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From implicit to explicit CSR? A comparative analysis of practices and beliefs in the context of varying systems of industrial relations

Globalisation has led to an increase in a form of governance called Corporate Social Responsibility (CSR). While some authors assume that CSR will expand over the entire globe (Shamir 2004), others have stated that there are astonishing “holes” of CSR. Particular countries with strong corporatist traditions are considered laggards in CSR (Kinderman 2010). A widespread assumption about CSR is that in countries where collective regulations are weak, voluntary activities of business regulating stakeholder relations prevail (not seldom with an intention to increase shareholder’s business gains.) Dirk Matten und Jeremy Moon (2008) have qualified this debate in distinguishing between implicit and explicit CSR. To them, implicit CSR captures the norms, values and rules that provoke business to respect a broader range of stakeholder’s interests; it is situated in a context where the incentive for *voluntary* action of business is limited as already a number of activities are regulated by social partners or the state, like vocational training, pensions or health care. In contrast, explicit CSR refers to voluntary corporate policies increasing social and ecological sustainability, activities which are always clearly labelled as ‘CSR’ or ‘CC’. Matten and Moon argue that the European corporate governance system is best described as implicit CSR, while liberal economies with immature welfare states and little social regulation favour explicit CSR. Globalisation thus would lead to an expansion of explicit CSR across the globe, moreover it would lead to a substitution of implicit CSR by explicit CSR. Maria Gjølberg (2009) offers an alternative view arguing - on the example of business in Northern Europe - that a strong implicit CSR at home leads to a high commitment for explicit CSR in subsidiaries abroad, which is again then voluntary.

In our paper we are able to prove these two hypotheses empirically. In this paper we will investigate CSR practices and policies in three countries, Germany, Poland, and Hungary. Germany is particularly interesting for its reluctance towards explicit CSR; Poland and Hungary are chosen as they represent the most extreme forms of liberal

dependent capitalism (Bohle/Greskovits 2007) relying on foreign direct investments presumably very vulnerable to the introduction of explicit CSR. Based on a quantitative survey in manufacturing and financial services in 2009/2010, we are able to compare general indicators of CSR practices in companies as well as business leaders' subjective concepts of corporate responsibility including their individual honorary work. We show that explicit CSR emerges as a complement of, rather than a substitute to implicit CSR or institutionalized forms of solidarity more generally. German companies (including large ones) still have a strong implicit orientation to CSR, while large corporations and banks are much more explicit. For all three countries, public listed companies and more financially driven companies are more inclined to explicit CSR and also the beliefs of business leaders matter. While Polish and Hungarian companies do less they do it more explicitly. Interestingly, in all three countries the presence of works councils or union committees rises the likeliness of doing implicit CSR significantly, as well as membership in an employers' association with bargaining function has a positive effect on implicit CSR.

In terms of the subjective beliefs about social governance, we show that the most liberal country institutionally speaking – Poland – has the lowest degree of companies' leaders commitment to social responsibility. However astonishingly, smaller firms are not less committed than large corporations and banks, as is usually the case in other countries. West Germans, however, exhibit the most consistent concept of corporate responsibility, while East Germans, Hungarians and Polish business leaders reveal inconsistent attitudes combining – to different degrees – a shareholder orientation with alienation towards capitalist principles as well as scepticism towards the sustainability of the recent economic system in terms of social justice and cohesion.

We conclude from this first that experiences made during economic change, transformation more particularly, matter for the subjective concepts of corporate responsibility of the questioned business leaders. Second, the beliefs inform companies CSR policies, and third explicit CSR does not replace local institutional settings but moreover represents a secondary business governance form that particularly tries to answer some of the threats stemming from globalisation.

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