

**‘Implicit’ and ‘Explicit’ CSR:
A conceptual framework for a comparative understanding
of corporate social responsibility**

Dirk Matten

York University, Toronto

Jeremy Moon

University of Nottingham

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Authors’ contact details:

Professor Dirk Matten
Hewlett-Packard Chair in CSR
Schulich School of Business
York University, Canada
dmatten@schulich.yorku.ca

Professor Jeremy Moon
Director, International Centre for CSR (ICCSR)
Nottingham University Business School
Nottingham University, UK
jeremy.moon@nottingham.ac.uk

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Abstract

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

INTRODUCTION¹

This paper addresses the questions of why forms of business responsibility for society both differ among countries and change within them? It does so by comparative investigation of corporate social responsibility (CSR), historically and contemporarily in the USA and in Europe². The paper is inspired by two commonplace observations.

The first observation is that whilst many US corporations have both been attributed, and ready to claim, social responsibilities, this has not been so common elsewhere. Comparative research in CSR between Europe and the US has identified remarkable differences between companies on each side of the Atlantic. This pertains, first, to the language companies use in describing their involvement in society. A comparative study of corporate self-presentations on the internet by Maignan and Ralston (2002) found that while 53% of US companies mention CSR explicitly on their websites only 29% of French and 25% of Dutch companies do the same. But these differences clearly transcend language: in a recent study on voluntary codes of conducts in the global coffee sector between 1994 and 2005, Kolk (2005a: 230) identified a total of 15 corporate codes globally, of which only two were European (both by the same company Nestlé) while the remaining 13 codes were issued and adopted by exclusively US-American corporations. In a similar vein, Brammer and Pavelin (2005) found in a US-UK comparison of one of the most longstanding areas of CSR - corporate community contributions – that the value of contributions by US companies in 2001 was more than ten times greater than those of their British counterparts (US: \$4,831bn; UK: \$428m).

The second commonplace observation is that corporations elsewhere in the world have recently begun to adopt the language and practice of CSR, particularly in Europe, but also in Africa, Australasia, South America, and South, East and South-East Asia (e.g. Chapple & Moon, 2005;

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² By Europe we refer to Scandinavia, the Benelux countries, Germany, Switzerland, Austria, France, Italy, the United Kingdom and Ireland. Although these do not represent the full European CSR experience, they strengthen our comparative design as, like the USA, they are long-standing democratic, capitalist, welfare systems (the only post-war peace-time exception being the Eastern part of Germany).

Puppim de Oliveira & Vargas, 2005; Visser, Middleton, & McIntosh, 2005). Although we use CSR in the USA and Europe as the empirical backdrop of our argument, we also address the wider canvas.

Our two observations inform two puzzles. First, if CSR has only recently entered the business debate and practice outside the USA, does this mean that, hitherto, non-USA corporations neglected their social responsibility? Secondly, if ‘CSR has won the battle of ideas’, as even The Economist skeptically commented (Crook, 2005), why has it only now entered non-American business agendas?

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

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

The paper is divided into six sections. In the second section we consider the meaning of CSR, noting that it is nationally contingent, essentially contested and dynamic. The third section presents a theoretical analysis of the institutional bases of CSR. It opens with a discussion of the institutional pre-requisites for systems of business responsibility and proceeds to distinguish two institutional approaches, the national business systems approach and new institutionalism. The fourth section applies the framework by comparison of four salient social responsibility and *irresponsibility* issues in the USA and Europe. The fifth section applies the framework with reference to analysis of the contemporary dynamics of CSR: how and why is CSR spreading globally and why certain distinctive features of European CSR persist. The concluding section offers an evaluation of the framework beyond the USA-European context, possible limitations of our analysis, and of implications for further research.

WHAT IS CSR?

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

Despite a vast and growing body of literature on CSR (Crane, Matten, McWilliams, Moon, & Siegel, 2007; Lockett, Moon & Visser, 2005) and related concepts defining CSR is not easy. First, this is because CSR is an ‘essentially contested concept’ being ‘appraisive’ (or, considered as valued); ‘internally complex’; and having relatively open rules of application (Moon, Crane, & Matten, 2004: 433-434). Secondly, CSR is an umbrella term overlapping with some, and being synonymous with other, conceptions of business- society relations (Matten & Crane, 2005). Thirdly, it has clearly been a dynamic phenomenon (Carroll, 1999).

At the core of CSR is the idea that it reflects the social imperatives and the social consequences of business success. Thus CSR (and its synonyms) empirically consists of clearly articulated and communicated policies and practices of corporations which reflect business responsibility for some of the wider societal good. Yet the precise manifestation and direction of the responsibility lies at the discretion of the corporation. CSR is thus differentiated from business fulfillment of core profit-making responsibility and from the social responsibilities of government (Friedman, 1970). Furthermore, even within the USA, understandings of CSR have varied and developed over half a century from Bowen’s (1953) landmark book. Carroll (1979; 1991) systematized CSR, distinguishing economic, legal, ethical and philanthropic responsibilities. Subsequently, concerns with corporate social performance, stakeholder relations, corporate citizenship, links with financial performance and new applications of business ethics have extended CSR theory and practice sometimes reflecting impacts of European thinking (Garriga & Melé, 2004).

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

THEORETICAL APPROACHES TO UNDERSTANDING COMPARATIVE CSR

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

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

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

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

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

This idealized system masks great variety in the structure of the markets and the nature of the firms; in the accountability of the government and the operation of the judiciary; and in the freedom of the civil society. Opportunities for irresponsibility increase in the absence of these conditions as is evident in much of sub-Saharan Africa and the former USSR with, for example, monopolistic companies exploiting capitalist economies or governments substituting regulation and administration of markets with rent-seeking. Clearly the point is not that responsibility can only be enacted where there are markets and business autonomy, as demonstrated by myriad cases of individual, family, tribal, religious, charitable and feudal responsibility. Rather, it is that CSR is located in wider responsibility systems in which business, governmental, legal and social actors operate according to some measure of mutual responsiveness, inter-dependency, choice and capacity. But, the question remains why, even among systems which share the pre-requisites of CSR, have there been such contrasts between the explicit CSR in the USA and the more implicit versions in Europe?

The answer, we argue, lies in the respective national business systems. Although all markets necessarily generate actors which pursue their economic interests, corporate choices about these strategies are colored by their social and political context. Leaving aside economic contextual variables, as Polanyi (2001) notes, markets are embedded in human societies and are created and maintained by state actions, specifically in the design of legal frameworks and the management of the markets.

In its very name, CSR presumes corporate choices - in Granovetter's (1985: 487) terms, the 'atomistic'. Yet it also entails conformance with the law³ (in Granovetter's terms, the 'hierarchical') and with 'customary ethics' (in Granovetter's terms 'embedded in ongoing systems of social relations'; see Carroll, 1991). Given that different societies have developed different systems of markets, reflecting their institutions, their customary ethics and social relations, it would therefore follow that we might expect some differences in the ways in which corporations express and pursue their social responsibilities among different societies.

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

Why Do CSR systems differ? The National Business Systems Approach

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

Political Systems. The key distinguishing feature of American and European political systems is the power of the state. This has tended to be greater in Europe than in the USA (Lijphart, 1984) and European governments have been generally more engaged in economic and social activity (Heidenheimer et al, 1990). Some have nationalized insurance systems for health, pensions and other social commodities and others have mandated corporations to assume responsibility in these areas. In America there is greater scope for corporate discretion as government has been less active therein. Even where American governments have been active this has often been through the creation of incentives to employers to provide social benefits through negative tax expenditures.

Financial Systems. In the USA the stock market is the central financial source for companies. Most of the larger, publicly owned companies obtain their capital there and shareholding is relatively dispersed among shareholders (Becht & Röell, 1999; Coffee, 2001). With the stock market being the most important source of capital, corporations have to provide a high degree of

³ In the case of MNCs headquartered in industrialized democracies, the relevant legal framework is the one of the country of origin, where our prerequisites for CSR (see above) actually apply. As the examples of Western MNCs in South Africa during apartheid or the contemporary dilemmas of internet providers with Chinese censorship laws show, many CSR issues would occasionally ask MNCs to break local laws in their host countries.

transparency and accountability to investors. In the European model of capitalism, corporations tend to be embedded in a network of a small number of large investors, among which banks play a major role. Within this network of mutually interlocking owners, the central focus is the long-term preservation of influence and power. More significant for our argument is that within the European model, stakeholders other than shareholders also play an important role, sometimes even equivalent to or above that of shareholders (Fiss & Zajac, 2004).

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

Cultural Systems. The US and European cultural systems have generated very different broad assumptions about society, business and government. Compared to Europeans, Americans are regarded as having: a relative capacity for participation (De Tocqueville, 1835/1956); a relative capacity for philanthropy (Bremner, 1988); and a relative capacity of business people for philanthropy (Dowie, 2001); relative skepticism about big government (King, 1973); and relative confidence about the moral worth of capitalism (Vogel, 1992). Thus there is the much stronger American ethic of stewardship and of ‘giving back’ to society epitomized in Carnegie’s (2006/1889) view that ‘the duty of the man of wealth [was to] consider all surplus revenues... best calculated to produce the most beneficial results for the community’. The social responsibility of the wealthy businessperson evolved into that of the corporation (Heald, 1970). This contrasts with the greater European cultural reliance on representative organisations, be they political parties, unions, employers’ associations or churches, and the state (Lipset & Rokkan, 1967).

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

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

had a range of embedded relations with a relatively wide set of societal stakeholders.

Organization of Market Processes. A decisive feature of a NBS is how the economic relations between actors are organized and coordinated, the two extremes here being markets and alliances. Characteristic features here would include: the extent of long term cooperation between firms within sectors; the role of intermediaries in establishing market transactions; the role and influence of business associations; the role of personal relations; and trust in establishing market transactions. In the USA, greater prominence has been given to market self-organisation, upheld by governments and the courts through anti-trust laws, for example. In Europe markets tended to be organised by producer group alliances which either reflect consensual representation and mediation of labour and capital or, particularly in the case of France, strong government-leadership. The way these relations are organized touches on a significant number of CSR issues, such as consumer protection, product stewardship, and liability for production and products.

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

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

A conceptual framework for understanding differences in CSR

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

By *explicit* CSR we refer to corporate policies which assume and articulate responsibility for some societal interests. They normally consist of voluntary programs and strategies by corporations which combine social and business value and address issues perceived as being part of their social responsibility by the company. A recent example was the response of Walmart, FedEx, Home Depot and other US companies to provide disaster relief to the victims of hurricane Katrina in 2005 which - with more than \$792m raised by September 2005 (Roner, 2005) - in speed and scope exceeded the initial response by the US government. Explicit CSR

may be responsive to stakeholder pressure (e.g. consumer and activist responses to labor conditions in Nike’s Asian supply chains), it may involve partnerships with governmental (e.g. the US Apparel Industry Code of Conduct; the UN Global Compact) and non-governmental organizations (e.g. the Marine Stewardship Council; the ISO 14000 and 26000 series), and it may even involve alliances with other corporations (e.g. the Global Business Coalition for HIV Aids; the Equator Principles). The point remains that explicit CSR rests on corporate discretion rather than reflecting either governmental authority or broader formal or informal institutions.

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

TABLE 1
Explicit and Implicit CSR Compared⁴

By *implicit CSR* we refer to the corporations’ role within the wider *formal and informal institutions* for society’s interests and concerns. Implicit CSR normally consists of values, norms and rules which result in (mandatory and customary) requirements for corporations to address stakeholder issues and which define proper obligations of corporate actors in collective rather than individual terms. Whilst representative business associations would often be directly involved in the definition and legitimization of these requirements, individual corporations would not normally articulate their own versions of such responsibilities. Our differentiation focuses, first, on the language corporations use in addressing their relation to society: companies practicing explicit CSR use the language of ‘CSR’ in communicating their policies and practices to their stakeholders while those practicing implicit CSR would normally not describe their

⁴ Our terminology captures the difference between distinctive and entailed CSR. ‘Explicit’ is defined as ‘of knowledge, a notion etc: developed in detail; hence, clear, definite’ and ‘of declarations, indications, utterances: distinctly expressing all that is meant; leaving nothing merely implied or suggested; express’. In contrast, ‘implicit’ is defined as ‘implied though not plainly expressed; naturally or necessarily involved in, or capable of being inferred from, something else’ as well as ‘entangled, entwined, involved; involved in each other; overlapping’ (Oxford English Dictionary, 2006/1933). Our use of the term ‘implicit’ is designed to capture both these dictionary meanings. In the first case, the corporation does not ‘develop’ and ‘indicate’ the responsibility but, rather, when it does undertake and indicate responsibilities, it does so through involvement in wider business systems.

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

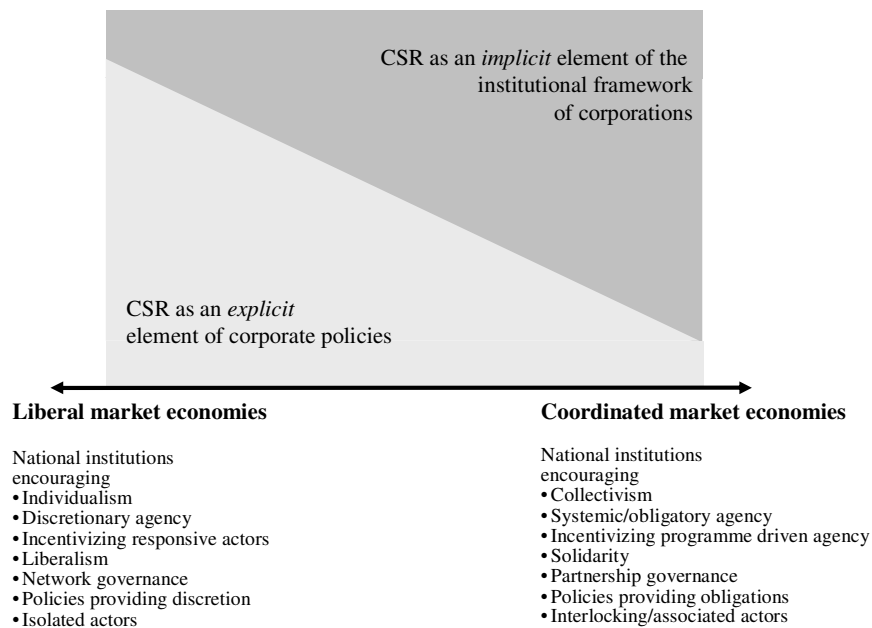


FIGURE 1:
Implicit and Explicit CSR

Figure 1 indicates the predicting factors for the nature of CSR in a specific national context as lying in the nature of the institutional framework. Institutions encouraging individualism and providing discretion to private economic actors in liberal markets would be considered national systems in which one would expect to find strong elements of explicit CSR. The NBS literature would characterise the USA as having these attributes. It would characterize European institutional frameworks as having coordinated approaches to economic and social governance through partnership of representative social and economic actors led by government. It is difficult to offer measures of these differences as much of the NBS literature is qualitative in nature. There are some proxies which would enable a NBS to be located on this continuum. For

instance, the existence, influence and density of trade unions, industry associations and other collective actors might be an indicator, as might the number of national agreements on issues like pay, work conditions or educational responsibility. Levels of corporate taxation might also be relevant. However, we do not see this as a dichotomous distinction between the two systems but rather one of emphasis. Thus, we recognise US implicit elements of CSR in legal requirements imposed on business in, for example, workers' rights, the role of trade unions, corporate taxation and environmental legislation. Similarly we do not see Europe as historically devoid of explicit CSR as evidenced by cases of industrial paternalism and business philanthropy.

Why is (explicit) CSR spreading globally: Neo-Institutional Theory and Institutional Legitimacy

Whilst we argue that CSR is understood by the location of corporations in NBSs, we recognize that comparative evaluations of CSR cannot be deterministic, over-functional (Molina et al., 2002) or over-socialized (Granovetter, 1985). Rather, institutional frameworks and NBSs change raising new incentives and opportunities for actors, in this case corporations, to relate to and position themselves in respect of wider systems of responsibility. As noted in the Introduction, CSR, or in our terms, explicit CSR, is gaining new momentum across Europe (and beyond).

We suggest that 'new institutionalism' (DiMaggio & Powell, 1983; Meyer, 2000; Meyer & Rowan, 1977) provides a helpful theoretical perspective for understanding these processes. New institutionalism has been informed by the homogenization of institutional environments across national boundaries and has indicated how regulative, normative and cognitive processes lead to increasingly standardized and rationalized practices in organizations across industries and national boundaries. The key argument is that organizational practices change and become institutionalized because they are considered as legitimate. This legitimacy is produced by three key processes: coercive isomorphisms, mimetic processes and normative pressures. (DiMaggio et al., 1983). We continue by addressing these three processes in order to argue that new institutionalism explains why and how explicit CSR is gaining momentum as a new management concept.

Coercive Isomorphisms. It is assumed that externally codified rules, norms or laws assign legitimacy to new management practices. In the case of CSR in Europe, there has been a rush of governmental strategies and initiatives which foster its spread across Europe (Eberhard-Harribey, 2006). Similarly, self-regulatory and voluntary initiatives, most notably codes of conducts issued by bodies such as the UN, the OECD, the ILO or the Global Reporting Initiative are also seen as isomorphisms. Moreover, compliance with certain environmental standards (e.g. ISO 14000, the EMAS scheme) - often supply chain driven - requires companies to adopt CSR policies. The growth of socially responsible investment indexes and the adoption of CSR type criteria by more mainstream investment funds also constitute new drivers for corporations to develop explicit CSR policies in order to access these sources of capital.

Mimetic Processes. In a business climate of increased uncertainty and increasingly complex technologies, managers tend to consider practices as legitimate if they are regarded as 'best practice' in their organizational field (e.g. 'business re-engineering', 'total quality management'). We see similar trends in European CSR whereby MNCs are joining business coalitions for CSR (e.g. the UK Business in the Community; CSR Europe) and subscribing to CSR training

programmes (e.g. the UK CSR Academy) in order to learn and develop best CSR practice. The explosion of CSR reports in Europe (Kolk, 2005b), usually informed by membership of or guidance from CSR organisations, is another example of the operation of mimetic processes as is the leadership focused approach of the UN Global Compact which, incidentally, has more European than American Fortune-500 members (Williams, 2005).

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

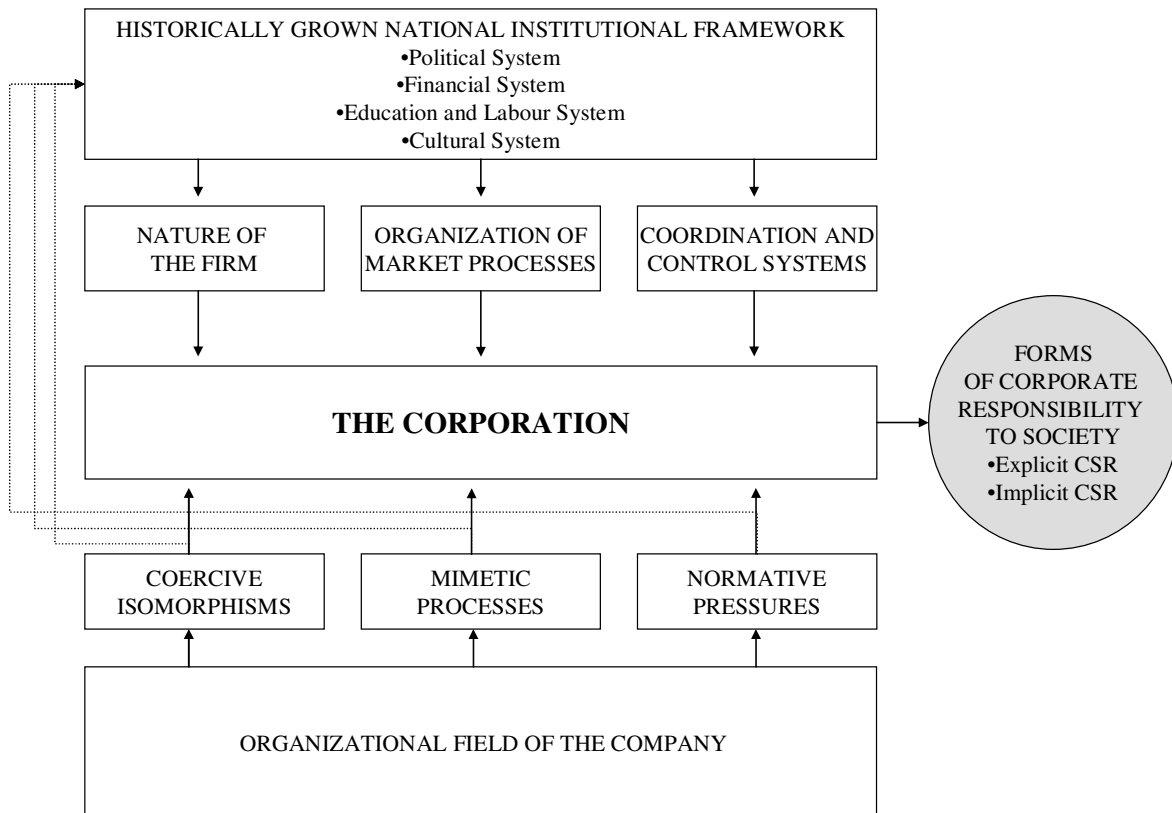


FIGURE 2:
Corporate Social Responsibility and Institutional Context of the Corporation

LEGEND:

- Direct, immediate influence
-→ Indirect, Long term influence

Shifts in the balance of implicit and explicit CSR therefore reflect changing features of corporations' historical national institutional frameworks and their immediate organizational fields. Figure 2 provides an overview of our framework. The corporation is both embedded in its historically grown institutional framework and its respective NBS as well as in its organizational field which influences the corporation through isomorphic forces. The result is CSR reflecting a balance of implicit and explicit elements.

APPLYING THE PROPOSED FRAMEWORK: HOW AND WHY CSR VARIES

We now turn to illustrate differences in the embeddedness of CSR by comparing workers' rights, environmental protection, education and corporate irresponsibility in the USA and Europe.

Worker's rights: CSR and European Employment Legislation

The role and rights of employees has been a longstanding item on US CSR agendas. Nearly a century ago the President of Studebaker Motor Company commented that

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

Subsequently, CSR has been explicitly addressed to such issues as fair wages, working time and conditions, healthcare, redundancy and protection against unfair dismissal. For many US corporations, initiatives to 'insure the uninsured' are fundamental to their CSR⁵. In 2004, many US Starbucks Coffee outlets announced that they would pay the healthcare benefits of all those it employed for more than 20 days per month⁶. Similar initiatives would be inconceivable from British or German restaurant chains but this is not because they are less concerned about their employees' health or social security. Every British citizen is entitled to coverage under the National Health Service and corporations, along with other taxpayers, contribute to this through taxation. In Germany, membership of a health insurance plan is mandatory for every employee and the legal framework defines the value of the monthly insurance premium paid for by the employer and the employee (normally a 50/50 split).

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

Environmental Protection: Different Approaches in the US and Europe

5 See www.covertheuninsuredweek.com, [accessed at 03/13/07].

6 See www.starbucks.com/aboutUSA/csr.asp [accessed at 08/30/04].

Our second example draws on Vogel's comparison of US and European approaches to allocating responsibility for technological and scientific risks, in particular the risks of genetically manipulated organisms (GMOs, Löfstedt & Vogel, 2001; Vogel, 2002). The US Food and Drug Administration and the Department of Agriculture operate a 'laissez-faire' approach releasing 58 GMOs until 2002 in which time the EU Commission legalized just 18. Vogel argues that this reflects significantly lower public risk perceptions in the USA than in Europe. However, in response to substantial consumer activism some major US food companies (e.g. McDonalds, Gerber, McCain) publicly renounced ingredients made from genetically altered seeds. In response to particular stakeholder pressure they assumed the explicit responsibility which most of their European counterparts left to regulators (Vogel, 2002: 6).

Similar differences occur in corporate responses to global warming and climate change (Levy & Kolk, 2002; Levy & Newell, 2005). First, the US government delegated significant responsibility for the Kyoto protocol and targets to private discretion. Thus, the Ford Motor Company dedicates large parts of its CSR report to initiatives to reduce carbon emissions, largely in response to shareholder activism (Ford, 2005). Secondly, the approach of US regulators to greenhouse gas is to prefer discretionary trading schemes while in Europe the trend is towards negotiated agreements setting specific targets (Carraro & Egenhofer, 2003: 6).

Independent corporate responsibility for issues of such societal concern is far less likely to be undertaken by European companies. This is not because they necessarily care less about environmental responsibility but because they have less discretion in this area. Even if voluntary action occurs, such as the refusal of some British supermarket chains to retail products containing GMOs (Kolk, 2000) these initiatives tend to take place in a consensual, negotiated approach with governmental institutions. Similarly the decision of Shell and BP to leave the American-led anti-Kyoto 'Global Climate Coalition' reflects both strong social pressures on European companies and their relatively narrow margins for discretion in responding to environmental concerns (Levy and Kolk, 2003). As Delmas and Terlaak note, compared to Europe, in the US the 'institutional environments marked by fragmentation of power and open access in policymaking reduce regulatory credibility and thus hamper the implementation of negotiated agreements' (2002: 5). Again, the main element of transatlantic difference lies in the institutional framework, both in terms of informal institutions such as social values and expectations and the mandatory legal framework.

Education: American and European Business Roles

Education is another area of markedly different forms of social responsibility on either side of the Atlantic. Notwithstanding the USA's high public profile in school and higher education sectors (Castles, 1998), education is also an area of relative explicit CSR priority (Heald, 1970: 210 – 221). Maignan and Ralston (2002) found education to be the second most signaled US stakeholder issue whereas it is significantly less signaled in the UK and is virtually absent for French and Dutch companies. Support for secondary schools in the USA is not simply a case of supporting local schools. CSR education alliances have been used by business as a major vehicle for addressing issues of economic and social inequality (Heaveside, 1989; Lacey & Kingsley, 1988; Timpane & Miller McNeil, 1991). Turning to higher education, Dowie (2001: 26) reported that in 1998 corporations and corporate foundations (e.g. Carnegie, Ford, Annenberg) donated \$3.25bill and \$3.8bill respectively.

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

Corporate Irresponsibility

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

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

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

APPLYING THE FRAMEWORK:

HOW AND WHY EXPLICIT CSR IS SPREADING TO EUROPE

Having emphasized the differences in US and European CSR we turn now to the phenomenon of the global spread of explicit CSR as a new management idea. First, we argue that the rise of explicit CSR in Europe is a response to changes in the historically grown institutional

frameworks of European NBSs (Figure 2). Secondly, we flesh out the features of the new European explicit CSR.

There have been clear changes to European *political systems*, particularly regarding the capacity of the welfare state and corporatist policy-making to address such issues as the onset of mass unemployment and fiscal stress from the late 1970s through to the early 1990s. In the UK these issues were compounded by urban decay and unrest which made for widespread discussion about the capacity and legitimacy of the whole system, rather than simply of the individual administrations (Moon & Richardson, 1993). This led the government to expressly encourage CSR as part of the restoration of legitimate societal governance, particularly regarding the *education and labour system*. Simultaneously, concerns about business's own legitimacy pushed corporations towards explicit CSR (Moon, 2004a). *The Economist* described Marks & Spencer's expenditure on community work and charity, as 'making a sensible investment in its market place. If urban disorders become a regular fact of life, many of its 260 stores would not survive.' (20.2.1982) In this period 'Business in the Community'⁷ was founded, now the leading UK business coalition for explicit CSR. When other European countries faced similar crises business has been called upon to take explicit responsibility (Jespersen, 2003).

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

Turning to the *financial system*, most European countries have experienced a 'financialization' of their economies (e.g. Tainio, Huolman, & Pulkkinen, 2001). Whilst significant differences with the US financial systems remain, European corporations increasingly use stock markets as a source of capital. Many large European MNCs have even registered on the New York Stock Exchange. Ongoing European corporate governance reforms (Albert-Roulhac & Breen, 2005) tend to move control from banks and major block holdings towards capital markets, encouraging shareholder-oriented corporate governance. With increasing socially responsible investment criteria access to capital has become a key driver of CSR in Europe (Williams & Conley, 2005). This is illustrated by new European stock market indexes focusing on companies' social and environmental performance (e.g. the London based FTSE4Good, the French ASPI or the German Natur-Aktien-Index).

Other drivers towards more explicit CSR come from changes in European *labor systems*. Key elements are the deregulation of labor markets and the weakening position of trade unions and

⁷ www.bitc.org.uk [accessed at 03/13/07].

industry associations (Preuss, Haunschild, & Matten, 2006). In cases of redundancies, plant closures or skill development, European companies increasingly assume responsibility for fulfilling stakeholder expectations rather than relying on welfare state institutions. Corporations are also taking greater direct responsibility for industrial training following the deregulation of state systems.

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

Figure 2 indicates that those changes in the European institutional framework are due to the same isomorphic pressures which influence companies. In the latter case this influence is direct while in the former it is more indirect and long term – admittedly a subject of continuing debate in the NBS literature (e.g. Quack, Morgan, & Whitley, 1999)

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

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

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

First, European explicit CSR is comparatively *government driven* reflecting EU Commission initiatives (see above) as well as those of national governments (Albareda, Tencati, Lozano, & Perrini, 2006). The UK has not only attached a ministerial responsibility to CSR but has introduced policies to encourage CSR, both domestically and within the global business of UK companies (Aaronson, 2002). Even regional and local governments have developed policies for

CSR as illustrated by the German province of North-Rhine Westphalia⁸ and UK local government procurement policy (McCrudden, 2007). Whilst this reflects the longer traditions of government intervention in society and the economy there is a shift from reliance on government authority towards the endorsement, facilitation, partnership and soft regulation for CSR (Moon, 2004b). Thus CSR constitutes part of a change in the mix of European governance roles towards ‘the enabling state’ (Deakin & Walsh, 1996; Moon, 2002)

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

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

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

EVALUATION AND DISCUSSION

Our framework provides an approach to answering our two research questions. The first concerned the historically more *explicit* CSR in the USA than in Europe. The second concerns the evidence of a recent shift from *implicit* to more *explicit* CSR among European corporations. Our answers to both questions are institutional. For over a century the explicit responsibility of USA corporations was socially embedded but not in the European-style of state-oriented and cross-sectoral coordinated matrices of responsibility associated with more implicit CSR. The recent adoption of explicit CSR among European MNCs is related to the wider national (and supranational) European institutional re-ordering which provides incentives to adopt corporate level managerial solutions.

The wider significance of the Implicit – Explicit CSR Framework: beyond the USA-Europe Comparison

Although we have developed our argument about comparative and dynamic CSR through

8 www.corporate-citizenship.nrw.de [accessed at 08/30/04].

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

In the NBSs of Russia and Eastern Europe the former state-owned companies demonstrated elements of implicit CSR. Democratization and market liberalization might have been expected to shift their CSR characteristics from the right to the left-hand end of our spectrum (Figure 1). However, with weak civil society and market institutions and sometimes over-arching governments there has only been a slow and tentative development of explicit CSR. In the case of Russia, this is compounded by the absence of long-term social capital and of habits of business responsibility (Kostjuk, 2004). But where markets, civil society and government are relatively autonomous, mutually reinforcing and non-parasitic, explicit CSR may emerge within the range of governance solutions as evidenced in the Czech Republic and Hungary (coincidentally countries which retained some vestiges of civil society through communism - see Habisch et al., 2004)

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

A more intermediate situation can be found in transitional economies. India has manifest long-term implicit CSR through corporate paternalism, reflecting both colonial and indigenous business-society traditions (Arora & Puranik, 2004). This has become more explicit, first in the 1960s with the growth of non-family companies and secondly, following recent economic

liberalisation and privatisation, with new societal expectations of business. One interesting aspect of this shift is that the companies which had long demonstrated implicit CSR through corporate philanthropy have now taken the lead in explicit CSR.

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

Possible Limitations of the Proposed Framework

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

Secondly, we recognize that even within Europe, the twentieth century witnessed a great range of democratic and capitalist systems in which the nature and extent of business incorporation, independence and responsibility have varied. We acknowledge the historic and abiding differences among and even within European countries and there are numerous ongoing efforts to capture these from a CSR perspective (Midttun, Gautesen, & Gjølberg, 2006). Our purpose is to signal their shared similarities and contrasts with the USA in order to understand the different ways in which CSR is conceptualized and practiced.

Thirdly, these more fine-grained comparisons inform different contemporary dynamics of CSR. Despite the European orientation of much of its NBS, the UK has also shared some NBS features with the US which have become more pronounced through changes in the institutional framework since the 1980s. The UK NBS has historically had a greater role for capital markets and weaker regulation of labour markets than the rest of Europe. This explains why it has had longer and stronger manifestations of explicit CSR, illustrated by the 19th century philanthropic and paternalistic activities of Boots, Cadbury and Rowntrees. Moreover, the reduced scope of the public sector and the welfare state since the 1980s have informed a new surge in explicit CSR by British business addressing community, workplace, environmental and market issues with company, business-wide or partnership-based CSR policies and programs (Moon, 2004a). Nevertheless, UK explicit CSR reflects its more European NBS, specifically in the roles of business associations and government. Thus the UK serves to illustrate the dynamics of the explicit and implicit CSR balance reflecting specific changes in the NBS institutional framework.

A fourth consideration is the active role of corporations in shaping, rather than simply reflecting, institutional frameworks. As Tempel and Walgenbach (2007: 10) argue, institutional theory tends to neglect the role of agency:

new institutionalists and business systems proponents share in common that they portray organizations as passive pawns, adapting willingly to institutionalized expectations in organizational fields or to dominant business systems characteristics.

We concur that the nature and balance of explicit and implicit CSR not only result from overall institutional features of the NBS or the organizational field but also from the roles of corporations in shaping them. Corporations have contributed to US employment and welfare systems and thus to an environment conducive to explicit CSR. There is an ongoing debate on whether and how to include the aspect of agency into institutional theory (e.g. regarding the role of MNCs in transnational institution building - Geppert, Matten, & Walgenbach, 2006). Moreover, corporations often assume an active, even political role in shaping those institutions which we have argued to be crucial in fostering the rise of explicit CSR globally, such as the Global Business Coalition on HIV/AIDS or the UN Global Compact. These developments have been discussed under various labels such as ‘reflexive’ (Orts, 1995), ‘civil’ (Bendell, 2000), ‘procedural’ (Black, 2000) or ‘privatized’ (Cashore, 2002) regulation. In line with our argument, corporate agency in shaping institutional frameworks differs between the USA and Europe as Doh and Guay (2006) have recently shown for climate change, patent protection and GMOs policies.

Implications for future research

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

This is closely related to our contribution at the *instrumental level*. Corporations choosing to assume their social responsibilities have to take account of how different national backgrounds influence their CSR agenda. Corporations on both sides of the Atlantic ignore this at their cost. While McDonalds prides itself for being a leader of the US CSR movement, it is regularly criticized for its infringements of workers’ rights in its European subsidiaries and for circumventing elements of implicit CSR in European employment law (Royle, 2005). Bayer on the other hand, an MNC generally regarded as responsible in Europe, has met criticism and legal action for its mishandling of consumer and product safety in the USA where these are regarded as elements of explicit CSR (Mokhiber & Weissman, 2004). In Europe, these are generally treated as implicit in the legal framework.

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

responsibilities than hitherto which CSR-skeptics, who regard CSR as window-dressing or corporate spin, fail to recognize.

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

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Dirk Matten is a professor of policy and holds the Hewlett-Packard Chair in Corporate Social Responsibility at the Schulich School of Business at York University, Toronto. He holds a doctoral degree and the habilitation from Heinrich-Heine-University Düsseldorf, Germany. He is interested in business ethics, CSR, and comparative international management.

Jeremy Moon is a professor of corporate social responsibility and Director of the International Centre for Corporate Social Responsibility at the Nottingham University Business School in the UK. His PhD is from Exeter University. His research interests include government and CSR, comparative CSR, and theorizing corporate citizenship.