread of explicit CSR.

Why Do CSR Systems Differ? The National Business Systems Approach

We argue that national differences in CSR can be explained by historically grown institutional frameworks that shape "national business systems" (Whitley, 1997). Hence, we adopt the national business system (NBS) or societal effect approach (Maurice & Sorge, 2000; Maurice, Sorge, & Warner, 1980; Sorge, 1991; Whitley, 1992, 1999, 2002a,b), which shares key features with the varieties of capitalism approaches that distinguish liberal market economies and coordinated market economies (Hall & Soskice, 2001), along with specific social systems of production (Hollingsworth & Boyer, 1997). We suggest this approach because it points to durable and embedded aspects of business systems. We argue that the NBS approach explains the distinctive underpinnings of both implicit and explicit CSR. We continue by fleshing out how different historical institutional frameworks inform differences in NBSs and how these contribute to our framework for understanding comparative CSR.

Whitley (1999) has identified four key features of historically grown national institutional frameworks: the political system, the financial system, the education and labor system, and the cultural system. We discuss these below.

Political systems. The key distinguishing feature of American and European political systems is the power of the state. This has tended to be greater in Europe than in the United States (Lijphart, 1984), and European governments generally have been more engaged in economic and social activity (Heidenheimer, Hecló, & Adams, 1990). Some have nationalized insurance systems for health, pensions, and other social commodities, and others have mandated corporations to assume responsibility in these areas. In the United States there is greater scope for corporate discretion, since government has been less active there. Even where American govern-

²In the case of MNCs headquartered in industrialized democracies, the relevant legal framework is the one of the country of origin, where our prerequisites for CSR (as discussed earlier) actually apply. As the examples of western MNCs in South Africa during apartheid or the contemporary dilemmas of internet providers with Chinese censorship laws show, enhancing CSR might occasionally result in MNCs not complying with local laws in their host countries.

ments have been active, this has often been through the creation of incentives to employers to provide social benefits via negative tax expenditures.

Financial systems. In the United States the stock market is the central financial source for companies. Most of the larger, publicly owned companies obtain their capital there, and shareholding is relatively dispersed among shareholders (Becht & Röell, 1999; Coffee, 2001). With the stock market being the most important source of capital, corporations have to provide a high degree of transparency and accountability to investors. In the European model of capitalism, corporations tend to be embedded in a network of a small number of large investors, among which banks play a major role. Within this network of mutually interlocking owners, the central focus is the long-term preservation of influence and power. More significant for our argument is that within the European model stakeholders other than shareholders also play an important role, sometimes even equivalent to or above that of shareholders (Fiss & Zajac, 2004).

Education and labor systems. Europe and the United States have differed in the regulation and production of human resources at the post-secondary school level. In Europe there have been publicly led training and active labor market policies in which corporations have participated according either to custom or regulation, whereas in the United States this has been an area in which corporations themselves have developed strategies. This contrast not only reflects different state strategies but also differences between the relatively integrated, nationwide, and hierarchical European structures of business and labor interests and those of the United States, which are generally poorly and sporadically represented in national policy-making terms. Historically higher levels of union membership in Europe resulted in labor-related issues being negotiated at a sectoral or national, rather than corporate, level. Likewise, European corporations have shown a greater propensity to pursue collective interests through national business associations or federations (Molina & Rhodes, 2002; Schmitter & Lehmbruch, 1979).

Cultural systems. The U.S. and European cultural systems have generated very different broad assumptions about society, business, and

government. Compared to Europeans, Americans are regarded as having a relative capacity for participation (De Tocqueville, 1956/1835), a relative capacity for philanthropy (Bremner, 1988) and a relative capacity of business people for philanthropy (Dowie, 2001), relative skepticism about big government (King, 1973), and relative confidence about the moral worth of capitalism (Vogel, 1992). Thus, there is a much stronger American ethic of stewardship and of "giving back" to society, epitomized in Carnegie's view that "the duty of the man of Wealth [is] to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer . . . in a manner . . . best calculated to produce the most beneficial results for the community" (2006/1889: 10). The social responsibility of the wealthy businessperson evolved into that of the corporation (Heald, 1970). This contrasts with the greater European cultural reliance on representative organizations, be they political parties, unions, employers' associations, or churches, and the state (Lipset & Rokkan, 1967).

These institutional factors have informed the U.S. and European NBSs, specifically in terms of the nature of the firm, the organization of market processes, and coordination and control systems (Whitley, 1999).

Nature of the firm. The institutional framework of a country determines key structural features of the firm, including the degree to which private hierarchies control economic processes, the degree of discretion owners allow managers in running the company, and organizational capabilities to respond to changing and differentiated demands. While the United States has been more reliant on market-based forms of contract-based ownership, European countries, especially Scandinavian and Continental ones, have had a large amount of direct ownership or alliance ownership, most notably through networks of banks, insurance companies, or even governmental actors (Coffee, 2001). European countries, particularly France and the United Kingdom, have historically had high levels of public ownership and public investment in private industry. Thus, European corporations have had a range of embedded relations with a relatively wide set of societal stakeholders.

Organization of market processes. A decisive feature of an NBS is how the economic relations between actors are organized and coordinated,

the two extremes here being markets and alliances. Characteristic features include the extent of long-term cooperation between firms within sectors, the role of intermediaries in establishing market transactions, the role and influence of business associations, the role of personal relations, and trust in establishing market transactions. In the United States, greater prominence has been given to market self-organization, upheld by governments and the courts through antitrust laws, for example. In Europe, markets have tended to be organized by producer group alliances, which either reflect consensual representation and mediation of labor and capital or, particularly in the case of France, strong government leadership. The way these relations are organized touches on a significant number of CSR issues, such as consumer protection, product stewardship, and liability for production and products.

Coordination and control systems. Finally, NBSs differ considerably in the way companies are governed. Key characteristics of NBSs include the degree of integration and interdependency of economic processes, anonymity of employer-employee relations, the degree to which delegation takes place and trust governs relationships, the level of discretion in the task environment of employees, and the degree of responsibility of managers toward employees. In the context of this paper, coordination and control systems significantly impact the role of employee stakeholders for the company. For example, European employee representation and participation are covered by dense employment regulation and protection covering a significant number of issues, which in the United States would be part of explicit CSR.

Notwithstanding their similar commitments to democracy, capitalism, and welfare, the United States and Europe have different historically grown institutional frameworks and NBSs. These are vital to a comparative understanding of CSR. Pasquero (2004) has argued that CSR in the United States is embedded in U.S. institutions and culture, particularly in the traditions of individualism, democratic pluralism, moralism, and utilitarianism. We argue that the distinctive elements of European CSR are embedded in the European NBSs, such as industrial relations, labor law, and corporate governance.

A Conceptual Framework for Understanding Differences in CSR

We have argued that U.S.-style CSR has been embedded in a system that leaves more incentive and opportunity for corporations to take comparatively explicit responsibility. European CSR has been implied in systems of wider organizational responsibility that have yielded comparatively narrow incentives and opportunities for corporations to take explicit responsibility. We therefore identify two distinct elements of CSR—the *explicit* and the *implicit*.

By “explicit CSR,” we refer to corporate policies that assume and articulate responsibility for some societal interests. They normally consist of voluntary programs and strategies by corporations that combine social and business value and address issues perceived as being part of the social responsibility of the company. A recent example was the response of Wal-Mart, FedEx, Home Depot, and other U.S. companies to provide disaster relief to the victims of Hurricane Katrina in 2005, which—with more than \$792 million raised by September 2005 (Roner, 2005)—in speed and scope exceeded the initial response by the U.S. government. Explicit CSR may be responsive to stakeholder pressure (e.g., consumer and activist responses to labor conditions in Nike’s Asian supply chains), it may involve partnerships with governmental (e.g., the U.S. Apparel Industry Code of Conduct, the United Nations [UN] Global Compact) and non-governmental organizations (e.g., the Marine Stewardship Council, the ISO 14000 and 26000 series), and it may even involve alliances with other corporations (e.g., the Global Business Coalition on HIV/AIDS, the Equator Principles). The point remains that explicit CSR rests on corporate discretion, rather than reflecting either governmental authority or broader formal or informal institutions.

By “implicit CSR,” we refer to corporations’ role within the wider *formal and informal institutions* for society’s interests and concerns. Implicit CSR normally consists of values, norms, and rules that result in (mandatory and customary) requirements for corporations to address stakeholder issues and that define proper obligations of corporate actors in collective rather than individual terms. While representative business associations would often be directly involved in the definition and legitimization of

these requirements, individual corporations would not normally articulate their own versions of such responsibilities.

Our differentiation focuses, first, on the language corporations use in addressing their relation to society: companies practicing explicit CSR use the language of CSR in communicating their policies and practices to their stakeholders, whereas those practicing implicit CSR normally do not describe their activities this way. Second, our differentiation also exposes differences in *intent*: corporations practicing implicit CSR might conduct practices similar to those of corporations practicing explicit CSR. Implicit CSR, however, is not conceived of as a voluntary and deliberate corporate decision but, rather, as a reaction to, or reflection of, a corporation's institutional environment, whereas explicit CSR is the result of a deliberate, voluntary, and often strategic (Porter & Kramer, 2006) decision of a corporation. Many of the elements of implicit CSR occur in the form of codified norms, rules, and laws but are not conventionally described explicitly as CSR. It is the societal norms, networks, organizations, and rules that are explicit, rather than their implications for the social responsibilities of business. It is in this sense that CSR in these systems is implicit. Where corporations comply with the law and customary ethics but do not claim distinctive authorship of these practices, they are nonetheless acting responsibly, as noted by Carroll (1979). Table 1 provides a comparative overview over the implicit and explicit elements of CSR.³

Figure 1 indicates the predicting factors for the nature of CSR in a specific national context as lying in the nature of the institutional framework. Institutions encouraging individualism

³Our terminology captures the difference between distinctive and entailed CSR. "Explicit" is defined by the Oxford English Dictionary as "of knowledge, a notion etc: developed in detail; hence, clear, definite" and "of declarations, indications, utterances: distinctly expressing all that is meant; leaving nothing merely implied or suggested; express." In contrast, "implicit" is defined as "implied though not plainly expressed; naturally or necessarily involved in, or capable of being inferred from, something else," as well as "entangled, entwined, involved; involved in each other; overlapping." Our use of the term *implicit* is designed to capture both of these dictionary meanings. In the first case, the corporation does not "develop" and "indicate" the responsibility, but, rather, when it does undertake and indicate responsibilities, it does so through involvement in wider business systems.

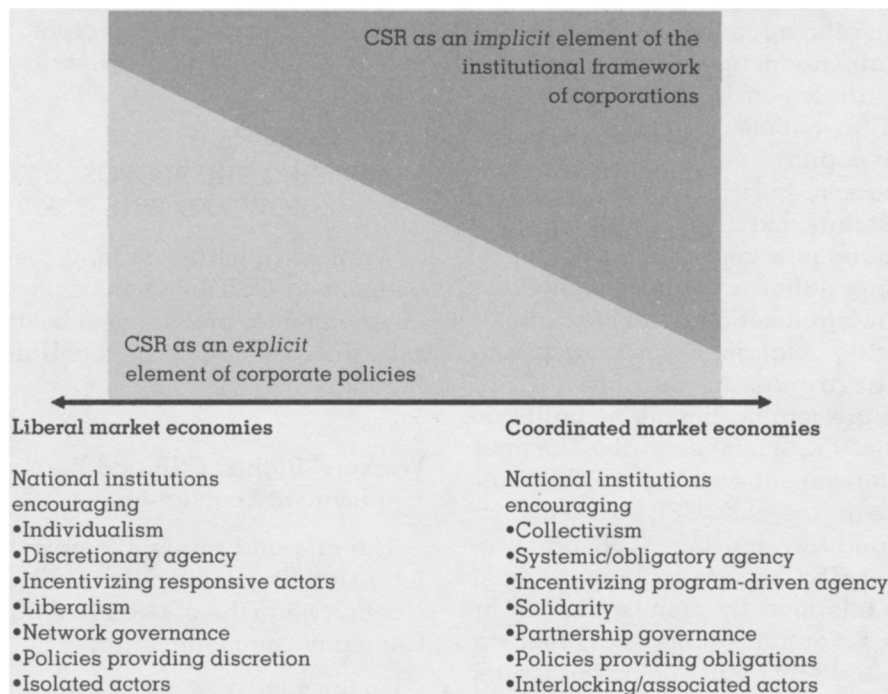
and providing discretion to private economic actors in liberal markets would be considered national systems in which one would expect to find strong elements of explicit CSR. The NBS literature would characterize the United States as having these attributes. It would characterize European institutional frameworks as having coordinated approaches to economic and social governance through a partnership of representative social and economic actors led by government.

It is difficult to offer measures of these differences, since much of the NBS literature is qualitative in nature. There are some proxies that would enable an NBS to be located on this continuum. For instance, the existence, influence, and density of trade unions, industry associations, and other collective actors might be an indicator, as might the number of national agreements on issues like pay, work conditions, and educational responsibility. Levels of corporate taxation might also be relevant. However, we do not see this as a dichotomous distinction between the two systems but, rather, one of emphasis. Thus, we recognize U.S. implicit elements of CSR in legal requirements imposed on business in, for example, workers' rights, the role of trade unions, corporate taxation, and environmental legislation. Similarly, we do not see Europe as historically devoid of explicit CSR, as evidenced by cases of industrial paternalism and business philanthropy.

TABLE 1
Explicit and Implicit CSR Compared

Explicit CSR	Implicit CSR
Describes corporate activities that assume responsibility for the interests of society	Describes corporations' role within the wider formal and informal institutions for society's interests and concerns
Consists of voluntary corporate policies, programs, and strategies	Consists of values, norms, and rules that result in (often codified and mandatory) requirements for corporations
Incentives and opportunities are motivated by the perceived expectations of different stakeholders of the corporation	Motivated by the societal consensus on the legitimate expectations of the roles and contributions of all major groups in society, including corporations

FIGURE 1
Implicit and Explicit CSR



Why (Explicit) CSR Is Spreading Globally: Neoinstitutional Theory and Institutional Legitimacy

While we argue that CSR is understood by the location of corporations in NBSs, we recognize that comparative evaluations of CSR cannot be deterministic, overfunctional (Molina & Rhodes, 2002), or oversocialized (Granovetter, 1985). Rather, institutional frameworks and NBSs change, raising new incentives and opportunities for actors—in this case, corporations—to relate to and position themselves with respect to wider systems of responsibility. As we noted in our introduction, CSR—or, in our terms, explicit CSR—is gaining new momentum across Europe (and beyond).

We suggest that “new institutionalism” (DiMaggio & Powell, 1983; Meyer, 2000; Meyer & Rowan, 1977) provides a helpful theoretical perspective for understanding these processes. New institutionalism has been informed by the homogenization of institutional environments across national boundaries and has indicated how regulative, normative, and cognitive processes lead to increasingly standardized and rationalized practices in organizations across

industries and national boundaries. The key argument is that organizational practices change and become institutionalized because they are considered legitimate. This legitimacy is produced by three key processes: coercive isomorphisms, mimetic processes, and normative pressures (DiMaggio & Powell, 1983). We continue by addressing these three processes in order to argue that new institutionalism explains why and how explicit CSR is gaining momentum as a new management concept.

Coercive isomorphisms. It is assumed in neoinstitutionalism that externally codified rules, norms, or laws assign legitimacy to new management practices. In the case of CSR in Europe, there has been a rush of governmental strategies and initiatives fostering its spread (Eberhard-Harribey, 2006). Similarly, self-regulatory and voluntary initiatives, most notably codes of conduct issued by bodies such as the UN, the Organization for Economic Cooperation and Development (OECD), the International Labor Organization (ILO), and the Global Reporting Initiative are also seen as isomorphisms. Moreover, compliance with certain environmental standards (e.g., ISO 14000, the Eco-Manage-

ment and Audit Scheme)—often supply chain driven—requires companies to adopt CSR policies. The growth of socially responsible investment indexes and the adoption of CSR-type criteria by more mainstream investment funds also constitute new drivers for corporations to develop explicit CSR policies in order to access these sources of capital.

Mimetic processes. In a business climate of increased uncertainty and increasingly complex technologies, managers tend to consider practices as legitimate if they are regarded as “best practice” in their organizational field (e.g., business reengineering, total quality management). We see similar trends in European CSR, whereby MNCs are joining business coalitions for CSR (e.g., the U.K. Business in the Community, CSR Europe) and subscribing to CSR training programs (e.g., the U.K. CSR Academy) in order to learn and develop best CSR practice. The explosion of CSR reports in Europe (Kolk, 2005b), usually informed by membership of or guidance from CSR organizations, is another example of the operation of mimetic processes, as is the leadership-focused approach of the UN Global Compact, which, incidentally, has more European than U.S. Fortune 500 members (Williams, 2005).

Normative pressures. Educational and professional authorities that directly or indirectly set standards for “legitimate” organizational practices are a third source of isomorphic pressure in new institutionalism (e.g., in the increasingly standardized MBA degree). We argue that it is also helpful in understanding the new explicit European CSR. Leading European business schools or institutions for higher education now include CSR at least as an option and often as a compulsory part of business education (Matten & Moon, 2004). This trend toward stronger inclusion of CSR in the curriculum developed an institutional character in the formation of the European Academy of Business in Society in 2002. A growing number of European professional associations (e.g., in HRM, accounting, supply chain management) also increasingly exert normative pressures on business to adopt CSR.

Shifts in the balance of implicit and explicit CSR therefore reflect changing features of corporations’ historical national institutional frameworks and their immediate organizational fields. Figure 2 provides an overview of our framework. The corporation is both embedded in

its historically grown national institutional framework and its respective NBS, as well as in its organizational field, which influences the corporation through isomorphic forces. The result is CSR reflecting a hybrid of implicit and explicit elements.

APPLYING THE PROPOSED FRAMEWORK: HOW AND WHY CSR VARIES

We now illustrate differences in the embeddedness of CSR by comparing workers’ rights, environmental protection, education, and corporate irresponsibility in the United States and Europe.

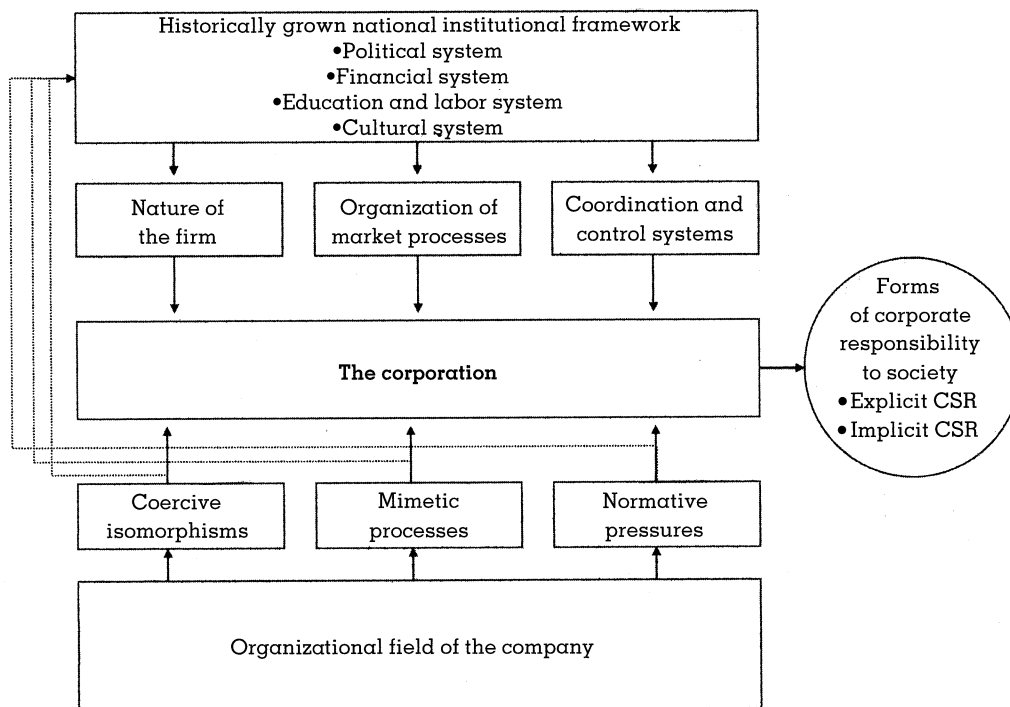
Workers’ Rights: CSR and European Employment Legislation

The role and rights of employees has been a long-standing item on U.S. CSR agendas. Nearly a century ago the president of Studebaker Motor Company commented that

the first duty of an employer is to labor. . . . It is the duty of capital and management to compensate liberally, paying at least the current wage and probably a little more, and to give workers decent and healthful surroundings and treat them with utmost consideration (quoted in Heald, 1970: 36).

Subsequently, CSR has explicitly addressed such issues as fair wages, working time and conditions, health care, redundancy, and protection against unfair dismissal. For many U.S. corporations, initiatives to insure the uninsured are fundamental to their CSR (Cover the Uninsured, 2007). In 2004, many U.S. Starbucks Coffee outlets announced that they would pay the health care benefits of all those they employed for more than twenty days per month (Starbucks, 2004). Similar initiatives would be inconceivable from British or German restaurant chains, but this is not because they are less concerned about their employees’ health or social security. Every British citizen is entitled to coverage under the National Health Service, and corporations, along with other taxpayers, contribute to this through taxation. In Germany, membership in a health insurance plan is mandatory for every employee, and the legal framework defines the value of the monthly insurance premium paid for by the employer and the employee (normally a 50/50 split).

FIGURE 2
CSR and Institutional Context of the Corporation



Note: Solid arrow indicates direct, immediate influence; dotted arrow indicates indirect, long-term influence.

We conclude that the absence of many employment-related issues in European CSR reflects these countries' institutional frameworks and NBSs—in particular, formal, mandatory, and codified rules or laws defining the responsibility of corporations and other governmental and societal actors for particular social issues, which we call "implicit CSR." Likewise, the U.S. institutional framework has long resisted public health insurance (Hacker, 1997, 2006), which leaves space for CSR. It is worth adding that the relative historic capacities of trade unions—strong and integrated in Europe and weak and fragmented in the United States—also contribute to this comparative understanding of CSR. Explicit CSR in the United States, thus, is a rather iterative substitute for more embedded systems for treating workers with "utmost consideration."

Environmental Protection: Different Approaches in the United States and Europe

Our second example draws on Vogel's comparison of U.S. and European approaches to al-

locating responsibility for technological and scientific risks—in particular, the risks of genetically manipulated organisms (GMOs; Löfstedt & Vogel, 2001; Vogel, 2002). The U.S. Food and Drug Administration and the Department of Agriculture have a *laissez-faire* approach, legalizing fifty-eight GMOs until 2002, during which time the European Commission legalized just eighteen. Vogel argues that this reflects significantly lower public risk perceptions in the United States than in Europe. However, in response to substantial consumer activism, some major U.S. food companies (e.g., McDonald's, Gerber, McCain Foods) have publicly renounced ingredients made from genetically altered seeds. In response to particular stakeholder pressure, they assumed the explicit responsibility that most of their European counterparts left to regulators (Vogel, 2002: 6).

Similar differences occur in corporate responses to global warming and climate change (Levy & Kolk, 2002; Levy & Newell, 2005). First, the U.S. government delegated significant responsibility for the Kyoto Protocol and its targets to

private discretion. Thus, the Ford Motor Company dedicates large parts of its CSR report to initiatives to reduce carbon emissions, largely in response to shareholder activism (Ford, 2005). Second, the approach of U.S. regulators to greenhouse gas is to prefer discretionary trading schemes, whereas in Europe the trend is toward negotiated agreements setting specific targets (Carraro & Egenhofer, 2003: 6).

Independent corporate responsibility for issues of such societal concern is far less likely to be undertaken by European companies. This is not because they necessarily care less about environmental responsibility but because they have less discretion in this area. Even if voluntary action occurs, such as the refusal of some British supermarket chains to retail products containing GMOs (Kolk, 2000), these initiatives tend to take place in a consensual, negotiated approach with governmental institutions. Similarly, the decision of Shell and BP to leave the American-led anti-Kyoto Global Climate Coalition reflects both strong social pressures on European companies and their relatively narrow margins for discretion in responding to environmental concerns (Levy & Kolk, 2002). As Delmas and Terlaak note, compared to Europe, in the United States the "institutional environments marked by fragmentation of power and open access in policymaking reduce regulatory credibility and thus hamper the implementation of negotiated agreements" (2002: 5). Again, the main element of transatlantic difference lies in the institutional framework, both in terms of informal institutions such as social values and expectations and the mandatory legal framework.

Education: American and European Business Roles

Education is another area of markedly different forms of social responsibility on either side of the Atlantic. Notwithstanding the United States' high public profile in primary and secondary school and higher education sectors (Castles, 1998), education is also an area of relative explicit CSR priority (Heald, 1970: 210–221). Maignan and Ralston (2002) found education to be the second most signaled U.S. stakeholder issue, whereas it is significantly less signaled in the United Kingdom and is virtually absent for French and Dutch companies. Support for

primary and secondary schools in the United States is not simply a case of supporting local schools. CSR education alliances have been used by business as a major vehicle for addressing issues of economic and social inequality (Heaveside, 1989; Lacey & Kingsley, 1988; Timpane & Miller McNeil, 1991). Turning to higher education, Dowie (2001: 26) reported that in 1998 corporations and corporate foundations (e.g., Carnegie, Ford, Annenberg) donated \$3.25 billion and \$3.8 billion, respectively.

Education's general U.S. philanthropic priority (Dowie, 2001: 23) goes hand in hand with its highly decentralized administration (Heidenheimer et al., 1990). In contrast, despite its federal structure, German education has long been centrally administered and funded, extending to the setting of university appointments. In Sweden, government has rationed entry to higher education according to national labor market planning objectives. The comparative outcome has been more conspicuous social inequality in American education, on the one hand, and higher levels of participation, diversity, choice, and innovation than in Europe, on the other (Heidenheimer et al., 1990).

Corporate Irresponsibility

Finally, we argue that our framework informs the understanding of corporate irresponsibility. In a context of explicit CSR, the spate of corporate scandals in the United States can be understood with reference to the ethical presuppositions of the national institutional framework. Recognizing the plethora of possible interpretations of the scandals, we suggest that the gradual slide into what culminated in fraud and misappropriation of assets at Enron and WorldCom was substantially influenced by the NBS context of shareholder preeminence. In this context, the accounting tricks applied at Enron could be regarded as a rational response to the American NBS (Sims & Brinkmann, 2003). The same applies to the damage inflicted on employees in these companies. Given that the U.S. welfare system has tended to attribute responsibility for pensions to employers and individuals, the fact that so many employees lost their pensions reflects not only unethical behavior by managers but also a system that entrusted these companies with responsibility for their employees' social

and economic welfare, as articulated by the former Studebaker president (see above).

In contrast, recent scandals in European companies, such as Elf Aquitaine in France, Ahold in the Netherlands, and Parmalat in Italy, usually reflect the corporate governance system of interlocking patterns of ownership, long-term relations, and friendships in business and politics. Parmalat clearly illustrates this point (Melis, 2005): with high levels of concentrated share ownership, underdeveloped financial markets, low levels of transparency and accountability of corporations, and close personal ties among business, the banks, and politics, the owners of Parmalat were able to exploit the specific institutional features of the Italian NBS. Although the Enron and Parmalat scandals were of similar dimensions, their origins lay in different national systems for allocating responsibility.

In light of our model, we argue that what is customarily perceived as corporate irresponsibility is deeply embedded in the NBS of a country in which the company operates. It is also instructive to compare the remedies. In the United States, the introduction of new regulation—the Sarbanes-Oxley Act—constitutes a shift from the explicit to the implicit responsibility of the corporation within the wider institutional framework. In Italy, one of the reactions to the Parmalat scandal was an interest in improving—if not creating—the market for corporate capital (Murphy, 2004) and, thus, encouraging a more explicit CSR.

APPLYING THE FRAMEWORK: HOW AND WHY EXPLICIT CSR IS SPREADING TO EUROPE

Having emphasized the differences between U.S. and European CSR, we turn now to the phenomenon of the global spread of explicit CSR as a new management idea. First, we argue that the rise of explicit CSR in Europe is a response to changes in the historically grown institutional frameworks of European NBSs (Figure 2). Second, we flesh out the features of the new European explicit CSR.

There have been clear changes to European *political systems*, particularly regarding the capacity of the welfare state and corporatist policy making to address such issues as the onset of mass unemployment and fiscal stress from the late 1970s to the early 1990s. In the United Kingdom these issues were compounded by urban

decay and unrest, which made for widespread discussion about the capacity and legitimacy of the whole system, rather than simply of individual administrations (Moon & Richardson, 1993). This led the government to expressly encourage CSR as part of the restoration of legitimate societal governance, particularly regarding the *education and labor system*. Simultaneously, concerns about business's own legitimacy pushed corporations toward explicit CSR (Moon, 2004a). *The Economist* described Marks & Spencer's expenditure on community work and charity as "making a sensible investment in its market place. If urban disorders become a regular fact of life, many of its 260 stores would not survive" (1982: 20). In this period Business in the Community (BITC, 2007) was founded, which is now the leading U.K. business coalition for explicit CSR. When other European countries faced similar crises, business was called on to take explicit responsibility (Jespersen, 2003).

The more explicit responsibilities of corporations also reflect changes in political representation, mediation, and exchange among organized interests of labor and capital and in their contributions to national policy making, often referred to as *neocorporatism*. Whereas for thirty or forty postwar years these interests were relatively hierarchical, broad in scope, and consensual, the emergence of new "postindustrial" or "post-Fordist" issues (e.g., education, health care, the environment), the proliferation of actors and networks, the decentralization of decision making, and the increase in business self-regulation and discretion have unsettled these policy-making systems (Molina & Rhodes, 2002). In a similar vein, government-business interactions in the EU have been transformed, most notably in lobbying at the EU level (Coen, 2005). Privatization of European industry and public services has led to the substantial delegation of energy, education, health, telecommunication, public transport, and social services to corporations. These shifts have informed increased societal expectations of business.

Turning to the *financial system*, most European countries have experienced a "financialization" of their economies (e.g., Tainio, Huolman, & Pulkkinen, 2001). While significant differences between European and U.S. financial systems remain, European corporations increasingly use stock markets as a source of capital. Many large European MNCs have even

registered on the New York Stock Exchange. Ongoing European corporate governance reforms (Albert-Roulhac & Breen, 2005) tend to move control from banks and major block holdings to capital markets, encouraging shareholder-oriented corporate governance. With increasing socially responsible investment criteria, access to capital has become a key driver of CSR in Europe (Williams & Conley, 2005). This is illustrated by new European stock market indexes focusing on companies' social and environmental performance (e.g., the London-based FTSE4Good, the French ASPI, and the German Natur-Aktien-Index).

Other drivers toward more explicit CSR come from changes in European *labor systems*. Key elements are the deregulation of labor markets and the weakening position of trade unions and industry associations (Preuss, Haunschild, & Matten, in press). In cases of redundancy, plant closures, or skill development, European companies increasingly assume responsibility for fulfilling stakeholder expectations rather than relying on welfare state institutions. Corporations are also taking greater direct responsibility for industrial training following the deregulation of state systems.

Finally, significant changes in European *cultural systems* are also propitious for explicit CSR. A key factor is the increased awareness of the impact of individual European MNCs, rather than of capitalism as an economic system, in the developing world and the growing societal expectations regarding health, safety, environment, and human rights impacts. Anglo-Dutch Shell pioneered explicit European CSR as a result of social reactions to its activities in the North Sea and Nigeria (Wheeler, Fabig, & Boele, 2002). The Swiss company Nestlé earned notoriety as the most boycotted company in the world, not because of domestic issues but because of its marketing policies for baby formula outside of Europe (Smith, 1990). More generally, a key driver of explicit CSR in Europe has been fair and ethical trade movements, especially in the United Kingdom and Switzerland (Nicholls & Opal, 2005).

Figure 2 indicates that those changes in the European institutional framework are due to the same isomorphic pressures that influence companies. In the latter case this influence is direct, whereas in the former it is more indirect and long term—admittedly a subject of continuing

debate in the NBS literature (e.g., Quack, Morgan, & Whitley, 1999)

One source of coercive isomorphisms in Europe is the EU itself, through deregulation of business and the liberalization of markets for labor, services, and goods, which have challenged European corporatism. Similarly, the criteria for fiscal prudence in many accession countries constrained the welfare systems within which much implicit CSR had been enacted. The Competition Commission has circumscribed national government subsidies of coal, steel, and car manufacturing industries, further limiting implicit CSR.

Though more difficult to disentangle, *mimetic processes* and *normative pressures* have also encouraged more explicit CSR. The European Commission has encouraged explicit CSR through Green Papers, communications, funded projects, and incentive schemes (e.g., Commission of the European Communities, 2001, 2002). Corporations are expected to assume greater responsibility in the policy-making process—for instance, through the introduction of self-regulation, reflexive regulation, and other regulatory efforts (Orts & Deketelaere, 2001).

Not only does Europe have a legacy of distinctive implicit CSR elements but, we also argue, its new explicit CSR still reflects respective national institutional frameworks. We illustrate this with reference to four specific features: the role of government, the role of industry associations, the types of issues to which corporations are responding, and the bias in company size of European explicit CSR.

First, European explicit CSR is comparatively *government driven*, reflecting European Commission initiatives (see above) as well as those of national governments (Albareda, Tencati, Lozano, & Perrini, 2006). The United Kingdom has not only attached a ministerial responsibility to CSR but has introduced policies to encourage CSR, both domestically and within the global business of U.K. companies (Aaronson, 2002). Even regional and local governments have developed policies for CSR, as illustrated by the German province of North Rhine-Westphalia (Corporate Citizenship NRW, 2007) and U.K. local government procurement policy (McCrudden, 2007). While this reflects the longer traditions of government intervention in society and the economy, there is a shift from reliance on government authority toward the endorsement, fa-

cilitation, partnership, and soft regulation of CSR (Moon, 2004b). Thus, CSR constitutes part of a change in the mix of European governance roles toward "the enabling state" (Deakin & Walsh, 1996; Moon, 2002).

Second, European CSR initiatives are largely driven by programs and initiatives of wider *industry associations*—also a long-term feature of European NBSs. This is both through long-standing business associations encouraging CSR and through new CSR-specific organizations (e.g., the U.K. Business in the Community, the German Econsense, and the pan-European CSR Europe).

Third, there are distinctive *issues* driving CSR in Europe, particularly concerning the environment and sustainability (Löfstedt & Vogel, 2001). European corporations have shown an enthusiasm for such new issues as genetic engineering, BSE (commonly referred to as "mad cow disease"), and other risk-related issues. The decision of Shell and BP to leave the American-dominated Global Climate Coalition illustrates a distinctive European style of explicit CSR (Levy & Egan, 2000; Levy & Kolk, 2002). Yet European corporations remain less inclined to philanthropy than their North American counterparts (Palazzo, 2002). This reflects the corporate assumption that because of the relatively high levels of corporate taxation and more developed welfare states of Europe, the funding of education or the arts remains a government responsibility.

Fourth, explicit CSR in Europe is mainly a topic for *large companies* (e.g., Spence & Schmidpeter, 2002). Smaller firms in Europe still tend to enact their social responsibility within long-standing formal and informal networks, rather than through explicit policies. For example, German SMEs rely on implicit CSR through mandatory membership in local Chambers of Industry and Commerce, the traditions of the dual vocational education system, and informal networks, whether through the local church or at the local societal actors' "regular table" (*Stammtisch*) in a pub.

EVALUATION AND DISCUSSION

Our framework provides an approach to answering our two research questions. The first concerns the historically more explicit CSR in the United States than in Europe. The second

concerns the evidence of a recent shift from implicit to more explicit CSR among European corporations. Our answers to both questions are institutional. For over a century the explicit responsibility of U.S. corporations was socially embedded but not in the European style of state-oriented and cross-sectoral coordinated matrices of responsibility associated with more implicit CSR. The recent adoption of explicit CSR among European MNCs is related to the wider national (and supranational) European institutional reordering, which provides incentives to adopt corporate-level managerial solutions.

The Wider Significance of the Implicit–Explicit CSR Framework: Beyond the United States–Europe Comparison

Although we have developed our argument about comparative and dynamic CSR through analysis of U.S. and European corporations, we were motivated by the observation of different and changing balances of implicit and explicit CSR more widely. Turning to other developed economies, business systems in Japan and, to a lesser degree, in Korea and Taiwan are considered fairly similar to European ones in the NBS literature (Whitley, 1999: 139–208), characterized by high bank and public ownership, patriarchal and long-term employment, and coordination and control systems based on long-term partnerships rather than markets. The Japanese *keiretsu*, the Korean *chaebol*, and the (mostly state-owned) Taiwanese conglomerates have a legacy of implicit CSR similar to European companies, including lifelong employment, benefits, social services, and health care as elements of their wider business systems. Yet these NBSs have been in flux, and companies have been exposed to the isomorphisms in our model. The result, especially among Japanese MNCs, is the development of explicit CSR in the last decade (Fukukawa & Moon, 2004). Key factors have been companies' increased exposure to global capital markets, the adoption of American business techniques and education models, and challenges to their national governance capabilities.

In the NBSs of Russia and Eastern Europe, the former state-owned companies demonstrated elements of implicit CSR. Democratization and market liberalization might have been expected to shift these companies' CSR characteristics

from the right- to the left-hand end of our spectrum (Figure 1). However, with weak civil society and market institutions and sometimes overreaching governments, there has only been a slow and tentative development of explicit CSR. In the case of Russia, this is compounded by the absence of long-term social capital and habits of business responsibility (Kostjuk, 2005). But where markets, civil society, and government are relatively autonomous, mutually reinforcing, and nonparasitic, explicit CSR may emerge within the range of governance solutions, as evidenced in the Czech Republic and Hungary (coincidentally, countries that retained some vestiges of civil society through communism; see Habisch, Jonker, Wegner, & Schmidpeter, 2004).

Applying the framework to the global South, we see these countries as often characterized by weak institutions and poor governance, whose NBSs often delegate responsibility to private actors, be they family, tribal, religious, or, increasingly, business. There is ample evidence of a rise in explicit CSR in Africa (e.g., Visser et al., 2005), Asia (e.g., Birch & Moon, 2004), and Latin America (e.g., Puppim de Oliveira & Vargas, 2005). In general terms, our framework suggests that the rise of explicit CSR in many countries of the South can be accredited to isomorphic pressures. For example, CSR has been introduced through industrial metastandards, such as ISO 14000 via MNC-led supply chains (Christmann & Taylor, 2001, 2002). More broadly, many MNCs face institutional pressures in their respective home NBSs to meet European and North American environmental, health, and safety and human rights standards in their global operations. A particular twist to our argument is provided by the recent debate over "bottom of the pyramid" strategies (Prahalad, 2005). As many developing country government initiatives to improve living conditions falter, proponents of these strategies argue that companies can assume this role. In these circumstances, explicit CSR might offer a normative and institutional context for corporations seeking to take greater responsibility for social empowerment.

A more intermediate situation can be found in transitional economies. India has manifested long-term implicit CSR through corporate paternalism, reflecting both colonial and indigenous business-society traditions (Arora & Puranik,

2004). This has become more explicit, first in the 1960s with the growth of nonfamily companies and, second, following recent economic liberalization and privatization, with new societal expectations of business. One interesting aspect of this shift is that the companies that had long demonstrated implicit CSR through corporate philanthropy have now taken the lead in explicit CSR.

It is beyond the scope of our comparative investigation of CSR to elaborate a detailed predictive framework for national systems of CSR, but a few general remarks are in order. Since many of the institutional forces explaining the rise of explicit CSR in Europe are global phenomena, there is good reason to expect a rise of explicit CSR in countries hitherto characterized by strong implicit CSR (e.g., Japan, India, Korea). These same isomorphic pressures may also make for a rise in explicit CSR among MNCs operating in the so-called developing world, where there are weak institutions and poor governance mechanisms. The degree to which explicit CSR will become more common for corporations domicile in these countries may depend on the strengths of traditional institutions (e.g., family, religious, and tribal institutions) and governments that have shaped implicit CSR. In contrast, government-dominated transitional countries (e.g. China, Russia, and, currently, Venezuela or Bolivia) may see responsibilities of business delineated by regulation (Miller, 2005) and, thus, give greater emphasis to implicit CSR.

Possible Limitations of the Proposed Framework

As with all generalizing conceptualizations, we cannot close our remarks without some caveats. First, we recognize that some features of the U.S. national institutional framework resemble the European model. Pioneering U.S. governments brought implicit, rather than explicit, corporate responsibilities in the New Deal (Weir & Skocpol, 1985) and in 1960s environmental policy (Lundqvist, 1974), just to name some prominent examples.

Second, we recognize that, even within Europe, the twentieth century witnessed a great range of democratic and capitalist systems in which the nature and extent of business incorporation, independence, and responsibility var-

ied. We acknowledge the historic and abiding differences among and even within European countries, and there are numerous ongoing efforts to capture these from a CSR perspective (Midttun, Gautesen, & Gjøølberg, 2006). Our purpose is to signal their shared similarities and contrasts with the United States in order to understand the different ways in which CSR is conceptualized and practiced.

Third, these more fine-grained comparisons inform different contemporary dynamics of CSR. Despite the European orientation of much of its NBS, the United Kingdom has also shared some NBS features with the United States, which have become more pronounced through changes in the institutional framework since the 1980s. The U.K. NBS has historically had a greater role for capital markets and weaker regulation of labor markets than the rest of Europe. This explains why it has had longer and stronger manifestations of explicit CSR, illustrated by the nineteenth-century philanthropic and paternalistic activities of Boots, Cadbury, and Rowntree's. Moreover, the reduced scope of the public sector and the welfare state since the 1980s has informed a new surge in explicit CSR by British business addressing community, workplace, environmental, and market issues with company, business-wide, or partnership-based CSR policies and programs (Moon, 2004a). Nevertheless, U.K. explicit CSR reflects its more European NBS—specifically, in the roles of business associations and government. Thus, the United Kingdom serves to illustrate the dynamics of the explicit and implicit CSR balance reflecting specific changes in the NBS institutional framework.

A fourth consideration is the active role of corporations in shaping, rather than simply reflecting, institutional frameworks. As Tempel and Walgenbach argue, institutional theory tends to neglect the role of agency:

New institutionalists and business systems proponents share in common that they portray organizations as passive pawns, adapting willingly to institutionalized expectations in organizational fields or to dominant business systems characteristics (2007: 10).

We concur that the nature and balance of explicit and implicit CSR not only result from overall institutional features of the NBS or the organizational field but also from the roles of

corporations in shaping them. Corporations have contributed to U.S. employment and welfare systems and, thus, to an environment conducive to explicit CSR. There is an ongoing debate about whether and how to include the aspect of agency in institutional theory (e.g., regarding the role of MNCs in transnational institution building; Geppert, Matten, & Walgenbach, 2006). Moreover, corporations often assume an active and even political role in shaping those institutions that, we have argued, are crucial in fostering the rise of explicit CSR globally, such as the Global Business Coalition on HIV/AIDS and the UN Global Compact. These developments have been discussed under various labels, such as *reflexive* (Orts, 1995), *civil* (Bendell, 2000), *procedural* (Black, 2000), and *privatized* (Cashore, 2002) regulation. In line with our argument, corporate agency in shaping institutional frameworks differs between the United States and Europe, as Doh and Guay (2006) have recently shown for climate change, patent protection, and GMO policies.

Implications for Future Research

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

This is closely related to our contribution at the *instrumental level*. Corporations choosing to assume their social responsibilities have to take into account how different national backgrounds influence their CSR agenda. Corporations on both sides of the Atlantic ignore this at their peril. While McDonald's prides itself for being a leader of the U.S. CSR movement, it is regularly criticized for its infringements on workers' rights in its European subsidiaries and for circumventing elements of implicit CSR in European employment law (Royle, 2005). Bayer, on the other hand, an MNC generally regarded as responsible in Europe, has met with criticism and legal action for its mishandling of consumer and product safety in the United States (Mok-

hiber & Weissman, 2004), where these are regarded as elements of explicit CSR. In Europe, these are generally treated as implicit in the legal framework.

Finally, on a *normative level*, the framework exposes two significant one-sided perspectives on the current CSR debate. On the one hand, CSR enthusiasts often assume that (explicit) CSR emphasizes discrete duties and resources of companies for addressing certain societal issues for which there is no alternative approach. Our NBS approach reveals alternative institutional frameworks to regulate the social consequences of business and to enable corporations to share in coordinated social responsibility. On the other hand, our framework also characterizes the dynamic institutional context that obliges European corporations to assume wider responsibilities than hitherto, which CSR skeptics, who regard CSR as window-dressing or corporate spin, fail to recognize.

The recent proliferation of CSR in Europe and beyond provides a descriptive, instrumental, and normative laboratory where each NBS will play out a rebalancing of corporations' relationships with societal institutions, which we expect to be revealed in changing balances of their implicit and explicit responsibilities. It remains, of course, open to future research whether different social issues are more effectively and efficiently addressed by explicit than by implicit CSR; how the social outcomes reflect fairness, social inclusion, and equality of opportunities; and how these values are balanced with other norms of innovation, diversity, and choice.

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