

MASTER THESIS  
INTERNATIONAL RELATIONS  
Radboud University Nijmegen



**Radboud University**

# CORPORATE SOCIAL RESPONSIBILITY: ONE TERM, DIFFERENT APPROACHES

BUILDING A THEORETICAL MODEL  
TO EXPLAIN CROSS-NATIONAL GOVERNMENTAL APPROACHES  
TOWARDS CSR

SARA VAN HOEVE  
SUPERVISED BY DR. G.C. VAN DER KAMP-ALONS  
AUGUST 2016

---

MASTER THESIS  
INTERNATIONAL RELATIONS  
Radboud University Nijmegen



**Radboud University**

# CORPORATE SOCIAL RESPONSIBILITY: ONE TERM, DIFFERENT APPROACHES

BUILDING A THEORETICAL MODEL  
TO EXPLAIN CROSS-NATIONAL GOVERNMENTAL APPROACHES  
TOWARDS CSR

---

Master Thesis	
University:	Radboud University, Nijmegen School of Management
Study:	MA Political Science
Specialization:	International Relations
Name	Sara van Hoeve
Student number	S4067304
Student e-mail	saravanhoeve@gmail.com
Supervisor	Dr. G.C. van der Kamp-Alons
Second reader	Dr. T.R. Eimer
Date submitted	August 15, 2016
Word count	30.549

# Preface

Dear reader,

Exactly six years ago, on the 15<sup>th</sup> of August 2010, my adventure in Nijmegen started. This Master Thesis in front of you is the last great milestone at the Radboud University, since I started my Bachelor in Political Science, and marks the end of my Master in International Relations.

I am very grateful to my supervisor, Dr. Gerry van der Kamp-Alons, for the help and feedback for finishing my Master Thesis, but also for the support during my research internship, especially by encouraging me to participate in the ECPR General Conference of 2015, which was probably the most amazing experience during my studies.

The process to finish this thesis was an unexpected one. It started with a process of thinking and writing, which accelerated quite a bit during the past summer months. This last part was a lonely process, but it was worth it. I am proud of the result, but I could not have done it without the support, advice and feedback of my friends and family. My friends Maaïke and Marie, for the great company during our times in the library, and knowing I was not the only one struggling with my thesis, and Jody, who encouraged me to work hard to finish this thesis. My mother, who provided a perfect study environment during the summer, and my father, for giving me feedback and helping me with the wonders of Word and Excel.

My years in Nijmegen have been wonderful and probably my future in The Hague will be so too, considering the great foundation my study at the Department of Political Science and my study experience in Nijmegen in general gave me.

Sara van Hoeve, August 2016

## Abstract

This thesis investigates the cross-national variation in governmental approaches to corporate social responsibility (CSR). CSR is most known for being a concept that focuses on the voluntary social responsible behavior of business actors and therefore government involvement seems counterintuitive. For theoretical as well as empirical reasons this thesis shows that it is interesting to investigate governmental CSR approaches. The field of studies that focuses on explaining the mechanisms behind governmental CSR approaches is still developing and this thesis contributes to this field of study by bringing together parts of the existing literature concerning the mechanisms behind governmental CSR, and approximate a theoretical model out of it combining three dimensions of CSR policies: geographical orientation, policy justification and emphasis on multilateral CSR initiatives. The theoretical model of this thesis is mainly informed by the ‘varieties of capitalism’ approach and is built upon domestic institutional context, industry structure and country size. The model is empirically tested on the country cases of Ireland, the UK, the Netherlands, Germany, and Austria. Corroborative evidence was found for the mechanisms that relate these independent variables to the dimension of geographical orientation, while partial evidence was found for the proposed mechanisms on the dimension emphasis on multilateral frameworks and little corroborative evidence for the dimension of policy justification.

**Keywords:** corporate social responsibility (CSR); governments; varieties of capitalism; policy justification; multilateral CSR frameworks.

# Table of contents

Preface .....	iii
Abstract .....	iv
Table of contents .....	v
List of figures and tables .....	viii
List of abbreviations and acronyms .....	ix
1 Introduction.....	10
1.1 Mechanisms behind governmental CSR approaches.....	12
1.2 Overview of the thesis .....	15
2 Literature review .....	16
2.1 Literature review of the ‘traditional’ CSR field .....	16
2.1.1 Normative CSR theories – the duty of CSR .....	16
2.1.2 Instrumental theories – the strategic ‘business case’ of CSR .....	17
2.1.3 Descriptive CSR studies .....	18
2.2 Challenges and critique on the ‘traditional’ CSR field.....	18
2.2.1 Definition of CSR.....	18
2.2.2 Scientific gaps in the traditional research field.....	19
2.3 Contextual approach towards CSR.....	20
2.3.1 Governance vacuums.....	20
2.3.2 Varieties of Capitalism approach .....	22
2.4 Mechanisms behind CSR practice by firms .....	23
2.4.1 CSR as substitute for formal institutions .....	23
2.4.2 CSR practice as an institutional ‘mirror’ .....	25
2.5 Résumé.....	25
3 Theoretical mechanisms.....	26
3.1 Governments and CSR – beyond the paradox.....	26
3.2 Building a theoretical model for governmental CSR policies .....	27
3.2.1 The dependent variable: Three dimensions of government approaches to CSR.....	27
3.2.2 Independent variable 1: Domestic institutional context.....	28
3.2.3 Independent variable 2: Industry structure .....	30
3.2.4 Independent variable 3: Country size .....	32
4 Methodology.....	35
4.1 Introduction .....	35
4.2 Operationalization of independent variables .....	35

4.2.1	Domestic institutional context .....	36
4.2.2	Risk of industry structure .....	36
4.2.3	Country size.....	37
4.3	Case selection.....	37
4.4	Operationalization of the dependent variable .....	38
4.4.1	Geographical orientation .....	39
4.4.2	Policy justification.....	40
4.4.3	Degree of emphasis on multilateral CSR initiatives .....	42
4.5	Data .....	42
4.6	Country specific hypotheses.....	44
4.6.1	Ireland.....	44
4.6.2	United Kingdom .....	44
4.6.3	Netherlands.....	45
4.6.4	Germany .....	45
4.6.5	Austria .....	45
4.6.6	Resumé .....	46
5	Findings and analysis .....	47
5.1	Country case hypotheses .....	47
5.1.1	Ireland.....	47
5.1.2	United Kingdom .....	49
5.1.3	Netherlands.....	50
5.1.4	Germany .....	52
5.1.5	Austria .....	53
5.1.6	Resumé .....	55
5.2	Comparative discussion.....	55
5.2.1	Geographical orientation .....	55
5.2.2	Policy justification.....	58
5.2.3	Emphasis on multilateral frameworks .....	59
5.2.4	Resumé .....	62
6	Discussion and conclusion .....	63
6.1	The research question.....	63
6.2	Implications of the findings.....	64
6.3	Research limitations .....	65
6.4	Recommendations for future research.....	66
6.5	Conclusion.....	67
	References .....	68
	Appendices .....	72

Appendix A	Overview of calculation for industry sector and country size .....	73
1.	Risk category.....	73
2.	Country size .....	73
Appendix B	List of selected documents per country .....	74
1.	Ireland .....	74
2.	United Kingdom.....	74
3.	Netherlands .....	75
4.	Germany .....	75
5.	Austria.....	76

## List of figures and tables

Figure 1 Empirical findings of Ireland shown per dimension of the governmental CSR approach	47
Figure 2 Empirical findings of the UK shown per dimension of the governmental CSR approach	49
Figure 3 Empirical findings of the Netherlands shown per dimension of the governmental CSR approach	51
Figure 4 Empirical findings of Germany shown per dimension of the governmental CSR approach	52
Figure 5 Empirical findings of Austria shown per dimension of the governmental CSR approach	53
Figure 6 Comparative findings on the dimension of geographical orientation	56
Figure 7 Comparative findings on the dimension of policy justification	58
Figure 8 Comparative findings on the dimension emphasis on multilateral frameworks	60
Table 1 Theoretical model of relationships between dependent and independent variables .....	34
Table 2 Industry sectors with high- or medium- to low-impact .....	37
Table 3 Case selection based on the classification on the independent variables .....	38
Table 4 Key words for the dimension of geographical orientation .....	40
Table 5 Key words for the frames on the dimension of policy justification .....	42
Table 6 Overview of country specific expectations per dimension of the dependent variable.....	46
Table 7 Summary of findings on the dependent variable per dimension for each country. ....	55
Table 8 Corroborative evidence for the mechanisms on geographical orientation. ....	57
Table 9 Corroborative evidence for the mechanism on policy justification. ....	59
Table 10 Corroborative evidence for the mechanisms on emphasis on multilateral CSR initiatives .....	62

## List of abbreviations and acronyms

CME	Coordinated market economy
CSR	Corporate Social Responsibility
EU	European Union
ILO	International Labour Organization
ISO	International Organization for Standardization
LME	Liberal market economy
MNC	Multinational Cooperation
MNE	Multinational Enterprise
NAP	National Action Plan
NGO	Non-governmental organization
OECD	Organization for Economic Cooperation and Development
SME	Small- and medium sized enterprises
UN	United Nations
VoC	Varieties of capitalism
WTO	World Trade Organization

# Chapter 1 Introduction

Corporate social responsibility (CSR) is a long and widely discussed concept in research and among practitioners. Although there is no commonly agreed upon exact definition of CSR a common aspect in most definitions is that CSR entails the voluntary integration of social and environmental concerns by businesses, ‘beyond compliance’. Consequently, most attention in scientific endeavors concerning CSR is directed toward the behavior of business actors. The focus of this thesis, however, is not on business actors but on the approach of governments towards CSR. This may seem counterintuitive to many and it is largely neglected in the field of CSR studies (Gond, Kang and Moon, 2011; Knudsen, Moon and Slager, 2013), as the perception of ‘voluntariness’ in most studies of CSR excludes a role of the government by definition, stemming from behavior beyond the requirement of the law. More recent studies have shown interest in the role of the government in two ways. Firstly as part of the domestic institutional context that influences business’ CSR practices, regarding it as one of the independent factors, and secondly as the dependent variable when describing and explaining the role of the government in its approach to encourage CSR practices by business. This thesis aims to contribute to the development of the latter and addresses the following general research question, that will be further demarcated later in the introduction:

*“Which factors explain the cross-national variation in governmental CSR policy?”*

The role of the government in CSR is interesting for both empirical and theoretical reasons. Empirical observations show an increasing interest of governmental actors in CSR, at both national and international level. National governments increasingly produce specific ‘CSR policies’, and international governmental organizations such as the United Nations (UN) and the Organization for Economic Cooperation and Development (OECD) actively initiate frameworks of guidelines on CSR. Also, the European Union (EU) has a ‘CSR agenda’ based on policies that support the approach. These developments raise the question why governmental actors are interested in CSR, as it has mostly been regarded as a phenomenon particular to business actors.

From a theoretic viewpoint, the rise of interest in CSR on governmental level is interesting as well. The field of CSR finds its origins in normative science, which had proposed implications, mostly problematic, for the development of the field and the role subscribed to governments. The traditional CSR field was largely focused on moral arguments concerning why and how business *should* behave socially responsibly. A more instrumental theoretical field then developed from this normative view, with the purpose of justifying CSR by aiming to prove the existence – or lack thereof – of a relationship between CSR and financial performance, thus building the rational ‘business case’ for CSR. However, a vast amount of descriptive studies focused on the differences in CSR practices and performance of business. This resulted in a pool of data in search for a theory (van Oosterhout and Heugens, 2008) and a scholarly focus on what *CSR causes*, rather than on what *causes CSR* (Gjølberg, 2011). The scientific focus on business actors had neglected the role of governments in CSR, since the prevailing perspective was that CSR is a purely voluntary process, either out of moral consciousness or rational profit maximization, that starts where the government or the law stops, hence excluding any governmental CSR regulation by definition.

CSR is perceived as voluntary behavior ‘beyond compliance’, meaning conduct beyond that which is required by law. The notion of governance vacuums explains the emergence and growth of CSR. Domestic governance vacuums are primarily a result of political *willingness* to intervene in markets. Neoliberal states intentionally have loose government regulation that leans on market regulation. Coordinated market economies have a higher degree of market intervention and rely more heavily on non-market regulation. Internationally, globalization is regarded as the primary cause of CSR. Nation states do not have the *ability* to regulate cross-border or foreign corporate activities, and neither have intergovernmental organizations. Local governments are responsible for the abidance of the law but often, especially in developing countries and remarkably so in failed states, regulations are less strict and are retained by governments that simply do not have the *capacity* to enforce regulation. The ‘hyper globalization thesis’ expects that globalization results in equal pressures towards competitiveness and liberalization in nation states and thus expects similar approaches towards CSR. Contrastingly, most of the recent research into the CSR field empirically points to cross-national differences and divergence in CSR practice and policies and theoretically explains these differences from a comparative political economy perspective, looking for differences in domestic institutional contexts. The arguments of this thesis builds on the insights of the latter ‘varieties of capitalism’ approach and middle-range theories in the institutional CSR field, attempting to combine the existing knowledge into a theoretical model for the relatively underinvestigated independent variable of governmental CSR approaches.

More recently, studies of CSR have focused on investigating the conditions under which corporations are likely to behave in socially responsible ways. These studies rely on the insights of comparative political economic theories. However, most of that literature is still focused on explaining the CSR practices of business actors. Little attention is paid to the active role of the government, mostly seeing it as part of the domestic institutional context of firms, but the government in itself is mainly perceived as a passive actor, merely setting the boundaries of the law in which businesses act. Most studies are aimed at Western Europe and often refer to the distinction between liberal market economies (LME) and coordinated market economies (CME) as different ‘varieties of capitalism’ with different institutional contexts, for instance when examining the regulatory strength of the state and the relationship between state and business, mostly with reference to the approach of Hall and Soskice (2001). There is no agreement on the mechanisms behind CSR practice yet and the ongoing debate is referred to as the ‘mirror-substitute’ debate. Authors differ in the view that CSR practices are either substitutes for government regulations (Kinderman, 2008, 2012; Matten and Moon, 2008; Jackson and Apostolakou, 2010), or ‘mirrors’ public policies (Midttun, Gautesen and Gjøølberg, 2006; Gjøølberg, 2011; Gond, Kang and Moon, 2011).

The role of the government, however, is more than that of a mere passive actor. As stated above, governments increasingly involve themselves in CSR by making specific CSR policy, and can therefore be seen as a driver of CSR (Moon, 2004). These CSR policies largely consist of ‘soft regulation’ encouraging CSR, instead of ‘command and control’ regulation enforcing it. Were it the latter, CSR could not be perceived as being voluntary anymore. However, the broader tendency of development towards a less hierarchical system of government that acts more like a network, raises the matter of revising how the ‘voluntary’ aspect of CSR is defined, as movement towards a contingent approach of voluntarism that takes into account the complex interaction that exists between government and business is becoming more apparent (Dentchev, Van Balen and Haezendonck, 2015, p. 379).

The active encouraging and enabling role taken by the government is undervalued in much of the existing CSR literature (Knudsen, Moon and Slager, 2013). Therefore, investigating government involvement in CSR as the dependent variable in CSR is an interesting and relevant theoretical gap to be filled. This scholarly debate has only recently developed and largely builds on the insights of the aforementioned comparative political economy approach towards businesses' CSR practices. Part of the literature aims to describe and categorize different roles of the government in CSR, mostly focusing on (Western) Europe (Fox, Ward and Howard, 2002; Albareda *et al.*, 2008; Horrigan, 2010; Steurer, 2010), whereas another part attempts to reveal the causal mechanisms behind the variation in governmental CSR approaches. No conclusive agreement on the explanation of variation in governmental CSR approaches exists yet, and it is to this scholarly debate that this thesis aims to contribute.

## **1.1 Mechanisms behind governmental CSR approaches**

Since the field is still developing, many dimensions of governmental CSR are still underinvestigated. This thesis aims to contribute to the developing field by bringing together parts of the existing literature concerning the mechanisms behind governmental CSR, and approximate a theoretical model out of it combining three dimensions of CSR policies: Two that are already being researched, namely geographical orientation and policy justification, and a new dimension. Variations on this third dimension have already been observed in empirical studies, but it has yet to be the focal point of governmental CSR. It concerns the difference in emphasis on multilateral initiatives such as the UN Global Compact and OECD Guidelines for Multinational Enterprises. These three dimensions give an interesting, albeit not exhaustive, insight into possible variations in CSR policies. Other possible dimensions, such as variation in the regulatory strength and policy instruments, or inclusive or partial application of CSR are interesting as well, but will not be explicitly investigated since this thesis attempts to design a first approximation of a theoretical model. Further research can include other dimensions as well, expanding it in different combinations. By choosing to investigate these three dimensions, the *research question* can be specified further:

*“Which factors explain the variation in governmental CSR policies, along the dimensions of geographical orientation, policy justification and emphasis on multilateral CSR initiatives in its national governmental policy?”*

The remaining part of the introductory chapter is structured as follows. Below a concise literature review is presented that shed a light upon the mechanisms and explanatory variables proposed by the existing literature. This results in the choice for the dependent variables this thesis addresses. Afterward, the case selection to empirically investigate the theoretical model is elucidated. This is done, to be able to present this thesis' specific research question.

The first dimension concerns the geographical orientation of CSR policies, which can either be domestically or internationally oriented. Domestically oriented CSR policy addresses businesses operating in the 'home country', whereas internationally oriented CSR policy is directed towards multinational corporations' (MNCs) foreign or cross-border activities, operating in 'host countries', or towards the international supply chains of businesses. Most literature is directed either towards explaining domestically oriented CSR policy or internationally orientated policies. Studies like those of Gjørberg (2010), Midttun *et al.* (2012) as well as Knudsen and Brown (2014) suggest a difference between liberal and coordinated market economies in their

geographical orientation, which is explained in Matten and Moon (2008) by referring to ‘implicit’ and ‘explicit’ CSR practices. Governments of liberal market economies such as the United Kingdom (UK) are less willing to intervene in markets and build on market regulation, encouraging CSR as it is regarded as beneficial to the economy and could help address domestic welfare issues like unemployment or social inclusion. More strongly regulated states, the ‘critical’ case of the Scandinavian states, are more prone to stricter regulation for corporations, which ‘implicitly’ enforce CSR practices. These states are less likely to have domestic CSR policies. Due to consequences of globalization however, neither nation states nor intergovernmental organizations are able to regulate corporations at the international level, even if they are willing and capable to do so, which results in global ‘governance vacuums’. This might lead to governments in both liberal and in coordinated market economies formulating policies that encourage CSR practices internationally. In the latter states as ‘second best’ option, behind the government’s domestic regulatory approach concerning corporate responsibility (Midttun *et al.*, 2012).

The second dimension concerns the rationale of government intervention in CSR, or the justification of CSR policies. Two frames are acknowledged: normative justification and instrumental justification. These are inspired by the literature in business ethics that morally argues the ‘normative case’ of CSR, and economic literature presenting the instrumental ‘business case’ of CSR. Gjørberg (2010) shows that these frames are also applicable to government motivations. Normative justification would involve governments encouraging CSR practice from the standpoint that businesses have certain duties and responsibilities in society or in global governance vacuums. The instrumental justification implies the ‘use’ of CSR to reach certain economic or societal goals such as increasing international competitiveness or enhancing welfare issues like unemployment or social inclusion. This instrumental justification is principally expected in liberal market economies.

The third dimension this thesis investigates is the emphasis on multilateral CSR initiatives. The empirical research of Gjørberg on the government policies in the Scandinavian states presents a “*striking emphasis*” (2010, p. 222) on multilateral institutions and initiatives in these countries. Accordingly, in their comparison of policies in Denmark and the UK Knudsen and Brown (2014) find an emphasis on multilateral initiatives (specifically the UN Global Compact) in Denmark. They find no such emphasis in the UK, however. The authors ascribe this to the respective size of the countries and the ability to shape the agenda and influence international CSR (Knudsen and Brown, 2014, p. 16). Gjørberg (2010) also ascribes this to the size of the Scandinavian countries, which influences their foreign policy doctrine of internationalism. These findings reveal that the emphasis on multilateral CSR frameworks is an interesting dimension to investigate. This thesis will investigate whether country size indeed explains cross-national variations and suggests that another factor could be in play as well, namely the difference between liberal and coordinated market economies.

Thus, so far domestic institutional context and country size are proposed as explanatory factors of governmental CSR policies. In line with studies into corporate CSR practices, countries’ industry structures are also shown to influence the government’s CSR approach (Gjørberg, 2010; Knudsen and Brown, 2014). MNCs are ‘in the spotlight’ more often, and are therefore more susceptible to societal pressure. More specifically, sectors like the global extractive or apparel industry are regarded as ‘risk sectors’ (Jackson and Apostolakou, 2010; Knudsen and Moon, 2013). Strongly globalized economies are therefore expected to be more occupied with international oriented CSR policies and multilateral CSR frameworks, especially when ‘risk sectors’ are important for these countries’ economies.

Informed by the existing literature on the relationship between domestic institutional context and both CSR practice by corporations and CSR policy by governmental actors, this thesis investigates three explanatory factors: the domestic institutional context, industry structure and country size. The theoretical model proposed by combining the knowledge on the mechanisms behind the three dimensions of the dependent variable are empirically investigated. This is done through a small-n comparative qualitative study, for two reasons, the first being that a quantitative measurement of the dimensions on governmental CSR policies is hard, if not impossible. Secondly, a qualitative study allows for more in-depth reasoning about the exposed mechanisms.

The cases (i.e. countries) that will be empirically investigated in the theoretical model are intentionally selected with variation on the independent variable. Since each of the three independent variables are operationalized in dichotomies<sup>1</sup>, it would have been ideal to investigate all eight possible combinations. However, to prevent too much variation in context, only European countries were considered, more specifically countries that are member of the EU, the UN and the OECD, as these organizations are heavily involved with CSR. Under those conditions it is not possible to fill all the possible combinations. Therefore five countries are selected: Ireland, the United Kingdom, the Netherlands, Germany and Austria. These cases are also empirically interesting because, apart from the UK, none have been addressed in small-n case studies as yet. Governmental documents are used as source of information in order to empirically analyze the relationship between the independent and the dependent variables.

The previously mentioned dimensions of the independent variable, along with the suggested independent variables this thesis aims to address, and the cases that are selected result in the more specific *research question* for this thesis to investigate:

*“To what extent can the explanatory variables of domestic institutional context, industry structure and country size explain the variation in governmental CSR policies along the dimensions of geographical orientation, policy justification, and emphasis on multilateral CSR initiatives in its national governmental policy, in Ireland, the United Kingdom, Germany, Austria, and the Netherlands?”*

By asking this question this thesis contributes to science in the following ways:

- By looking at the role of the government in CSR as the independent variable of the study;
- By combining the insights of existing literature into a theoretical model with three independent variables and three dimensions of the dependent variable;
- By investigating the mechanisms behind a new dimension of the dependent variable: the emphasis on multilateral CSR initiatives;
- By comparing five countries and empirically investigating cases that have not yet been addressed in this field of study.

Furthermore, this question is relevant to policy makers and business actors as well, to better be able to understand how governmental approaches to CSR differ across nations.

---

<sup>1</sup> Liberal and coordinated market economies for domestic institutional context, high and low ‘risk’ for industry structure, large and small for country size.

The broad use of the concept of CSR in both theory and practice makes the concept extremely complex. This forces demarcation and, to a certain extent, isolation of governmental CSR policies as the object of study, from other theoretical debates and empirical developments. This thesis touches upon several debates within the discipline of political science, for example of the consequences of globalization for the power of nation states and whether this results in convergence or divergence of economic policies. Even within the ‘convergence’ camp, scholars do not agree whether this convergence indeed implies that liberalization and liberal market economy are ideal. Within the ‘divergence’ camp scholars do not agree on how to categorize certain countries using the ‘varieties of capitalism’. Debates in other disciplines such as economics, can also influence the standpoint of this thesis, for example the rationale behind profit maximizing behavior on short and long term, or whether business actors plead for deregulation or prefer regulatory certainty. Throughout this thesis certain theoretical choices and assumptions are made in order to ‘isolate’ the research question from the wider debates and developments, since the scope of this thesis does not allow to take all these developments into account, and because the theoretical argument would not benefit from such a wide approach. These choices are justified and explained throughout the thesis, but remain debatable, as is the essence of scientific debate. The implications of these choices regarding the conclusion are discussed in the concluding chapter.

## **1.2 Overview of the thesis**

The structure of this thesis is as follows: the next chapter will concisely sketch the broad field of CSR studies, providing a view on how this field has developed and the scientific gaps this thesis contributes to. In chapter 3 the findings of existing literature are combined into a theoretical model and theoretical hypotheses are formulated. The model is empirically tested using five cases incorporating content analyses of government documents. The methodological choices and case selection are presented and justified in chapter 4, which also formulates case specific expectations. Chapter 5 shows the findings of the empirical observations and will elaborate on each country-specific hypothesis as well as comparatively discussing the findings, and addressing the research’s theoretical hypothesis. The concluding chapter attempts to answer and discuss the research question presented in this introductory chapter, and places the findings within the CSR field and theoretical debates, before ultimately suggesting directions for further research.

## Chapter 2 Literature review

Corporate social responsibility is a concept under scrutiny, traditionally in the fields of ethics, business, and economics. Recent attempts however use theories from a political science perspective. In order to understand the research gap addressed in this thesis, as presented in the introductory chapter, an overview of the ‘traditional’ field of CSR is given. This traditional approach consists of normative, instrumental and descriptive studies and its main focus lies on business actors and the justification of their CSR practices. Afterwards, the challenges and critiques of this view are outlined and, as a response, the political economy approaches that have developed in the field are surveyed. The latter focus primarily on the ‘convergence-divergence’ and the ‘mirror-substitute’ debate. By outlining these debates this chapter lays the foundation on which this thesis builds, defining the gaps it aims to fill and the scientific debates it will contribute to. Chapter 3 will then elaborate on the role of the government in CSR, the independent variable of this thesis, and proposes a theoretical model combining the existing knowledge of mechanisms behind CSR policies and practice.

CSR is a complex and hard to define concept and therefore hard to capture in science. It is intricately related to several other terms and research fields and because of its broadness and complexity, it is nearly impossible to give an exhaustive overview of the research field of CSR and its related elements. There is a need for a certain isolation of the concept. This chapter focuses on the tendency within scientific CSR studies to neglect the government as an actor in CSR and the scientific gaps related thereto. Several other perspectives on CSR are possible, but would not benefit the argument of this thesis.

### 2.1 Literature review of the ‘traditional’ CSR field

#### 2.1.1 Normative CSR theories – the duty of CSR

The use of ‘CSR’ has a normative origin, and although the focus of this thesis explicitly aims to avoid developing a moral argument, it is an important part of the CSR field, as its origin has implications for the use of CSR in research and in practice. Moreover, the tendency to largely neglect the government’s involvement in CSR can partly be brought back to the ideas of a strict division of responsibilities between state and business actors in normative arguments. Therefore the next section gives a concise overview of the normative side of CSR.

In the early scholarly contributions to the discussion about CSR, the aim often was to develop moral arguments on how businesses *should* behave. The arguments were often based on the ideas of philosophers like Immanuel Kant and John Locke (Marens, 2004). There were authors who argued that companies should assume social responsibilities, whereas others raised normative arguments against CSR. Most arguments contained implicit views towards the role of the government in corporate behavior.

Such a normative orientation can be found for example in Howard Bowen’s 1953 work, *Social responsibilities of the businessman*. Bowen is seen as ‘the father of CSR’ and is still important to CSR research today (Acquier, Gond and Pasquero, 2011). Bowen’s approach to CSR was a quest to find the middle ground between the two extremes of his time, socialism on the one hand, and pure laissez-faire capitalism on the other. Businesses were called upon to “*recognize the social implications of [their] decisions and to consider the social interest – so far as is possible and reasonable*” (Bowen (1953, 30) quoted in Acquier, Gond, and Pasquero (2011, p. 617)).

Meanwhile, moral arguments *against* CSR have been presented by prominent authors within the literature from utilitarian or neo-liberal perspectives. The common idea of these arguments is that CSR is an unjustified distraction from profit-maximization and an intrusion into corporate affairs and is, therefore, counter-productive (Gjølberg, 2011, p. 15). A well-known contribution to this case is the article ‘*The responsibility of business is to increase its profits*’ by Friedman (1970). Besides pointing to business’ basic responsibility of increasing profits, Friedman (1970) articulates a democratic problem in that in order to spend money for a ‘social purpose’, one must be elected through a political process. The main responsibility of a business is to make profit within the boundaries of the legal framework. The state’s duty is to protect citizens from corporate misconduct by building and refining a legal framework in which business has to act. These type of arguments against CSR imply a strict separation of political and economic spheres, each with their own responsibilities.

These normative CSR theories, developed from moral arguments, are valuable and interesting in their own right and continue to be an important source of influence to the CSR field (Lockett, Moon and Visser, 2006, p. 120). The ideas on how businesses *should* behave and what characterizes appropriate behavior have implications for the ideas on the role of the government. However, the normative CSR theories in and of themselves cannot be used as a theoretical foundation for this research, as this thesis focuses on the phenomenon of governmental CSR policies without developing a subjective or moral argument on what appropriate behavior is comprised of for either businesses or governments.

### **2.1.2 Instrumental theories – the strategic ‘business case’ of CSR**

From the 1980s onward, empirical research on CSR has emerged in the fields of business, economics, and management. Dominant in this research field is the ‘economic paradigm’, the focus on business behavior and the effects of CSR in terms of business benefits (Scherer and Palazzo, 2011). The scholars adhering to this paradigm assume a strict separation of economic and political spheres, and that corporations aim to maximize their profit by including stakeholder demands in their conduct, resulting in *strategic* socially responsible behavior. An important contribution to this debate is Freeman’s stakeholder theory (1984). Firms behave ‘beyond compliance’ only if it benefits their corporation, albeit in the long term. Based on these assumptions, scholars have developed an *instrumentalist view* on CSR (Scherer and Palazzo, 2011, p. 904). The aim of many empirical, often quantitative, studies is to prove ‘the business case for CSR’, in which scholars try to prove a relationship between financial performance and CSR practices, thus aiding in (long-term) value maximization by rationally using CSR as an instrument. The focus in the management discipline lies on the behavior of business firms or managers, on *how* they utilize CSR as a strategic tool and what the effects are in terms of benefit. There are however very few studies that attempt to explain *why* business organizations engage in CSR activities. As described in the following section, the vast majority of this descriptive work neglects to explain the causal mechanism behind CSR practice (van Oosterhout and Heugens, 2008).

The persistent focus on business firms from the perspective of the economic paradigm is the main reason that studies in the field of CSR have neglected the role of the government. Although, as we will note in section 2.3, a paradigm shift has already taken place that partly acknowledges the blurring lines between the economic and political sphere, encouraging investigation into business behavior in its institutional context.

Nevertheless, normative and instrumental theories provide not just a justification for CSR practices *by firms*, pointing either to their moral duties regardless of the benefits, or to the benefits of taking the stakeholders into account. In this thesis these perspectives serve as a background to inform the framing of the justification of CSR

policies *by governments*, as explained in section 3.2.1. Empirical studies show the existence of these frames of justification in governmental CSR policies as well (Gjølberg, 2010; Midttun *et al.*, 2012).

### **2.1.3 Descriptive CSR studies**

Descriptive CSR studies aim to map CSR practices, for example across sectors or nations. Studies in this part of the traditional CSR field are not unified by a theoretical approach, but rather by the lack of one. The bulk amount of purely descriptive CSR studies is so vast however, that it can be branded a category in its own right (Gjølberg, 2011). The descriptive studies are valuable as they are data-rich cross-national comparative studies. Their comparative value with other studies is limited though, because of the lack of agreement on the definition and operationalization of CSR.

The vast amount of descriptive studies and the poor explanatory track record has led Van Oosterhout and Heugens (2008, p. 217) to criticize CSR researchers for crafting a significant pool of data in search of a theory. The next section discusses this and the general critique on and limitations of the ‘traditional’ CSR research field.

## **2.2 Challenges and critique on the ‘traditional’ CSR field**

CSR is arguably the best established notion in business and society research, having the longest track record in the field (de Bakker, Groenewegen and den Hond, 2005; van Oosterhout and Heugens, 2008). It is a popular managerial notion and a forerunner to other concepts such as stakeholder theory and corporate citizenship. Despite its longevity and popularity, or perhaps because of it, there is no fixed agreement of the definition and the concept of CSR remains contested. Researchers such as Oosterhout *et al.* (2008) regard this as problematic, while others like Matten and Moon (2008) argue that the differences in CSR practices are interesting subjects of study. In the next section the problems of defining CSR and the way it is used in this thesis are described, followed by the scientific gaps this thesis addresses.

### **2.2.1 Definition of CSR**

In science and practice there is no overall agreement on the definition of CSR. Most explanations on this disagreement point to the normative origin of CSR and the ‘appraisive’ or valued nature that often blurs the lines between what CSR *is*, and what it *ought* to be. Empirical research did not remedy this normative ‘justificatory’ stance (van Oosterhout and Heugens, 2008), as can be seen in the type of literature described above, which aims to prove or disprove the ‘business case’ for CSR. The debate has largely focused on whether or not business actors have social responsibilities surpassing their economic self-interest. By contrast, CSR research hardly produces explanatory studies that attempt to analyze actual business behavior and explain why business organizations engage in CSR activities. Prescriptive contributions to the field can be based on either an instrumental or a normative logic (de Bakker, Groenewegen and den Hond, 2005). This thesis does not attempt to solve this issue or make any suggestion on what CSR practice entails, but merely acknowledges it as being relevant to the overall discussion.

This thesis sees CSR as business actors’ voluntary socially responsible behavior, beyond what is required of them by law. The assumption of voluntariness dominates the CSR field, stating that CSR practice is ‘beyond compliance’ and assuming a separation of economic and political spheres. This implies that governments play a minimal role, if any, in CSR behavior. However, from an empirical perspective this argument does not hold water. CSR is embraced in increasing measure by national governing bodies as a concept with which to address

and shape a firm's social responsibility. Also, intergovernmental organizations such as the OECD, the UN, and the EU discuss CSR or develop specific CSR related initiatives and frameworks.

At the same time academics, managers, and government officials iterate the voluntary nature of CSR (Dentchev, Van Balen and Haezendonck, 2015, p. 379). The 'negative' definition that states that CSR begins where governmental regulations end, makes the role of the government in CSR counterintuitive or paradoxical (Gond, Kang and Moon, 2011; Midttun *et al.*, 2012; Knudsen, Moon and Slager, 2013). The lack of nuanced acknowledgment of governmental influence on CSR means that, empirically, this principle is too simplistic. This thesis therefore follows the 'contingency approach' towards voluntarism as pleaded for by Dentchev *et al.* (2015), which leaves room for the possibility of a government's involvement in CSR. This will better capture the variety of governmental involvement in CSR. The perspective of this thesis is that voluntary CSR practices can be seen as 'beyond compliance' in the sense that government can encourage CSR through soft regulation, without resorting to 'command and control' regulation.

Critics of CSR often point to the internal complexity of the concept, confirming that it is often hard to separate CSR practices from 'regular' corporate practices (Moon, Crane and Matten, 2005). This is also the case for governmental CSR policies, which could be hard to detach from regular policies. To avoid intermingling these separate categories when talking about governmental CSR approach, this thesis focuses on those governmental policies that encourage corporate socially responsible behavior that are specifically marked by governments themselves as encouraging CSR.

Matten and Moon (2008) acknowledge the difficulties of defining CSR, but attribute this to the inherent dependency of CSR on its context, arguing that societal orientation is vital to understanding CSR. They explore CSR within national, cultural and institutional contexts, looking for explanations of the cross-national differences in approaches and definitions of CSR. The contextual nature of CSR is widely acknowledged, as the concept has continually evolved since its first appearance and will continue to vary in meaning over time and place (Carroll, 1999; Moon and Vogel, 2008). Specific research on how CSR is approached and interpreted differently among nations further illustrates this, and constitutes the main approach of this thesis.

### **2.2.2 Scientific gaps in the traditional research field**

The criticism of mainstream CSR theories stem from the gap in the CSR field that is addressed in this thesis. The overemphasis on proving the business case of CSR while neglecting to explain the causal mechanisms behind CSR discounts the role of the institutional environment and government as a contextual factor.

Furthermore, this thesis rejects the dichotomous view of CSR both empirically and theoretically. As described earlier, most studies in the CSR field assume, albeit implicitly, that CSR and government are by definition mutually exclusive. The scope of the main body of research into CSR practice is defined by the assumption of the absence of regulation and public policy, deeming CSR practice to be purely voluntary. As argued, this assumption of voluntariness does not capture the reality of the relationship between business and government. Rather, markets are embedded in society and societies and their governing bodies nowadays have become less hierarchical than they were before. This is acknowledged by an increasing interest in approaches to CSR practice that recognize the influence of a domestic institutional context from a political-economic perspective. This follows the advice given by researchers such as Van Oosterhout and Heugens (2008), by trying to achieve a more structurally and contextually informed approach to CSR using the insights of theories developed in other disciplines, such as the political sciences.

This thesis follows the perspective that a growing amount of scholars take, approaching CSR from a political-economic perspective. This thesis, however, also addresses another gap. Instead of focusing on the CSR practice of corporations as the independent variable, this thesis designates governmental CSR policies as its independent variable in a political-economic approach to CSR. This is necessary in order to understand more about the government as a driving force behind CSR, and about the cross-national variation in governmental approaches and instruments. In return, this knowledge can be used in studies focusing further on the influence of governmental approach to CSR on socially responsible corporate practices and societal effects, but this will not be the aim of this thesis.

The following section will discuss the approach and findings of scholars using a political-economy perspective on CSR practice by corporations. The subsequent chapter will then focus on the studies that investigate governmental CSR as the dependent variable.

## **2.3 Contextual approach towards CSR**

More recently, literature has taken to explaining the variation in CSR practices across nations and industrial sectors for business actors as well as governmental actors. Below the relationship between governance vacuums and CSR is outlined, resulting from a decreasing ability of the state due to globalization at the international level and the willingness to regulate markets at the domestic level. These developments are predominantly used as background factors in most explanations of causal mechanisms behind CSR practice and policy, and they also serve as the background for the argument in this thesis.

Two main approaches are relevant to this literature, both informed by a political economy approach. The first stems from the globalization thesis and the second from the ‘varieties of capitalism’ (VoC) approach that focuses on the domestic institutional context. The expectations of the approaches differ and touch upon the wider ‘convergence-divergence’ debate. This full debate is beyond the scope of this thesis, but the emergence of and scientific approaches to CSR touch upon this debate. The globalization approach expects a convergence of states’ behavior and a development of institutional environments towards neoliberalism because of the states’ exposure to globalization<sup>2</sup>. In the VoC literature, new challenges like CSR are expected to be adapted to the existing domestic institutions as a manner to ‘reinforce’ themselves. This approach to CSR emerges primarily from the firm-centered approach of Hall and Soskice (2001) and expects divergence in states’ practices due to the ‘comparative institutional advantages’ of the different types of capitalism. It is the VoC approach that primarily informs the argument made in this thesis.

### **2.3.1 Governance vacuums**

Central to many explanations of the emergence and growth of CSR practice, is the notion of governance or regulatory vacuums<sup>3</sup>. Globalization has caused important changes to governing systems, both domestically and globally, expanding the scope and importance of CSR as vacuums emerge due to nation states’ lack of ability,

---

<sup>2</sup> The exact impact upon nation states and their assumed move towards neoliberalism is questioned within the globalization approach, especially since the 2008 financial crisis (Hay, 2011, p. 256). This thesis does not explicitly address the implication of the process of liberalization of policies and the impact of the 2008 crisis.

<sup>3</sup> Different terms are used to describe the same phenomenon, such as *voids* (Gond, Kang and Moon, 2011) or *gaps* (Moon and Vogel, 2008; Scherer *et al.*, 2016). In this thesis I use *vacuum* to avoid confusion between regulatory gap and scientific gap.

capacity or willingness to regulate corporate behavior (Moon and Vogel, 2008, p. 308). The rise of CSR is explained as a response to the societal pressure that had been building towards corporations, resulting from governance vacuums and corporate misconduct, abusing those vacuums for purely economic gain. The next sections elaborate on the emergence of global and domestic governance vacuums.

Globalization can be defined as “*a process of intensification of cross-border social interactions due to declining costs of connecting distant locations through communication and the transfer of capital, goods, and people*” (Scherer and Palazzo, 2011, p. 901). This intensification has led to an increasing interconnectedness of states and markets. Central to much of the literature on CSR is the observed growing number of private non-state appointed codes of conduct, and self and sector regulation. These global CSR standards are explained as a response to failures of government both on national and international level to regulate the behavior of business in order to protect citizens from corporate misconduct.

This decreasing capacity of the state is ascribed to three developments (Scherer *et al.*, 2016, p. 278). Firstly, there is no binding international law for business actors concerning activities that cross borders. Secondly, national government regulations do not, and cannot cover the flexibility of MNCs to freely and quickly move production or relocate their investment. Thirdly, MNCs increasingly operate in repressive, weakly or unregulated contexts, because of their growing need for resources and strategic outsourcing of production. Local governments in developing countries often have a lack of capacity to meet the responsibility of enforcing regulation within their borders.

These elements create opportunities for firms to seek the most favorable context for maximizing their business, for example in terms of taxes or strictness of regulation. They can negotiate with governments and possibly even strong-arm them into a ‘race to the bottom’ in which they are granted all sorts of economic favors in return for their business and economic presence. The difference between the power of global firms and markets, and the capacity, willingness and ability of governments to regulate them has created a structural imbalance of power in favor of these business actors (Moon and Vogel, 2008, p. 310).

Several attempts have been made to regulate transnational firms on the international level, by institutions such as the United Nations or the OECD. However, developing and developed countries were unable to reach an agreement on the standards of regulation, resulting in underdeveloped standards that were entirely voluntary, producing weak instruments and no capacity with which to enforce these new standards, thus perpetuating the regulatory vacuum. This can also be derived from the context of developments in international trade law (Moon and Vogel, 2008, p. 311), as the World Trade Organization (WTO) has restricted the ability of governments to set standards for import based on conduct of the exporting country or firm. This means that even if governments are willing to prescribe standards for production, they are prohibited from doing so.

### **2.3.1.1 Domestic governance vacuums**

The rise in CSR practice is also ascribed to domestic deficits in the regulation of business. Many scholars have elaborated on the challenges of postwar systems of governance in democratic capitalist countries. The growth of CSR is understood as relating to the changes in public sector governance, which varies in nature and timing among national systems (Moon and Vogel, 2008, p. 309). The rise of CSR is attributed to the fear of companies that it would ultimately be costly for them were they not to attempt finding solutions for (societal) problems that governments were not able to solve, such as unemployment, discrimination or social exclusion.

Many companies prefer to anticipate societal problems and develop their own policies, beyond what the law expects from them, rather than await any consequences of inaction.

Also, many governments have started privatizing publicly owned industries, which has shifted responsibilities in the welfare state, making firms more autonomous and reducing state provisions. This change in responsibilities has also affected the nature of the relationship between states and corporations, from a more hierarchical environment to one with more network-based organized interests (Moon and Vogel, 2008, p. 308).

### **2.3.1.2 The ‘shadow of hierarchy’**

These explanations relate the rise of CSR practice to what is called the ‘shadow of hierarchy’. Firms fear the imposition of rules that would occur were they to continue to abuse the regulatory vacuums. More regulation is seen as being costly and constraining to businesses. Societal pressure, for instance by non-governmental organizations (NGOs) that reveal firms’ misconduct, is an immediate danger to the firms’ reputation, so in order to prevent reputation damage or stricter regulations corporations start to fill the regulatory vacuums themselves. All these developments have contributed to the recent growth of CSR in Europe. Corporations have assumed a greater role of social responsibility throughout markets and in networks as well, albeit due to a normative or instrumental motivation.

The regulatory vacuums at global level have imposed an ambiguous responsibility on MNCs, as there is no clear legal framework for their activities across borders that binds them or controls for misconduct. The negative social and environmental side effects of corporate activities that had been neglected or forcibly deregulated by states, have since been addressed by NGOs<sup>4</sup>. From the late 1980s onward they have started to assail corporations and sectors suspected of abusing the regulatory vacuums.

As a response, firms have started to regulate the vacuums through self-administered activities, in order to prevent any negative consequences such as reputation damage. Corporations have formulated codes of conduct and sectoral guidelines for good behavior. These kinds of initiatives go beyond the expectations of legal requirements and allow corporations to show their good will in response to the societal pressure without losing competitiveness, essentially creating a ‘level playing field’.

### **2.3.2 Varieties of Capitalism approach**

Although the globalization thesis expects convergence within practices due to equal pressure on nation states, the VoC approach expects the consequences of globalization to differ per domestic institutional context, because of ‘comparative institutional advantages’. The VoC approach mainly informs the arguments of this thesis, being regarded as more convincing within the field of CSR studies. There are several ‘variety of capitalism’ approaches, but the most dominant is developed by Hall and Soskice (2001). Most institutional approaches in CSR spring from the Hall and Soskice approach, which is why the discussion in this thesis will mainly be informed by their approach.

The VoC approach has emerged as a response to state and society centered explanations and is a firm-centered approach. The main distinction Hall and Soskice (2001) make is that between liberal market economies (LMEs) and coordinated market economies (CMEs). This distinction is made along the degree of ‘coordination’ of the markets by the state. These two types of capitalism each have their own characteristics that result in a

---

<sup>4</sup> NGOs in this sense have a societal aim, it is acknowledged that many NGOs nowadays lobby for business interests, however the use in this thesis is not meant in that way.

certain relationship between business and governments. Because each type has a ‘comparative institutional advantage’ and because institutions are slow to change, domestic institutional environments are expected to reinforce themselves. New challenges, such as CSR, will be adapted to fit into the existing institutional context and produce different types of companies. The institutional CSR studies focus on whether these different types of companies and institutional contexts produce different CSR practices, incentives and performance.

This approach is used extensively by scholars in order to investigate the relationship between domestic institutions and CSR practice by firms. The proposed causal mechanisms are presented below. The use of this approach is criticized however, for neglecting the active role that the state can take within the field of CSR (Kang, 2006), though Hall and Soskice (2001, pp. 45–54) apply their framework to public policy-making as well, adjusted to the comparative advantages of coordination of business actors. Therefore, thesis argues that the ‘VoC’ approach can be applied to government-centered CSR studies and the institutional accommodation of governmental CSR as well.

## **2.4 Mechanisms behind CSR practice by firms**

As scholars have started to compare CSR practices among nation states using a comparative political economic approach, they have begun to elaborate on the theoretical mechanism underlying the variation in practice. With researchers failing to agree on a mechanism, a scholarly debate has erupted between comparative political economists, referred to as the ‘mirror vs substitute’ debate. The basis of the disagreement is that the mechanism behind CSR practice could either be seen as a mirror of domestic institutions or as a replacement thereof. Empirical evidence for CSR as a ‘mirror’ is found to be applicable to coordinated market economies in particular, whereas the ‘substitute’ CSR is better suited to liberal market economies. Gjølborg (2011, p. 33) points to the consensus that nationally based institutions do matter for CSR practices and policies, and that there is an agreement on *which* institutions matter – taking into account the role of the welfare state, the nature of industrial relations systems, the strength of civil society – but not on *how* they matter. The following two sections outline the explanations of the mechanisms of both arguments and the evidence they present to support their views.

The research is largely focused on Western Europe and the United States, building on the distinction between CME and LME institutional environments. Some recent studies also include the different ‘varieties of capitalism’ of Mediterranean and Eastern European states (for example Knudsen, Moon, and Slager (2013)), but this thesis focuses on cases that can be regarded as LME or CME, the following sections will focus on findings based on these characteristics.

### **2.4.1 CSR as substitute for formal institutions**

To one side of the ongoing debate on the nature of CSR, it is seen as a substitute for government regulation, relating to the notion of governance vacuums. Matten and Moon (2008) illustrate this argument by referring to ‘implicit’ and ‘explicit’ CSR. The authors explain the rise of ‘explicit’ CSR, in which corporations explicitly specify CSR in their corporate strategies, by referring to overall institutional changes. In coordinated market economies, corporate behavior encompasses CSR ‘implicitly’ by merely adhering to state regulation., but the shift from hierarchical, broad scoped and consensual policy-making systems towards a networking, decentralized way of decision making has changed government-business interaction and increased the societal expectations of responsible business behavior. Moreover, globalization and global governance vacuums addressed by NGOs

have increased the awareness of corporate misconduct in developing countries. This transformation of governmental attitude and involvement enhances the societal expectations of businesses, which Matten and Moon (2008, p. 415) ascribe to the decreased capacity and pull back of the welfare state. To fulfill these societal expectations, companies explicitly assume increased responsibility rather than relying on welfare state institutions (Matten and Moon, 2008, p. 418).

Nevertheless, the authors state that the new European explicit CSR-conduct still reflects their respective national frameworks. CSR is still largely influenced by long traditions of government intervention. The authors point to the UK as being a forerunner of explicit CSR, as its neoliberal environment had left certain regulatory vacuums unregulated by the state, relying instead on market regulation. In coordinated market economies government involvement is traditionally larger and thus most companies already ‘implicitly’ behave along the lines of CSR through government regulation, which results in those businesses’ less explicit commitment to CSR.

Kinderman (2012)<sup>5</sup> agrees with the ‘substitute’ view of Matten and Moon (2008) and demonstrates his argument with a case study of the UK. He challenges the notion that CSR is incompatible with neo-liberalism. The neoliberal assumption is that law is the – reliable – limit of profit maximization, and many scholars argue that because of a decrease in state capacity due to globalization, states cannot prevent corporate misconduct anymore (Scherer and Palazzo, 2011). Kinderman, however, argues that CSR complements liberalization as “*quid pro quo for lighter regulatory touch*” (2012, p. 30). Evidence in his articles demonstrates that CSR legitimates businesses during the ‘unleashing’ of capitalism. Part of his explanation is based on the notion of the ‘shadow of hierarchy’ which proposes that if businesses do not endeavor to solve certain problems through CSR, governments may disapprove and increase regulation. Therefore companies in the UK took to corporate social responsibility, emphasizing the merits of deregulation or business-led CSR. Or as David Cameron presented it, “*deregulation in exchange for more responsibility*” (Cameron, 2006, 3, quoted in Kinderman, (2012, p. 47). With the UK as his ‘test case’, Kinderman concludes that CSR is indeed compatible with neoliberalism, in which CSR is seen to complement liberalization as a substitute for regulation. He describes similar findings for Germany, linking the rise of CSR to the liberalization that has gained momentum in Germany (Kinderman, 2008).

Jackson and Apostolakou (2010) encounter similar evidence in their quantitative study of institutional factors that influence CSR practices across different countries. They find that stronger forms of institutionalized coordination amongst stakeholders in a country can have a negative influence on businesses’ adoption of CSR practices. This points to CSR as being a substitute of formal institutions, wherein firms compensate institutional vacuums through internal regulations (Jackson and Apostolakou, 2010, p. 387), though the researchers do acknowledge the possibility that firms in CMEs commit to CSR implicitly, similar to the suggestion of Matten and Moon (2008). Interesting within the research of Jackson and Apostolakou (2010) is the attention they pay to sectoral differences, indicating differing gradations of risk per different sector. Some sectors, they argue, have a high impact on society and are more vulnerable to pressure from the general public, NGOs, or governments. The authors note that these high-impact sectors are more prone to adopt CSR practices.

---

<sup>5</sup> Kinderman does see the concept of ‘implicit’ CSR as used by Matten and Moon as problematic, since this concepts assimilates voluntary and involuntary business behavior into one, only differently organized (Kinderman, 2012).

#### **2.4.2 CSR practice as an institutional ‘mirror’**

One of the authors who theoretically reasons that CSR acts as a ‘mirror’ of domestic institutions, is Campbell (2007), who argues that corporate social behavior is more likely to occur in an institutional environment with strong state regulations and a normative institutional environment that encourages socially responsible behavior. He looks at the degree of social embeddedness of the economy, arguing that the need for institutions is not incompatible with the globalization of the economy and the increasing intensity of international business. His argument is that institutions enhance economic performance and that countries will benefit from them in international competition. This, Campbell argues, is underlined by evidence in the economic discipline.

Campbell’s theoretical argument is empirically investigated by looking at CSR practice in the Nordic countries (Midttun, Gautesen and Gjølberg, 2006; Gjølberg, 2009b, 2011; Midttun *et al.*, 2012), which bases the findings on the concept of ‘comparative institutional advantage’. Social-democratic welfare states have stricter policies and enforcement within a broad range of policy areas that are relevant to CSR, such as environment, labor rights, and corruption. These strict policies improve the socially responsible performance of domestic companies. These scholars argue there is an evident discrepancy between domestic and global regulations. What is domestically mandatory to businesses in strongly regulated countries would be regarded as voluntary, thus CSR, within other states. As stronger regulated welfare states, of which the Nordic countries are a critical case example, exhibits behavior of companies that is “*adapted to an institutional environment with bigger sticks and bigger carrots*” (Gjølberg, 2011, p. 36), it is easier for them to excel in CSR related activities according to global frameworks. The ‘mirror’ argument thus entails that these corporations mirror the institutional environment in their CSR practices and thus score higher, with less effort, on international CSR indices, as much of their socially responsible behavior is predetermined by governmental decision-making.

### **2.5 Resumé**

The previously indicated debates and studies outlined above provide insights into the effect of institutions on CSR practice, even though there is no agreement on the mechanism behind it as yet. These studies see governments as part of the institutional environment, exerting coercive pressure on firms, without giving much attention to the different ways in which governments approach CSR. Little attention is given to the specific CSR policies of governments through soft regulation, or to the different approaches to and interpretation of CSR by governments. This thesis focuses on the relationship between domestic institutional context, industry structure and country size on the one side, and the variation in government approaches to CSR. In turn, these approaches can inform the field of studies of CSR practices and effects through more fine-grained analysis of the variation in enabling environment created by different governmental approaches to policies. This thesis will, however, focus on the influence of context factors on the cross-national variation in governments’ national CSR approaches, rather than on the effects of government involvement on CSR practice by firms, or the effectiveness of these governmental policies on firms’ CSR performance. In the next chapter the theoretical mechanisms behind the three dimensions of governmental CSR are explained, and brought together in a theoretical model.

## Chapter 3 Theoretical mechanisms

Increasing attention is paid to the role of the government in CSR specifically in the literature. Firstly, by descriptively exploring and classifying government involvement in CSR along different dimension, but predominantly along the dimension of use of policy instruments and regulatory strength. These studies attempt to make a typology or categorization of government roles in CSR (see for example Fox, Ward and Howard, 2002; Albareda, Lozano and Ysa, 2007; Steurer, 2010; Steurer, Martinuzzi and Margula, 2012). Although these studies provide interesting insights into different governmental approaches to CSR, they do not explain these differences any further than merely describing, categorizing them and ascribing them to regions.

In addition, a few recent attempts have been made to explain the causal mechanism behind the differences in governmental CSR policies and interpretations across nations, relying mostly on explanations of the influences of globalization based on the varieties of capitalism literature, in line with the institutional approaches, to explain CSR practices as described in sections 2.3 and 2.4. This thesis contributes to this developing field and proposes a theoretical model, which is explained in section 3.2. Before that, the reasons why it is interesting to look at the role of the government in CSR and why governments are interested in CSR are explained.

### 3.1 Governments and CSR – beyond the paradox

In previous CSR research, insufficient attention has been paid to the role of the government, as described previously. In studies from the management and business disciplines, the government – when not entirely neglected – is often not seen as a key actor but rather as a passive element (Gond, Kang and Moon, 2011, p. 660). However, governments play an active role in laying the foundation for the adaptation of CSR, and are more frequently intervening and making specific policies related to CSR (Steurer, 2010). Rather than focusing on CSR in and of itself, this thesis investigates governmental approaches to CSR. Although prior research often shows governmental CSR to be counterintuitive, paradoxical or contradicting, the perspective of this thesis is that voluntary CSR practices can be seen as ‘beyond compliance’ in the sense that government can encourage CSR through soft regulation, without resorting to ‘command and control’ regulation, as explained in section 2.2.1.

A revision of the definition of voluntariness is needed to better align the term with the way in which governments approach the issue. But this raises the question why governments would be involved with CSR in the first place. Of course, one explanation is that CSR practice enables businesses to voluntarily contribute to government objectives. As previously explained, businesses complying with CSR behavior can fill the regulatory vacuums that governments are not able, willing to or capable of addressing. The political costs and resistance to CSR policies are comparatively low, making these policies attractive as complements to hard-law regulation (Steurer, 2010, p. 50). Thus governments can use CSR to enhance their own objectives. Also, encouraging CSR in cases where command and control regulation is impossible, most notably at the international level, is seen as the second best option to reach certain objectives (Midttun *et al.*, 2012), in lieu of authoritative regulation. The profitable side for governments has been described with reference to the ‘business case’ for CSR, and reflects an instrumental use of CSR. Also, government can encourage CSR from a normative viewpoint, emphasizing the moral obligations of business to contribute to society or uphold ethical norms within global governance vacuums.

This increasing interest of governments in CSR is related to the broader development from government to governance, and the changing dynamic of business-government relations from a set, structured hierarchy into a modern networking construction, has made the regulatory instruments of governments more flexible and softer, which is a typical characteristic of the CSR domain.

## **3.2 Building a theoretical model for governmental CSR policies**

As outlined before, there are several varying dimensions of governmental CSR policies. This thesis builds on the work of scholars that investigate governmental CSR policies as the dependent variable of their study. Three independent variables are considered to be important after reviewing the literature: domestic institutional context, industry structure and country size. This thesis attempts to combine the knowledge on the mechanisms behind governmental CSR policies that these scholars have compiled, and constructs a theoretical model from it. Where existing studies merely explain the outcomes inductively, this thesis aims to build a theoretically informed model.

### **3.2.1 The dependent variable: Three dimensions of government approaches to CSR**

Because this is a first approximation of a model of its kind, this thesis combines three dimensions of governmental CSR policies. Two that are already empirically investigated, geographical orientation and policy justification, along with a third, new dimension; the degree of emphasis on multilateral CSR initiatives in governmental CSR policies.

The first dimension is *geographical orientation*, and relates to CSR policies of governments that are either nationally oriented, towards ‘home’ practices of corporations inside their national boundaries, or are oriented on practices in ‘host’ countries, directly by multinational corporations or indirectly through the supply chains of firms. This difference is relevant since the ability of governments to regulate corporations inside their border, where they have to comply to the domestic law, is different to their control outside their borders, in global governance vacuums or incapable countries’ state regulation.

The second dimension this thesis investigates is the dimension of *policy justification*. The stance of this thesis is inspired by Gjølborg (2010), who distinguishes between two frames governments invoke to justify their CSR involvement. First the instrumental frame, in which governments use CSR as an ‘instrument’ to complement or substitute their public policies. By encouraging and facilitating corporate contributions, they can strategically use business interests in CSR to relieve public spending and combat economic, social and environmental issues at a national level that they are not willing or able to address themselves. Internationally, the instrumental frame presents CSR as an instrument for enhancing competitiveness and innovation, which helps business actors to operate in global markets. Supporting business actors to embrace CSR will increase economic growth and the competitiveness of the nation. This consequentialist frame is also presented in the traditional CSR field, in the sense that CSR is seen as being profitable for business, presenting it as a ‘business case’ (see section 2.1.2).

Besides the instrumental frame, Gjølborg (2010) identifies the normative justification. This second frame is also informed by the traditional CSR literature and addresses the ‘normative case’ for CSR (see section 2.1.1). The governmental approach of CSR in a normative frame focuses on the moral duty of business on responsible behavior and contributing to the wider society, nationally as well as internationally. Across borders, the normative justification furthermore addresses global governance vacuums and points to the duty of corporations to adhere to international norms of peace, human rights, transparency, and labor conditions. Government

encourages business to do so, regardless of the economic or competitive benefits, which could be perceived as a deontological argument. By referring to the ‘business case’ of CSR, which can also prove beneficial to labor conditions, some would argue the normative argument is already tainted, eschewed towards economic benefit.

The third dimension of governmental CSR addresses the variation in *emphasis on multilateral frameworks*. The mechanisms behind this dimension have not been specifically addressed in the existing literature yet, though variation or remarkable emphasis is found by Gjølborg (2010) and Knudsen and Brown (2014). Multilateral CSR initiatives increasingly gain importance, after having largely failed in the 1970s (see section 2.3.1). These frameworks mainly address global issues and originate from the same normative background<sup>6</sup>, though they differ in issue breadth, precision in description of norms, instruments, and mechanisms involving different kinds of actors (Theuvs and van Huijstee, 2013). These initiatives, often referred to as the “*core set of internationally recognized principles and guidelines*” regarding CSR (2011), are the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO Core Conventions, and the ISO 26000 norm. This dimension entails the different degree of emphasis on multilateral frameworks across countries.

Combining these three dimensions of governmental CSR policies gives an interesting, though not exhaustive, insight into the cross-national variations of governmental CSR policies. In the next section a theoretical model is constructed by explaining whether and how each independent variable influences the investigated dimensions of the dependent variable, governmental CSR policies. This builds a frame of reference for the studies that investigate these mechanisms. The expected relation between the dependent and independent variables are presented in Table 1. On this basis, probabilistic theoretical hypotheses are formulated.

### **3.2.2 Independent variable 1: Domestic institutional context**

Most studies that investigate CSR policies refer to the differences in domestic institutional context in their explanation, similar to studies on CSR practices (as described in section 2.4) using the varieties of capitalism approach. This thesis mainly builds upon the approach of Hall and Soskice (2001) and the distinction between liberal and coordinated market economies, as this is the predominant view in the CSR field and because it is applicable to the selected cases. Important to mention is that the VoC approach is used slightly differently in the context of governmental CSR policies than it is in the institutional approaches to corporate CSR practices. In the latter, the main focus lies on the comparative institutional advantages of corporations in either liberal or coordinated market economies that enable them to exploit the different mechanisms behind CSR practices, substituting or mirroring public policies. In the case of this study, the theory is used to outline the mechanisms behind CSR policy choices. This mechanism mainly builds on the notion that domestic institutional contexts tend to ‘reinforce’ themselves by adapting new challenges and relevant developments into the existing pattern of economic policy-making. The argument behind this is that it will provoke market-incentive policies in LMEs, often in the form of deregulation, while in coordinated market economies – which rely on non-market incentives - more ‘coordination-oriented’ policies are expected, resulting in more extensive government regulation (Hall and Soskice, 2001, p. 49).

---

<sup>6</sup> All multilateral frameworks are mainly informed by the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work and the Rio Declaration on Environment and Development.

CSR especially fits the domestic institutional context of LMEs, as encouraging CSR can be deemed “*quid pro quo for lighter regulatory touch*” (Kinderman, 2012, p. 30) in which governments can encourage voluntary contributions to the nation state through CSR. This reasoning relies on a few mechanisms. First off, business actors will voluntarily act beyond the requirements of the law because they fear the development of (costly) regulations if they misuse certain governance vacuums. Secondly, companies assume increased responsibility to fulfill stakeholder expectations, rather than relying on government institutions to do so (Matten and Moon, 2008, p. 418). Thirdly, misconduct can lead to societal disapproval and consequently risk their reputation which can negatively impact business. Thus at the national level, encouraging CSR fits existing government policies to fulfill certain social and economic policy objectives.

CSR, being a concept that relies on voluntary market regulation for the benefit of social issues, would not be expected in CMEs, as explained by Midttun *et al.*, who argue that CSR public policies for CMEs is “*harmony of goals, but conflict in means*” (Midttun *et al.*, 2012, p. 465). The improvement of social and environmental practices is regarded primarily as a government task in CMEs and therefore, as argued in Midttun *et al.* (2012), CSR conflicts in *means* with the existing regulatory institutional context. Even though the governments in CMEs agree with the *goals* of CSR, they would rather regulate this themselves, inciting the argument for ‘implicit’ CSR (Matten and Moon, 2008).

Internationally this distinction between LMEs and CMEs counts less, since governments are simply not able to regulate corporations that act across borders and in ‘host countries’, even if they are willing to do so (as explained in section 2.3.1). Governments in LMEs can encourage businesses to practice CSR in line with the domestic approach, whereas in CMEs governments can interpret CSR to help address policy questions in the international arena through the ‘second best’ option of softly regulating this domain (Gjølberg, 2010, p. 207, 2011; Midttun *et al.*, 2012, p. 482).

To sum up the relationship between domestic institutional context and *geographical orientation* of CSR policies as described above, the following hypothesis can be formulated:

*H1 Nationally oriented CSR policies are less likely to be present in coordinated market economies than in liberal market economies.*

Building further on what is described above, the domestic institutional context also relates to the second dimension of the independent variable: *policy justification*. As already mentioned, a policy approach relying on market incentives is expected in LMEs, implying that they would be likely to use the corporate interest in CSR strategically, framing CSR policies in “*an instrumental language of utility maximization for the domestic business sector*” (Gjølberg, 2010, p. 207). Presented as a means to improve aspects such as competitiveness, export, and employment, they emphasize CSR as an instrument for domestic welfare state relief. Internationally, this instrumental justification is expected in LMEs as well, as CSR can be presented to help domestic companies to succeed in global markets, giving an innovative edge to domestic companies. CSR can work to a nation’s advantage by increasing international competitiveness (Gjølberg, 2010; Knudsen and Brown, 2014). Instrumental use of CSR thus fits the existing institutional context and comparative advantages of LMEs.

Contrastingly, CMEs are expected to exhibit less instrumental, market-incentives based justification for CSR. Though less convincingly presented in existing literature, CMEs are predicted to approach CSR normatively, encouraging corporations to uphold the norms as embedded in the domestic legal framework of their international activities. This results in the following hypothesis:

*H2 Instrument policy justification is more likely in liberal market economies than in coordinated market economies.*

Lastly, the domestic institutional context is expected to relate to the dimension of *emphasis on multilateral CSR frameworks*. Empirical research of Gjølberg on governmental CSR policies in Scandinavia presents a “*striking emphasis*”(2010, p. 222) on multilateral initiatives in these countries. Knudsen and Brown (2014) have found this emphasis to differ between Denmark and the UK, however. Though they mainly ascribe this to country size, this thesis argues it could be that the variation between Denmark and the UK is rather the cause of the different domestic institutional contexts.

Following the reasoning in Gjølberg (2011) and Midttun *et al.* (2012), this thesis argues that multilateral initiatives are especially appealing to CMEs as they represent an emergent ‘juridification’ process of CSR and business responsibilities. In other words, multilateral CSR initiatives demonstrate a tendency towards formal law and rule-guided action or lawful conduct (Midttun *et al.*, 2012, p. 495). Even though these frameworks are still not legally binding, they can be seen as an attempt to rebalance the power between governments and corporations, (Scherer *et al.*, 2016, p. 284). This fits the policy approach of CMEs, as it is closer to a regulatory approach than to voluntary, business-led CSR. Emphasis on multilateral frameworks is therefore expected in CMEs. In LMEs however, such an emphasis is not expected, as LMEs are not keen on prescribing choices and actions of business actors, rather relying on voluntary business-led choices. Therefore the following hypothesis is formulated:

*H3 Emphasis on multilateral CSR initiatives is more likely in coordinated market economies than in liberal market economies.*

### **3.2.3 Independent variable 2: Industry structure**

Concerning the three dimensions of governmental CSR policies, the second independent variable proposed by this thesis – industry structure – is expected to have a relationship with the geographical orientation, but not with policy justification. A relationship with the third dimension is not explicitly found or suggested in the existing literature, but this thesis develops an argument that does relate the two. The mechanism behind the influence of industry structure relies on the different amount and importance of ‘vulnerable’ companies in countries and the accompanying societal pressure, from consumers in general but especially from NGOs and media in their role as watchdog. The higher the perceived risk of misconduct in a company or certain sector, the higher the pressure on companies to explicitly put effort into CSR practices (Gjølberg, 2009a; Jackson and Apostolakou, 2010). In turn, the argument in this thesis is that governments in countries with an industry structure that relies on a more ‘vulnerable’ industry structure are more likely to develop CSR policies than countries with an industry structure that is considered at ‘lower risk’, which would translate into the governmental CSR approach. This mechanism is based on the argument put forward by Knudsen and Brown (2014), who present governmental CSR policy as responsive to business needs, reflecting the industry structure of key sectors in a country.

Societal pressure is especially present on corporate conduct in the area of governance vacuums. Large MNCs are more “*exposed to the spotlights of watchdogs*” (Gjølberg, 2009a, p. 19), not only because of their size, but

especially since they operate internationally, in areas of global governance vacuums<sup>7</sup>. Also certain industry sectors that are perceived by consumers and NGOs as being ‘highly risky’ to environmental and social issues of labor and human rights, score higher on CSR performances, especially the global extractive and the textile industry (Jackson and Apostolakou, 2010, p. 387).

Since this ‘vulnerability’ is especially present in international corporate activities within global governance vacuums outside of the scope of governmental regulation and the sanctioning of misconduct, specifically the industry structures of countries that are perceived as ‘high risk’ are expected to have internationally oriented CSR policies. Moreover, NGOs are skeptical towards self-regulation initiatives. Governments’ endorsement of or standards for business’ CSR practices can increase transparency and public trust. In ‘low risk’ countries, no such business demands or societal pressures and according government interest is expected, as they are less vulnerable to the effects of globalization and therefore experience less need to attempt to address global governance gaps through CSR. The following hypothesis is formulated for this relationship:

*H4 Internationally oriented CSR policies are more likely in countries with a ‘high risk’ industry structure than in countries with a ‘low risk’ industry structure.*

The main debate about the influence of this variable aims to find out what the needs of business actors actually are and how they relate to government regulation of host country activities of firms. Since the CSR field has primarily focused on CSR practices and business-led CSR, not much is known on this matter. This discussion touches the debate of ‘convergence-divergence’. Reasoning from the globalization thesis it is expected that business needs can be captured in deregulation and liberalization policies, arising from increasing global competitiveness as a consequence of globalization. From this viewpoint, governments of both LMEs and CMEs are expected to make similar policy choices. Some studies however, argue that this globalization approach might be too skeptical of government regulation (Scherer *et al.*, 2016, p. 284).

On the other hand, from the perspective of the varieties of capitalism approach, it can be argued that governments’ international CSR policies and business needs predominantly reflect the existing domestic institutional context, along with its characteristic regulatory traditions (Knudsen, 2014, p. 12). That would mean that public CSR policies are expected to vary along the lines of domestic institutional contexts, which is the argument of this thesis.

The mechanisms behind industry structure are expected to explain the dependent variable’s influence by domestic institutional context. Liberal market economies, either with high or low risk industry structures, are expected to exhibit nationally oriented CSR policies. CSR policies in coordinated market economies, either with a high or low risk industry structure, are not expected to have a national orientation. Regarding international approaches, those of liberal market economies are expected to be dependent upon the industry structure. Thus, liberal market economies with a high risk industry structure are expected to have an international approach, where LMEs with a low risk industry structure are expected to be nationally oriented in their CSR approach.

---

<sup>7</sup> More recently, SMEs are also more encouraged to get engaged in CSR practices, especially as part of ‘supply chain responsibility’. Government involvement can be pressing in the case of the importance of export-oriented SME in the industry structure because SMEs are limited in capacity and need the support of the government. There is not much attention to this in the existing literature and the role of SMEs is not specifically addressed in this argument, though global supply chains are part of the argument.

Therefore the following hypothesis is formulated for the combined relationship of domestic institutional context and industry structure:

*H5 Internationally oriented policies are less likely in liberal market economies with a low risk industry structure than in liberal market economies with a high risk industry structure.*

Coordinated market economies with a high risk industry are also expected to have internationally oriented CSR policies. Coordinated market economies with a low risk industry however, are not expected to be nationally oriented in their CSR approach. Rather the expectation for those countries is that their policies will be pushed by the demands of international organizations such as the EU, OECD and UN. This would mean that, although these countries seem less interested in CSR policies internationally, their policies would become more internationally oriented, as their nationally oriented approach would conflict with the common aspects of CMEs. This expectation is captured by the following hypothesis:

*H6 National oriented policies are more likely in a liberal market economy with a low risk industry than in a coordinated market economy with a low risk industry.*

Although not much is known about the relationship with industry structure, as existing literature does not study the third dimension addressed in this thesis (emphasis on multilateral frameworks), this thesis suggests the following mechanisms concerning the relationship of this dimensions with industry structure; high-risk countries have more interests in CSR at an international level, having multilateral frameworks that provide guidance and transparency to societal actors. They have the ability to create a level playing field for companies, since these regulations adhere to global standards. If other countries encourage the same behavior, the guidelines will not lead to competitive disadvantages<sup>8</sup>. In low-risk countries no such emphasis is expected, because they have less interest in internationally oriented CSR policies and, by extension, in these frameworks<sup>9</sup>. The following hypothesis is formulated:

*H7 Countries with a 'high risk' industry structures are more likely to emphasize multilateral frameworks in their governmental CSR policies than countries with a 'low risk' industry structure.*

### **3.2.4 Independent variable 3: Country size**

Although not explicitly investigated yet, the third independent variable is suggested to influence the dimension of emphasis on multilateral frameworks (Gjøølberg, 2010; Knudsen and Brown, 2014). No relationship between country size and either geographical orientation or policy justification towards CSR is expected. Although the existing literature does not explicitly study the effect of country size on governmental CSR policies, nor the third dimension of the dependent variable of emphasis on multilateral frameworks, the findings of research that does touch upon the subject do suggest a relationship between these variables (Gjøølberg, 2010; Knudsen and Brown, 2014). The mechanisms behind this are based on the ability of a country to influence the international agenda and its capacity to develop initiatives of their own. The difference in emphasis on multilateral frameworks

---

<sup>8</sup> Contrasting, the argument is possible that multilateral CSR frameworks give less space to develop specific CSR policies, that are tailored to specific needs of key industry sectors in a country.

<sup>9</sup> However, one could also argue that emphasizing these frameworks is not very costly, thus low-risk countries could do so easily.

between Denmark, especially emphasizing the UN Global Compact, and the UK, who develop their own internationally oriented initiatives, is ascribed by Knudsen and Brown (2014, p. 16) to country size. Based on this mechanism the following hypothesis is formulated:

*H8 Small countries are more likely to emphasize multilateral CSR initiatives in their governmental CSR approach than large countries.*

The argument of this thesis is that country size is expected to influence this dimension, but as already described, the argument is expanded to hold a combination of domestic institutional context and country size accountable for the degree of emphasis on multilateral frameworks. The research of Knudsen and Brown (2014) does not seem to oppose the idea, since Denmark is a small, coordinated market economy and the UK is a large, liberal market economy. In liberal market economies of whatever size, no emphasis on multilateral frameworks is expected. In coordinated market economies, the emphasis on multilateral frameworks is expected to depend on country size: small countries are expected to emphasize them, and large countries are expected not to. Thus, high emphasis on multilateral frameworks is only expected for a combination of a small sized CME country. The effect of industry structure is expected to reinforce or neutralize the expectations on the basis of the combination of country size and domestic institutional context. The following two hypotheses can be formulated:

*H9 High emphasis on multilateral frameworks is more likely in small coordinated market economies than in small liberal market economies.*

*H10 High emphasis on multilateral frameworks is more likely in small coordinated market economies than in large coordinated market economies.*

In Table 1 the previously explained mechanisms are presented. In this table, the symbol ‘+’ indicates a high likelihood of finding a relation, whereas a ‘-’ signifies that a relation is not likely to be found. When the outcome depends upon a combination with another variable, this variable is mentioned by the number that relates to it in the graph. For example, the relationship between liberal market economies and an international oriented approach is expected to dependent on industry structure (x2). Relationships that are possibly conflicting in reality, but are not regarded to be dependent on another variable are expected to either strengthen or neutralize the relationships. The striped cells represent no expectation for a relationship.

This model is empirically tested in a comparative case study. The findings and implications for the theoretical hypothesis are discussed in section 5.2. The next chapter outlines the methodology used to investigate the model.

**Table 1** Theoretical model of relationships between dependent and independent variables

X \ Y		Geographical orientation		Policy justification		Emphasis on multilateral frameworks	
		National	International	Normative	Instrumental	High	Low
1. Domestic institutional context	LME	+	+/- x2	-	+	-	+
	CME	-	+	+	-	+/- x3	+/- x3
2. Industry structure	High risk	+/- x1	+			+	-
	Low risk	+/- x1	-			-	+
3. Country size	Large					-	+
	Small					+/- x1	+/- x1

## **Chapter 4 Methodology**

### **4.1 Introduction**

In science, there is always a need for transparency concerning methodology. However, in qualitative research, this is less standardized than in quantitative research. A qualitative research method implies the interpretation of selected data by the researcher. To establish the reliability of the research conducted in this thesis, this chapter explains the chosen methods, as well as the selected cases and data. Furthermore, this chapter pays attention to the benefits and potential pitfalls and implications of the chosen research design.

Although this thesis is written from the belief that a researcher can be objective and work independently from his or her objects of study, there is always a chance of bias or of differences in interpretations between researchers. Also, since this research angle concerning the independent variable is relatively new and there are no exact agreed upon indicators, the analysis will be partly inductive. This chapter provides clarity on the ground rules and indicators used in the empirical analysis, to increase the reliability of the research. Differences in interpretations cannot be excluded, but clarification of the methodology is attempted to prevent arbitrariness of interpretations, especially since only one author conducts analysis on the empirical data.

This chapter outlines the research design by expounding on the methodology that is used to answer the research question as presented in the introductory chapter. The independent variables are operationalized in section 4.2. Because this thesis uses a small-n comparative case study, cases are intentionally selected on the independent variable. This selection comprises of five countries (Ireland, United Kingdom, the Netherlands, Germany, and Austria) and is justified following the operationalization of the independent variables, in section 4.3. The selected country cases are empirically analyzed along the three dimension of the dependent variable, governmental CSR policy. These are operationalized in section 4.4. The empirical analysis is based on qualitative methods, with government documents as its source of information. In conclusion, the general theoretical expectations that were presented in the previous chapter are translated into country-specific probabilistic hypotheses.

### **4.2 Operationalization of independent variables**

Five cases, in this case on a national level, have been selected for the empirical analysis: Ireland, the UK, the Netherlands, Germany, and Austria. These cases are intentionally selected on the variation of the independent variables. Since this thesis investigates with a qualitative small-n method, random selection (which is usual for quantitative research) was not possible. The three independent variables have eight different possible combinations. It would have been ideal to investigate all combinations in eight cases, to test the theoretical model to its fullest extent, however, five cases have been selected. The classification of the cases is presented simultaneously with the operationalization. The justification of this choice and the considerations of the selection are described after the operationalization of the independent variables. The measurement of these variables uses academic literature as well as empirical data.

#### 4.2.1 Domestic institutional context

The first independent variable in the model presented in the theoretical chapter is the domestic institutional context. An often used approach for classification of the different institutional contexts within capitalism is the ‘varieties of capitalism’ approach of Hall and Soskice (2001). These authors explain two types of capitalism, namely liberal market economies (LME) and coordinated market economies (CME). Although there are several different categorizations found in literature, this approach is opted for, as it is often used in the institutional CSR literature, and it forms the theoretical expectations as well. Also, it is useful to the research question of this thesis as the differences articulated by Hall and Soskice (2001) inform about the theoretical choices of governmental approaches towards CSR policies.

To present the cases the dichotomy of LME and CME is followed. Hall and Soskice (2001, p. 19) classify country cases into either LME or CME. Within the five selected cases two are classified as LMEs, Ireland and the UK, and three are classified as CMEs, the Netherlands<sup>10</sup>, Germany and Austria. The choice for a dichotomy will inevitably come at the expense of some country-specific circumstances, so further research could benefit from a more fine-grained analysis, but because of the scope of this thesis and the fact that the model presented in it is new, this thesis regards the LME-CME dichotomy as a reasonable first approximation of institutional context.

#### 4.2.2 Risk of industry structure

The economies of certain countries have larger proportions of ‘vulnerable corporations’ that are more likely to be affected by societal criticism on their responsibility (Gjøølberg, 2009a, p. 19). This variable is divided into two categories, which assigns either ‘high’ or ‘low’ risk to countries. Ideally, this variable would be measured at a more varying scale that takes into consideration the degree of ‘risky’ activities of ‘home country’ companies and their importance for the national economy.

No such data is available however, and thus this thesis relies on indicators that serve as a proxy to classify countries either as having a high or a low risk industry structure. The first indicator is the number of MNCs in a country, which gives an indication of the degree of global activities by corporations in a country. Since MNCs are under special scrutiny of NGOs, a higher number of MNCs in a country is considered to be more vulnerable. Secondly, the degree of import from outside EU countries is considered, as this gives an indication of the importance of global supply chains to a country. This indicates the importance of industries outside of areas in which governments are assumed to have the capacity to regulate. The higher this import, the higher the risk is considered to be. Third indicator is the sectoral differences concerning risk. High-impact sectors are operationalized according to the findings of Jackson and Apostolakou (2010), as presented in **Table 2**. When MNCs in a country primarily act in lower impact sectors, it decreases the risk of misconduct and of societal pressure for CSR, as theorized in earlier chapters of this thesis.

---

<sup>10</sup> Although the classification of the Netherlands is debated in the literature (Schröder, 2013, p. 54), this thesis regards the Netherlands as a CME.

**Table 2** Industry sectors with high- or medium- to low-impact<sup>11</sup>

<i>High-impact industry sectors</i>	Automobiles; basic resources; chemicals; construction and materials; food and beverage; oil and utilities; retail; utilities
<i>Medium- to low-impact industries</i>	Banks; consumer goods; consumer services; financials; insurance; media; technology; telecommunications; travel and leisure

*Source: Jackson and Apostolakou (2010, p. 379)*

Thus, operationalizing a high risk of a countries industry sector, this thesis classifies strongly globalized economies with an abundant presence of high-impact MNCs as being high-risk countries. Contrarily, countries with less ‘vulnerable’ companies, less importance placed on international trade, and less MNCs in high-impact industries, are considered ‘low-risk countries’. Following these indicators for the selected countries (presented in Appendix A), the UK, the Netherlands and Germany are classified as countries with a high-risk industry structure. Ireland and Austria are considered to have low-risk industry structures. This is in accordance with existing literature, for example that which regards the UK and the Netherlands to have strongly globalized economies and large proportions of MNCs (Gjøølberg, 2009a, p. 19), and that which points to the less globalized industry structure of Austria (Steurer and Tiroch, 2009). Although Ireland is home to big multinationals, they are primarily in the service sector, which is not regarded as being a ‘high-impact’ industrial sector.

#### 4.2.3 Country size

The variable of country size is operationalized into two categories: small and large. It is hard to draw an exact line of when a country is considered to be small or large. Therefore country size is operationalized by looking at two indicators; Firstly, the size of the population, where a country with a population above 30 million is regarded as being large, and secondly, the size of the economy, where a country with a gross domestic product (GDP) of over \$1 trillion is classified as large. Looking at the numbers of the selected country cases (presented in Appendix A) the UK and Germany are as classified as ‘large’, whereas Ireland, the Netherlands and Austria are regarded as ‘small’. Although this does not directly relate with the mechanism which expects large countries to be more able to influence the international CSR agenda, it seems a valid indicator, for example when considering that Germany and the UK are both members of the G7, which are regarded as the most important economic countries, and the G20, whereas the other three countries are member of neither of those economic groups.

### 4.3 Case selection

As presented in Table 3, combining the independent variables results in eight possible combinations. For investigating the proposed model, it would be ideal to have eight country cases to fill each cell, but for the sake of comparison and because the models build on existing research that primarily focuses on European countries, only countries within Europe were considered, more specifically countries that are a member of the UN, the EU, and the OECD, since these are relevant intergovernmental organizations for CSR. This restriction limits the

<sup>11</sup> The calculations of Jackson and Apostolakou (2010) are based on calculations using the FTSE4Good indices, looking at ecological footprint. The authors point to the lack of data on sectoral level differences for the economic and social dimensions. However, Jackson and Apostolakou find that the results are consistent with the environmental dimension and can therefore be used as “*imperfect but reasonable proxy*” (2010, p. 378). This thesis follows these authors by using their calculations to differentiate between high- and medium- to low-impact sector.

possibility of other contextual factors influencing the proposed mechanisms, but also limits the countries that could be selected.

The LME-CME dichotomy used to operationalize institutional context is limited in this premise by the cases for ‘LME’, since only two European countries are considered liberal market economies: Ireland and the UK (Hall and Soskice, 2001, p. 19). Nine European countries are assigned as CME by Hall and Soskice (2001), but many scholars argue for the inclusion of more variation within this CME-group, for example by clustering the type of capitalism of Scandinavian countries. Therefore, within the CME group, this thesis investigates the three cases that are regarded as being ‘most similar’: Germany, Austria and the Netherlands. This is done to avoid the risk of choosing cases with different institutional contexts that may influence the proposed mechanisms.

The five selected cases fill different cells of the table, after applying the operationalization of the variables of industry structure and country size. However, not all eight cells are filled. With regards to LME, no other countries could be selected, because of the premise that it has to be a European country, and neither does another CME exist within Europe that fits the conditions of being a large country. Therefore the ideal situation of eight cases that fit the conditions that a country must be a member of the EU, UN and OECD, cannot be met. However, the five selected cases present enough variation to investigate the theoretical model proposed, especially since it is a first approximation of the relationship between the dependent and independent variables.

Because the outcome along the dimensions of the dependent variable for each country case is unknown as yet, these countries were not selected with a bias to prove the proposed theoretical model. Case selection on the dependent variable can lead to overestimation of the importance of certain explanatory factors, but this bias has been attempted to remain at a minimum through the independent variables being chosen through data provided by existing literature. However, because the research topic and field are relatively young, and this thesis is a first attempt to build a theoretical model explaining three dimensions of governmental CSR policies combined, it is possible that other significant explanatory factors are missing in the analysis. Further research should investigate this.

**Table 3** Case selection based on the classification on the independent variables

<i>Institutional context</i>		<i>LME</i>		<i>CME</i>	
<i>Country size</i>	<i>Industry structure</i>	<i>Low risk</i>	<i>High risk</i>	<i>Low risk</i>	<i>High risk</i>
	<i>Small</i>		Ireland	-	Austria
<i>Large</i>		-	United Kingdom	-	Germany

#### 4.4 Operationalization of the dependent variable

As its dependent variable, this thesis investigates variation in government approaches towards CSR, or ‘governmental CSR policies’. ‘Governmental output or public action’ is what constitutes as policy (Dearlove, 1973, p. 2 quoted in Knudsen *et al.*(2013, p. 7)). As Knudsen *et al.* (2013) rightfully point out, there is a difficulty in recognizing CSR policies and distinguishing it from ‘regular’ policies that regulate corporate behavior. To avoid this, the empirical analysis will only focus on policies presented as being explicitly CSR by the governments themselves. Thus, governmental CSR policies are considered to be policies that encourage CSR

beyond ‘command and control’ regulation, and which are specifically formulated as CSR by governments themselves. This will limit the available data, but increases the validity of this thesis.

Governmental CSR policies are investigated along three dimensions in this thesis: geographical orientation, policy justification and emphasis on multilateral frameworks. The operationalization of these variables is presented below and is primarily based on existing studies. However, because the field is relatively new, the possibility of inductively recognizing alternatives during the analysis is held open for all the variables, to avoid missing other findings.

All three variables are operationalized in dichotomies. The empirical observations will score the content of government documents. The information this thesis is looking for is proven to be readily available in government documents by researchers such as Gjølberg (2010), Midttun *et al.* (2012) and Knudsen and Brown (2014). The use of these sources and selection of the data is further explained in section 4.5.

The scores concerning the three dimensions are assigned per paragraph. How these points are recognized and the scores awarded, is outlined in the next sections. Paragraphs are marked when they contain an explicit approach. For geographical orientation and policy justification this thesis looks for the dominant overall approach. The third dimension of degree of emphasis on multilateral frameworks, contains a measure of ‘intensity’. Therefore the measurement does not look at dominance, but rather at the intensity with which low and high emphasis is presented on the totality of the document. For all variables this methodology assumes that frequency is a valid indicator of importance or intensity (Singleton and Straits, 2005, p. 374). Inevitably this approach sacrifices some nuance, as is discussed in the presentation of the findings.

#### **4.4.1 Geographical orientation**

The first dimension of governmental policy this thesis looks at is the geographical orientation of the governmental CSR. This variable is operationalized in a dichotomy, with national ‘home country’ orientation on the one hand and international ‘host country’ orientation on the other (see **Table 4**). The essential difference is the authority a government has over these practices (as explained in section 2.3.1). In the selected data, paragraphs that specifically address geographical orientation are marked as concerning national or international orientation.

Home country policies focus on the behavior and impact of business actors within the borders of the nation states in which they are based. For governmental CSR this refers to the contribution of corporations to certain domestic issues, for example unemployment, poverty and social exclusion, or to the moral obligations of corporations to give back to society.

Host country policies focus on the behavior and impact of business conducted beyond national boundaries. Host country policies are therefore directed towards corporations that operate abroad, typically multinational companies. Also regarded as host country policy is policy addressing the responsibility for the ‘supply chains’. The supply chain allows companies to buy goods that are produced abroad, possibly under questionable circumstances. Host country policies typically focus on the causes of globalization and address the risks of global governance vacuums.

**Table 4** Key words for the dimension of geographical orientation

<i>National orientation</i>	<i>International orientation</i>
National/regional/local	Abroad, in foreign countries
Societal challenges, (un)employment, social inclusion, poverty, level, activities, community, economy, reputation	Image/reputation of (“country”) Behavior of multinational companies, international companies, international supply chains
Behavior inside (“country”), contribute at home	International/global challenges, aims, economy

*German and Dutch equivalents are used*

#### 4.4.2 Policy justification

The second dimension of policy this thesis investigates is government’s justification of its CSR policy. This thesis analyses the framing used by the different countries to clarify their CSR policies. Framing refers to the process with which actors develop particular conceptualizations of certain policy topics (Chong and Druckman, 2007). These frames can be conscious or unconscious, used strategically or by persuasion of appropriateness. Framing essentially involves selection and salience. In this case, it concerns the way in which governments perceive CSR, as indicated by how they define the problems and causes of their CSR, as well as the moral judgments and suggested remedies they invoke. By describing their policies in a certain way, governments highlight bits of information and leave other bits out. (Entman, 1993, p. 52). To identify the policy justification, a frame analysis is conducted on the selected policy documents, by distinguishing a twofold frame: normative and instrumental justification.

These two frames have been selected after reviewing the literature in the CSR field. Although no explicit frame analyses are conducted in the reviewed literature, some studies investigate justification, rationales or motivations of CSR policies. The two frames of normative and instrumental justification are used by Gjølborg (2010) and Midttun *et al.* (2012). Also Knudsen and Brown (2014) address the instrumental frame partly, by searching for the motivations of ‘competitiveness’ with either social or economic aims. The latter approach is less relevant for the research question this thesis addresses, as well as being less clear empirically. This thesis is therefore guided by the distinction between normative and instrumental justification as made by Gjølborg (2010), which is well informed by the literature in the CSR field, as explained in section 3.2.1.

The first justification is that of normative responsibility, or the duty to behave responsibly and prevent misconduct of business actions. This argument is deontological: a firm has a moral obligation to behave in a responsible way regardless of the consequences for their profit. The second is the instrumental justification that refers to the ‘business case’ for CSR. Here, rational behavior of businesses is assumed. The idea is that business actors will benefit from incorporating CSR in their actions, both on short-term (gains in reputation) and long-term. In that sense, CSR is used as an instrument to rationally calculate the financial benefits as is therefore more consequentialist.

When translated into government interpretations this leads to the instrumental and normative framing of policy. The instrumental frames can be captured in CSR as ‘welfare state relief’ or as ‘competitive advantage of the nation’, whereas the normative interpretation can be described as the ‘moral obligation to the nation’ or as

‘global governance’<sup>12</sup> (Gjølberg, 2010, pp. 207–208). The next section outlines the instrumental and normative frames based on the work of Gjølberg (2010).

The instrumental frame is recognized by the promotion of the ‘business case for CSR’. Also, it can be recognized by its language of utility maximization, pointing to win-win situations in public-private partnerships, encouraging business to find solutions to social issues and the direct and indirect benefits of CSR. Direct benefits can be efficiency gains, and indirect benefits can be reputational gains for example. In this frame, governments emphasize CSR as an *instrument*, which is characterized by Gjølberg (2010) as CSR as ‘welfare state relief’ or as a ‘competitive advantage of the nation’.

In a normative justification government emphasizes the deontological duty of business to behave responsibly, contribute to the wider society by preventing harm and doing good, rather than focusing on benefits and gains, be they economic, social or environmental. Instead of underpinning CSR with cost-benefit calculations, governments appeal to business actors’ ethical values, moral obligations, duties and rights. This justification can have both a national and an international focus. Nationally, this contains an appeal of the government towards business to the moral obligations to contribute to society. Internationally, this means that public policy is aiming to encourage businesses to contribute to global governance, by addressing the existing regulatory vacuums. In this frame, governments emphasize the duty of corporations to adhere to international norms of peace, human rights, transparency, labor conditions, and sustainable development.

To identify the dominant frame of a country, the predominance of the two frames is analyzed in the selected government documents. It is possible that both frames exist in a country, or even within one policy document<sup>13</sup>. Therefore we will examine at the dominant frame. To recognize the frames as described above, a more precise coding schemes based on keywords for each frame has been made (see **Table 5**). The keywords are based on the findings and frames described by Gjølberg (2010) and are partly recognized inductively. However, this list of key words is not regarded as exhaustive or determining. The recognition is partly dependent on the context, which is hard to capture in a coding scheme. The explanation of the frames as presented above forms the guidelines along which the data is analyzed. Because the empirical analysis in this thesis is done by one person, the description of frames and recognition of them is attempted to be as clear as possible, which increases the reliability of the analysis. Although alternative interpretations cannot be excluded, in this way they are attempted to be diminished.

---

<sup>12</sup> In both frames the first refers to a national focus and the latter to an international focus.

<sup>13</sup> It can be argued that by referring to the ‘business case’ of CSR, the normative argument is already tainting. However, in this thesis both frames are not regarded as mutually exclusive and possible to exist both. The question is which frame is dominant.

**Table 5** Key words for the frames on the dimension of policy justification

<i>Instrumental frame</i>	<i>Normative frame</i>
Business case; win-win opportunities; increase competitiveness; gains; utility maximization; economic development; economic growth; Benefits of: innovative edge Contributions to: environmental protection, education, arts, culture, combating poverty and social problems in local communities	Duty; responsibility; values; prevent/risk of misconduct and harm; address regulatory vacuum; inalienable rights; Contribute to realization of (international) norms of: peace; human rights; labor conditions; transparency; sustainable development

*German or Dutch equivalents are used*

#### 4.4.3 Degree of emphasis on multilateral CSR initiatives

The last dimension of the governmental CSR policies to be analyzed is the degree in which governments emphasize the standards and norms of multilateral organizations' frameworks.<sup>14</sup> The variable is operationalized through the dichotomy of 'high' and 'low' emphasis on multilateral initiatives. The most important intergovernmental organizations that have developed (voluntary) CSR frameworks are the United Nations (UN) and the Organization for Economic Cooperation and Development (OECD)<sup>15</sup>. Their frameworks are, respectively, the UN Global Compact and the OECD Guidelines for Multinational Enterprises. Two other important initiatives in this respect are the UN Guiding Principles for Business and Human Rights, and the International Labour Organization (ILO, a UN agency) developed standards regarding labor conditions, which have been mentioned in CSR policies. These initiatives are often referred to as the "*core set of internationally recognized principles and guidelines*" regarding CSR (European Commission, 2011).

The dichotomy is not considered opposites, but rather 'low' and 'high' supplement each other. Low emphasis is assigned when countries refer to multilateral frameworks, but do not actively approach them as described above. Also, approaches that refer to international cooperation, for example through the EU regulation are marked as low emphasis. Merely referring to the multilateral initiatives mentioned above in passing is not regarded as high emphasis since all the selected country cases are members of the UN and the OECD, and are thus expected to at least refer to their frameworks. High emphasis is assigned when a country articulates the importance of a multilateral framework, actively supports it or even specifically prescribes the use of (one or more) multilateral frameworks to business actors, for example by making the adherence of specific frameworks mandatory as conditions for obtaining certain public systems of support like subsidies or public procurement.

## 4.5 Data

As presented above, the research design of this thesis is based on a comparative small-n qualitative case study. The source of information for the empirical observations is governmental output, documents and speeches. Because this thesis is interested in geographical orientation, policy justification and the degree of emphasis

<sup>14</sup> As an alternative governments develop initiatives themselves or can endorse business-led or sectoral initiatives, both on domestic and international level or refer to no standards at all level it totally open to business actors how to approach CSR. Because this thesis is especially interested in the emphasis on existing intergovernmental multilateral frameworks, the differentiation in the alternative is not analyzed.

<sup>15</sup> The European Union has a policy on CSR and did not develop a framework or standards, but follows the underlines the existing and above mentioned five frameworks.

placed on multilateral initiatives, the way in which the policy is organized and described by governments provides crucial information.

The core documents that inform the empirical analysis are the 'National Action Plans on CSR'. These extensive plans are formulated by each selected country case, responding to the EU's call to do so. These governments are especially interesting as they give an overview of the governmental CSR policies in a country, being an opportunity for a government to present their CSR approach as a whole. Also, because it is presented as a whole, the bias in the data, for example as a result from a specific viewpoint from a particular ministry, is limited.

Moreover, these documents are interesting because all of the selected countries have formulated these documents in the same context, namely because they were asked to do so by the European Commission, and around the same time. The NAPs for CSR are a direct response to the request of the European Commission to formulate an explicit National Action Plan for CSR.

Because it is nearly impossible to study the whole range of governmental output on CSR, the focus of this research primarily on these documents is regarded as being justified, especially within the scope of this thesis. The data selected for the empirical analysis, while not exhaustive, will give a representative view of governmental CSR approaches across countries. These documents are regarded as being representative of the general governmental output. Also, because the presented theoretical model is only a first approximation of the combination the mechanism in existing literature, looking at these documents is an elementary and concise approach to governmental output.

Also, web searches have provided additional documents, such as government reports, that address a single issue or NAP on Business and Human Rights<sup>16</sup> and speeches of government officials as part of the governmental CSR approach. The amount of additional data differed widely across the country cases, as not all countries have a NAP on Business and Human Rights, for example. Because of this limit in data, and the possible bias concerning certain issues or ministries in selecting these documents, these documents are discussed as additional information that can confirm or nuance the primary empirical observations. The NAPs for CSR are regarded as the core documents of the empirical analysis.<sup>17</sup> A list of the selected documents and speeches per country can be found in Appendix B.

The use of primary sources has both advantages and limitations. As the information is typically not created for scientific purposes, the need arises for the researcher to interpret the information. The selected data could be incomplete in information, and is prone to the possibility that it does not provide the exact information needed for the purposes of this research (Corbetta, 2003, p. 306) This could lead to a decrease in reliability since different researchers can interpret differently. However, the operationalization of the dependent variables as presented above diminishes this pitfall. A second advantage to using first-hand data from government sources, is that the information is free of potential alterations. In comparison, interviews, for example, have a risk of giving biased or not fully honest information, or being eschewed by adapting answers in order to comply with socially

---

<sup>16</sup> The National Action Plans on Business and Human Rights are mainly a response to the call for a government response towards the UN Guiding Principles on Business and Human Rights.

<sup>17</sup> For the UK, the actual response to the EU call for Action Plans is more or less a summary of business responses to their 'call for views'. This document does not contain . However the UK has a national report on Corporate Responsibility that is very similar to a NAP and also gives a broad view on the governmental approaches. Therefore this document is regarded more representative and serves as the core of the empirical analysis of the UK.

accepted norms. Also, contrary to an interview, the researcher is limited by the available information and cannot ask follow-up questions or specific information. The information this thesis is looking for is available and recognizable in government documents. Another potential limitation of document analysis is the availability of data. In this thesis this seems a problem for some country cases, however a representative document selection has been made for each of the cases.

## **4.6 Country specific hypotheses**

Combining the case selection and classification with the theoretical expectations presented in the previous chapter, leads to the formulation of country specific expectations. This is done through probabilistic hypotheses, formulating likely outcomes for the selected cases. Hypotheses of this kind are scientifically hard to refute, and the conclusions that can be drawn from these hypotheses are not determinative. As this is a first attempt to combine different independent variables into a single theoretical model, these kind of hypotheses have been put in place to examine whether the theoretical model is applicable empirically, and how future research could build and expand this model. Moreover, deterministic theoretical models are not common in social sciences, as it is hard to isolate the mechanisms of real life study objects. The proposed country specific hypotheses are not deterministic but provide expectations for likely outcomes in governments CSR policies.

### **4.6.1 Ireland**

Ireland is a small, liberal market economy, with an industry structure that is regarded as 'low risk'. Because of its industry structure, in combination with the domestic institutional context, an international oriented governmental approach to CSR is not expected in Ireland. Being a liberal market economy, Ireland is likely to exhibit a domestically oriented approach. This domestic institutional context also makes it likely that an instrumental policy justification is dominant in Ireland. Although its small size makes it likely that Ireland emphasizes multilateral frameworks in its policy, this expectations are neutralized by the fact that this often does not work in 'low risk' countries, and moreover not for LMEs. Thus a low emphasis on multilateral frameworks is expected in Ireland.

*The governmental CSR approach in Ireland is likely to be nationally oriented, instrumentally justified and with a low emphasis on multilateral frameworks.*

### **4.6.2 United Kingdom**

The United Kingdom is a large, liberal market economy, with an industry structure that is classified 'high risk'. Therefore the country's governmental CSR approach can meet both the expectations of being internationally oriented and being domestically oriented. The justification of the CSR approach in the UK is most likely to be instrumental. Although the industry structure could point to a high emphasis on multilateral frameworks, the country size and domestic institutional context neutralize this expectation. Therefore a low emphasis on multilateral frameworks is expected in the UK. Altogether the expectations for the governmental approach of the UK is formulated in the following hypothesis:

*The governmental CSR approach in the UK is likely to be both national and internationally oriented, with an instrumental approach and low emphasis on multilateral frameworks.*

#### **4.6.3 Netherlands**

The Netherlands is classified as a small, coordinated market economy with a high risk industry structure. Because of the combination of high risk industry structure and the CME domestic institutional context it is likely that the geographical orientation is international. Regarding policy justification the Netherlands is expected to have a normative justification, because it is a CME. The combination on the dependent variables – high risk industry structure, small country size and coordinated market economy – enforce the expectation that the Dutch governmental approach to CSR is likely to highly emphasize multilateral frameworks in their CSR approach. Therefore the following hypothesis is formulated for the Netherlands:

*The governmental CSR approach in the Netherlands is likely to be internationally oriented, with a normative justification and high emphasis on multilateral frameworks.*

#### **4.6.4 Germany**

Germany is a large, coordinated market economy. The industry sector of the country is characterized as high risk. The combination of CME and a high risk industry structure, makes it likely that the CSR approach of Germany is internationally oriented. Regarding policy justification, Germany is likely to approach CSR with a normative justification, being a CME. Looking at industry structure and domestic institutional context Germany is expected to have a high emphasis on multilateral frameworks, however its country size is expected to influence the outcome negatively. Thus Germany is expected to have a low emphasis on multilateral frameworks. Together this can be accumulated into the following hypothesis:

*The governmental CSR approach in Germany is likely to be internationally oriented, with a normative justification and a low emphasis on multilateral frameworks.*

#### **4.6.5 Austria**

Austria is a small, coordinated market economy, with an industry structure regarded as being ‘low risk’. Because of this combination of dependent variables a reserved approach towards CSR is expected in Austria. Looking at the domestic institutional context, a domestic approach is not expected as this would conflict with the existing *means* used in Austria. Because of its industry structure, Austria is also not expected to have much interest in internationally oriented CSR. Under influence of international organizations, especially the EU, Austria is pushed to formulate an approach towards CSR which is expected to be internationally oriented, since this would be least conflicting with the existing institutional context. The policy justification is more likely to be normative, following the expectation of coordinated market economies. In their CSR approach Austria is expected to highly emphasize multilateral CSR frameworks, because the country is small and a CME, although this expectation is neutralized by its industry structure. Combined, this leads to the following hypothesis:

*The governmental CSR approach in Austria will probably be quite reserved, though most likely to be internationally oriented, with a normative justification and a high emphasis on multilateral frameworks.*

#### 4.6.6 **Resumé**

The country specific expectations are summarized in **Table 6**. Interestingly, the expectations for the Netherlands and Austria are similar, though they differ in industry structure. This is caused by the assumption that Austria is compelled by international organization to formulate a CSR approach, even though they do not have much interest in it (explained in section 3.2.3). It is still interesting to investigate both cases, especially with regards to hypothesis 6, which compares the influence of domestic institutional context on geographical orientation in countries with a low-risk industry<sup>18</sup>.

In the next chapter the findings of the empirical analysis are presented and analyzed. The country specific hypotheses are discussed. Afterward, the country cases are comparatively discussed with reference to the theoretical hypothesis formulated in Chapter 3.

**Table 6** Overview of country specific expectations per dimension of the dependent variable

	<i>Geographical orientation</i>	<i>Policy justification</i>	<i>Emphasis on multilateral frameworks</i>
<i>Ireland</i>	National	Instrumental	Low
<i>United Kingdom</i>	International(and national)	Instrumental	Low
<i>Netherlands</i>	International	Normative	High
<i>Germany</i>	International	Normative	Low
<i>Austria (reserved)</i>	International	Normative	High

<sup>18</sup> H6: National oriented policies are more likely in a liberal market economy with a low risk industry than in a coordinated market economy with a low risk industry.

# Chapter 5 Findings and analysis

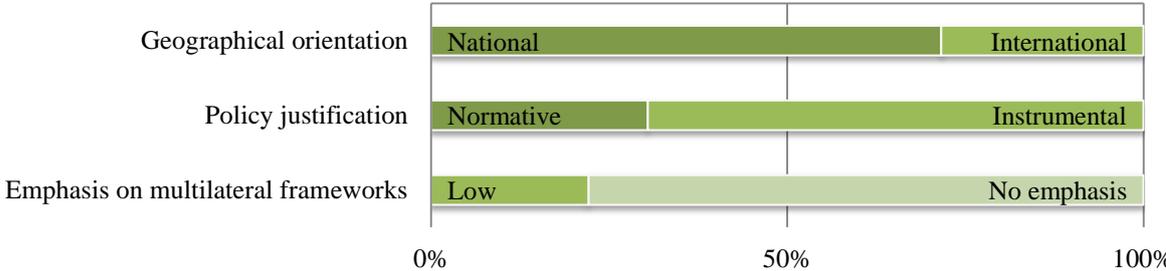
This chapter first discusses the findings of the empirical analysis per country case. The findings are presented for each country along each of the three dimensions, distributed between national-international orientation, normative-instrumental justification, and the degree of emphasis, as proportion of the total. Overall, this thesis looks for the dominant score, but by presenting the findings this way, more nuanced discussion is possible. The contents of the findings are discussed for each country, which results in a reflection on the country specific hypotheses, that have been formulated in the previous chapter.

The second part of this chapter comparatively discusses the findings along each of the dimension and relates this to the theoretical hypotheses that were formulated in section 3.2. This will lead to consideration of the total model that was proposed in Table 1.

## 5.1 Country case hypotheses

### 5.1.1 Ireland

“Good for Business, Good for the Community” is the title of the Irish National Plan on Corporate Social Responsibility. This already captures the empirical findings on the three dimensions of the dependent variable quite well, which is visualized in **Figure 1**. The governmental CSR approach in Ireland is predominantly nationally oriented and instrumentally justified, with a low emphasis on multilateral CSR frameworks. Below, these findings are clarified.



**Figure 1** Empirical findings of Ireland shown per dimension of the governmental CSR approach

CSR is seen as helping Ireland “to emerge from the jobs crisis and supporting the economic recovery” (Department of Jobs Enterprise and Innovation, 2014, p. 5). The focus of the Irish policies lies on corporate support of local communities in several ways, for example through employment, training activities and promotion of social inclusion. The National Plan for CSR was presented as part of the ‘Irish Action Plan for Jobs’. In turn, benefits for enterprises are that socially responsible build on reputation and social trust help them consider which actions are regarded as appropriate by their stakeholders (Department of Jobs Enterprise and Innovation, 2014, p. 27). CSR is encouraged to enhance the company’s profile and competitiveness, as according to Minister Bruton “good CSR practices are distinguishing the best companies from their competitors” (Bruton, 2014). Enterprises are seen as key to tackling certain social and economic issues, with benefits for both business and community. CSR is instrumentally used in this way to contribute to the priorities

of the government, with benefits for both business and society. This combination can be characterized as ‘CSR as welfare state relief’.

The pressure of consumer demands makes it critical for Irish companies to respond through responsible practices. Though the dominant frame in which Ireland places CSR is instrumental, the normative side of CSR is acknowledged as well. The National Plan points out that companies’ CSR practices should have a high ethical dimension. This point is specifically made toward the part of Irish policies directed towards international CSR and the belief that “*respect for, and upholding of, human rights should be a fundamental part of any company’s CSR activities*”(Department of Jobs Enterprise and Innovation, 2014, p. 7).

Another dominant factor in the international orientation is the instrumental justification, focused on the reputational and competitive gains of companies, and even more so on the benefits for the reputation of Ireland as a “*the best small country in which to do business*” (Kenny, 2013; Department of Jobs Enterprise and Innovation, 2014). Ireland approaches CSR as an opportunity to increase their international competitiveness.

Regarding the third dimension, Ireland has a low emphasis on multilateral CSR frameworks. Although they do refer to these frameworks, they do not explicitly support them or encourage business actors to do so. They primarily use the frameworks as examples of standards. Moreover, reflecting their dominant national orientation, they point to the fact that most of these multilateral frameworks are already integral to national legislation and regulation.

The additional information confirms these findings. For example, in a speech the Irish Taoiseach (prime minister) Enda Kenny classifies CSR as a response to the changing demands on businesses, in which the “*customer is king*”, as a business model that will pay its dividends (Kenny, 2013). The same nuance is found, when in the same speech the Taoiseach points out the seriousness of global issues like food security. The Irish National Plan on Business and Human Rights also primarily points to the benefits of Ireland’s reputation and how it can help build business success: “*Central to this commitment is enabling and encouraging business enterprises to become more competitive by integrating [CSR practice] across their operations*” (Department of Foreign Affairs and Trade, 2015, p. 3), though Ireland nuances this by pointing out that “*the business case for respecting human rights need not be overstated*” (Department of Foreign Affairs and Trade, 2015, p. 40).

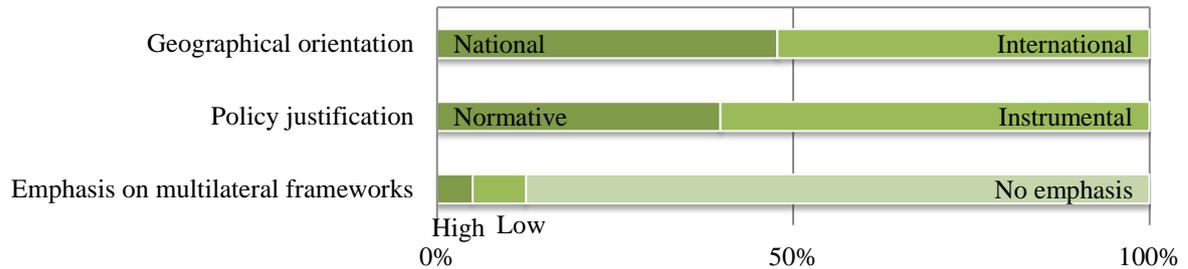
Considering the country specific hypothesis of Ireland:

*The governmental CSR approach in Ireland is likely to be nationally oriented, instrumentally justified and with a low emphasis on multilateral frameworks.*

The empirical analysis finds corroborating evidence for this hypothesis on all three dimensions. Looking at it on the whole, the main orientation of the Irish CSR approach is national, directed at domestic issues like economic recovery and unemployment. Thereby they justify their policy mainly by pointing to the beneficial effects for companies and the reputation of Ireland. In this approach they have a low emphasis on multilateral frameworks, acknowledging the most important instances such as the UN Guiding Principles, the UN Global Compact and the OECD Guidelines for MNEs, but not actively supporting them or encouraging business to commit to them. This approach was expected from Ireland, being a small liberal market economy with a low-risk industry structure.

### 5.1.2 United Kingdom

The empirical observations regarding the United Kingdom, as presented in **Figure 2**, point to more or less a balance of national and international orientation in the governmental approach of CSR<sup>19</sup>, in which CSR is dominantly framed in an instrumental way.



**Figure 2** Empirical findings of the UK shown per dimension of the governmental CSR approach

The United Kingdom is often regarded as a frontrunner in CSR and an early adopter of CSR approaches, also driven by the government (see for example Moon, 2004; Kinderman, 2012). The instrumental justification of the governmental CSR approach reflects the national as well as the international orientation. CSR is promoted as good business sense, enhancing a company’s reputation and brand name, under the axiom that “*the best and most successful companies have always been the most responsible*” (HM Government, 2009, p. 2). CSR is seen as a strategic business model, with both direct, “*improve efficiency, better risk management*” and indirect “*reputational gains, distinguish from competitors*” benefits for businesses (HM Government, 2009, p. 6). Nationally the UK Government sees a key role for business for “*improving some of our poorest communities*” and CSR is promoted as “*benefits of business [...] to help tackle deprivation and boost local economies*” (HM Government, 2009, p. 19). This can be seen as CSR as ‘welfare state relief’, with the government encouraging CSR by pointing to the benefits for business while using their effort to tackle societal problems such as poverty and unemployment.

The policy justification is not entirely instrumental, though. Especially with reference to the gambling industry, the UK government’s approach adopts a normative frame, pointing to their commitment to social responsibility. Responsible practices, beyond requirements, involve the limiting of harmful effects of new products and identifying potential problem gamblers, for instance. In this case, no reference is made to the benefits of these gambling operators in behaving responsibly (HM Government, 2009, p. 20). Also, the UK government encourages volunteering and charitable giving, imploring any and all to “*contribute to the overall well-being of their community*” (HM Government, 2009, p. 26), which can be seen as a normative justification, though the dominant frame in this section is instrumental, pointing to the reputational and economic benefits as ‘a win-win situation’.

Also at international level, part of the discourse is normative, as the government aims to encourage corporations to reduce poverty and promote human rights overseas (HM Government, 2013). However, also at the international level, the UK promotes CSR as a way to compete in global markets and increase productivity (HM Government, 2009, p. 6). Especially their battle against corruption is quite central to the discourse, and

<sup>19</sup> The UK most often refer to ‘corporate responsibility’ instead of ‘corporate *social* responsibility’. In this thesis also in the case of the UK will be referred to CSR for consistency reasons.

instrumentally justified: “as a leading trading nation, the UK cannot afford the barriers to entry thrown up by international corruption” (HM Government, 2009, p. 18).

In this CSR approach, the UK presents itself “as a committed supporter of the United Nations Global Compact” and aims “to improve the implementation of the OECD Guidelines for Multinational Enterprises”(HM Government, 2009, p. 12). Also, the UK is an active support of the UN Guiding Principles for Business and Human Rights, that “guide the approach UK companies should take to respect human rights wherever they operate”(HM Government, 2013) and for example the OECD Anti-bribery Convention. Additionally, the UK has several domestic CSR initiatives, like the Ethical Trading Initiative (ETI), and more sector specific initiatives like the Extractive Industries Transparency Initiative (EITI).

The additional information confirms the predominantly instrumental justification, for example in speeches by Prime Minister David Cameron that reveals the dominance of the business case for CSR and CSR is presented to go hand in hand with business benefits. Cameron argues businesses are key in tackling issues such as the obesity crisis, in which business are encouraged to “play their part [... in this] part of our society that business can reach which the state just can’t” (Cameron, 2012). The UK Action Plan on Business and Human Rights present responsible practice as “the commitment of the values of human rights in pursuit of a prosperous Britain” (Hague, 2013).

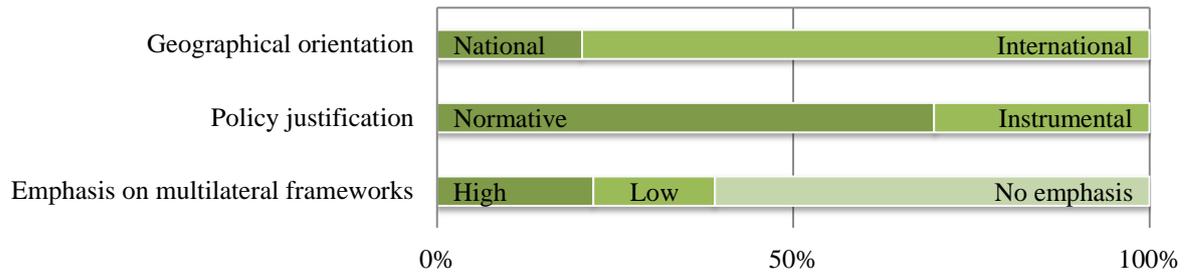
Looking at the theoretical expectation for the UK:

*The governmental CSR approach in the UK is likely to be both national and internationally oriented, with an instrumental approach and low emphasis on multilateral frameworks.*

The empirical observations have found evidence for both nationally and internationally oriented CSR policies. Though the dominant discourse is instrumental, some parts of the British CSR approach are normative, for example the part of the internationally oriented policies towards respect for human rights. Most surprising is the committed support for multilateral frameworks, which had not been expected in the theoretical model. The empirical observations that had been found corroborate the dimensions of geographical orientation and policy justification, but not the dimension of emphasis on multilateral frameworks. The latter conflicts with the findings presented in Knudsen and Brown (2014). There are two possible explanations for this. Firstly, in Knudsen and Brown (2014) the emphasis is presented as opposed to that of Denmark, which can be a more striking difference. Secondly, the British approach is characterized by Knudsen and Brown by their extensive domestic internationally oriented CSR initiatives, such as the ETI and EITI. However, this thesis’ empirical observations suggest that these domestic initiatives and the government’s support of multilateral initiatives do not exclude each other.

### **5.1.3 Netherlands**

The empirical findings of the Netherlands are presented in Figure 3. The dominant orientation of the Dutch CSR policy is international. The approach is mainly focused on multinational companies’ foreign practices, especially in developing countries, while also emphasizing responsibility in supply chains. National, instrumental orientation is found in which CSR is presented as contributing to social and environmental government objectives.



**Figure 3** Empirical findings of the Netherlands shown per dimension of the governmental CSR approach

Although CSR is presented as a business case, with possible economic, social and competitive benefits, the dominant frame in the Netherlands is normative. In their approach, the Dutch government specifically addresses the global governance vacuums and encourage Dutch companies to uphold ethical norms in their supply chains and foreign practices (Rijksoverheid, 2013, p. 15). They point to the responsibilities of companies in a globalizing world, to minimize risks in labor conditions of the textile sector, for example. Any misconduct in this sector is “*an unjustifiable threat to the lives of vulnerable people [and results in] unacceptable risks*”<sup>20</sup> (Rijksoverheid, 2013, p. 2). The Dutch government has undertaken a ‘sector risk analysis’ to indicate which sectors have a high risk, with the aim to arrange sector-specific codes of conduct.

This normative international approach characterizes the Dutch CSR approach and is also found in additional information. Companies are reminded of their responsibility to uphold human rights, which is acknowledged to be difficult due to increasing competition and because “*the consumer demands low prices more than ever*” (Ploumen, 2013). This last point even contradicts the ‘business case’ argument. CSR is explicitly said not to be a marketing tool, and even when responsible practices are presented to go hand in hand often with economic and competitive benefits, the ethical moral dimension is placed before the beneficial argument (Balkenende, 2009). However, this dominant normative justification needs some nuance when for example looking at a speech of State Secretary Wilma Mansveld talking about the chemistry sector. She refers to CSR as something that needs to be invested in “*not for ideological reasons, but because it makes good business sense*” (Mansveld, 2013) .

Clear in the approach of the Netherlands is the high emphasis on multilateral initiatives. The Dutch government does this with the aim to address global governance gaps in supply chain responsibility, because “*the Dutch government lacks direct jurisdiction, and therefore aims to intensify intergovernmental agreements*” (Rijksoverheid, 2013, p. 3) on for example the EU, WTO, ILO, UN and OECD. High emphasis is especially placed on the OECD Guidelines for Multinational Enterprises, which “*the government expects companies to act in accordance with [...] wherever possible*” (Ministry of Foreign Affairs, 2014, p. 9). These guidelines are seen as a complete and covering all other ethical norms and standards, such as the UN Global Compact and the UN Guiding Principles for multinational corporations’ foreign practices, but also for supply chain responsibility. Explicit commitment is necessary to get governmental subsidies and participate in trade missions.

Based on the theoretical expectations, the following hypothesis was formulated for the Netherlands:

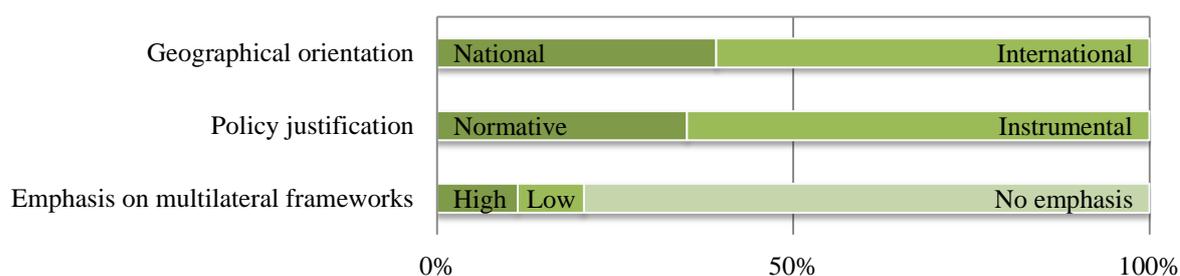
<sup>20</sup> This quotation has been translated from Dutch by the author. Some of the other quotations in this section were translated by the author, because these documents or speeches were in Dutch.

*The governmental CSR approach in the Netherlands is likely to be internationally oriented, with a normative justification and high emphasis on multilateral frameworks.*

The empirical observations provide corroborative evidence for this hypothesis. Though some nuances are possible concerning the dimension of policy justification, CSR is predominantly framed normatively. Also clearly dominant is the international orientation of the Dutch policy. The selected data cannot tell whether an instrumental justification is more common in the approach towards certain sectors, such as in the previous example regarding the chemistry sectors. Also remarkable in the Dutch case is the specific commitment towards one multilateral initiative, namely the OECD Guidelines. This emphasis on the OECD Guidelines is even visible in their NAP on Business and Human Rights (Ministry of Foreign Affairs, 2014), which is mostly a response to the Guiding Principles of the UN. The internationally oriented and normatively justified approach, with a high emphasis on multilateral frameworks, is in accordance with the mechanisms proposed for a small coordinated market economy with a high-risk industry structure.

#### 5.1.4 Germany

The empirical observations for the German governmental CSR approach are presented in Figure 4. Dominant are the international orientation and instrumental justification, though national and normative are also present. High emphasis is found on multilateral CSR initiatives.



**Figure 4** Empirical findings of Germany shown per dimension of the governmental CSR approach

CSR is mainly presented as a mutual advantage for social and economic aims of governments as well as business (German Federal Government, 2010, p. 8). Responsible practice can influence the development of Germany's towns and cities and contribute to the improvement of employment situations, social inclusion and fair and equal pay. In turn, this can increase good reputation and generate competitive advantages. In Germany "[m]any endeavors that are considered CSR activities in other countries are required by law" and therefore the German government sees it "vital that Germany's CSR profile [is] sharpened at home and abroad" (German Federal Government, 2010, p. 17). Increasing visibility of the implicit CSR activities of German companies can "positively influence the image of German businesses abroad" and "lead to tangible competitive advantages" (German Federal Government, 2010, pp. 17–18). This fits in clearly with the instrumental justification, by framing CSR to enhance the international competitiveness of the nation and emphasizing economic and societal benefits.

Normatively, the German CSR approach addresses the problems of global governance vacuums, which increases the importance of CSR practice to contribute to fair working conditions and the abolition of child labor. Therefore, the German government "will intensify the international dialogue on the CSR regime ... [and] will also promote the continued development of the OECD Guidelines for Multinational Enterprises" (German

Federal Government, 2010, p. 24). Corporations are furthermore encouraged and helped to adopt and comply to the UN Global Compact standards.

Additional information shows this nuance towards a normative approach internationally as well, addressing fair pay and unacceptable misconduct as caused by global governance vacuums and the focus on international cooperation. Chancellor Angela Merkel states it is important “... that we inquire ourselves and that we also require fair pay in these countries. When you read that people earn just 23 cent per hour, for something that we buy for a lot of money, we cannot allow that. We really have to intervene here.”<sup>21</sup> (Merkel, 2013). International dialogue and cooperation are presented as important and important to be done day-to-day to “insist on adherence to [the] OECD Guidelines” (Merkel, 2015). The other sides of the justification of the German CSR approach is visible in for example the specific report on CSR as a driver of innovation of the German Ministry for Environment (BMU, 2009). Also CSR is linked to the existing German agenda on sustainability.

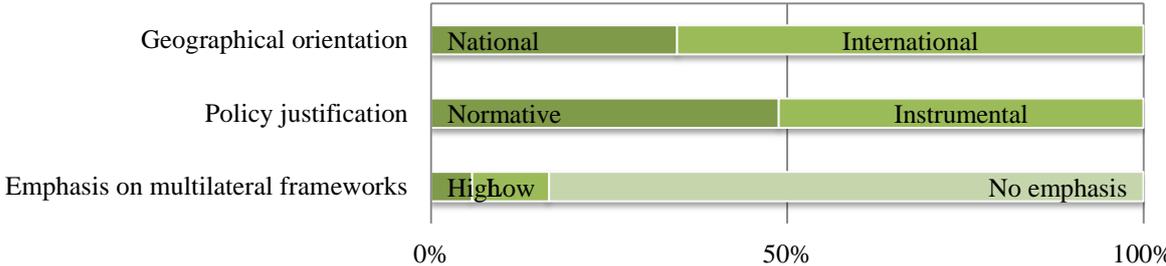
Looking at the country specific expectations formulated for Germany based on the theoretical model:

*The governmental CSR approach in Germany is likely to be internationally oriented, with a normative justification and a low emphasis on multilateral frameworks.*

Not much corroborative evidence is found for this thesis. Although internationally oriented policies are dominant, the governmental approach of Germany is also national. This could well be because it is linked to an existing agenda on sustainability, but this cannot be said for sure on the basis of the selected data. The dominant justification is not normative, but instrumental, opposing the expectations for a coordinated market economy. Moreover, Germany explicitly supports the continued development of multilateral frameworks and encourages corporations to adhere to them, which is not in accordance with the proposed mechanism on the relationship between country size and emphasis on multilateral CSR initiatives.

**5.1.5 Austria**

The empirical findings for Austria, as presented in Figure 5, suggest that the main orientation of the Austrian CSR approach is international, with neither the normative nor the instrumental frame dominating the dimension of justification. Though less striking, Austria is found to emphasize multilateral CSR initiatives highly.



**Figure 5** Empirical findings of Austria shown per dimension of the governmental CSR approach

Nationally CSR is presented to help achieve government objectives, such as for example social inclusion and promotion of diversity in workplaces. The most clear instrumental justification is found in the presentation of CSR as giving “several opportunities for innovation, that should be taken advantage of more by society and

<sup>21</sup> This speech by Chancellor Angela Merkel was held in German, and is translated by the author.

*economy*”<sup>22</sup> (Die Österreichische Bundesregierung, 2013, p. 16). The Austrian approach, which this quotation is exemplary of, is primarily focused on increasing the visibility of CSR, and developing the notion explicitly as it can be beneficial for both businesses and societies. Though the general geographical orientation is made less clear in many parts of the Austrian National Action Plan in comparison to the formulations of other cases, whenever they do specifically address an orientation it is found to be predominantly internationally oriented.

Normative aspects of the Austrian CSR approach mostly refer to complying to existing standards and protecting the norms of human rights and working conditions. Interestingly, Austria presents CSR as a *possible* business case, but one that does not work yet, because responsible behavior is not visible enough and consumers are not aware of it. CSR is described as internationally ethical behavior often resulting in competitive disadvantages towards competitors that do not comply to international norms (Die Österreichische Bundesregierung, 2013, p. 13). Increasing public awareness will enhance the business case of CSR. However, consumers and NGOs are presented as ‘watchdogs’ to drive the ethical behavior of corporations, which can also be seen as more of a normative justification of encouraging ethical behavior through public awareness (Die Österreichische Bundesregierung, 2013, p. 14).

The Austrian government refers to almost all multilateral initiatives of UN, OECD, ILO as instruments of high relevance. Regarding some initiatives, they encourage their corporations to commit to quite specific guidelines, for example for universities to commit to the UN Principles for Responsible Management Education actively (Die Österreichische Bundesregierung, 2013, p. 26). Also Austria points much to cooperation inside the EU, which is considered less specific towards CSR initiatives.

Not much additional information was found on the governmental CSR approach in Austria. The National Action Plan was drafted in 2013, but has not been accepted as yet (Bundesministerium für Wissenschaft, 2015). Also no NAP for Business and Human Rights has yet formulated in Austria.

Looking at the formulated country hypothesis of Austria:

*The governmental CSR approach in Austria will probably be quite reserved, though most likely to be internationally oriented, with a normative justification and a high emphasis on multilateral frameworks.*

The limited data that is found for the Austrian case could indeed be a sign for a reserved approach by the Austrian government, since Austria has not much interest in CSR internationally, due to their industry structure, or nationally, because of their domestic institutional context. Though it is hard to conclude whether these are indeed the reasons that the Austrian approach seems reserved, the industry structure is also marked as a factor by Steurer and Tiroch (2009). It is still interesting to look at the extensive Austrian National Action Plan on CSR, because the mechanisms explained in this thesis suggest that in such a case of expected low interest in CSR, an internationally oriented approach would be adopted under pressure of international organizations. Although this is indeed the dominant orientation in Austria, nationally oriented approach is also present. The policy justification is not predominantly normative, but quite balanced between the two frames. Austria does refer at some points to the importance of multilateral CSR initiatives, and is therefore considered to highly emphasize multilateral CSR frameworks. The hypothesis can thus be regarded as partly right since the empirical

---

<sup>22</sup> This quotation has been translated from German by the author, since the Austrian National Action Plan is in German.

observations have found no corroborative evidence for the dimension of geographical orientation and policy justification.

### 5.1.6 Resumé

In Table 7 the country specific expectations are compiled. For cases in which corroborative evidence has been found in the empirical analysis, as described above, the expectations are presented in green. When the outcome does not corroborate the expectations, this is presented in red. Though in all cases mixed interpretations were found, this model is based on the dominant approaches.

The empirical observations for Ireland and the Netherlands are in accordance with the expectations along all three dimensions. On the dimension of emphasis of multilateral frameworks the findings do not match the expectations in the cases of the United Kingdom and Germany. For Germany, and to a lesser extent Austria, the expected dominance of normative justification was not found. On the dimension of geographical orientation corroborative evidence was found for the proposed mechanisms, though for coordinated market economies a vaster part of the approach than expected was nationally oriented, especially in Austria and Germany.

In the next section these findings are comparatively discussed per dimension, and the theoretical hypothesis formulated in section 3.2 will be discussed.

**Table 7** Summary of findings on the dependent variable per dimension for each country.

	<i>Geographical orientation</i>	<i>Policy justification</i>	<i>Emphasis on multilateral frameworks</i>
<i>Ireland</i>	National	Instrumental	Low
<i>United Kingdom</i>	International(and national)	Instrumental	Low
<i>Netherlands</i>	International	Normative	High
<i>Germany</i>	International	Normative	Low
<i>Austria (reserved)</i>	International	Normative	High

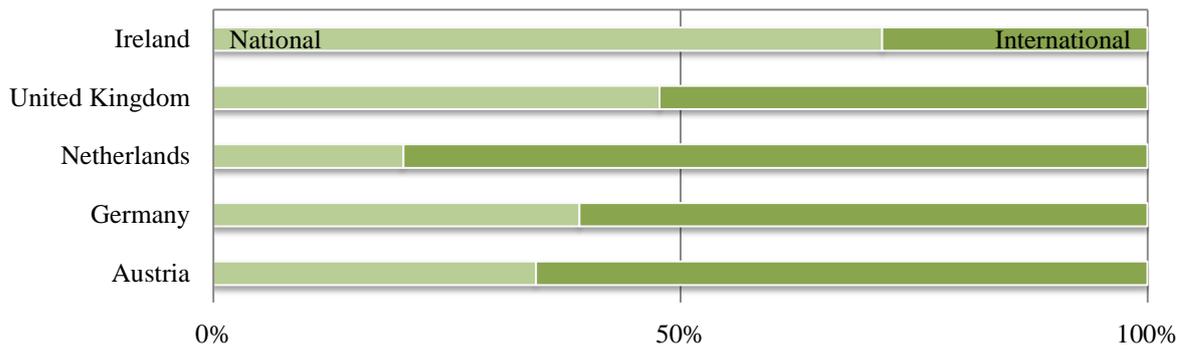
Green presents corroborative evidence towards the hypothesis, in red non corroborative evidence is presented.

## 5.2 Comparative discussion

In section 3.2 ten theoretical hypotheses were formulated and the expected relationship between the three independent variables and the three dimensions of the dependent variable presented in a first approximation of a theoretical model that attempts to explain the governmental CSR approaches across countries. In this section these theoretical hypotheses and the model as a whole are discussed, based on the empirical observations presented in the previous section. This section will reflect upon the possible causes of the unexpected outcomes.

### 5.2.1 Geographical orientation

In Figure 6 the empirical findings along the dimension of geographical orientation are presented. This section discusses whether this outcome underlines the formulated hypotheses or contrasts it. Four hypotheses were formulated; on the relationship with domestic institutional structure (H1), on the relationship with industry structure (H4 and H5) and two that expects a combination of these factors to have a distinct outcome (H6 and H8).



**Figure 6** Comparative findings on the dimension of geographical orientation

*H1 Nationally oriented CSR policies are less likely to be present in coordinated market economies than in liberal market economies.*

This hypothesis expects nationally oriented CSR policies to be less likely in the Netherlands, Germany and Austria than in Ireland and the UK. Indeed in Ireland, the main approach is nationally oriented and this outcome is, although in lesser extent, presented in the UK as well. Although maybe more than expected, national policies are present in the coordinated market economies as well, though they are more dominant in liberal market economies. The empirical findings thus corroborate hypothesis H1.

*H4 Internationally oriented CSR policies are more likely in countries with a ‘high risk’ industry structure than in countries with a ‘low risk’ industry structure.*

This hypothesis expects the UK, the Netherlands and Germany to be more likely to have an international approach towards CSR than Ireland and Austria. Although the UK, the Netherlands and Germany indeed have an international approach, so does Austria. Thus the empirical findings do not corroborate hypothesis H4

*H5 Internationally oriented policies are less likely in liberal market economies with a low risk industry structure than in liberal market economies with a high risk industry structure*

The last hypothesis formulates the expectation for geographical orientation to combine with domestic institutional context, which expects the outcome to differ for a combination of liberal market economy with either high or low industry structure. For the selected cases this means that international oriented policies are expected to be less likely for Ireland than for the UK. The empirical observations show that indeed international oriented policies are less present in Ireland than in the UK, which means that the findings on variation on geographical orientation corroborate hypothesis H5.

*H6 National oriented policies are more likely in a liberal market economy with a low risk industry than in a coordinated market economy with a low risk industry.*

This hypothesis addresses the difference between low-risk liberal market economies and low-risk coordinated market economies. In this study, Ireland is considered to be more likely to have a nationally oriented CSR policy than Austria. The empirical observations find corroborative evidence for this hypothesis.

Altogether, the empirical analysis provides corroborative evidence for the mechanisms that were proposed for the dimension of *geographical orientation*, as presented in Table 8. The predominantly international approach in coordinated market economies is along the lines of the expectations. The dominantly international approach in coordinated market economies follows along the lines of the expectations in Midttun *et al.* (2012), who assume that internationally oriented CSR is used in this domestic institutional context as a ‘second best option’. It is also partly in line with the argument in Knudsen and Brown (2014) that relates business demands with the governmental CSR approach. Looking at the relationship between the risk of the industry structure and geographical orientation, the business demands in high-risk countries are expected to push governments towards an international approach, which is indeed seen in Germany, the UK, and the Netherlands. Although it also assumes that Austria, as a coordinated market economy with a low-risk industry structure would be rather reserved with adopting CSR policies, the governmental CSR approach is found to be dominantly internationally oriented. This is according to the expectations (and therefore no corroborative evidence was found for H4) as European Union members were compelled to formulate an approach towards CSR, through the call to draft a National Action Plan on CSR, similarly to the reasons discovered by Steurer and Tiroch (2009).

Though the dominant approach in the three coordinated market economies that have been investigated is international, a partly national oriented approach was also found. This does not align with the expectations in Midttun *et al.*(2012), who assume the means of CSR to conflict in nationally oriented approaches. Because this study of Midttun *et al.* had only investigated the Nordic countries, it is possible that the mechanisms are not transferable onto the coordinated market economies researched in this thesis. Although Hall and Soskice (2001) classify the Nordic countries as CMEs, the empirical findings in this study could point to differing domestic institutional context, and different mechanisms in relation to geographic orientation in CSR approaches, between the Nordic countries and the Netherlands, Germany and Austria.

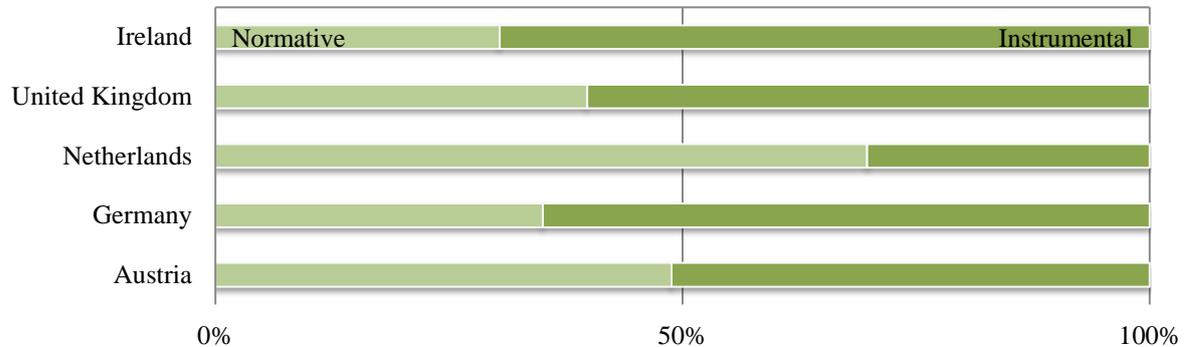
Another explanation for the presence of national oriented CSR approach in coordinated market economies is related to the mirror-substitute debate. It could point to governmental CSR approach as a complement or direct substitute for general governmental regulations, caused by the pressure for liberalization of policy as a consequence of overall liberalization, as argued by Kinderman (2008, 2012) and by Matten and Moon’s (2008) prediction that ‘explicit’ CSR would grow in Europe.

**Table 8** Corroborative evidence for the mechanisms on geographical orientation.

X \ Y		Geographical orientation	
		National	International
1. Domestic institutional context	LME	+	+/- x2
	CME	-	+
2. Industry structure	High risk	+/- x1	+
	Low risk	+/- x1	-
3. Country size	Large		
	Small		

### 5.2.2 Policy justification

For the dimension of policy justification, one hypothesis was formulated to investigate the relationship that this dimension has to the independent variable domestic institutional context. The findings for the cases are comparatively shown in Figure 7.



**Figure 7** Comparative findings on the dimension of policy justification

*H2Instrument policy justification is more likely in liberal market economies than in coordinated market economies.*

Although the empirical analysis shows that an instrumental justification is indeed dominant in the liberal market economies of Ireland and the UK, this dominance is also found in the coordinated market economy of Germany. Therefore the empirical evidence does not corroborate the expectations that instrumental policy justification is more likely in liberal market economies than in coordinated market economies. However, mixed results are found in coordinated market economies, as a clear normative justification is found in the Netherlands, and an undefined justification in Austria. Thus it could be said that mixed results are found for the relationship between coordinated market economies and normative justification for CSR.

Thus, on the dimension of *policy justification*, only partly corroborative evidence was found for the proposed theoretical model (presented in Table 9). On the basis of the empirical evidence, it seems that liberal market economies are more likely to approach CSR instrumentally. However, it cannot be said that the mechanism works the other way around for coordinated market economies, as a normative approach was only found in the Netherlands. Considering whether the Netherlands should be treated as a special case, closer to for example Nordic countries would be reasonable, but is not sound with existing research, that also found no unequivocal normative approach in all Nordic countries (Gjølberg, 2010). Gjølberg (2010) suggests that this difference in justification could be caused by different ministries that have mainly assumed responsibility for the CSR approach. This could be investigated further by future research, although it might be difficult to find a causal mechanism behind this, it would first need an explanation of the factors that cause the choice for a certain ministry, which could well be influenced by domestic institutional context or industry structure.

On the basis of the case selection in this thesis, it is not possible to conclude whether other independent variables or a combination thereof, result in the normative approach of the Netherlands. The case selection has not included other small countries with a high-risk industry sector, so not further information could be gathered in this thesis.

Other possible explanation could be that policy justifications differ across CSR issues or across industry sectors. This would mean for example a different justification is used in case of the issue of human rights, to that in the case of corruption. Sector difference could for example differentiate between the justification of policies directed towards the chemistry industry and those aimed at the textile industry, which could be underlied by the different types of risks different sectors bring about. The empirical observations in the Netherlands imply the possibility of such a difference.

Table 9 Corroborative evidence for the mechanism on policy justification.

<i>X</i>		<i>Y</i>	<i>Policy justification</i>	
			Normative	Instrumental
1. <i>Domestic institutional context</i>	LME	-	+	
	CME	+	-	
2. <i>Industry structure</i>	High risk			
	Low risk			
3. <i>Country size</i>	Large			
	Small			

**5.2.3 Emphasis on multilateral frameworks**

Five hypotheses were formulated concerning the expected mechanisms underlying the emphasis on multilateral frameworks in a country, in relationship with its domestic institutional structure (H3), its industry structure (H7), and with country size (H7 and H8). Moreover two hypotheses were formulated for the expectation that a combination of domestic institutional context and country size would influence the outcome (H9 and H10). The empirical findings for the cross-national variation on the dimension of emphasis on multilateral frameworks are presented in Figure 8. Except for Ireland, high emphasis on multilateral CSR initiatives is found in all cases presented in this study. The emphasis is clearly the most striking in the Netherlands. The proportion of high and low emphasis seems similar in the four cases, and although this is not considered relevant for the analysis, it is remarkable. Low emphasis is expected in all countries as they are all member of the international organizations that have developed the multilateral initiatives, meaning this balance between low and high is considered a random occurrence.

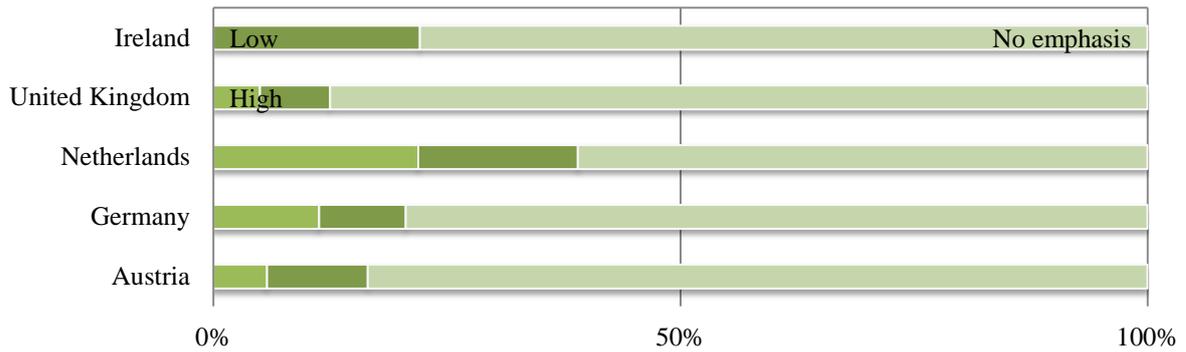


Figure 8 Comparative findings on the dimension emphasis on multilateral frameworks

*H3 Emphasis on multilateral CSR initiatives is more likely in coordinated market economies than in liberal market economies.*

Corroborative evidence for this hypothesis would contain that the Netherlands, Austria and Germany would highly emphasize multilateral frameworks, whereas Ireland and the UK would not. Although the three investigated coordinated market economies do highly emphasize multilateral frameworks, so too does the UK. This does not corroborate the expectation that coordinated market economies are more likely to emphasize multilateral frameworks than liberal market economies.

*H7 Countries with a 'high risk' industry structures are more likely to emphasize multilateral frameworks in their governmental CSR policies than countries with a 'low risk' industry structure.*

The expectation for this hypothesis is that the UK, the Netherlands and Germany are more likely to highly emphasize multilateral frameworks than Austria and Ireland. Although the UK, the Netherlands and Germany are found to highly emphasize multilateral frameworks, Austria is found to do so as well. Thus the empirical evidence does not corroborate this hypothesis.

*H8 Small countries are more likely to emphasize multilateral CSR initiatives in their governmental CSR approach than large countries.*

This hypothesis expects the Netherlands, Austria and Ireland to be more likely to highly emphasize multilateral frameworks than the UK and Germany. Although the empirical observations show that the Netherlands and Austria do indeed highly emphasize multilateral frameworks, Ireland does not do so. Moreover, the empirical analysis found that the UK and Germany both highly emphasize multilateral frameworks as well, thus the empirical analysis does not corroborate this hypothesis. This opposes the suggestions formulated in the existing literature (Gjølberg, 2010; Knudsen and Brown, 2014) that small countries are expected to emphasize multilateral frameworks. Moreover, the empirical analysis in this thesis presents contrasting outcomes for the UK compared to Knudsen and Brown (2014).

The three hypotheses discussed above present singular relationships between a dependent variable and the dimension of emphasis on multilateral frameworks. However, the argument this thesis attempts to make is that it

is not only country size or domestic institutional structure, but rather a combination of those factors that affect this dimension of the independent variable. Therefore the following two hypotheses were formulated:

*H9 High emphasis on multilateral frameworks is more likely in small coordinated market economies than in small liberal market economies.*

*High emphasis on multilateral frameworks is more likely in small coordinated market economies than in large coordinated market economies..*

Hypothesis H9 is directed towards small countries and expects Austria and the Netherlands to be more likely to highly emphasize multilateral frameworks than Ireland. The empirical analysis finds corroborating evidence for this hypothesis. Hypothesis H10 is directed towards coordinated market economies and expects Austria and the Netherlands to be more likely to highly emphasize multilateral frameworks than Germany. No evidence for this hypothesis is found in the empirical analysis, since large CME Germany highly emphasizes multilateral frameworks as well.

The third dimension on the dependent variable in this thesis, *emphasis on multilateral CSR initiatives*, was added after a suggestion from literature that this dimension varies according to country size (Gjølborg, 2010; Knudsen and Brown, 2014). No corroborative evidence was found for this mechanism based on country size. Moreover, no corroborative evidence was found for the argument of this thesis; that only a combination of small country size with a CME's domestic institutional context is likely to result in a high emphasis of multilateral frameworks in the governmental CSR approach. Contrarily to both mechanisms, high emphasis on multilateral frameworks has been found in Germany and the UK. This also contradicts the findings of Knudsen and Brown (2014), who notice no such emphasis for the UK. There are two possible explanations for this difference. Firstly, it is possible that it is caused by the comparison to Denmark, which potentially has a more 'striking emphasis' on multilateral CSR initiatives, as suggested by Gjølborg (2010). The other explanation is that Knudsen and Brown oppose domestic internationally oriented CSR initiatives, as the ETI and EITI in the UK, to multilateral CSR initiatives. The empirical analysis of this thesis, however, suggests that these are mutually exclusive, and both support for multilateral initiatives and development of domestic initiatives can exist in one country.

The outcome of Germany and the UK cannot be explained by the proposed model. Because of the limitations in case selection, it cannot be said with certainty whether this is because the proposed relationship between country size and emphasis on multilateral frameworks is not right, or that the variable of industry structure has a stronger influence than expected, as no large countries with a low-risk industry structure were included in the empirical analysis. Were the first suggestion true, a possible mechanism that could explain the relationship between large countries and emphasis on multilateral frameworks, builds on the argument of Knudsen and Brown (2014) who suggest that large countries have the capacity to influence the international CSR agenda themselves, thus leaning on domestic initiatives that connect to their domestic interest. The same argument could be used to suggest that large countries have the ability to influence the dialogue and development of CSR initiatives in multilateral organizations. The second suggestion can be related to the 'juridification' argument (Gjølborg, 2010; Midttun *et al.*, 2012), although these authors suggest that coordinated market economies will support multilateral CSR frameworks because they show a tendency towards a rule-guided approach. As the

countries with a high risk industry in the case selection of this thesis all highly emphasise multilateral CSR initiatives, it could be that countries with a high risk industry approach CSR through multilateral initiatives in order to create a global level playing field in which the CSR practices of their globally oriented industry structure has no competitive disadvantage compared to other companies. It is not possible to conclude which of the two suggestions is more plausible, because of the missing cases of large countries with a low-risk industry structure.

**Table 10** Corroborative evidence for the mechanisms on emphasis on multilateral CSR initiatives

X \ Y		Emphasis on multilateral frameworks	
		High	Low
1. Domestic institutional context	LME	-	+
	CME	+/- x3	+/- x3
2. Industry structure	High risk	+	-
	Low risk	-	+
3. Country size	Large	-	+
	Small	+/- x1	+/- x1

**5.2.4 Resumé**

In this chapter, the empirical findings were discussed, first per country case and secondly compared along the three dimensions proposed in this research. In the empirical analysis, variation is found across countries with different combinations of the independent variables. Corroborative evidence was found for the mechanisms that relate these independent variables to the geographical orientation of governmental CSR approaches. Partial evidence was found for the proposed mechanisms on the dimension that was added in this thesis, emphasis on multilateral frameworks. It can at least be said that no corroborative evidence is found that country size influences the emphasis that countries place on multilateral CSR initiatives. No corroborative evidence was found for the proposed mechanism that relates domestic institutional context with policy justification. For the dimension of policy justification, the proposed independent variables show no relationship. The model thus provides only a partial explanation for the cross-national variation in governmental CSR approaches. These findings are discussed in the next chapter, which will place these findings in the wider scientific debates. The research question will be answered, and the research’s limitations will be discussed, as well as angles for future research.

## Chapter 6 Discussion and conclusion

This thesis investigated corporate social responsibility, not as performed by corporations as is usual – since CSR is a concept that focuses on the voluntary social responsible behavior of business actors – but on the CSR approaches by governments. Although in the widely accepted definition of CSR this is considered paradoxical, this thesis shows that the governmental CSR approach is an interesting aspect to study, theoretically as well as empirically. The field of studies that focuses on explaining the cross-national differences in governmental CSR approaches, policies and interpretations is still developing and this thesis contributes to this field of study, by combining the insights of the existing literature into a theoretical model.

In this chapter, the main research question will be answered, and the empirical findings will be discussed in relation to the ongoing debates in the field of CSR, and more broadly to the discipline of political science. Furthermore, attention is paid to the limitations of this thesis as a consequence of methodology and scope. Recommendations for further research will be made on the basis of the discussion and limitations. Together this results in the conclusion of this thesis.

### 6.1 The research question

Three dimensions of the dependent variable of governmental CSR approach were investigated in this thesis: geographical orientation, policy justification and emphasis on multilateral frameworks. The scientific relevance develops from the combination of the three dimensions into one model which, for the third dimension – that has not yet been thoroughly investigated, establishes a theoretical argument. The argument of this thesis is built upon domestic institutional context, industry structure and country size. These three variables are linked to the different dimensions of the dependent variable, mainly informed by the ‘varieties of capitalism’ approach, and together compose a theoretical model to explain cross-national variation in governmental CSR approaches.

The model was tested in an empirical study that contained analyses of governmental documents and speeches of government officials in five countries: Ireland, the UK, the Netherlands, Germany and Austria. This resulted in the following research question, presented in the introductory chapter:

*“To what extent can the explanatory variables of domestic institutional context, industry structure and country size explain the variation in governmental CSR policies on the dimensions of geographical orientation, policy justification and emphasis of multilateral CSR initiatives in national governmental policy in Ireland, the United Kingdom, the Netherlands, Germany and Austria?”*

The empirical analysis shows that the three independent variables can partly explain the variation of governmental CSR approaches across these five countries. In the empirical analysis, variation is found across countries with different combinations on the independent variables. Corroborative evidence was found for the mechanisms that relate these independent variables to the geographical orientation of governmental CSR approaches, while partial evidence was found for the proposed mechanisms on the dimension that was devised for this thesis; emphasis on multilateral frameworks. It can at least be said that no corroborative evidence is found that country size influences the emphasis countries place on multilateral CSR initiatives. Neither was corroborative evidence found for the proposed mechanism that relates domestic institutional context with policy justification. Thus, it can be said that for geographical orientation and emphasis of multilateral CSR initiatives,

the independent variables can partly explain the cross-national variation in governmental CSR policies in Ireland, the UK, Germany, Austria and the Netherlands. For the dimension of policy justification, the proposed independent variables show no relationship.

## 6.2 Implications of the findings

In this section, the theoretical implications of the empirical findings are discussed per dimension and for the theoretical model as a whole, with reference to the existing literature and wider debates in the field of CSR and the discipline of political science.

Regarding the dimension of *geographical orientation*, the empirical analysis provides corroborative evidence for the mechanisms that were proposed. The dominant international approach in coordinated market economies follows the lines of the expectations in Midttun *et al.* (2012), who expect internationally oriented CSR in this domestic institutional context countries to be regarded as the ‘second best option’ with which to address global governance vacuums. It is also partly in line with the argument in Knudsen and Brown (2014), that relates business demands with the governmental CSR approach, which can be linked to the mechanism concerning industry structure as put forward in this thesis.

Though the dominant approach in the three coordinated market economies that were investigated is international, a partly nationally oriented approach was also found. This does not concur with the expectations in Midttun *et al.* (2012), conflicting with the predicted means of nationally oriented implicit CSR approaches. Since the study of Midttun *et al.* (2012) is based on the Nordic countries, it is possible that the mechanisms proposed are not directly transferable onto the coordinated market economies investigated in this research, even though Hall and Soskice (2001) classify the Nordic countries as CMEs. This relates to the debate whether there is sufficient variation in the definitions given by the ‘varieties of capitalism’ approach, and whether more types are necessary to explain cross-national variation. However, variation will always exist in ideal type classification, though it is debatable at what level ideal type classification should be made and on which variables it should be based. Nevertheless, more fine-grained analysis of the domestic institutional context, for example in single case studies, could further reveal the mechanisms behind the nationally oriented component of CSR policies in coordinated market economies.

A second explanation for the presence of national oriented CSR approach in coordinated market economies is related to the mirror-substitute debate. It could point to a governmental CSR approach as a complement or direct substitute for general governmental regulations, caused by the pressure for liberalization of policy as a consequence of globalization, as argued by Kinderman (2008, 2012) and by Matten and Moon’s (2008) prediction that ‘explicit’ CSR would grow in Europe. This would plead for a change towards liberal market economies, as expected by the globalization thesis, rather than the divergence and differences expected of comparative institutional advantages as argued from the VoC approach. However, it is hard to measure whether governments are indeed less willing to intervene in markets under the pressure of business actors, or whether nationally oriented CSR policies are directed towards issues that governments were not able to solve, even if they were willing to do so. By adapting CSR in this context, they attempt to utilize the current interest of business actors in CSR to address certain unintentional domestic governance vacuums. In this sense, this thesis agrees with Knudsen and Brown (2014) on the measure of the exact aim in the sense of substitute versus mirror with regard to governmental CSR policies.

On the dimension of *policy justification*, only partly corroborative evidence was found for the proposed theoretical model. On the basis of the empirical evidence, it seems that liberal market economies are more likely to approach CSR instrumentally. However it cannot be said that the mechanism works the other way around for coordinated market economies, as a dominant normative approach was found only in the Netherlands.

The third dimension on the dependent variable in this thesis, *emphasis on multilateral CSR initiatives*, was added following the suggestion in scientific literature that this dimension varies on account of country size (Gjølborg, 2010; Knudsen and Brown, 2014). The empirical analysis in this thesis suggests that the relationship between large countries and the emphasis on multilateral CSR initiatives needs to be reconsidered. While it appears that large countries are prone to encourage and support multilateral CSR frameworks, it cannot be said with certainty that this is due to country size, since both large country cases also have a high-risk industry structure. It could well be the combination of these factors that forces the direction towards multilateral CSR, but the case selection is too limited to conclude on this point. These findings also implicate a reconsideration of the ‘juridification’ argument (Gjølborg, 2010; Midttun *et al.*, 2012). These authors suggest that coordinated market economies will support multilateral CSR frameworks because it has a tendency towards a rule-guided approach. As the countries with a high risk industry in the case selection of this thesis all highly emphasise multilateral CSR initiatives, it could be that countries with a high risk industry approach CSR through multilateral initiatives to create a global level playing field, in which the CSR practices of their globally oriented industry structure has no competitive disadvantage towards other companies. In addition this thesis suggests, in the case of the UK, that domestic internationally oriented CSR initiatives and multilateral initiatives are not mutually exclusive, as had been suggested Knudsen and Brown (2014) by presenting them as opposites.

This thesis’ empirical analysis did not investigate on whether the three dimensions interrelate. The outcome could, for example, suggest that emphasis on multilateral CSR initiatives relates to the geographical orientation of a country, which would seem logical when considering that an internationally oriented approach is related to a high emphasis on multilateral CSR initiatives directed towards global problems. However, empirical research of Albareda *et al.* (2008) suggests this does not have to be the case.

Thus, the findings of this research on geographical orientation have implications for particularly the mirror-substitute debate and the convergence-divergence debate. The findings regarding emphasis on multilateral CSR initiatives show that a reconsideration of the relationship between this dimension and large countries as well as with high industry structure is desirable, possibly guided by the ‘juridification’ argument. Further research is needed to explain the causal mechanism behind the dimension of policy justification.

### **6.3 Research limitations**

The research conducted had some limitations that restrict this thesis in a few ways. These limitations are a consequence of the only recent manifestation of research into governmental CSR as an independent variable, or stem from methodological issues, whereas some are limitations due to the limited scope of this thesis.

Firstly, the theoretical model focuses on three dimensions of the dependent variable of governmental CSR approach. These three dimensions give an understandable insight into the dependent variable, but do not cover the whole spectrum of governmental CSR approaches. However, because the theoretically informed model was a first approximation of a model of this kind, it can be justified to start with investigating three dimensions at once.

Secondly, a methodological choice was made to operationalize all the variables into dichotomies. This was done to ease the explanation of the mechanisms and execution of the empirical research, but comes at the

expense of more fine-grained variations of both the independent and the dependent variables. The outcome is nuanced in the description of each country case's specific empirical observations.

Thirdly, another methodological limitation has been the operationalization of industry structure. Although the proxy that was used measured the vulnerability of a country's industry structure, it would have been more exact to know more specifically what business actors across countries demand from governments, as Knudsen and Brown (2014) do, for example. These authors started their research by interviewing important companies within a country, in order to get a grip on the CSR practices and specific demands by the country's business actors of the government. Because of the limited scope and resources of this thesis, it was not possible to execute such a measurement across the five selected countries. However, the measurement that was conducted is considered to cover the mechanisms and does not seem to be problematic to the empirical analysis.

Fourthly, methodological choices have restricted the case selection. It would have been ideal to have eight different cases, representing every possible permutation of the three variables. The fact that this could not be done has restricted the empirical consideration of the theoretical model at some points, most notably because the two large countries included in the research both had a high-risk industry structure. However, for the discussion of the findings, this was not vital, considering that this research is not meant to be an exhaustive study.

Lastly, the data in this thesis was limited. For some cases, most notably Austria, little data on governmental CSR policies was available. Therefore a number of documents were selected that were relatively similar across countries, which limited the data, but were regarded representative for the governmental CSR approaches in a country and contributed to the comparability of the cases.

## **6.4 Recommendations for future research**

The research field that investigates and explains governmental CSR approaches is still developing. This thesis contributes to the field by bringing together insights from different studies and approximates them into a theoretically informed model. Doing this results in some clarification of the mechanisms behind governmental CSR but, as is the nature of science, also results in new questions and angles for further investigation. In this section, a light is shed upon three possible research angles that could be addressed in future research.

First of all, the scope of this thesis was limited to investigate three dimensions of governmental CSR approaches. The mechanisms that were proposed partially explain the outcome, so further research is needed to gain a better understanding of the mechanisms behind policy justification and emphasis on multilateral frameworks in particular. In addition, more dimensions of governmental CSR can be investigated, such as the use of policy instruments or regulatory strengths. Also, the research can be supplemented by investigating different varieties of capitalism and whether these relate differently to the dimensions of CSR. As a whole, the insights delivered by this study can be used to better align the research on CSR practices with the reality of governmental CSR involvement, and look at the possible effects of certain approaches.

Secondly, the topic of this thesis would benefit from more fine-grained analysis of specific country cases, because more data can be used for both the measurements of the independent as well as the dependent variables. This thesis suggests the Netherlands to be an interesting case, because of the country demonstrating a normative CSR approach. Moreover, the empirical observations point to an emphasis specifically on the OECD Guidelines for Multinational Enterprises in this specific case, whereas in other countries no such specific approach was chosen, with existing research pointing rather to a specific emphasis on the UN Global Compact in the Nordic

countries (Gjølberg, 2010; Knudsen and Brown, 2014). It could be an interesting angle to investigate the reasons for these specific choices.

Thirdly, future research could focus on the correlation between the different dimensions of governmental CSR approaches. This could, for example, contain questions on whether multilateral CSR initiatives are most often used in internationally oriented policies or whether they also have a role in nationally oriented policy. Also, it could be interesting to investigate whether these multilateral CSR initiatives are used primarily in a normative or in an instrumental approach. Furthermore, another connection can be made between geographical orientation and policy justification, which could look at whether there are differences in justifications of policies that are either nationally or internationally oriented.

Moreover, the field could benefit by keeping in touch with other disciplines, since CSR is an interdisciplinary field. Combined insights are best to prove or disprove assumptions made in governmental CSR research. This thesis has shown that looking at CSR from a political science point of view is worthwhile, but needs to be developed further.

## 6.5 Conclusion

Opposing to the view of traditional studies in the field of Corporate Social Responsibility that governmental involvement in CSR is paradoxical, this thesis shows that governmental CSR approaches are an interesting subject to investigate. A first approximation has been made to combine the insights of the – as yet limited – studies into governmental CSR, which has resulted in a theoretically informed model that combines three independent variables with three dimensions of governmental CSR approaches. This model has been empirically tested on the country cases of Ireland, the UK, the Netherlands, Germany, and Austria. On the one hand, corroborative evidence is found that relates domestic institutional context and industry structure to the dimension of geographical orientation. On the other hand, no relationship is found that relates domestic institutional context with instrumental or normative policy justification. Whereas existing studies expect country size to influence the emphasis of a country on multilateral CSR initiatives, the empirical observations of this thesis show a contrary mechanism.

Looking at the more general question this thesis attempts to address, “*Which factors explain the cross-national variation in governmental CSR policy?*”, it can be said that domestic institutional context and industry structure are reasonable explanatory factors, and that country size needs to be investigated further. By investigating this topic, this thesis contributes to science by showing that it is interesting to look at variation in governmental CSR approaches from a political science field. It adds to the knowledge on mechanisms behind governmental CSR specifically by investigating a newly proposed dimension, namely the emphasis on multilateral CSR initiatives, and shows that this does not, as existing research would suggest, relate to country size. Moreover, this thesis addresses five country cases that could be used as a starting point for more in-depth case studies.

Although CSR does not seem to relate to the discipline of political science at first sight, this thesis shows that it is an interesting subject, touching upon several debates within the political science discipline, such as the convergence-divergence debate and the power relations between business and state. Nevertheless, the field is still developing and, as shown by this thesis, worthwhile to study.

## References

- Acquier, A., Gond, J.-P. and Pasquero, J. (2011) "Rediscovering Howard R. Bowen's Legacy: The Unachieved Agenda and Continuing Relevance of Social Responsibilities of the Businessman," *Business & Society*, 50(4), pp. 607–646. doi: 10.1177/0007650311419251.
- Albareda, L., Lozano, J. M., Tencati, A., Midttun, A. and Perrini, F. (2008) "The changing role of governments in corporate social responsibility: drivers and responses," *Business Ethics: A European Review*, 17(4), pp. 347–363. doi: 10.1111/j.1467-8608.2008.00539.x.
- Albareda, L., Lozano, J. M. and Ysa, T. (2007) "Public policies on corporate social responsibility: The role of governments in Europe," *Journal of Business Ethics*, 74(4), pp. 391–407. doi: 10.1007/s10551-007-9514-1.
- de Bakker, F. G. A., Groenewegen, P. and den Hond, F. (2005) "A Bibliometric Analysis of 30 Years of Research and Theory on Corporate Social Responsibility and Corporate Social Performance," *Business & Society*, 44(3), pp. 283–317. doi: 10.1177/0007650305278086.
- Balkenende, J. P. (2009) *Speech minister-president Balkenende "Maatschappelijk verantwoord ondernemen in tijden van crisis" ter gelegenheid van Wereldvoedseldag, at the conference "Partnering for prosperity" in The Hague on October, 16 2009*. Available at: <https://www.rijksoverheid.nl/documenten/toespraken/2009/10/16/toespraak-minister-president-ter-gelegenheid-van-wereldvoedseldag> (Accessed: August 1, 2016).
- BMU (2009) *Innovation durch CSR, die Zukunft nachhaltig gestalten*. Berlin.
- Bruton, R. (2014) *Minister Bruton launches National Plan on Corporate Social Responsibility, 9th April 2014*. Available at: <https://www.djei.ie/en/News-And-Events/Department-News/2014/April/Minister-Bruton-launches-National-Plan-on-Corporate-Social-Responsibility.html> (Accessed: August 1, 2016).
- Bundesministerium für Wissenschaft, F. und W. (2015) *Corporate Social Responsibility (CSR), (6015/AB) 17.09.2015 Anfragebeantwortung*. Wien.
- Cameron, D. (2012) *Business in the Community speech 23 February 2012*. Available at: <https://www.gov.uk/government/speeches/business-in-the-community-speech--2> (Accessed: August 1, 2016).
- Campbell, J. L. (2007) "Why Would Corporations Behave in Socially Responsible Ways? An Institutional Theory of Corporate Social Responsibility," *The Academy of Management Review*, 32(3), pp. 946–967. Available at: <http://www.jstor.org/stable/20159343>.
- Carroll, A. B. (1999) "Evolution of a Definitional Construct," *Business & Society*, 38(3), pp. 268–295.
- Chong, D. and Druckman, J. N. (2007) "Framing Theory," *Annual Review of Political Science*, 10, pp. 103–126. doi: 10.1146/annurev.polisci.10.072805.103054.
- Corbetta, P. (2003) *Social Research: Theory, Methods and Techniques*. London: SAGE Publications.
- Dentchev, N. A., Van Balen, M. and Haezendonck, E. (2015) "On voluntarism and the role of governments in CSR: Towards a contingency approach," *Business Ethics*, 24(4), pp. 378–397. doi: 10.1111/beer.12088.
- Department of Foreign Affairs and Trade (2015) *Working Outline of Ireland's National Plan on Business and Human Rights*. Available at: <https://www.dfa.ie/our-role-policies/international-priorities/human-rights/human-rights-in-ireland/national-plan-on-business-and-human-rights/>.
- Department of Jobs Enterprise and Innovation (2014) *Good for Business, Good for the Community*. Available at: [http://www.djei.ie/publications/enterprise/2014/National\\_Plan\\_CSR.pdf](http://www.djei.ie/publications/enterprise/2014/National_Plan_CSR.pdf).
- Die Österreichische Bundesregierung (2013) *Nationaler Aktionsplan CSR (NAP CSR)*. Available at: <http://www.csrdialog.at/aktionsplan/draft-nap-csr-29-05-2013/>.

- Entman, R. M. (1993) "Framing : Toward Clarification of A Fractured Paradigm," *Journal of Communication*, 43(4), pp. 51–58.
- European Commission (2011) *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A Renewed EU Strategy 2011-14 for Corporate Social Responsibility, COM(2011) 681 final*. Brussels. Available at: <https://ec.europa.eu/digital-single-market/en/news/communication-commission-european-parliament-council-european-economic-and-social-committee-a-0>.
- Fox, T., Ward, H. and Howard, B. (2002) *Public sector roles in strengthening corporate social responsibility: A baseline study*. Washington: Corporate Social Responsibility Practice, The World Bank.
- Freeman, R. E. (1984) *Strategic Management: A Stakeholder Approach, Freeman Edward*. Marshfield, Massachusetts: Pitman Publishing Inc.
- Friedman, M. (1970) "The Social Responsibility of Business is to Increase its Profits," *The New York Times Magazine*, 13 September, pp. 122–126.
- German Federal Government (2010) *National Strategy for Corporate Social Responsibility – Action Plan for CSR –, of the German Federal Government*. Berlin. Available at: [http://www.bmas.de/SharedDocs/Downloads/EN/PDF-Publikationen/a398-csr-action-plan-englisch.pdf?\\_\\_blob=publicationFile](http://www.bmas.de/SharedDocs/Downloads/EN/PDF-Publikationen/a398-csr-action-plan-englisch.pdf?__blob=publicationFile).
- Gjølberg, M. (2009a) "Measuring the immeasurable? Constructing an index of CSR practices and CSR performance in 20 countries," *Scandinavian Journal of Management*, 25(1), pp. 10–22. doi: 10.1016/j.scaman.2008.10.003.
- Gjølberg, M. (2009b) "The origin of corporate social responsibility: global forces or national legacies?," *Socio-Economic Review*, 7(4), pp. 605–637. doi: 10.1093/ser/mwp017.
- Gjølberg, M. (2010) "Varieties of corporate social responsibility (CSR): CSR meets the 'Nordic Model,'" *Regulation & Governance*, 4, pp. 203–229. doi: 10.1111/j.1748-5991.2010.01080.x.
- Gjølberg, M. (2011) *The political economy of corporate social responsibility (CSR), PhD Dissertation*. University of Oslo.
- Gond, J.-P., Kang, N. and Moon, J. (2011) "The government of self-regulation: on the comparative dynamics of corporate social responsibility," *Economy and Society*, 40(4), pp. 640–671. doi: 10.1080/03085147.2011.607364.
- Hague, W. (2013) *UK action plan on business and human rights, UK Written statement to Parliament, 4 September 2013*. Available at: <https://www.gov.uk/government/speeches/uk-action-plan-on-business-and-human-rights> (Accessed: August 2, 2016).
- Hall, P. A. and Soskice, D. (2001) "An Introduction to Varieties of Capitalism," in Hall, P. A. and Soskice, D. (eds.) *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage*. New York: Oxford University Press, pp. 1–70. doi: 10.1093/0199247757.001.0001.
- Hay, C. (2011) "Globalization's Impact on States," in Ravenhill, J. (ed.) *Global Political Economy*. 3rd ed. Oxford: Oxford University Press, pp. 256–282.
- HM Government (2009) *Corporate Responsibility Report*. Department for Business, Enterprise and Regulatory Reform. Available at: <http://www.gva.co.uk/about-us/corporate-responsibility-report-2014>.
- HM Government (2013) *Good Business, Implementing the UN Guiding Principles on Business and Human Rights*. Available at: <https://www.gov.uk/government/publications/bhr-action-plan>.
- Horrigan, B. (2010) *Corporate Social Responsibility in the 21st Century : Debates, Models and Practices Across Government, Law and Business*. Cheltenham, Gloucestershire, UK: Edward Elgar Publishing.
- Jackson, G. and Apostolakou, A. (2010) "Corporate social responsibility in Western Europe: An institutional mirror or substitute?," *Journal of Business Ethics*, 94, pp. 371–394. doi: 10.1007/s10551-009-0269-8.

- Kang, N. (2006) "A Critique of the 'Varieties of Capitalism' Approach," *ICCSR Research Paper Series*, 45, p. 31. Available at: <http://www.nottingham.ac.uk/nubs/ICCSR/pdf/ResearchPdfs/45-2006.pdf>.
- Kenny, E. (2013) *Speech by the Taoiseach Enda Kenny T.D. Bord Bia "Our Food, Our Future" Conference Convention Centre Dublin Thursday 26th September 2013*. Available at: [http://www.taoiseach.gov.ie/eng/News/Taoiseach's\\_Speeches/Speech\\_by\\_the\\_Taoiseach\\_Enda\\_Kenny\\_T\\_D\\_Bord\\_Bia\\_“Our\\_Food\\_Our\\_Future”\\_Conference\\_Convention\\_Centre\\_Dublin\\_Thursday\\_26th\\_September\\_2013.html](http://www.taoiseach.gov.ie/eng/News/Taoiseach's_Speeches/Speech_by_the_Taoiseach_Enda_Kenny_T_D_Bord_Bia_“Our_Food_Our_Future”_Conference_Convention_Centre_Dublin_Thursday_26th_September_2013.html) (Accessed: August 2, 2016).
- Kinderman, D. (2008) "The Political Economy of Corporate Responsibility in Germany, 1995-2008," *Germany in Global Economic Governance, Working Paper Series*, 08(5).
- Kinderman, D. (2012) "Free us up so we can be responsible! the co-evolution of corporate social responsibility and neo-liberalism in the UK, 1977-2010," *Socio-Economic Review*, 10(1), pp. 29–57. doi: 10.1093/ser/mwr028.
- Knudsen, J. S. (2014) "Bringing the State Back in? US and UK Government Regulation of Corporate Social Responsibility (CSR) in International Business," *Working paper*, pp. 1–44. Available at: <http://ssrn.com/abstract=2541002>.
- Knudsen, J. S. and Brown, D. (2014) "Why governments intervene: Exploring mixed motives for public policies on corporate social responsibility," *Public Policy and Administration*, 30(1), pp. 51–72. doi: 10.1177/0952076714536596.
- Knudsen, J. S. and Moon, J. (2013) "The Regulatory Configurations of Political CSR: International Interactions of Business, Civil Society and Government," *SSRN Electronic Journal*, pp. 1–41. doi: 10.2139/ssrn.2234444.
- Knudsen, J. S., Moon, J. and Slager, R. (2013) "Government policies for corporate social responsibility in Europe: a comparative analysis of institutionalisation," *Policy & Politics*, pp. 1–19.
- Lockett, A., Moon, J. and Visser, W. (2006) "Corporate social responsibility in management research: Focus, nature, salience and sources of influence," *Journal of Management Studies*, 43(1), pp. 115–136. doi: 10.1111/j.1467-6486.2006.00585.x.
- Mansveld, W. (2013) *Toespraak staatssecretaris Mansveld op internationaal congres chemische sector over MVO, December, 3 2013*. Available at: <http://www.duurzaam-ondernemen.nl/toespraak-minister-mansveld-op-internationaal-congres-chemische-sector-over-mvo/> (Accessed: August 1, 2016).
- Marens, R. (2004) "Wobbling on a one-legged stool: the decline of american pluralism and the academic treatment of corporate social responsibility," *Journal of Academic Ethics*, 2, pp. 63–87. doi: 10.1023/B:JAET.0000039008.46810.32.
- Matten, D. and Moon, J. (2008) "'Implicit' and 'Explicit' CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility," *The Academy of Management Review*, 33(2), pp. 404–424.
- Merkel, A. (2013) *Rede von Bundeskanzlerin Merkel bei der 13. Jahreskonferenz des Rates für Nachhaltige Entwicklung, Berlin, 13. Mai 2013*. Available at: <https://www.bundesregierung.de/ContentArchiv/DE/Archiv17/Reden/2013/05/2013-05-13-merkel-nachhaltigkeitsrat.html> (Accessed: August 1, 2016).
- Merkel, A. (2015) *Speech by Federal Chancellor Angela Merkel at the G7 dialogue forum with trade union representatives, March 23, 2015. Berlin*. Available at: <https://www.bundesregierung.de/Content/DE/Rede/2015/05/2015-05-27-merkel-luebeck.html> (Accessed: August 1, 2016).
- Midttun, A., Gautesen, K. and Gjørlberg, M. (2006) "The political economy of CSR in Western Europe," *Corporate Governance*, 6(4), pp. 369–385. doi: 10.1108/14720700610689496.

- Midttun, A., Gjørberg, M., Kourula, A., Sweet, S. and Vallentin, S. (2012) “Public Policies for Corporate Social Responsibility in Four Nordic Countries: Harmony of Goals and Conflict of Means,” *Business & Society*, 54(4), pp. 464–500. doi: 10.1177/0007650312450848.
- Ministry of Foreign Affairs (2014) *National Action Plan on Business and Human Rights*. The Hague, The Netherlands.
- Moon, J. (2004) “Government as a driver of corporate social responsibility,” *ICCSR Research Paper Series*, 44(20), pp. 1–27. doi: <http://hdl.handle.net/123456789/1102><http://hdl.handle.net/123456789/1102>.
- Moon, J., Crane, A. and Matten, D. (2005) “Can Corporations Be Citizens? Corporate Citizenship as a Metaphor for Business Participation in Society,” *Business Ethics Quarterly*, 15(3), pp. 429–453.
- Moon, J. and Vogel, D. (2008) “Corporate Social Responsibility, Government, and Civil Society,” in Crane, A., Matten, D., McWilliams, A., Moon, J., and Siegel, D. S. (eds.) *The Oxford Handbook of Corporate Social Responsibility*. Oxford University Press, pp. 304–320. doi: 10.1093/oxfordhb/9780199211593.003.0013.
- van Oosterhout, J. and Heugens, P. M. A. R. (2008) “Much Ado about Nothing: A Conceptual Critique of Corporate Social Responsibility,” in Crane, A., Matten, D., McWilliams, A., Moon, J., and Siegel, D. S. (eds.) *The Oxford Handbook of Corporate Social Responsibility*, pp. 1–33.
- Ploumen, L. (2013) *Toespraak van de minister voor Buitenlandse Handel en Ontwikkelingssamenwerking, Lilianne Ploumen, bij MVO Congres “Groen is de Rode draad,” The Hague, June 20 2013*. Available at: <https://www.rijksoverheid.nl/documenten/toespraken/2013/06/20/mvo-congres-groen-is-de-rode-draad> (Accessed: August 1, 2016).
- Rijksoverheid (2013) *Maatschappelijk verantwoord ondernemen loont*. Available at: <https://www.rijksoverheid.nl/documenten/beleidsnota-s/2013/06/28/beleidsbrief-maatschappelijk-verantwoord-ondernemen-loont>.
- Scherer, A. G. and Palazzo, G. (2011) “The New Political Role of Business in a Globalized World: A Review of a New Perspective on CSR and its Implications for the Firm, Governance, and Democracy,” *Journal of Management Studies*, 48(4), pp. 899–931. doi: 10.1111/j.1467-6486.2010.00950.x.
- Scherer, A. G., Rasche, A., Palazzo, G. and Spicer, A. (2016) “Managing for Political Corporate Social Responsibility: New Challenges and Directions for PCSR 2.0,” *Journal of Management Studies*, 53(3), pp. 273–298. doi: 10.1111/joms.12203.
- Schröder, M. (2013) *Integrating Varieties of Capitalism and Welfare State Research. A Unified Typology of Capitalism*. 1st ed. New York: Palgrave Macmillan.
- Singleton, R. A. J. and Straits, B. C. (2005) *Approaches to Social Research*. 4th ed. New York: Oxford University Press.
- Steurer, R. (2010) “The role of governments in corporate social responsibility: Characterising public policies on CSR in Europe,” *Policy Sciences*, 43(1), pp. 49–72. doi: 10.1007/s11077-009-9084-4.
- Steurer, R., Martinuzzi, A. and Margula, S. (2012) “Public Policies on CSR in Europe: Themes, Instruments, and Regional Differences,” *Corporate Social Responsibility and Environmental Management*, 19(4), pp. 206–227. doi: 10.1002/csr.264.
- Steurer, R. and Tiroch, M. (2009) “Corporate Social Responsibility (CSR) in Österreich: Wie substantziell ist der freiwillige Beitrag der Wirtschaft zu einer nachhaltigen Entwicklung?,” *Zeitschrift für Umweltpolitik und Umweltrecht*, 29(2).
- Theuvs, M. and van Huijstee, M. (2013) *Corporate Responsibility Instruments: A Comparison of the OECD Guidelines, ISO 26000 & the UN Global Compact*. Amsterdam. doi: 10.1016/B978-0-12-373932-2.00084-3.

## Appendices

## Appendix A Overview of calculation for industry sector and country size

### 1. Risk category

Risk categorizing		Goods, imported from non-EU- and non Efta-countries <sup>1</sup>		Number of enterprises on		
Country	Classification	as % of BNP	as % of total import	Distributive trades by employment size class <sup>2</sup>	Forbes 500 <sup>4</sup>	Fortune 2000 <sup>3</sup>
Ireland	LOW	10.6 %	24.5 %	83	1	19
United Kingdom	HIGH	10.7 %	33.7 %	1.093	25	92
Netherlands	HIGH	30.6 %	38.0 %	332	12	22
Germany	HIGH	15.5 %	35.7 %	1.814	28	50
Austria	LOW	12.6 %	21.3 %	200	2	8

#### Sources

- [http://www.trademap.org/Country\\_SelServiceCountry\\_TS.aspx?AspxAutoDetectCookieSupport=1](http://www.trademap.org/Country_SelServiceCountry_TS.aspx?AspxAutoDetectCookieSupport=1)  
Sources: ITC, UNCTAD, WTO trade in services database based on: Eurostat statistics.  
The values shown in light green are estimated by UNCTAD, WTO and ITC.
- <http://ec.europa.eu/eurostat/documents/3930297/5967534/KS-ET-11-001-EN.PDF/81dfdd85-c028-41f9-bbf0a9d8ef5134c5>  
Eurostat pocketbooks, key figures on European business 2011 edition
- <http://beta.fortune.com/global500/list/filtered?hqcountry=Britain>  
The Fortune 2015 global 500
- <http://blogs-images.forbes.com/steveschaefer/files/2016/05/global-2000.jpg>  
The worlds' biggest public companies, Forbes global 2000 companies per country (2016)

### 2. Country size

Country Name	Classification	Population, total <sup>1</sup>	GDP (current US\$) <sup>1</sup>
Ireland	SMALL	4,617,225	\$ 250,813,607,686.11
United Kingdom	LARGE	64,613,160	\$ 2,990,201,431,078.23
Netherlands	SMALL	16,865,008	\$ 879,319,321,494.64
Germany	LARGE	80,982,500	\$ 3,868,291,231,823.77
Austria	SMALL	8,541,575	\$ 436,887,543,466.95

#### Sources

- <http://databank.worldbank.org/data/reports.aspx?source=2&series=NY.GDP.MKTP.CD,NV.AGR.TOTL.ZS,NV.IND.TOTL.ZS,NV.IND.MANF.ZS,NV.SRV.TETC.ZS#>

## **Appendix B            List of selected documents per country**

### **1. Ireland**

Ahern, B. (2007a) Official opening of the Hibernian Group ' s Corporate Headquarters at Hatch Street , Dublin 2 on Friday , 16 February , 2007 at 9 . 30 a . m . Available at:

[http://www.taoiseach.gov.ie/eng/News/Archives/2007/Taoiseach's\\_Speeches\\_Archive\\_2007/Official\\_opening\\_of\\_the\\_Hibernian\\_Group%E2%80%99s\\_Corporate\\_Headquarters\\_at\\_Hatch\\_Street,\\_Dublin\\_2\\_on\\_Friday,\\_16\\_February,\\_2007\\_at\\_9\\_30\\_a\\_m\\_.html](http://www.taoiseach.gov.ie/eng/News/Archives/2007/Taoiseach's_Speeches_Archive_2007/Official_opening_of_the_Hibernian_Group%E2%80%99s_Corporate_Headquarters_at_Hatch_Street,_Dublin_2_on_Friday,_16_February,_2007_at_9_30_a_m_.html).

Ahern, B. (2007b) Speech by the Taoiseach , Mr . Bertie Ahern , T . D . , at the Official Opening of Arup Consulting Engineers ' New HQ , Ringsend Road Monday , 12 November , 2007 at 4pm. Available at:

[http://www.taoiseach.gov.ie/eng/News/Archives/2007/Taoiseach's\\_Speeches\\_Archive\\_2007/Speech\\_by\\_the\\_Taoiseach,\\_Mr\\_Bertie\\_Ahern,\\_T\\_D\\_,\\_at\\_the\\_Official\\_Opening\\_of\\_Arup\\_Consulting\\_Engineers'\\_New\\_HQ,\\_Ringsend\\_Road\\_Monday,\\_12\\_November,\\_2007\\_at\\_4pm.html](http://www.taoiseach.gov.ie/eng/News/Archives/2007/Taoiseach's_Speeches_Archive_2007/Speech_by_the_Taoiseach,_Mr_Bertie_Ahern,_T_D_,_at_the_Official_Opening_of_Arup_Consulting_Engineers'_New_HQ,_Ringsend_Road_Monday,_12_November,_2007_at_4pm.html).

Bruton, R. (2014) Minister Bruton launches National Plan on Corporate Social Responsibility. Available at:

<https://www.djei.ie/en/News-And-Events/Department-News/2014/April/Minister-Bruton-launches-National-Plan-on-Corporate-Social-Responsibility.html>.

Department of Foreign Affairs and Trade (2015) Working Outline of Ireland's National Plan on Business and Human Rights.

Department of Jobs Enterprise and Innovation (2014) Good for Business , Good for the Community..

Enda, K. (2011) Speech by the Taoiseach , Mr Enda Kenny T . D . Institute of Directors ' Autumn Lunch , Four Seasons Hotel , Friday , 23rd September 2011. Available at:

[http://www.taoiseach.gov.ie/eng/News/Archives/2011/Taoiseach's\\_Speeches\\_2011/Speech\\_by\\_the\\_Taoiseach,\\_Mr\\_Enda\\_Kenny\\_T\\_D\\_Institute\\_of\\_Directors'\\_Autumn\\_Lunch,\\_Four\\_Seasons\\_Hotel,\\_Friday,\\_23rd\\_September\\_2011\\_at\\_12\\_30\\_pm.html](http://www.taoiseach.gov.ie/eng/News/Archives/2011/Taoiseach's_Speeches_2011/Speech_by_the_Taoiseach,_Mr_Enda_Kenny_T_D_Institute_of_Directors'_Autumn_Lunch,_Four_Seasons_Hotel,_Friday,_23rd_September_2011_at_12_30_pm.html).

Enda, K. (2013) Speech by the Taoiseach Enda Kenny T . D . Bord Bia ' Our Food , Our Future ' Conference Convention Centre Dublin Thursday 26th September 2013. Available at:

[http://www.taoiseach.gov.ie/eng/News/Taoiseach's\\_Speeches/Speech\\_by\\_the\\_Taoiseach\\_Enda\\_Kenny\\_T\\_D\\_Bord\\_Bia\\_%E2%80%98Our\\_Food\\_Our\\_Future%E2%80%99\\_Conference\\_Convention\\_Centre\\_Dublin\\_Thursday\\_26th\\_September\\_2013.html](http://www.taoiseach.gov.ie/eng/News/Taoiseach's_Speeches/Speech_by_the_Taoiseach_Enda_Kenny_T_D_Bord_Bia_%E2%80%98Our_Food_Our_Future%E2%80%99_Conference_Convention_Centre_Dublin_Thursday_26th_September_2013.html).

### **2. United Kingdom**

Cameron, D. (2006) Conservative Party Speeches Tackling poverty is a social responsibility on 24 november 2006 David. Available at: <http://conservative-speeches.sayit.mysociety.org/speech/599937>.

Cameron, D. (2012a) Business in the Community speech 23 February 2012. Available at:

<https://www.gov.uk/government/speeches/business-in-the-community-speech--2>.

Cameron, D. (2012b) Speech on Moral capitalism, New Zealand House, London 19 January 2012. Available at:

<http://www.newstatesman.com/uk-politics/2012/01/economy-capitalism-market>.

Department for Business Innovation and Skills (2013) Corporate responsibility: a call for views.

Department for Business Innovation and Skills (2014) Good for business & society: government response to call for views on corporate responsibility, Department for Business, Innovation and Skills.

Hague, W. (2013) UK action plan on business and human rights, UK Written statement to Parliament, 4

September 2013. Available at: <https://www.gov.uk/government/speeches/uk-action-plan-on-business-and-human-rights>.

HM Government (2008) Corporate Responsibility Report.

HM Government (2013) Good Business, Implementing the UN Guiding Principles on Business and Human Rights.

### 3. Netherlands

Balkenende, J. P. (2009) Speech minister - president Balkenende ter gelegenheid van Wereldvoedseldag over de noodzaak van maatschappelijk verantwoord ondernemen in tijden van crisis, op de conferentie 'Partnering for prosperity' in Den Haag op 16 oktober 2009. Available at: <https://www.rijksoverheid.nl/documenten/toespraken/2009/10/16/toespraak-minister-president-ter-gelegenheid-van-wereldvoedseldag> (Accessed: 1 August 2016).

Heemskerk, F. (2010) Speech staatssecretaris van Economische Zaken, Frank Heemskerk, op het Nieuwjaarsevenement van MVO Nederland, op 18 januari 2010 in Rotterdam. Available at: <https://www.rijksoverheid.nl/documenten/toespraken/2010/01/20/nieuwjaarsevenement-mvo-nederland> (Accessed: 1 August 2016).

de Jager, J. K. (2011) Speech van minister De Jager van Financiën bij congres Finance & Sustainability bij Hogeschool Avans te Breda op donderdag 24 februari 2011. Available at: <https://www.rijksoverheid.nl/documenten/toespraken/2011/02/24/toespraak-bij-congres-finance-sustainability-bij-hogeschool-avans> (Accessed: 1 August 2016).

Mansveld, W. (2013) Speech staatssecretaris Mansveld op internationaal congres chemische sector over MVO, 3 december 2013. Available at: <http://www.duurzaam-ondernemen.nl/toespraak-miniser-mansfeld-op-internationaal-congres-chemische-sector-over-mvo/> (Accessed: 1 August 2016).

Ministerie van Buitenlandse Zaken (2014) Nationaal Actieplan bedrijfsleven en mensenrechten.

Ploumen, L. (2013) Toespraak van de minister voor Buitenlandse Handel en Ontwikkelingssamenwerking, Lilianne Ploumen, bij MVO Congres 'Groen is de Rode draad', Den Haag, 20 juni 2013. Available at: <https://www.rijksoverheid.nl/documenten/toespraken/2013/06/20/mvo-congres-groen-is-de-rode-draad> (Accessed: 1 August 2016).

Rijksoverheid (2013) Maatschappelijk verantwoord ondernemen loont, Rijksoverheid.

Rijksoverheid and Heemskerk, F. (2007) Kabinetsvisie Maatschappelijk Verantwoord Ondernemen 2008 – 2011 'Inspireren, innoveren, integreren', kabinetsvisie.

Rutte, M. (2013) Schriftelijke weerslag van de H.J. Schoolezing van minister president Mark Rutte. Amsterdam 2 september 2013. Available at: <https://www.rijksoverheid.nl/documenten/toespraken/2013/09/02/h-j-schoolezing-van-minister-president-mark-rutte-amsterdam> (Accessed: 2 August 2016).

Rutte, M. (2015) Speech minister president in Noordwijk op 1 oktober 2015 voor de tweejaarlijkse ondernemersprijzen van de Koning Willem I Stichting . Available at: <https://www.rijksoverheid.nl/documenten/toespraken/2015/10/01/koning-willem-i-lezing> (Accessed: 2 August 2016).

### 4. Germany

Bundesministerium für Umwelt Naturschutz und Reaktorsicherheit, Braun, S., Clausen, J. and Loew, T. (2009) Innovation durch CSR, die Zukunft nachhaltig gestalten.

Deutsches Institut für Menschenrechte (2015) National Baseline Assessment Umsetzung der UN-Leitprinzipien für Wirtschaft und Menschenrechte.

Erlar, G. (2008a) CSR WeltWeit - Deutsche Unternehmen Global engagiert, Speech from Staatsminister Erlar auf der Feier für die Freischaltung des Internetportals „CSR WeltWeit ? Deutsche Unternehmen Global engagiert“ 15.12.2008. Available at: <http://www.auswaertiges-amt.de/DE/Infoservice/Presse/Reden/2008/081215-ErlarCSRPortal.html> (Accessed: 2 August 2016).

- Erler, G. (2008b) Unternehmen in Verantwortung. Ein Gewinn für alle, Speech from Staatsminister Erler auf der Konferenz 'Unternehmen in Verantwortung. Ein Gewinn für alle', 30.04.2008. Available at: <http://www.auswaertiges-amt.de/DE/Infoservice/Presse/Reden/2008/080430-ErlerCSR.html> (Accessed: 1 August 2016).
- Federal Ministry of Labour and Social Affairs (2010) National Strategy for Corporate Social Responsibility – Action Plan for CSR – of the German Federal Government, Labour.
- Federal Ministry of Labour and Social Affairs (2012) CSR – Made in Germany, the National Sustainability Strategy of the German Federal Government.
- Geschäftsstelle Deutsches Global Compact Netzwerk, D. (2014) Leitprinzipien für Wirtschaft und Menschenrechte, Umsetzung des Rahmens der Vereinten Nationen „Schutz, Achtung und Abhilfe“.
- Merkel, A. (2013) Rede von Bundeskanzlerin Merkel bei der 13. Jahreskonferenz des Rates für Nachhaltige Entwicklung, Rede von Bundeskanzlerin Merkel bei der 13. Jahreskonferenz des Rates für Nachhaltige Entwicklung, Berlin, 13. Mai 2013. Available at: <https://www.bundesregierung.de/ContentArchiv/DE/Archiv17/Reden/2013/05/2013-05-13-merkel-nachhaltigkeitsrat.html>.
- Merkel, A. (2015a) 7-8-2016 Bundeskanzlerin | Speech by Federal Chancellor Angela Merkel at the G7 dialogue forum with trade union representatives, Speech by Federal Chancellor Angela Merkel at the G7 dialogue forum with trade union representatives, Berlin, mar 23, 2015. Available at: <https://www.bundesregierung.de/Content/DE/Rede/2015/05/2015-05-27-merkel-luebeck.html> (Accessed: 1 August 2016).
- Merkel, A. (2015b) Rede von Bundeskanzlerin Merkel zur Eröffnung des Europäischen Hansemuseums am 27. Mai 2015, Rede von Bundeskanzlerin Merkel zur Eröffnung des Europäischen Hansemuseums, Lübeck am 27. Mai 2015. Available at: <https://www.bundesregierung.de/Content/DE/Rede/2015/05/2015-05-27-merkel-luebeck.html>.
- Wasserhövel, K. (2008) Die Förderung von CSR in einer globalisierten Weltwirtschaft anlässlich, Speech from Kajo Wasserhövel Staatssekretär im Bundesministerium für Arbeit und Soziales anlässlich der ILO-OECD Konferenz zur gesellschaftlichen Verantwortung von Unternehmen 23.6.2008 in Paris. Available at: <https://www.oecd.org/corporate/mne/40982103.pdf> (Accessed: 1 August 2016).

## 5. Austria

- Bundesministerium für Land- und Forstwirtschaft Umwelt und Wasserwirtschaft (2013) Nationaler Aktionsplan CSR (NAP CSR).
- Faymann, W., Pröll, J., Bures, D. and Mitterlehner, R. (2009) Wirtschaftsbericht Österreich 2009 von Bundeskanzler Faymann, Vizekanzler Pröll, Infrastrukturministerin Bures und Wirtschaftsminister Mitterlehner präsentiert. Available at: [http://www.ots.at/presseaussendung/OTS\\_20090714\\_OTS0163/wirtschaftsbericht-die-krise-meistern-fuer-die-zeit-danach-geruestet-sein](http://www.ots.at/presseaussendung/OTS_20090714_OTS0163/wirtschaftsbericht-die-krise-meistern-fuer-die-zeit-danach-geruestet-sein).
- Kern, C. (2016) Antrittsrede von Christian Kern im Nationalrat. Available at: <https://www.bka.gv.at/site/6598/default.aspx>.