

Economic rationality, embeddedness and community: A  
critical study of corporate social responsibility among small  
to medium sized enterprises.

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## Abstract

The research question addressed by this thesis is whether corporate social responsibility is constructed and practiced as an economically rational phenomenon by small to medium sized enterprises.

Corporate social responsibility is a deeply contested concept, with ongoing debates over its legitimacy that in turn inform a literature preoccupied by definitional problems and characterized by the search for a link between responsible practice and firm performance. My thesis critiques this approach to CSR and takes an approach more suitable for small to medium sized enterprises. It also seeks to address calls for more critical thought in the fields of business ethics and the sociology of economic behaviour.

The qualitative evidence presented here shows that, in contrast to the dominant picture from the literature (dominated by large firm studies), small to medium sized enterprises rarely construct or justify their social responsibility in rational economic terms. Indeed, in many cases their social engagement is not described in terms of corporate social responsibility at all and seems to be legitimized more by the firm's relationship with community. This invites reflections on Karl Polanyi, and cautiously suggests Alastair MacIntyre's pessimism about a 'society of strangers' may be premature. In this study, corporate social responsibility spring from personal contacts and preferences among staff and managers, and could best be described as 'emergent'.

Furthermore, I also found that some practitioners questioned the very efficacy of using societal engagement as a managerial intervention in the first place. This raises the question of whether the predominant CSR discourse is making a fundamental mistake in proposing that corporate social responsibility could be an instrumental tool of management at all. This may be uncomfortable news for those in the academy engaged in the search for the elusive link between corporate social responsibility and firm performance since around 1972.

I argue that the focus on the 'performance link' has allowed rational economic thought to colonize the academic discourse and has foreclosed debates based on morality as a result. I also argue that my study shows how, in the main, social engagement is legitimized through relations with community rather than with reference to economic performance.

## Acknowledgements

When reading what follows you will notice that it is written in the first person. This means that the phrase 'my thesis' crops up a fair bit. This is a bit misleading since I am far from the only person to have contributed to what follows, but I do nevertheless take full responsibility for it.

I have been very fortunate indeed in my supervision. Professor Ralph Fevre has not only provided intellectual stimulation, but has known when to push me and when to leave me alone to get on with it. Thanks Ralph, this would have been a much less rewarding journey without your help.

My colleagues at Glamorgan Business School have also been incredibly supportive and are too numerous to mention individually. Even though the strategy group, especially Wil, Duncan, Paul and Lesley, deserve the bulk of the thanks, the words of advice and encouragement from any number of colleagues have been invaluable.

The main thanks must, however, go to my family. My parents, Ray and Carole, and my sister Suzanne have listened indulgently and given nothing but encouragement despite having every right to yawn openly at times. I am not sure you realise how important that has been. Inspiration has also come from grandparents Len, Mary, Kathleen and Ray (senior) *in absentia*.

In the end though, it is those in closest proximity that share the burden of producing a thesis like this. For that reason, huge love and thanks go to my wife Sally (otherwise known as the world's most patient woman). I literally could not have done this without your help.

Finally, to Sian, my wise daughter, this work is dedicated to you with love. It is not just in your school reports that you are a 'straight A' kind of a person. I am sorry we had to miss some weekends together. You can grab your bucket and spade now - we're going to the beach.

## Chapter One: Introduction to the Thesis

“...there is more to this debate around social responsibility than meets the eye.”

(Jones, Parker and ten Bos, 2005, p.97)

### *Introduction*

This thesis is concerned, at the broadest level, with a critical examination of the fundamental relationship between business and society. This is conducted through a particular focus on Corporate Social Responsibility (CSR) among small to medium sized enterprises (SMEs), specifically asking whether CSR is constructed as an economically rational phenomenon. Conventionally a thesis based on a particular construct like CSR might, at this early stage, offer the reader a definition or range of definitions from which the journey can begin. However, as will emerge in the secondary and primary data, there are some fundamental difficulties inherent in attempting to delineate CSR, and this definitional ambiguity is one of the central themes of my thesis.

Indeed, not only are there ongoing definitional debates in the CSR discourse, but it should be emphasised right at the outset that the concept of CSR both as a practice and as an emerging discourse is deeply contested. This means that any serious contemplation of CSR raises questions that are themselves deeply embedded in, and informed by, other discourses and areas of contention. In 1985, Aupperle, Carroll and Hatfield described CSR as a “...field of study whose concepts are value laden and susceptible to particular ideological and emotional interpretations.” (p.446). More recently, Shamir points out that debates over fundamental issues in the discourse are still prevalent, since “The major currency that is negotiated in the field is the very *meaning and scope* of the notion of ‘social responsibility’.” (2004, p.671, my italics for emphasis).

The social construction of CSR is one of my fundamental concerns in this thesis and therefore I do not want to take a particular definition of CSR as a starting point here.

However, setting out a small selection of definitions will not only serve to introduce some of the key concepts but more importantly, reinforce the broad scope of the field and its contested nature. Consider the following views on CSR:

“Corporate social responsibility encompasses the economic, legal, ethical and philanthropic expectations placed on organisations by society at a given point in time.” (Carroll and Buchholtz, 2000, p.35).

“CSR is about businesses and other organisations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organisations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent to which they attempt to protect the environment.” (Institute of Directors, United Kingdom 2002).

“The social responsibility of business is to increase its profits.” (Friedman, 1970).

These definitions of what CSR is, or should be, offer a taste both of the scope of the field and the fact that there are very different views of the part CSR should play in the activities of business.

As we shall see in chapter four, in a significant proportion of the academic literature, CSR is seen as a managerial activity. It is variously said to offer the business ways of managing stakeholder demands, promoting the firm to markets and prospective employees, building social capital, motivating current staff, and constructing pre-emptive defences against accusations of wrong-doing, for example. In using the term ‘managerial’ above, I do so deliberately, immediately calling to mind critical views on management, where the term ‘managerial’ carries pejorative baggage. However, if we take the view, as some do in the business and sociological literatures, that we cannot in fact ‘manage’ our organisations, furthermore, that the notion of ‘management’ is wrongly celebrated, then how do we think a businessperson is going to ‘manage’ the activities of the community in which he practices social responsibility? Is the academy and the practitioner, in short, making a fundamental error in even conceptualising CSR as a ‘manageable’ activity?

Nonetheless, extensive literatures and a plethora of websites seek to convince the observer that CSR (perhaps especially when jargonised into a three letter acronym) represents another strategic tool. By the time this thesis was written there was increasing evidence that business school students might already be approaching their case studies with the addition of 'strategic CSR' to their modernist analytical toolkit. This raises the question of whether I, as a broadly critical academic, or indeed society more widely, should be comfortable with the notion of CSR being potentially co-opted into the field of strategic management and other business school disciplines. Is it the case that CSR will henceforth be marshalled in support of rational economic thought and practice?

Alternatively, we might ask whether CSR is an altruistic activity? If so, who feels the warm glow of altruism – the firm, or the individual that made the decision to engage in CSR? Indeed, can organisations even be thought of as moral entities? There is significant extant literature devoted to this question, which although not a central concern of this thesis, remains in the wings nonetheless.

What then is the morality of CSR? Is £2,000 given as an individual with altruistic intentions somehow worth more than £15,000 deployed as a strategic move? Or is it simply the 'greatest good for the greatest number' that should inform our answer? Where do we find authenticity? Does the altruistic philanthropist secretly acknowledge the instrumentalism by which he positions himself in the community through his donations and social engagement? By the same token, the strategist deploying his £15,000 sponsorship to his local rugby club in exchange for access to scarce international tickets might reflect happily on the thought that at least the money is benefiting local sport. Does even the most rational economic man (if such a being exists) retain some suppressed altruistic motivations? And if I introduce notions of ethics and morals then what do I mean by that; is it a question of doing the right thing based on motivations and intentions or am I concerned with the most 'ethical' *outcome* for the greatest number?

The questions rhetorically rehearsed above are but a sample of those that contribute to the potential richness of the field and play a role in building the contested nature of CSR. The reader will be relieved to know I am not intending to address all of these matters in this thesis. As I will begin to explore in chapter two, CSR is a multi-disciplinary concept academically, with contributions from a wide variety of perspectives and characterised by

continuing debates over its legitimacy. Add to this the number of interest groups and voices from outside the academy, together with an increasingly significant societal focus on the actions of business, and the prospects for agreement over the concept appear unpromising. That is not to say that difficult questions should be left unexplored, however, and in the next section I set out the research question that forms the foundation of my thesis.

### ***The Research Questions***

As can be seen from the preceding introduction, there are a potentially bewildering array of questions that could have relevance for this thesis, and a degree of distillation is consequently needed that will bring focus to my research while allowing for richness of exploration. Therefore, the central question to be addressed in this thesis is as follows:

“Is corporate social responsibility constructed and practiced as an economically rational phenomenon by small to medium sized enterprises?”

Having set out my research question, the rest of this introductory chapter will be organised into three sections. I will continue by briefly locating this thesis in terms of my own theoretical position as well as introducing the main fields to which this thesis will contribute. Secondly I will introduce the geographical and organisational context of the research. Finally, I offer an overview of the thesis structure.

### ***The framing of the thesis***

This section will both set out the theoretical position I have adopted in approaching this thesis, and introduce the reader to the theoretical discourses to be used in addressing the research questions.

## Theoretical position

This thesis is qualitative in approach, and the research perspective adopted here is constructionist and best described as ‘broadly’ critical. That is to say that I aim to adopt a position that allows “...a thinking that asks questions about assumed definitions of the ends or goals of social action.” (Jones, Parker and ten Bos, 2005, p.153).

In taking a self-styled ‘broadly’ critical position, it is not intended to exclusively take as an approach a specific aspect of critical theory such as post-structuralism, postmodernism, or feminism for example, but to bring broadly critical insights to the findings of the study through examination of issues such as power and voice. The view I have taken here is usefully summarised by Alvesson and Deetz (2000):

“Typically critical studies put a particular object of study in a wider cultural, economic and political context, relating a focused phenomenon to sources of broader asymmetric relations in society...” (2000, p1).

To contextualise my research in light of this extract, the “...object of study...” could be conceptualised as the relationship between business and society, and the “...focused phenomenon...” is the study and practice of ‘corporate social responsibility’ (CSR). As we shall see in the course of this thesis, CSR is related here to the “...wider cultural, economic and political context,” in which it is constructed. I will draw also upon MacIntyre (2007) and Polanyi (1944/2001) to emphasise the importance of context. In locating CSR in its wider social context this thesis will therefore relate it to the “...sources of broader asymmetric relations in society...” which Alvesson and Deetz go on to say include “...late capitalism and affluent/post scarcity society” (2000, p.1). This brings into play the characteristics of affluent/post scarcity society, as well as capitalism, as key contexts in which this research takes place. These are both vast fields of enquiry in their own right so it is perhaps now apposite to examine the specific theoretical frames used here to provide analytical lenses and boundaries for this study.

## Theoretical framing

Setting CSR in a wider social and organisational context will be achieved by locating this thesis against theoretical frames drawn from the fields of business ethics, and the sociology of economic behaviour. Although not a primary focus of this thesis, the apparently increased sensitising of society to the conduct of business, often in the context of globalisation, will be succinctly addressed as part of chapter two in order to acknowledge the wider landscape in which debates in CSR and related fields occur. This is of importance when the social construction of CSR is considered.

It is not the intention to provide an introduction in this current chapter to key authors and references in placing CSR among other discourses, since chapter two has been deliberately set aside for that purpose. This merits a separate chapter because I argue that the locating of the CSR discourse demands detailed treatment precisely because it is an inherently contested construct whose theoretical antecedents, and wider societal roots run deep and wide. However, the academic traditions in which this thesis is located need some introduction at this juncture.

As stated above, I argue here that there are two traditions that should naturally be seen as providing a home for a study of the relationship between business and society, and these are the fields of business ethics and the sociology of economic behaviour. Firstly, business ethics because it calls on long traditions of philosophical thought and seeks to apply these to contemporary business. In addition, business ethics arguably constitutes a 'meta' field, or host discipline, which offers theoretical depth to corporate social responsibility as well as other closely related areas such as stakeholder theory, corporate governance, social reporting and so on. Secondly, I have drawn on aspects of the sociology of economic behaviour for the simple reason that this field conceives of economic activity as being a social activity and brings sociological analyses to bear on these phenomena. In addition, as I will discuss in chapter four, there have been calls from within the CSR field to bring sociological approaches to bear on the study of CSR among SMEs (Moore and Spence, 2006). The sociology of economic behaviour is self-evidently a wide field, and so this thesis will be focusing on specific contributions to our understanding of economic rationality, more recent work on morality, and the contested notion of managerial efficacy.



Another reason for locating this thesis with reference to these fields is that both business ethics and the sociology of economic behaviour have seen calls for a re-awakening of their critical potential, and therefore the critical position adopted by this thesis is in some ways a response to these calls. For example, Jones *et al* (2005) accuse business ethics of remaining "...narrow and uncritical..." (2005, p.7) and they call for business ethics to be redeemed from its "...current fall into platitudes and the tyranny of unexamined common sense." (2005, p.9). Others have begun to explore wider perspectives in business ethics without necessarily advocating an explicitly critical approach. These include Griseri (1998; 2002) who calls for a more values-based, emotional and 'human' approach to the teaching of business ethics, based on aspects of the work of Habermas and also Crane and Matten (2004 and 2007), who support an overtly European perspective.

Similarly, from within sociology Fevre calls for "...a sociology of economic behaviour which will not join forces with managerialism but, rather, problematizes it. (2003, p.25). He goes on to explore the potential for a more "...authentic sociology of economic behaviour...(in order to)...make morality endogenous to theory and research and explore the effects on morality as one of its key tasks." (2003, p.25).

In addressing the research questions set out above, this thesis therefore seeks to adopt an approach that will make a contribution to a more overtly critical approach to the relationship between business and society, and in doing so make a contribution to business ethics, and the sociology of economic behaviour, as well as to our knowledge of CSR among SMEs.

### ***Selection of the context for the research***

#### **The geographical context**

The geographical context for the primary research for this thesis is industrial south Wales, although it might be more accurately described as 'post-industrial' since the economy of the area was formerly reliant on extractive and heavy manufacturing industries such as coal and steel.

The reason for this choice is twofold. Firstly, this is a region that was recognised to be in need of sustainable regeneration when this research began, since significant areas are socially and economically deprived (Brooksbank and Pickernell, 1998). The social and economic status of the region is indicated by the fact that much of the area qualified for European Union 'Objective 1' funding, and could draw approximately £1.3 billion of matched funds from Europe as a result (Brooksbank, *et al*, 2000). The eligibility for these funds expired in 2006, and so during the period of eligibility for these funds, from 2001 to 2006 there has been a growing recognition of the need to establish sustainable businesses and societies. This leads to the second reason for the focus on south Wales, which is the political policy focus on sustainability evident since the establishment of the Welsh Assembly Government in 1998. In fact Section 121 of the 1998 Government of Wales Act ensures that the Welsh Assembly has a duty to promote sustainability (see for example Welsh Assembly Government, 2003). The Welsh Assembly define sustainability in the widely accepted terms of the Global Reporting Initiative (GRI) (see for example Hopkins, 2003; Crane and Matten, 2007), in other words the 'triple bottom line' of economic, social, and environmental sustainability. As a result of these factors, according to some commentators, the focus of economic policy appears to have moved away from a reliance on foreign direct investment since the Objective One period began, and more towards community led development (Pickernell and McGovern, 2002).

I argue therefore that this context should be fertile ground for the research of relationships between business and society, being a site of significant public investment in the economy and society, and in addition being the focus for policy promoting sustainability. What is *actually* meant by sustainability in this context is something that will be touched upon as we unfold the social construction of CSR in the course of this thesis. I am fully aware that sustainability as a construct is not a proxy of, nor the same thing as, CSR, but nevertheless this thesis shows that the two constructs are often closely located by respondents, as well as in the literature. Therefore the policy commitment by the Assembly does create a potentially fruitful context for research in this sphere.

## The organisational context

The organisations that have participated in the research have been predominantly small to medium sized enterprises (SMEs), with twenty three companies providing interview data, and a further nineteen participating in focus groups. In addition, CSR practitioners from four large publicly quoted companies were interviewed. The inclusion of large firms augmented the secondary data from the CSR literature, which is predominantly focused on larger firms, and offered some possibilities for comparison.

For the purposes of this thesis, I have adopted the United Kingdom government definition of SMEs as organisations with up to and including 249 employees (formerly defined by the Department of Trade and Industry). This has become the accepted definition for research into SMEs in studies based in the United Kingdom (Moore and Spence, 2006). In the CSR literature most studies have focused on either large companies or SMEs separately, with the vast majority of work being carried out on larger organisations alone according to a number of commentators (see for example Thompson and Smith, 1991; Spence, 1999; Moore and Spence, 2006; Jenkins, 2006). There has been some growth in SME based work in the last two or three years (see for example Spence *et al*, 2003; Brooks, 2004; Jenkins, 2004a, Jenkins 2004b and a range of papers published in a recent special edition of the *Journal of Business Ethics*, September, 2006) but the majority of the empirical and conceptual output so far has concentrated on larger firms. This study therefore has the opportunity to examine large firms together with SMEs, in contrast to the vast majority of the current literature, although the predominant focus here is on the SMEs.

The decision to focus on SMEs in my thesis was driven not only by the (currently) comparatively thin literature, but also by the geographical context for the research. Wales is more reliant on the small and medium sized business sector than the United Kingdom as a whole. When the work for this thesis commenced, the numbers employed and turnover contributed by SMEs were 67.1 per cent and 61.4 per cent respectively in Wales. This contrasted with the same figures for the United Kingdom as a whole, which were 55.5 per cent and 51.9 per cent (DTI, 2001). In both comparative and absolute terms therefore, SMEs constituted an active part of the Welsh economy.

A further consideration, relating to the broadly critical position I have taken in this thesis, is that the voice of the smaller business does not appear to be widely heard in the emerging discourse of CSR, at least if the academic literature is any indication. Therefore this thesis offers space for some critical consideration of issues of voice and power as they relate to SMEs and the emerging discourses of CSR.

Summarising the context as a whole, I would expect to see this as a fruitful area for a study of corporate social responsibility since there is the promotion of policy in the related area of sustainability, there is a move towards developing indigenous growth rather than looking for foreign direct investment, and there is an active small business sector contributing disproportionately to the national economy.

### *An overview of the structure of the thesis*

This section will briefly summarise the purpose of the chapters to follow, beginning with chapter two.

Chapter two explores the context for the development of the CSR discourse to date in much more detail than the introductory paragraphs here in chapter one. This is achieved by focusing on three main areas. Firstly, I will trace the historical development of CSR, examining the deeper genealogy of its underpinning philosophies and also setting out the development of the discourse specific to the actual phrase 'corporate social responsibility'. Secondly, CSR will be located among a range of related discourses and labels, in order to lay out the complex academic landscape in which CSR lies. The third section will then discuss the societal context in which CSR is constructed through an examination of media accounts, cultural products such as films, the proliferation of broadly anti-corporate populist literature and finally a brief consideration of the impact of the internet.

Chapter three focuses on economic rationality, and the way this construct is treated in the literature of the sociology of economic behaviour. Here I draw upon the contributions of Max Weber, Emile Durkheim and Karl Polanyi, as well as Alasdair MacIntyre and Ralph Fevre among others. This critical evaluation of economic rationality will also include a

critique of the notion of managerial efficacy, as well as introducing morality more fully into my thesis.

Chapter four explores those aspects of the CSR literature that have relevance for my thesis, and will pick up on some of the themes introduced in the section on the history of CSR begun in chapter two. These themes include the debate over the legitimacy of CSR, and how this has become refined into a search for a link between CSR and firm performance, whether financial or strategic. I will also evaluate the existing attempts to categorise CSR generally, as well as examining the literature that specifically addresses CSR among SMEs. This chapter will also argue that different approaches to ethical philosophy can be said to underpin some of the current disagreements in CSR.

Chapter five sets out and defends the methodology, research strategy and methods employed to collect and analyse the data. I will begin by re-stating the research question and clearly setting out an overview of the research design and methods employed. Then this methodology and method will be discussed and defended, proceeding from the general to the specific. This will mean an initial exploration of the epistemological positioning of the thesis, together with reflections on how my approach evolved. I will then examine the data collection by focus groups and interviews, followed by an explanation of the critical discourse analysis techniques used for data analysis. The chapter concludes with a discussion of validity and research ethics.

Chapter six is the first of the findings chapters and performs two main tasks. Firstly, the findings from the focus groups and larger firm interviews are presented and analysed, yielding interesting data in their own right. Secondly, this data acts to structure and contextualise the more substantive findings that follow from the larger number of in-depth interviews with SMEs. The focus groups allowed themes to emerge which then helped to inform the way I approached the interviews. Meanwhile the data from the larger firm interviews allowed me to add richness and some primary data to the existing context afforded by the CSR literature, which is itself dominated by studies in larger firms.

Chapter seven turns to the findings from the interviews with SMEs, and begins to explore the social construction of CSR by SMEs. I use the technique of critical discourse analysis to try to understand the interpretive repertoires used by the interview respondents in

discussion of CSR. The main focus of this chapter is therefore the detailed use of language by the interviewees and how they construct their understanding of CSR. The chapter first analyses sections of interview text and then summarises the key themes to emerge.

Continuing to focus on the SME interviews, chapter eight presents and analyses findings that indicate whether CSR seems to be driven by economic rationality. Again, the detailed examination of the respondent's language was key, although in keeping with the technique of critical discourse analysis, it was important to remain aware of the overall meaning of the interviewee's testimony. As with chapter seven, illustrative sections of interview text are analysed, with respondent testimony being combined with my interpretive analysis.

Chapter nine discusses the findings presented and analysed in the previous three chapters in relation to what the literature tells us about corporate social responsibility and economic rationality. This chapter is organised into five main sections which reflect on the findings as they relate to key themes from the literature discussed in chapters three and four.

Finally, chapter ten sets out the contribution to knowledge made by this thesis, including some brief contributions to practice and methodology. In addition I reflect on the boundaries of this work and in doing so, discuss some directions for future research that have been left unexplored.

### ***Summary***

The introduction to the thesis began with a brief overview of the definitional and discursive complexity of CSR through a consideration of a sample of definitions, and a rhetorical rehearsal of some of the questions implicit in this deeply contested field. The research question was specified, and the contextualisation of the thesis was begun, together with the provision of an overview of the thesis structure.

The more detailed work of setting the societal and theoretical context for the thesis now takes place in chapters two, three and four. I will first turn in chapter two to a critical

evaluation of where CSR sits in relation to associated academic discourses and wider societal debates.

## Chapter Two: The Academic and Societal Context of Corporate Social Responsibility.

### *Introduction*

This chapter is split into three main sections, designed to map out the academic and societal landscape in which the CSR discourse is constructed, as well as heralding themes to be explored more deeply in chapters to come. The first section offers an overview of the historical development of CSR, both as a comparatively recent label, and as a manifestation of thought and practices that have longer historical provenance in discussions on the relationship between organisations and society. The second section then shows how CSR is related to a range of current academic discourses, bringing linguistic and definitional ambiguity to the debate. I will conduct a brief overview of this landscape and clarify the approach to be taken to the specific CSR discourse in my thesis. Finally for this chapter the third section will explore the contemporary societal context for the development of CSR, examining some of the ways in which a broad public has become increasingly sensitised to aspects of the relationship between organisations and society.

### *Section One: The theoretical roots and historical development of CSR*

It is generally accepted in the academy that the exact phrase ‘corporate social responsibility’ was first used in 1953 by Howard Bowen in his book ‘Social Responsibilities of the Businessman’ (see for example Balabanis *et al*, 1998; Andriof and Waddock, 2002; Werther and Chandler, 2006). However, it is clear that the ideas and practices to which the label CSR is now applied have been evident in society for hundreds if not thousands of years. The genealogy of these ideas and practices can be traced back to ancient Greece according to Eberstadt (1973). It was expected that the better off in Greek society contributed to societal well being through charity for the less fortunate, a tradition also found in Roman civilization. This charity principle and its links to religious conceptions of charity and ‘good works’ for society is a thread that continued through later history in western Europe. However, the surfacing of these principles as an aspect of



British industrial society is perhaps most visible in the actions of philanthropists during the industrial revolution. At the time of increasing industrialization in the United Kingdom and elsewhere, conduct that we might now recognise or label as corporate philanthropy, or even CSR, was practiced by enlightened industrialists like Robert Owen, Joseph Rowntree, and Titus Salt (see for example Maclagan, 1998; Grint 1998b). It is of course debatable whether these early philanthropists factored a measure of self-interest into their efforts to introduce better housing, education, working conditions, and reduce drunkenness among their workers. Therefore the supposedly moral motivations for early corporate philanthropy leave room for debate. Indeed, it is difficult to deny that a sober, healthy, and well housed workforce has at least the *potential* to deliver greater productivity, whatever the empirical truth of the matter, and so the prospect remains for observers and commentators to at least partially cast this apparent philanthropy as an instrumental activity.

The question of whether the current practice of CSR is a self interested, instrumental pursuit, rather than an altruistic one, is of course a significant feature of today's debate, and a central question for this thesis. The literatures relating to this specific issue will be dealt with in more detail in chapters three and four. A further, if less obvious, question raised by a consideration of early corporate philanthropy is the extent to which it's practitioners identified themselves as individuals, or as officers of their businesses, irrespective of whether we see them as acting altruistically or instrumentally. This is closely connected to the issue of the location of moral decision making in an organisational context. Can organisations be moral entities? Are moral decisions taken by individuals or organisations? (See for examples of discussion on this issue, Hayek, 1967; Goodpaster and Matthews, 1982; Kaptein and Wempe, 2002.) This question is seductive, and will be touched on in the light of MacIntyre's idea of the manager as a recognisable 'character' in society (2007). However, this specific and particular debate over whether organisations can be moral entities will have to be set aside for the purposes of my thesis.

Returning to the idea of charity, this is proposed by, for example, Eberstadt (1973) to be a driver of early philanthropy. It is subsequently seen more recently in the 20<sup>th</sup> century, evident in the posture taken by, for example, Andrew Carnegie, the founder of U.S. Steel (Freeman and Liedtka, 1991). Carnegie proposed that the charity principle, together with

the stewardship principle (the notion that wealthy individuals and corporations are stewards of society's resources) was necessary for capitalism to work.

However, despite the undoubted importance of charity as a founding and underlying principle, the 20<sup>th</sup> century development of the story of CSR can actually be more readily traced through the emergence of the debate on the separation of ownership and control in firms. This separation was a natural result of the increasing complexity and size of corporations during industrialisation, to the extent that the owner of the enterprise could no longer be realistically expected to exercise control over its entirety. As a result the idea of a 'managerial' class emerged (Burnham, 1962) alongside the development of a rational conception of corporate management based heavily on Max Weber's work on bureaucracy (Clark and Clegg, 2000), not to mention the idea of 'economic man' derived from Adam Smith's *Wealth of Nations* (1776). From here the notion of the separation of ownership and control into an 'agency' relationship between shareholders as principals and managers as agents, gave rise to academic debate over the primacy of shareholder's claims on the corporation, most notably in the work of Berle and Means (1932). Without wishing to detract from the narrative of the development of CSR, it should perhaps be noted at this juncture that the exact role, indeed the legitimacy, of the emerging managerial cohort is not exactly uncontested territory. The details of this debate will not detain us here, since the fundamental question of managerial control, expertise and legitimacy, operationalized through the exercise of what Bauman (1993) refers to as "efficiency-rationality", will be addressed in later chapters. Indeed, the proposition that a managerial focus on, and claims to, a particular rationality can lead to the removal of morality, or the construction of an "ersatz morality" (Fevre, 2000) by corporations is an element of the theoretical frames by which this thesis aims to add to our understanding of CSR.

Returning to the development of the discourse of corporate social responsibility, we find that Berle and Means (1932) and Dodd (1932) are credited with being "...the first to explore the structural and strategic implications of the separation of ownership and control." (Clarke and Clegg, 2000). The crux of their position is summarised by Dodd:

"[M]anagers...are trustees for an institution with multiple constituents rather than attorneys for the stockholders." (Dodd, 1932)

Later, Chester Barnard similarly argued in *The Functions of the Executive* (1938) that a manager's responsibilities extended beyond purely maximising returns to shareholders. At this stage of its development it is entirely reasonable to argue that CSR shared ancestry with the emergence of stakeholder theory and the 'stakeholder versus stockholder' (or 'shareholder') debate. For a number of commentators the discourses of CSR and stakeholder theory remain "...deeply intertwined..." (see Andriof and Waddock, 2002, p.4), even following the emergence of CSR and stakeholder theory as distinct labels. While my focus here is on the development of CSR, I am tempted to agree with Andriof and Waddock, that it can sometimes be difficult to discern significant differences between CSR and stakeholder theory as the discourses developed through the 20<sup>th</sup> century and into the 21<sup>st</sup>, despite the disparate labels. This is in no small measure due to the fact that, as we have seen, these discourses share theoretical background in the debate over ownership and control, from which springs the fundamental question of 'to whom does the corporation owe responsibilities?'. This question is central to both CSR and stakeholder theory.

Crucially, in attending to this question, both discourses have attracted proponents of CSR and stakeholder theory as instrumental or strategic devices, and those for whom the application of CSR and stakeholder theory should have a strong moral or altruistic imperative. This split should perhaps not be crudely reduced to the status of a simple 'dualism' and the debate is more accurately represented as a spectrum of views. However, the fundamentally different theoretical and ethical approaches that I will later argue can be thought to lie beneath the two ends of this spectrum makes the search for a unified theory of CSR or stakeholders problematic (see for example Trevino and Weaver, 1999; Jones *et al*, 2002). Having heralded the importance of this debate, which will be revisited throughout this thesis, we now return for the time being to the historical development of CSR.

In the two decades or so following the publication of Bowen's work in 1953, the emerging academic debate on CSR progressed initially by means of a dialogue between those who broadly supported some form of societal engagement for organisations and those for whom it was not a legitimate organisational practice. Bowen wrote of business leaders and managers that "...management merely in the interests of stockholders is not

the sole end of their duties.” (1953, p.44) and this precipitated responses from, among others, Levitt (1958), Frederick (1960), and Carr (1968). The contribution from Carr has acquired a certain notoriety, as one might expect from an article entitled “Is Business Bluffing Ethical?”, since he sets out some arguments for the idea that business should be allowed to operate under a different morality from society at large. However, for many, a key contribution was that of Milton Friedman with his article “The Social Responsibility of Business is to Increase Its Profits” published in the New York Times Magazine in 1970. This statement has earned Friedman ‘bête noire’ status among supporters of CSR, a position not entirely deserved, since detailed reading of his work shows that he was aware of the ethical responsibilities of business in some respects. However, much of the debate that followed has essentially consisted of answers to Friedman’s position, written in support or in opposition, or indeed attempting some synthesis of views.

I would be doing considerable violence to the subsequent discursive progress of CSR if I implied that these answers were all concerned solely with the question of legitimacy. Indeed, what had until around 1970 been an apparently polarised debate over the legitimacy of CSR acquired increasing nuance and sophistication through the early 1970s and beyond. This was due, in some measure, to the launch of a new journal, *Business and Society Review*, in 1972, and the early work of its editor Moskowitz (see for example Moskowitz, 1972 and 1975). These subsequent sophistications included work on the relationship between CSR and firm performance, the measurement of CSR, the extent of CSR disclosure by firms, definitional and theoretical exploration, and continuing work on the very legitimacy of CSR. This last theme has metamorphosed over time into a debate over what type of activity or theory CSR might be, rather than continuing to debate its ‘right to exist’ as it were. The fact is that CSR is now a label adopted by many to describe societal engagement practiced by firms, and it is deliberated upon by academics at conferences and pontificated upon in lecture halls. In other words CSR has acquired for some an essential character, being reified in ways described above. Given this reification, the contested territory has now become largely marked by whether CSR is (or should be) an altruistic pursuit, or whether it is (or should be) an instrumental, strategic pursuit for organisations, informed by economic rationality.

It is with this brief summary of ongoing areas of debate in the CSR discourse that we will leave its historical development for the time being. In chapter four I will evaluate these

contemporary issues and areas of contention in the CSR literature in much more detail, concentrating on those elements that have particular relevance for my thesis. For now though this chapter will continue with its second section, in which I locate CSR among a range of related fields and debates.

### ***Section Two: Locating CSR among complementary and competing academic discourses***

As I have argued elsewhere (see Brooks, 2004; 2005), and touched upon in chapter one, the breadth of disciplinary interest in CSR renders the search for a core, coherent discourse problematic. Matten and Moon also reflect on this difficulty, viewing CSR as “...an essentially contested concept because it is ‘appraisive’ (or is considered as valued);...(and that)...CSR overlaps with some, and is synonymous with other, conceptions of business-society relations.” (2004b, p.3).

It was pointed out in chapter one that there is no agreed definition of CSR, and it is axiomatic that a thesis partially focused on the social construction of CSR should actively resist being trammelled by one definition or another. The situation is usefully summarised by McWilliams, Siegel and Wright (2006) who point out that:

“Numerous definitions of CSR have been proposed and often no clear definition is given, making theoretical development and measurement difficult” (2006, p.1).

I would like to argue in this section that a contributing factor to the definitional ambiguity surrounding CSR is the variety of academic discourses that could be said to be occupying similar territory to the CSR debate. Whether these discourses are somehow complementary to CSR, or in a sense competing with CSR for attention, is of less relevance here than the reasonable observation that the more crowded the field is, the more complex the search for specific definition and meaning. These academic debates are of course joined by voices and interests from outside the academy, and section three of this chapter will take a closer look at the wider societal context in which those voices are heard.

For now though I will turn to the variety of academic fields and labels that in some sense overlap with CSR, either through shared border territory or common theoretical antecedents.

### Related discourses

There are a number of related discourses that share theoretical heritage with CSR, and that have acquired a degree of traction in practice and in the academy. The sample I will discuss here include corporate governance, stakeholder management, and business ethics. It is not intended to attempt to explore each of these in detail, but it is perhaps useful to briefly consider where these discourses share ground with CSR in terms of theoretical ancestry, and current commonality.

Firstly, we will consider corporate governance. This is in itself a large and contested field, concerned essentially with the rules and regulations that govern corporations (see Tricker, 1994, for a fuller discussion of definitions). The dominant contributing disciplines in this field are audit and accountancy, although there are significant contributions from the business law literature. The governance field also attracts critical comment on the regulatory frames of the relationship between organisations and society (Mathews 1993; Crowther 2004). Indeed, as will be seen in section three of this chapter below, breakdowns in governance have led to corporate collapses such as that of Enron and Arthur Andersen, (see for example Vinten, 2002; Zandstra, 2002) and in doing so, made a significant contribution to a general sensitising of society towards corporate wrong-doing.

Corporate governance is closely related to CSR in a number of ways. In the first place, governance could be said to provide the formal regulatory and legal framework that delineates the relationship between organisations and society. In fact, elements of the CSR literature, notably the work of Carroll (see for example Carroll, 1979; 1991), make specific reference to the legal responsibilities of organisations as part of a multi-level model of organisational responsibility. Through work such as this, the student or interested practitioner of CSR would be logically drawn to a consideration of corporate governance issues to the extent that they inform the *legal* responsibilities of the organisation. In the second place, the field of corporate governance has seen increasing

attention being paid to social and environmental audit, prompted by initiatives like the Global Reporting Initiative (GRI). As an indicator of this increased attention, Lyon points to the fact that the number of corporate social and environmental reports produced in the United Kingdom increased from seven in 1991 to 583 in 2001 (Lyon, 2004). This focus on social and environmental audit has resonance in the field of CSR in two ways. First, there is emerging evidence that for many practitioners, and for some academics such as Carlilse and Faulkener (2004), CSR seems to be at least partially synonymous with environmental issues (see for example Spence and Rutherford, 2001; Brooks, 2004). Second, attempts to measure CSR have often started with proxy measures of social responsibility like environmental or social disclosure (Balabanis *et al* 1998) and these are the natural domains of audit, a field arguably locatable as a subset of corporate governance.

Secondly, stakeholder theory is also a very close relation of CSR. Not only is there common theoretical ancestry found in the debate over the separation of corporate ownership and control, as discussed in the previous section, but the two discourses share many features in terms of the main practical and conceptual debates exercising commentators today (see for example Andrioff and Waddock, 2002; Jones *et al*, 2002). This relationship has been explored in more depth in the section on the historical development of CSR. However, it is worth emphasising again the similarity with CSR in terms of the debate over whether stakeholder theory should be based on duty to stakeholders or an instrumental tool of management (see Jones *et al*, 2002, for an exploration of these arguments). It is unsurprising that the potential for shared and contested meaning exists.

Finally, the third discourse introduced here as a close bedfellow of CSR, or, I would argue, a 'meta-field' within which CSR could be located, is that of business ethics. The field of business ethics, and the part played by its underlying theories will receive additional attention in chapter four. The subject of ethics (rather than business ethics specifically) provides theoretical foundations for CSR, stakeholder theory, and of course business ethics itself. As has been touched on in chapter one, the field is not without its own internal discussions, one of which being the part business ethics might play in problematizing managerialism from a more critical position than the perspectives that apparently dominate the field currently.

## Related labels

As well as those discourses that have acquired some degree of acceptance as fields of study and practice, there are also those terms or labels that do not seem yet to have acquired the currency of CSR (at least at the time of writing) despite in some cases perhaps enjoying greater longevity. This category embraces those expressions that are sometimes used more or less synonymously with CSR, and include terms such as corporate philanthropy, corporate citizenship, corporate social responsiveness, and corporate stewardship, among others. For a detailed glossary of these and other similar terms see Werther and Chandler, who use an extensive list of such labels to support their assertion that “Consistent definitions, labels and vocabulary have yet to be solidly established in the field of CSR” (2006, p.6).

Despite my own assertions here about the less prevalent status of these labels, two notes of caution should be sounded. Firstly, not all would agree with my contention that these terms are indeed merely labels, and I do have some sympathy with that view, as the process of reification of such labels can quickly lend them increased legitimacy, and the discursive landscape is forever changing. I simply mean to suggest that many of these terms are often used synonymously with CSR by some observers, and therefore for a commentator taking stock from *within* the CSR discourse, they are apt to acquire the status of label. It is therefore probably a matter of perspective, and I need to remain aware that my perspective is from within the CSR field and consequently must remain sensitive to the preconceptions and prejudices that might come with my intellectual location. Secondly, in reinforcement of my first point, it should be acknowledged that not all commentators would agree that some of the terms highlighted in the previous paragraph are synonymous with CSR. For example, Crane and Matten (2004) claim that the notion of ‘corporate citizenship’ offers a usefully different starting point for a mature and pragmatic analysis of the place of business in society. Corporate citizenship, they say, can avoid the possibly elitist connotations of ‘business ethics’ (van Luijk, 2001) and circumvent the potentially admonishing tone inherent in ‘corporate social responsibility’ while moving business and society towards a mutual understanding of rights and responsibilities (Waddell, 2000).



It remains to be seen which of these terms achieves prominence in the academy and among practitioners, but for this thesis it is important simply to note that there are some competing terms, and contested territory, and to emphasise that my own work is concerned specifically with the construct 'corporate social responsibility'.

Having begun to locate CSR among a variety of complementary and competing discourses and labels, I would now like to discuss the wider societal context for the development of the CSR discourse.

### ***Section Three: The Societal Context***

Plainly there are a potentially bewildering array of factors that can contribute to the societal construction of a concept like CSR, and I have already rehearsed some of the definitional problems that are perhaps symptomatic of this breadth. Additionally, there are a variety of voices in the debate emanating from, or representing, a number of actors who may in some cases have a clear interest in the outcomes of deliberations over the theory and practice of CSR.

Therefore, in order to bring some structure to a necessarily broad discussion, I will organise this section as follows: Firstly, I will refer to the increasing attention given to CSR by the print news media in the United Kingdom, using this observation as a starting point from which to broaden my analysis into an examination of some key corporate misdemeanours. Secondly, drawing partially on Parker (2002), I will use a consideration of aspects of the cultural industries to reflect upon the ways in which firms and organisations are represented in a wider social and cultural context. Thirdly, I will discuss the growing number of broadly populist texts and films deliberately problematizing the business-society relationship as an indicator of a growing interest outside the academy. Finally I will briefly reflect on the part that the internet plays in setting the societal mood for the ongoing development of the CSR discourse.

While it is the intention here to focus on the current context, or at least the context informed by events of the last decade or so, I need to acknowledge that public suspicion of corporations is not exactly a new phenomenon. As Bakan (2004, p.6) has chronicled in

the opening chapter of *The Corporation*, public scandals such as the ‘South Sea Bubble’ led to widespread cynicism about corporations, ultimately resulting in the ‘Bubble Act’ passed by the British Parliament in 1720. Even Adam Smith, in *The Wealth of Nations* (1776/1994), cautioned against the inevitability of “negligence and profusion” if businesses were allowed to become corporations. There is a certain irony here since Adam Smith is routinely lionised as producing (in *The Wealth of Nations*) the font from which today’s free market economics has sprung, and which its proponents publicly and frequently re-visit to reinforce their positions (see for example Friedman, 1970). Later, we find continued public suspicion of corporations evident in quotes such as the following from Henry Ward Beecher, in *Proverbs from Plymouth Pulpit*, 1887 (in Vinten, 2002, p.4):

“We have much to fear from great corporated, moneyed institutions. We are today more in danger from organised money than we ever were from slavery.”

Similarly, D.H. Lawrence, in essays such as *Nottingham and the Mining Countryside* and novels such as *The Rainbow*, expresses concern about the effects of industrialisation on communities and individuals (see for example Pollard, 2000; Moore, G., 2003).

As Vinten puts it, the topic of business lacking conscience “...is constant over time and could easily be afforded book-length treatment.” (2002, p.4). However, having flirted with some testimony on the historically ambivalent relationship between business and society, the remainder of this section will concentrate on the contemporary societal context that surrounds the ongoing construction of, CSR.

### Media focus on corporate social responsibility

As a proxy indication of the current societal interest in the behaviour of the business world, we might begin by considering the media attention given to such issues. The number of newspaper articles published in the United Kingdom that contain the phrase ‘corporate social responsibility’ has increased almost exponentially since the first apparent instance in 1994 (Brooks and Lewis, 2003). There seem to be two dominant themes that have received attention in the print media in this time. Firstly, there has been a focus on what might broadly be termed environmental issues, including global concerns

such as climate change, as well as more local environmental topics. Secondly, the media has focused on specific incidents of corporate behaviour (in some cases *including* an environmental component themselves, although the main focus of the attention has been on the corporate action). Given that the apparent intertwining of the discourses of CSR and environmental issues, and the implications for the social construction of CSR, will be discussed in more detail in chapters four, seven and nine below, it is the examples of alleged corporate misbehaviour that I want to concentrate on in the following paragraphs.

A large number of those articles that employ the term ‘corporate social responsibility’ are about some aspect of actual or suspected corporate wrong-doing. Within this broad categorisation it is possible to discern possibly three sub-groupings that receive media attention.

In the first place, there are a significant number of stories based on financial wrong-doing. Among these, examples include the demise of banks such as Barings in 1995 (notable for the role of one individual, Nick Leeson) and retrospective evaluations of the collapse of the Bank of Credit and Commerce International in 1992. There has also been some re-examination of the theft of employee’s pension funds by Robert Maxwell, as well as the alleged miss-selling of various financial products such as endowments or personal pensions by various financial institutions. More recently we have seen extensive treatment of the high profile collapse of Enron and the related downfall of their auditors, Arthur Andersen, in 2001 and 2002 respectively. It is the later incidents such as the fall of Enron that are most readily described in terms of CSR. The main reason for this could be that CSR had possibly become a more prevalent term by 2001, even to the extent that the American President *in situ*, George W. Bush, condemned the actions of Enron from behind a podium labelled ‘Corporate Responsibility’. As argued above, an increase in general usage of the term ‘corporate social responsibility’ over time seems to be indicated by the sheer number of media articles containing the term in the British press.

Secondly, there is reporting concerned with protests against, or boycotts of, organisations. This reporting is often based on perceived or actual misdeeds in respect of developing countries, and as such these are stories that might be said to be located in the popular discourse on (anti)globalization. Here we find reports on, for example, the activities of Shell in Nigeria in 1995, where they clashed with the Ogoni tribe and subsequently

allegedly declined to use their influence to persuade the government of Nigeria not to execute Ken Saro Wiwa and other anti-Shell protestors. Other examples include articles on the ongoing campaigns against Nestlé for alleged violations of codes on the promotion of artificial baby milk to which they had been signatories. This particular campaign has been waged by a range of pressure groups with varying levels of vehemence since 1973 (see for a typical account Crane and Matten, 2004), sparking into life from time to time like a bush fire that smoulders underground. It is noticeable though that the newspaper articles from the mid-1990s begin to re-cast the activities of Nestlé in terms of CSR, using this 'new' language to re-address existing issues. Further examples of articles on specific companies highlight ethical issues in the global supply chains of well known brands such as Nike, Reebok, The Gap and others, employing the emotive language of 'sweatshops' and invoking images of child labour and coercive workplace practices.

Thirdly there are those *company-specific* stories that have a strong environmental component (as opposed to more broadly based stories on environmental issues). Again we see Shell figuring significantly through the 'Brent Spar' incident, unhappily for them occurring in 1995, the same year as their tribulations in Nigeria. Shell had been planning to dispose of their 'Brent Spar' oil platform in the north Atlantic until Greenpeace advertised these intentions to the world media through the direct action of occupying the platform. A boycott of Shell's retail outlets in parts of Europe was apparently instrumental in changing their policy. In this company-specific environmental category there are also a cluster of stories around organisations such as Monsanto and their alleged activities in the genetic modification of crops and related foodstuffs. While some articles pursued these topics into the realms of health and the ethics of attempts to dominate the food chain, the majority concentrated on the vaguer but perhaps more accessible arguments about environmental contamination by genetically modified organisms.

The main aim of the preceding paragraphs was to illustrate the role that the print media plays in the CSR discourse, although it might also be pertinent to briefly consider the general themes emerging from the *content* of these stories that find resonance in this thesis. One significant aspect is the way that blame has been apportioned and the events managed, as this relates to the debate over the locus of ethical decisions within organisations. In some cases the blame has been laid at the feet of 'bad apples' in the organisation. This tends to be a feature of scandals in the United States of America

(USA) and is in line with the dominant approach to ethical wrong-doing in American organisations. The management of business ethics in the USA is often accomplished through codes of ethics which staff are obliged to sign (Weaver *et al* 1999a). The idea behind this approach to the management of ethics is that the organisation can point to its code of ethics as evidence of having appropriate systems in place to "...pacify critics while maintaining business as usual." (Crane and Matten 2004, p.151). The corollary of this management method is that it is frequently individuals that take the blame for ethical infractions, often absolving the organisation from accusations of systemic ethical problems in the process.

In some cases the systemic failures have been more overtly acknowledged. For example, some of the reportage following the Enron collapse was notable for examining systemic and situational factors in the case, going so far as to critique corporate governance in the USA. This of course may have had something to do with the fact that in this case it was the shareholders that were directly affected by the management misdemeanours rather than other stakeholders whose voices are perhaps less audible to those who fashion the laws of corporate governance.

Wherever the blame is assigned, my main contention is that public consciousness towards corporate behaviour has been raised by such media activity, despite some evidence that the freedom of the media to report on corporate wrong-doing has restrictions. Some, such as Herman and Chomsky (1988), have claimed that the freedom of the media is actually compromised by such factors as its ownership, its dependence on advertising revenue, and the automatic legitimacy often lent to news from the fields of government and trade. They do not in fact propose the existence of a conspiracy behind this but suggest that these 'filters' on news about businesses are simply the result of market forces operating in the media industry. On the other hand, Martin Parker, writing some fourteen years later, is not inclined to think the public are necessarily duped by media spin: "Nowadays...viewers are no longer inclined to be innocent about corporate matters." (Parker, 2002 p.135). Although in this instance he was referring to visual media, rather than print media, the principle remains the same.

This leads us to the second overall area in which public sensitivity to, and awareness of, the relationship between business and society can be said to be contextualised, namely the production of publicly accessible cultural artefacts such as films and novels.

### Corporate social responsibility and cultural products

In his 2002 book, *Against Management*, Parker devotes a chapter to tracing the development of anti-managerial and anti-corporate narratives in films, whether these sentiments are a key part of the fore-ground plot, as in for example *Wall Street* (1987), *The Firm* (1993), *The Rainmaker* (1997), *The Insider* (1999) and *Erin Brockovich* (2000), or form a broadly anti-organisation sub-textual backdrop for the story, as in, for example, *Disclosure* (1984), *Rising Sun* (1993) and *The Fugitive*, (1993). The examples I have offered here are all comparatively recent, and include some of my own as well as some drawn from Parker (2002). However, in an echo of my earlier observations, public suspicion of corporations evidenced in films and other cultural products is nothing new, and Parker (ibid) argues that while the last twenty years or so has seen a resurgence of these themes, earlier periods of anti-organisational representations occurred in coincidence with the depression of the 1920s. There is also a heritage of dystopian societies ruled by shadowy figures in novels and films, among the best known being *Brave New World* by Aldous Huxley (1932). While I am concerned here with more contemporary cultural influences in the construction of CSR, aspects of the narratives in such earlier novels can be discerned in many of the more recently produced films referred to in this section.

There seem to be two main themes that have resonance for the construction of the place of business in society today. The first is the story of the individual or band of rebels struggling against the seemingly omnipotent machine bureaucracy, as in *Brazil* (1985) or *Total Recall* (1990) for example. The second is the narrative of the machine-person (variously described as cyborgs or robots) undergoing identity change, either in our eyes as the audience, or in terms of self-perception, as in for example *Blade Runner* (1982), *Aliens*, (1986) and *I Robot* (2004). Nuanced variations on this theme sometimes see older more patrician businessmen gaining ascendancy over those motivated purely by avarice, as in for example *Pretty Woman* (1990) or even children's films such as *Robots* (2005). The common subject matter here is the overt or implied corporate influences that order the

context of the story. Building metaphor from these examples it is possible to draw parallels with notions of marginalised stakeholders fighting battles with the unfeeling corporate, and with individuals struggling to find human meaning in an overly economically rational and bureaucratised society.

The examples highlighted above then provide some evidence that the mainstream audience is now routinely exposed to the notion that corporations are not always neutral backdrops for the story, but sometimes *are* the story, and even fulfil the role of the 'bad guys'. Going further, given that these products continue to be consumed, I might go as far as suggesting that audiences accept these ideas quite readily. This then adds to the societal mood of, at best, ambivalence towards corporations and their behaviour.

#### Non-fiction anti-corporate books and visual media.

Having addressed some of the products that might inform the cultural atmosphere in which CSR is constructed, I now turn to the more contemporary generation of non-fiction books and films that deliberately attend to, and seek to expose as problematic, the relationship between society and business.

In a world that perhaps reflects Parker's estimation of diminishing public innocence (2002, p.135) we now see a plethora of published books, together with some films and documentaries, that could impact on societal perceptions of the social responsibilities of business. There are a wide assortment of books available, displaying varying levels of detail, methodological rigour and bias. Work by, for example, Klein (2000), Monbiot (2000), Hertz (2001), and Bakan (2004) focus mainly on the misuse of corporate power in a globalizing world, and are generally well researched and detailed. An emerging literature is beginning to focus specifically on trans-national bodies such as the World Bank, the World Trade Organisation and the International Monetary Fund (for an authoritative example see Stiglitz, 2002, and more recently Klein, 2007). Some are more polemical, with clear political agendas, exemplified perhaps by the expanding oeuvre of Michael Moore (see for example Moore, 2001; Moore, 2003). Others focus on particular areas such as marketing, or on ethical supply chains, and others still on single issues, such as quarrying in Scotland (McIntosh, 2001) or the conduct of single organisations including MacDonaldis (Ritzer, 1996) and Enron (Bryce, 2004; Fox, 2004).

The books and visual media referenced here are only a small sample of the choice available, and their popularity is undeniable. Indeed the recent explosion of media and societal interest in environmental issues, including films such as *An Inconvenient Truth* (2006) presented by Al Gore, mean that I can not possibly discuss all of the contemporary books, films and documentaries, and in fact not all specifically address the role of business in any case. It remains to be seen whether such a proliferation continues, but for the purposes of this thesis, it is sufficient to note their contribution so far to the societal construction of CSR.

#### The internet and corporate social responsibility.

Finally for this section I turn to a brief reflection on the internet and its part in forming the public mood. This is a subject that could clearly be afforded extensive and detailed treatment in its own right but here I will be succinct in outlining the main impacts of the internet.

Not only has the internet allowed capital to be "...liberated from national and territorial constraints." (Held and McGrew, 2002) but information and knowledge can now be exchanged in a more or less instantaneous manner. As a result we have seen the internet impact upon cultural, economic and technological aspects of globalization. In a closely related sense, the internet has of course acted as a repository and 'clearing house' for information on corporate behaviour. There is a huge array of anti-corporate sites on the world wide web, ranging from those of a general nature, through those linked to specific movements such as environmental or supply-chain issues, to those dedicated to monitoring specific companies.

As well as acting as a repository for information, the potential for the speedy dissemination of information, or indeed, misinformation, is vast. The deft use of the internet through technology including laptop computers and mobile telecommunications (ironically perhaps seen by many as the natural tools of big business) by Greenpeace in the Brent Spar story is well documented (See for example Zyglidopoulos, 2002). As was noted earlier, boycotts and protests were quickly mobilised through technology and media management, resulting in a climb-down by Shell. Staying with the case of Shell, large



organisations are of course not blind to the power of the internet. For example, Shell has a website called 'Tell Shell' that actively encourages users to post messages, including less favourable comment, that they will then try to address. In addition, most large organisations prominently display their 'environmental report' or 'CSR report' on their websites.

Summarising section three, the overall picture is one of increasing public interest in, and awareness of, the activities of businesses and their effects on society. However, faced with such a profusion of messages about the actual or perceived wrong-doing of corporations and their allies, should we be surprised that the potential for confusion exists? There are any number of competing voices in the public discourse, emanating from a wide variety of actors, not all of whom are entirely disinterested in the perception that the public might have of the relationship between business and society.

### *Chapter Summary*

This chapter has set out to introduce the construct of CSR by tracing its development from its origins in charitable and philanthropic behaviour and then locating it among related academic discourses and wider public interest in the relationship between business and society.

Firstly, the historical development of CSR as a relatively recent construct was traced, with some discussion of the more deeply rooted ideas underpinning our current understanding of the phenomenon. There was an introduction to some of the contested areas of the discourse. A number of these contested themes herald deeper explorations to come below, which will provide significant aspects of the theoretical framework that helps to structure and inform the findings of this thesis.

Secondly I showed how CSR occupies similar discursive space to other closely related fields, using corporate governance and stakeholder theory as two specific examples. I also began to argue that CSR could be said to be informed by business ethics as an overarching field; arguments I will develop in chapter four. As a part of this section I

characterised some other constructs as labels that tend to be used more or less synonymously with CSR by those not intimately involved with the definitional issues in the field. This is a contestable position but was merely taken to illustrate the developmental nature of the discourse of CSR.

Thirdly, this chapter was used to introduce the reader to the wider societal factors that frame the apparent increase in public interest in the relationship between business and society. This awareness appears to manifest itself in a focus on such phenomena as globalization, fair trade, environmental degradation and corporate wrong-doing, and is evident in the increasing attention given to these issues through a wide variety of media. Finally, I very briefly explored some of the ways in which the internet impacts on societal attitudes towards its relationship with business.

Whereas this chapter has explored the broader historical and societal context for the construction of CSR, the next two chapters are about the development of ideas in the academy that can help me make sense of my findings. In chapter three therefore I will begin with an exploration of economic rationality and the sociology of economic behaviour.

## Chapter Three: Economic rationality and the sociology of economic behaviour.

### *Introduction*

The previous chapter discussed the context for the definitional and discursive ambiguity that characterises the construction of corporate social responsibility (CSR). To a large degree therefore, that chapter was setting some foundations for a consideration of a key aim of my thesis, which is to understand the meaning attached to CSR, particularly by the SME respondents. This is an underlying aim that will inform my main question of whether SMEs construct CSR as economically rational. In addition, my work in chapter two also set out the broad academic and societal landscape in which CSR is constructed, and in doing so helped to set aside the intellectual fields to which my thesis is *not* seeking to make a contribution.

This chapter will now begin the discussion of the ideas of others, beginning to provide theoretical frames and an intellectual genealogy to help me make sense of my own findings. I will be drawing on aspects of the work of Max Weber, Emile Durkheim, Karl Polanyi and Alasdair MacIntyre, as well as more recent contributions from Ralph Fevre and others. This is a necessarily detailed chapter, introducing a number of important themes, and therefore I will begin with an overview of what is to follow.

First I will introduce economic rationality through a discussion of the contribution of Max Weber and, to a lesser extent, Emile Durkheim in section one. If I am to explore whether CSR is constructed as economically rational then we need to understand what economic rationality is, where it came from, and why we should be interested in it for my thesis. In discussing Max Weber's ambivalence toward economic rationality I will also introduce the idea of work as a 'calling', and the notion of people needing to somehow change their lives to accommodate economic rationality.

The importance of historical and social context is introduced through the work of Karl Polanyi and Alasdair MacIntyre in section two. From Polanyi I discuss his detailed

critique of rational economic man, and his contention that economic activity is embedded in social relations. Then MacIntyre's seminal *After Virtue* is used as a source of a number of key theoretical resources for my thesis, including for example his observation that moral debates in modern society often seem to be based on incommensurable premises. In addition, my discussion of MacIntyre leads to the observation, from his analysis of Franklin, that sometimes the simulation of virtue can be instrumentally deployed.

In section three I return to economic rationality through an evaluation based around the contemporary work of Fevre and his critique of the colonising tendencies of rational economic thought. At this point I also overtly introduce a critique of the claims to efficacy made for management, again drawing on Fevre, with others such as Martin Parker. To reinforce and expand upon these arguments in section four I use an example from the field of business, namely strategic management, to support the contention that claims of management efficacy are indeed flawed.

The final section of the chapter draws a number of key themes together in a concluding discussion, bringing questions of morality and ethical theory more to the foreground of my arguments, and in doing so providing a bridge to my discussion of CSR in chapter four.

Having set out how this chapter is organised, I now turn to my discussion of the important contribution of Max Weber.

### ***Section One: Max Weber, Emile Durkheim and Economic Rationality.***

In this section I intend to trace the development of the particular type of rationality labelled 'economic rationality'. This could be described as the kind of 'practical rationality' (Weber, 1930/2007; Kalberg, 2005) that is depicted by Fevre as "...the sub-category of rationality which says life is all about economics..." (2003, p.5). Fevre (2000) also contends that economic rationality is frequently applied in the wrong places and that its spread has "...made no space for morality..." (2003, p.5). I will return to a consideration of these claims in more detail below, but for now I want to begin this

section by showing how economic rationality, thus defined, has emerged from the work of Max Weber.

Weber's main contribution for the purposes of my thesis is his work on rational actions, and specifically the idea of the 'practical' rational as opposed to the 'value' rational. Practical rationality is perceived by Weber as being "...dominant in daily life in the industrial epoch..." (Kalberg, 2005, p.27) and is seen as representing the most effective means of getting to a desired end. When applied to economic behaviour, Weber relates it to the attainment of production as the primary goal of the economic system.

This notion of economic rationality is frequently linked specifically to western or occidental capitalism by Weber (Parker, 2002; Kalberg, 2005), and is claimed to have been accelerated by its development. Weber recognized what he saw as the "...fundamental importance of the economic factor..." (Weber, 1930/2007, p.XXXIX) in explaining and shaping the characteristics of modern occidental rationalism. Furthermore he makes the link to how people might need to shape the way they live to take account of or accommodate economic rationality:

"For though the development of economic rationalism is partly dependent on rational technique and law, it is at the same time determined by the ability and *disposition of men* to adopt certain types of practical rational conduct." (Weber, 1930/2007 p.XXXIX, my italics for emphasis).

He went further and suggested that traditionally:

"A man does not, 'by nature', wish to earn more and more money, but simply to live as he is accustomed to live, and earn as much as is necessary for that purpose" (ibid. p.24)

Nonetheless, Weber also argued through his reflections on the writings of Benjamin Franklin that people did, in fact, come to think of their professional activities as being a calling or even a duty, but says that this is a "...peculiar idea, so familiar to us today, but in reality so little a matter of course..." (ibid. p.19).

MacIntyre (1985), however, argues that Weber accorded too much prominence to the means-end search for efficiency through practical rationality, especially in his work on bureaucracy. MacIntyre used this critique of Weber as part of his critical evaluation of the efficacy of managers and managerialism, an argument I will develop through the work of Fevre (2000; 2003) below.

Leaving MacIntyre's critique to one side for now, the notion of practical, economic rationality, operationalized through bureaucratic organisational forms, was indeed seen as somewhat inevitable by Weber, according to Parker (2002). Weber does seem to be ambivalent about bureaucracy though. While he clearly sets out what he sees as the technical merits of bureaucracy (see for example Weber, 1978 and for commentary on this see Parker, 2002; Kalberg, 2005), he is also concerned about the de-humanizing effects it may bring. In an extract I would argue is pertinent for my thesis, he says of bureaucracy:

“Bureaucracy develops the more perfectly, the more it is ‘dehumanized’, the more completely it succeeds in eliminating from official business love, hatred, and all purely personal, irrational, and emotional elements which escape calculation. This is appraised as its special virtue by capitalism” (Weber, 1978, p.973)

While I do not wish to dwell on bureaucracy *per se*, it merits this brief treatment here as the form that embodies the idea of means-end rationality as far as administrative and economic activity is concerned. As we will begin to see in chapter four, CSR could be thought of as a business related activity that ‘escapes calculation’. Despite this, I will show how attempts to measure CSR and somehow relate it to firm performance inform a significant thread of the ongoing discourse.

The extract above also allows me to point out that while Weber may have been too silent for MacIntyre's liking on the contestable nature of bureaucratic or managerial efficacy, he does at least appear to mourn the exclusion of the emotional and irrational. This, coupled with the role for values claimed in the development of modern capitalism (see Kalberg, 2005, p.25-25), would lead me to agree with Parker that Weber's writings show a “...deep ambivalence about modernity, and bureaucracy in particular.” (Parker, 2002, p.22). If we assume for the moment that market managerialism could be seen as a feature of such

'modernity' and so by implication subject to the same ambivalence, then I do not think we should be too hard on Weber for not extending his already extensive contribution to sociology into a more overt critique of managerial efficacy.

Before moving on from Weber to discuss Durkheim, Karl Polanyi and Aladair MacIntyre, I would like to note that contained within his writings on political leadership are the "...fundamentally differing and opposed maxims..." of the 'ethics of conviction' and the 'ethics of responsibility' (Weber, 1946, p.120). This dichotomous categorisation would appear to offer an attractive avenue for exploration in relation to my thesis, but in fact Weber uses these constructs in discussion of religious and political thinking rather than relating them to economic actions. He does not develop them explicitly through the notion of bureaucracy to means-ends rationality, which, for me, constitutes something of a frustrating cul-de-sac. For this reason this is not a strand of Weber's work that I intend to pursue here, despite his explicit use of the term 'responsibility'. In passing, I should also acknowledge the methodological debt this thesis owes to Weber, since his methodological approach was marked by a concern to understand the "...context and the cultural significance..." of reality (Weber, 1949b, p.72). This focus on an 'interpretive understanding' of social action therefore placed him in opposition to the deductive, positivist school of thought based in natural sciences (Kalberg, 2005). In this sense Weber's view could be said to be antecedent to the methodological position I have adopted here and which is discussed in chapter five.

To turn to Durkheim, his contribution draws our attention more overtly to the moral aspects of economic activity in society. This is important, since I will argue in chapter four that morality and ethics form the (often hidden) foundations of some of the most fundamental debates over the legitimacy, construction and practice of CSR.

Emile Durkheim engaged in a critique of individualism, and later, utilitarianism, both being doctrines that underpin rational economic activity. He thought that industrial societies were headed on a path towards larger enterprises and more competition, and that such economic activity would drive out moral guidance. Crucially, he went further and linked the lack of moral guidance *within* the economic sphere to wider society. Durkheim was clear that undisciplined economic activity was "...a notable source of demoralization..." and would "...weaken public morality." (1893/1960, p.4), explicitly

introducing the idea of morality *in opposition to* economic activity. His idea that "...economic (...) means and motivations were displacing the more moral means and motivations which he thought necessary to make people and society good." (Fevre 2003, p.3-4) echoes some themes from Weber. However, Durkheim concentrated on the relationship between *economic* activity and the processes of demoralization in society rather than primarily the role of the state. He proposed that modern industrial society would find a new solidarity and a new morality through the specialization of occupations:

"It only asks that we be thoughtful of our fellows and that we be just, that we fulfil our duty, that we work at the function we can best execute, and receive the just reward for our services." (Durkheim, 1893/1960, p.407)

The attachment of morality to work is evident here, where Durkheim talks of fulfilling "...our duty...", reminiscent of Weber's use of the word 'calling' to describe work. Today there is a whole field of study and practice around organisational culture, and mission and value statements and so on (Mintzberg *et al*, 1998), showing that the notion of finding meaning and value in our work is still with us. Whether such work-related values have replaced pre-industrial social ties as a source of morality in wider society is, however, questionable (Fevre, 2003).

The idea of specialization, introduced through Durkheim's citation above, is explicitly addressed by Polanyi. He critiqued the assumption that such specialization is necessarily founded in a natural inclination for human's to engage in trade and barter and it is these arguments that I will now develop in section two below.

### ***Section Two: The Contribution of Karl Polanyi and Alasdair MacIntyre***

In a quote I used earlier, Weber talks of the "...disposition of men..." (1930/2007 p.XXXIX) to engage in types of rational action. This question of what natural behaviours humans may, or may not, be predisposed towards is one of the fundamental concerns of the work of Karl Polanyi (1944/2001). He argues in detail against the assumption of Adam Smith (1776/1994) that man has a natural tendency to exchange and barter, an assumption that has led to the subsequent conception of 'rational economic man'. Polanyi



draws on a wide reading of economic history, social theory and anthropology to profess that this trait had historically “...remained, at best, a subordinate feature of economic life,...” (1944/2001, p.45-46) up to the hundred years or so following the publication of Smith’s *Wealth of Nations*. He went on to argue that:

“Division of labour, a phenomenon as old as society, springs from differences inherent in the facts of sex, geography, and individual endowment; and the alleged propensity of man to barter, truck, and exchange is almost entirely apocryphal.” (1944/2001 p.46)

Polanyi therefore strongly disputes the primacy given by Smith to rational economic thought by individual men. He develops this (and other arguments) to declare that economic activity *in society as a whole*, far from being grounded in an alleged human predilection to maximise utility through forms of exchange, is actually *embedded* in social relationships in the various societies he studied:

“The outstanding discovery of recent historical and anthropological research is that man’s economy, as a rule, is submerged in his social relationships. He does not act so as to safeguard his individual interest in the possession of material goods; he acts so as to safeguard his social standing, his social claims, his social assets. He values material goods only in so far as they serve this end.” (ibid. p.48)

Here, Polanyi echoes Weber’s assertion, quoted earlier, that “A man does not, ‘by nature’, wish to earn more and more money..” (Weber, 1930/2007), and his fundamental point is clear. It is that economic activity has historically been an adjunct to society, employed in the service of society, and for him the notion of subverting this relationship has little sound intellectual or practical provenance. As McMylor puts it:

“Polanyi is at pains to stress the radical novelty of the market order of 19<sup>th</sup> century capitalism compared with any other society from virtually any period...” (2003, p.401).

Polanyi's arguments also encompass (among other themes) discussions of reciprocity and civic virtue, anticipating our current interest in the role of social capital (Putnam, 2000), as well as the commodification of "...the natural and human substance of society..." (Polanyi, 1944/2001, p.44). It is perhaps in his treatment of such arguments that we can most readily discern the strong moral aspect of Polanyi's work, since his anthropological studies showed that societies have historically attached *value* to human life in ways that are at odds with a conception of economic activity that subordinates society.

I have so far been primarily concerned to highlight Polanyi's critique of the role of the "...rationalistic constructs..." (ibid. p.258) informing economic thought and activity and introduce his idea of embeddedness. Before moving on to discuss the contribution of MacIntyre more fully, I would like to highlight my awareness that Polanyi's language of embeddedness has been adopted by others, most notably Granovetter. However, it should be noted that for those such as Granovetter (1985) and Etzioni (1988) social ties and networks are largely subordinated into the *service* of economic rationality rather than forming part of a critique. Therefore where I talk of 'embeddedness' it is Polanyi's original conception that I have in mind.

The intellectual lineage of Polanyi can be strongly discerned in the work of Alasdair MacIntyre (McMylor, 1994; 2003). His concerns in *After Virtue* (first edition 1981, third edition cited here, 2007) were overtly moral and focused on the historical, cultural and societal context of the development of moral philosophy. MacIntyre rejected the "...arbitrary nature of moral judgement within modern liberalism." (McMylor, 2003, p.397). In taking a historically contextualised approach, MacIntyre echoed the eclecticism of Polanyi's work, and later claims an affinity with his integrated view of economy and society (MacIntyre, 1984). MacIntyre's essential similarity to Polanyi, according to McMylor, is that his criteria for virtue must be "...embodied in some shared account of our own context." (McMylor, 2003 p.405), resonating with Polanyi's concept of embeddedness at the level of economic activity. In setting out his own views MacIntyre claimed:

"It is only when we understand and categorise the social and economic phenomena in such a way as to recognise that agents' and participants' *understanding* of social and economic activity is integral to and partially

constitutive of the characteristics of such activities that we provide characterisations which enable us to write rationally defensible explanatory narratives.” (1984, pp. 254-255, my italics for emphasis).

This is an important point, in that it emphasises for us the notion of a holistic, integrative approach to explaining economic activities. This aspect of MacIntyre’s argument reminds us that phenomena like CSR cannot be critically evaluated in work such as this thesis in practical or theoretical isolation. In other words, CSR is a societal phenomenon as well as an economic activity, and both the practice and social construction of CSR are integrated and should be studied as such. Furthermore, as MacIntyre discusses earlier in the passage from which the quote above was taken, it is a methodological error to suppose that “...we can identify economic or social factors independently from ideological or theoretical factors.” (ibid).

Beadle and Moore claim with justification that these views on the “...intimate...” (2006, p.324) and integrated relationship between social roles and social structures indicate a relatively consistent methodological approach from MacIntyre described as a ‘critical realist’ position. This is close to my own methodological position, argued in detail in chapter five, but also reminds us of the importance of context to MacIntyre. For my thesis, based as it is in the practice and construction of CSR, MacIntyre’s position is nicely summarised by Beadle and Moore:

“The factors that agents take to be motives for, and justifications of, action are historically rooted in the type of social roles and ideologies that frame the relations between motives and action.” (ibid)

Like Weber, MacIntyre (2007) discusses Benjamin Franklin and his utilitarian views of virtue. He proceeds to compare Franklin with others such as Aristotle and Homer to point out that Franklin’s explanation of virtue was essentially an external one. Building on these arguments, McMylor makes the interesting observation that therefore “...the *simulation* of virtues would be quite sufficient to get what one wants...” (2003, p.404, my italics for emphasis). As McMylor goes on to argue, this is not necessarily an identical utilitarianism to that of Mill and Bentham (discussed below in section one of chapter four) since these philosophers replaced the internal idea of virtue with more

calculated notions of satisfaction. The idea of an external ‘simulation’ of virtue will be of particular interest when I come to present and discuss my findings in chapters six to nine.

Returning to MacIntyre’s main argument in *After Virtue*, he contends that modern society does not enjoy an overarching and coherent moral framework, but that:

“...the inability of modern moral philosophers to carry through their projects of analysis and justification is closely connected with the fact that the concepts with which they work are a combination of fragmented survivals and implausible modern inventions...” (2007, p.257)

In making these arguments, MacIntyre’s work offers a number of important theoretical resources for my thesis, in addition to the shared ground with Polanyi discussed above.

Firstly, MacIntyre argues that much modern moral argument is based on incommensurable premises. He uses a number of moral disagreements, contemporary to the publication of *After Virtue* in 1981, to illustrate how such arguments can have an internally valid logic, in that “...conclusions do indeed follow from the premises.” (2007, p.8). Nevertheless, when argument proceeds back to the rival premises, protagonists arrive at a point where:

“...the invocation of one premise against another becomes a matter of pure assertion and counter assertion. Hence perhaps the slightly shrill tone of so much moral debate.” (ibid).

I will argue in chapter four below that fundamental debates in the CSR discourse can actually be traced back to incommensurable positions which are themselves based in different ethical philosophies.

In the new prologue to the third edition of *After Virtue* I cite here, MacIntyre elaborates upon these arguments using the example of the European enlightenment philosophers:

“But what those philosophers in fact provided were several rival and incompatible accounts, utilitarians competing with Kantians and both with

contractarians, so that moral judgements, as they had now come to be understood, became essentially contestable, expressive of the attitudes and feelings of those who uttered them, yet still uttered as if there was some impersonal standard by which moral disagreements might be rationally resolved.” (2007, p.viii)

This quote naturally relates to the second argument I would like to draw from MacIntyre, and that is the way in which debates with a significant moral component, although based on incommensurable premises, are often voiced as if they were “...*impersonal* rational arguments...” (ibid. p.8, italics in the original). As I will show in chapter four, debates over the legitimacy of CSR are fought using the supposedly rational language and measurements of the ‘business case’.

This leads to the third way in which MacIntyre relates to my thesis, in that the sources of modern ethical positions in debates are often “...great names...” (2007, p.10) such as Kant, Bentham, Aristotle, Aquinas, and so on. In an argument that supports my earlier discussion of his similarities with Polanyi, MacIntyre argues that the *a-historical* citing of such names as shorthand for particular ethical views and positions is potentially misleading. He is concerned to point out that such positions were inevitably influenced by their social, cultural and geographical contexts, and that we risk underestimating the complexity of the arguments if we ignore this. I will similarly argue in chapter four that we see precisely this pitting of one ‘name’ against another microcosmically mirrored in the CSR discourse and that, indeed, contextual complexity is sometimes obscured as a result.

The fourth way in which I will relate my findings to MacIntyre is based on his description of the ‘character’ of the manager acting “...in the cultural dramas of modernity...” (ibid, p. xiii). The notion of ‘characters’ for MacIntyre is not to be confused with social roles more generally, but are a

“...very special type of social role which places a certain kind of *moral constraint* on the personality of those who inhabit them in a way in which other social roles do not.” (ibid, p.27, my italics for emphasis).

With specific reference to the 'character' of the manager, MacIntyre goes on to say that:

“The manager treats ends as given, as outside his scope; his concern is with technique, with effectiveness in transforming raw materials into final products, unskilled labour into skilled labour, investment into profits.” (ibid, p.30).

My discussions in chapter nine will evaluate whether we see this 'character' playing its part in this way when it comes to the construction and practice of CSR by the respondents in my thesis. A note of caution is needed here, since as Moore and Beadle (2006) point out, MacIntyre was inclined to base his characterisation of managers on the bureaucratic organisational form, including private sector firms.

The final way in which my thesis will reflect upon the work of MacIntyre is in reference to his call for “...local forms of community within which civility and the intellectual and moral life can be sustained...” (ibid, p.263). It will be interesting to examine the testimony of my respondents in light of this call. How will they construct their relations with their communities, as morally informed or economically rational?

Having begun to introduce morality to my thesis through the contributions and arguments discussed above, I would now like to return to the theme of economic rationality, basing my continuing critique around the recent work of Ralph Fevre, but with morality brought more to the fore in my arguments.

### ***Section Three: Rational economic thought and management efficacy***

In a wide-ranging thesis that examines western culture in the round, and not just the part that business plays, Ralph Fevre evaluates the proposition that rationality and reason, or more accurately a particular variant of rationality, has contributed significantly to the demoralization of western culture. That variant is first labelled “...practical reasoning...” (2000, p.4), recalling Weber's 'practical rationality', and later, “...economic rationality...” (ibid, p.179). Fevre contends that the true power of economic rationality is to fool us into thinking we are making moral decisions when we comply to its dictates. Just as for Habermas, 'system integration' corroded alternative ways of thinking,

debating, and finding meaning in the life-world (Outhwaite, 1993; Crossley, 2003), so for Fevre one of the defining characteristics of economic rationality is that "...it also undermines our ability to imagine an alternative source of felicity." (2000, p.201) to that found in a life defined by hard work and consumption. In order to help make sense of this idea that "Economic rationality cannot legitimately found a morality..." (ibid, p.201) he suggests that what we are witnessing when we feel 'morally' compelled to apply economic rationality inappropriately is a "...sham, ersatz morality..." (ibid, p.201).

The specific notion of economic rationality in this particular work is rooted in a much wider thesis on the type of sense-making we use as individuals and societies, based specifically on the development of modern western culture, and I will explain this briefly before proceeding.

Fevre uses the ontological distinction of *what* can be understood, dividing this into 'human' and 'non-human' spheres and the epistemological distinction of *how* something can be understood, dividing this into either 'knowledge' or 'belief'. The combination of these options into a matrix therefore generates four ways of "...explaining or making sense..." of the world (2000, p.141), (see figure one below). Fevre recognises that such a typology risks over-simplifying the messy and unpredictable nature of reality, but he works through a discussion on the social construction of modes of sense-making to help reinforce the point that these types of sense-making need to be used in the right places. He argues that the modernist notion that one type of sense-making is inherently better and has superseded or defeated an 'inferior' type of sense-making is fundamentally flawed. However, the seductive nature of modernist thought, with its implicit promise of 'progress', has contributed to the making of category mistakes when it comes to the application of types of sense-making in the right place. The other key contributor to category mistakes is the *social construction* of sense making, and when it comes to economic activity this is almost entirely conducted in a modernist context. This leads to his contention that economic rationality as a variant of sense-making based on cognition (and therefore belonging in the category labelled 'human-knowledge') has crept into the area of 'human-belief' where it does not belong (ibid).

|           | Non - Human     | Human               |
|-----------|-----------------|---------------------|
| Knowledge | <i>Science</i>  | <i>Common Sense</i> |
| Belief    | <i>Religion</i> | <i>Sentiment</i>    |

Figure 1. Four possible logical combinations of epistemology and ontology, and the dominant modes of sense making in each.

Fevre, (2000 p.141) Copyright Continuum Publications.

Therefore the social, institutional and linguistic constructions of economic activity could be said to permeate other areas of activity, carrying with them the type of sense-making endemic to economic rationality:

“For instance, not only does economic rationality increasingly dominate our business dealings, but also our business dealings (and the guidelines for action that are produced there) increasingly dominate our lives.” (Fevre, 2000, p.202)

While I have made a brief reference above to some parallels between the work of Habermas and Fevre, we should recall that Habermas thought that modernisation of the life-world through communicative action was generally to be desired (1987b). In this important sense Fevre parts company from Habermas in that economic rationality as a component of modernity is seen as bringing its particular way of making sense into aspects of the life-world in which it has no place. More accurately, Fevre is concerned with the *sort* of sense that gets made rather than only *how* sense is made. If, as Habermas desired, the life-world could modernise through communicative action, that is not to say that such communicative action and its products are necessarily moral.



This brief discussion of a broad and detailed thesis has been necessary foundation for the more specific treatment of economic rationality in *The New Sociology of Economic Behaviour* (Fevre 2003) to which I would now like to turn. Here, the themes discussed above are developed to call for a more overtly critical approach to economic rationality, and to critique the often unquestioned assumption of managerial efficacy that seems to have accompanied the spread of economic rationality as a particular form of sense-making.

Fevre (2003) builds on the idea of the wrong sense-making in the wrong place to call for the field of sociology to reinvigorate its critical potential and pull back from the “...rigorous prosecution of the agenda defined by economic rationality...” (Fevre 2003, p.225). I want to return to this call for criticality below, but for now my main interest is the detailed treatment of economic rationality in this work. To remind ourselves, this is a particular type of ‘practical rationality’ (Weber, 1930/2007; Kalberg, 2005) that is “...a value system appropriate to the economy as a differentiated sub-system of society.” according to Parsons and Smelser (1956, p.302). One of the problems with this formulation though is that morality as part of a value system was therefore thought subordinate to the goals of the economic system and “...morality was only a means to an end...” (Fevre 2003, p.33). This in isolation *might* nor present too much of a problem, but as I have shown above through earlier discussion of Weber and now through Fevre (2000), economic rationality has a habit of colonising other spheres of society. And one of its most “...potent weapons...” (Fevre 2003, p.99) in this process of colonization has been its claim for efficacy.

The role of managers and managerialism in this claimed efficacy is introduced in the final chapter of *The Demoralization of Western Culture*, as the following two extracts show:

“Arguably we are discussing one of the biggest deliberate category mistakes of human history. Capitalism, *through the agency of the managerial class*, has gradually persuaded employees to understand their work in the category of human-belief and so to bestow on it a devotion which can have no rational payoff.” (Fevre 2000, p.213, my italics for emphasis)

“We allow our managers and employers to take liberties that we no longer allow our partners, parents and children.” (ibid, p.227)

One of the difficulties in critiquing these claims to efficacy is that the field of management has a Chameleon-like tendency to re-invent its nostrums such that today’s wisdom becomes superseded by the latest fad or fashion quite quickly (see for example Pascale, 1990; Grint, 1997a; 1997b; ten Bos 2000). Nevertheless, since even this re-invention is inevitably expressed in terms implicitly rooted in the notion of ‘progress’, we can see how management and its technology is a fundamentally modernist project in the main. As Fevre (following MacIntyre, 1985) points out, such inherent flexibility, albeit within a broadly modernist envelope, acts as a defence because proponents can argue that such adjustments are rational responses to changing societal circumstances over time, or that previous understanding was wrong or badly specified. What he goes on to argue, however, is that it could just be that the underlying principles and assumptions of the managerial project are wrong, and that management is a “...hit and miss...” affair (Fevre, 2003, p.103). Returning once more to MacIntyre, Beadle and Moore find that he concludes:

“...that the idea of management’s expertise in controlling social outcomes is a myth whose purpose is the maintenance of an ideology in which the distinction between manipulative and non-manipulative action is obscured in the name of effectiveness.” (2006, p.325)

To examine these arguments on managerial efficacy in more depth, Fevre discusses the work of, among others, Mayo, Roethlisberger and Dickson on the Hawthorne experiments (Mayo, 1933), as well as the development of contingency theories, drawing on Burns and Stalker (1961) and Woodward (1965). However, in order to further reinforce Fevre’s important arguments at this point, I am going to introduce some supporting evidence for the idea of management as a ‘hit and miss affair’ from arguably the most explicitly instrumental of management fields, namely ‘strategic’ management.

#### ***Section Four: Managerial efficacy and the example of strategic management.***

As well as resembling the Chameleon, strategic management also has the characteristics of the mythical Chimera in that it is frequently made of bits of other animals. I am referring to the tendency for strategy to (sometimes selectively) appropriate theory from, among other sources, economics, sociology, anthropology and complexity science; an appropriation which has contributed to the diversity we now see in the field of strategic management.

There are any number of ways of dividing the strategy field up into different schools or approaches (see for example Mintzberg, Ahlstrand and Lampel, 1998; Volberda, 2004; Johnson, Scholes and Whittington, 2006). However, whatever typology or classification is used, most strategists would recognise (if not necessarily support) a broad progression from a discourse rooted in rational economic thought, through a more 'process-based' conception of strategy to the emerging sociological underpinnings of the 'practice' perspective (see for example Whittington, 1996, 2002; Wilson and Jarzabkowski, 2004).

Strategy was once the preserve of economists and management scientists such as Selznick (1957), Chandler (1962), and Ansoff (1965), who inherited the 'Fordist' or 'Taylorist' mantle of the 'one best way' (Taylor, 1911). While each made their own contributions, they shared underlying assumptions that organisations can deliberately design structures and plans to match their internal states to the external environment, and thereby exercise *control* over the implementation of strategy. However, as Fevre points out, the main problem with the rational approach is that managers are "...claiming to be able to do the impossible: to shape human behaviour in complex environments in a reliable way." (2003, p.105). This had been partly recognised from within the field by strategists suspicious of the received certainties of classical economics and scientific approaches to strategy, such as Quinn (1978) Mintzberg (1984; 1994) Pettigrew (1985) and Johnson (1992). They pointed to, for example, the centrality of organisational culture and power structures as potentially unpredictable mediating influences on the achievement of strategic goals, together with the need to learn and adapt incrementally. Such recognition strongly echoes some of the characteristics of contingency theory.

Important though such developments were within the strategy field, they were actually preceded by a variety of work critiquing the economic assumptions that underpinned rational strategy in the first place. For example, in their *Behavioural Theory of the Firm*, Cyert and March (1963) had convincingly argued that managers do not act rationally in seeking to maximise profits for the firm. Their theory still had managers pursuing other organisational aims such as scale or sales volume in a more or less rational fashion however, so the basic assumption that managers could manage was not really challenged. In addition the work of Herbert Simon (1960; 1987) addressing the cognitive limitations on management decision making is well documented, although this still does not call into question the fundamental *aims* of management. Despite an absence of overt criticism of management efficacy, the work of those such as Cyert and March and Herbert Simon in questioning the assumptions of rational economic behaviour and the cognitive limitations on rational decision making, provide good foundations for subsequent critiques of strategy. I would argue though that the main challenges to strategy as a rational, managerial activity have come from within the discourse, as a probable consequence of the importing of theory from other fields. Examples of such internal challenges include the notion of strategy being seen as an emergent phenomenon and a deliberate turn to sociology. To what extent then do these 'turns' introduce critiques of management efficacy into the strategy discourse?

Firstly, 'emergent' strategy is a school of thought that acknowledges the complexity of the internal and external environments which inform strategy, and also encompasses the importance of knowledge, learning and adaptation. This approach is partially rooted in the work of Quinn on incremental strategy (Quinn, 1978, 1980b), and today draws upon diverse theoretical roots including mathematics and natural sciences. For example, complexity and chaos theories have been used as sources of analogy and description, leading to an increasing focus on organisations as 'complex adaptive systems' (see for example Nonaka, 1988; Stacey, 1993, 2000; and Pascale *et al* 2000). This approach rejects reductionism and the search for order, predictability and control found in the rational conception of strategy as a planned activity. Strategies and structures are said to *emerge* from within, perhaps from staff initiatives rather than senior management diktat, as well as emerging from organisational interaction with its environment. Primacy is placed on linkages inside and outside the organisation so that the firm can remain

sensitive to the need for change and adaptation. Again, echoes of contingency theory and Burns and Stalker's (1961) notion of 'organic' management are hard to avoid here.

While the 'emergence' approach has been critiqued for lacking prescription by those for whom strategy should remain a planned process (see for example, Ansoff, 1990), it seems that, even when plundering the intellectual resources of complexity theory, strategy remains an *instrumental* if not an entirely predictable and *rational* process. In addition, when discussing emergent strategies that appear to cohere over time, we should probably recall the caution of Knights and McCabe:

“Managers at all levels are inclined to rationalise behaviour and events in ways that secure their career and identity as competent managers.” (1998, p.450)

Their view would seem to support the proposition that *post-hoc* rationalisation may be a key feature of so-called emergent strategy, recruited to add an illusion of efficacy through claimed jurisdiction over unfolding events that are actually *outside* full managerial control.

Secondly, under the label of 'strategy as practice' a largely European body of opinion in the strategy discourse is calling for a focus on the practice of strategy as a sociological activity. This has been defined as an attempt to bring together theory and organisational realities by engaging with theoretical rationality, while recognising the contribution of a post-modern attention to context and narrative (Whittington, 2002; 2004). According to Chia, this involves the study of “What strategic actors actually do and the kind of activities they get themselves involved in...” (2004, p.29). One of the key sources of theory for such an approach to strategy is sociology, according to Whittington (2004), including fields such as the sociologies of work, elites and technologies. This has led to initial explorations of questions on the technologies of strategy and the way that strategists act to preserve their elite status and so on, and has explored the day to day unpredictability of management activities. I am not going to delve into this school of thought too deeply, apart from to say that, despite some promising areas of enquiry, there is little evidence so far of this 'sociological turn' leading to any fundamental questioning of the deeper assumptions underpinning economic rationality. This omission is, in passing, possibly related to the apparent lack of indebtedness acknowledged to

MacIntyres notion of 'practice' found in the 'strategy as practice' canon (for exploration of the linkage between 'practice' and virtue see Moore and Beadle, 2006).

Neither is there any real sense that the notion of strategy as an emergent activity offers any real prospect of a critique of rationalism that goes beyond trying to improve upon the 'rational planning' approach for instrumental purposes. These discursive developments are, after all, still taking place in the field of strategy, which is concerned with the pursuit of long term competitive advantage. Emergent strategy, despite its attempt to convert complexity theory into a post-modern rhetoric of 'context' and 'non-linearity', is, like the notion of 'strategy as practice', perhaps just a different way to skin the same economically rational cat.

In closing this exploration of managerial efficacy, I argue that while the potential critiques represented by 'strategy as emergence' or 'strategy as practice' are not *openly* articulated within the field, there are inherent challenges to notions of managerial control found in assumptions that are inevitably imported with, for example, complexity theory. These imports include, as discussed above, the relatively non-contentious need to acknowledge and react to the organisational environment, but also include such tricky concepts as 'sensitive dependence on initial conditions' (see for example Gleik, 1997; Pascale *et al*, 2000). In simple language this means that seemingly insignificant occurrences today, such as a chance meeting in the corridor, or a coffee-shop conversation, can have hugely unpredictable outcomes in the future, thus debunking notions of management control. Whether managers can subsequently claim efficacy in managing happy outcomes from such emergence leads us back to the suspicions of *post-hoc* rationalisation voiced by Knights and McCabe (1998) above. But the fact remains that the assumption of *control*, if not *efficacy* can be easily questioned. Indeed, the closely related field of 'change management' has already been subject to some such critiques from within sociology, using complexity theory (see for example Grint, 1998a).

Therefore we can say that even in the inherently instrumental field of strategy there is some implicit if not explicit questioning of the control or even efficacy of management within the field. It is perhaps asking too much to find a wider critique of economic rationality here though. For such a critique I will now return to economic rationality as discussed by Fevre in beginning my concluding discussions for this chapter.

## *Conclusions*

I would like to begin this conclusion by picking up on the element of human unpredictability implicit in the discussions of recent challenges to rational strategic action above. Fevre turns to MacIntyre to help reinforce the idea that management is not actually on a progressive path to improved understanding and the discovery of "...factual, law-like generalisations..." (MacIntyre 1985, p.77), before emphasising again that the basic subject matter here is the often unpredictable behaviour of people. Without being particularly optimistic, MacIntyre suggests that managerial legitimacy could be challenged by the faddish nature of what constitutes 'good management', in that suspicion is bound to be raised when prescriptions change from "...one decade to another." (Fevre, 2003, p.103). However, there are vested interests in the continuing promotion of organisational and managerial effectiveness. As Deetz says: "Concepts of organisational effectiveness tend to hide possible discussions of whose goals should be sought..." (1992, p.24). Economic rationality, as a particular type of sense-making, underpins these claims to management effectiveness.

Weber, as a founder of classical sociology, was the natural starting place for this evaluation of a practical rationality, even if he did not develop a sufficiently critical exploration of economic rationality for some. Karl Polanyi was more openly critical, drawing on a large body of economic, historical and anthropological study to construct a detailed critique of the fundamental assumption of rational economic man as one of the key foundations for his position.

As I have discussed in section three of this chapter, Fevre has lamented the colonising tendencies of rational economic thought and the way the world of work and paid employment "...has become an end in itself, a morally compelling and apparently complete world," (2000, p.220). This moral compulsion is for Fevre the most worrying aspect since it leads to a sham, ersatz morality where decisions are made on false bases, and that which is actually economically rational has led to a "...hollowing out..." (ibid, p.223) so that we are left with a moral façade with no substance behind.

This is related to the question at the heart of my thesis. Is the practice of CSR a façade? Has it been hollowed out so that no true morality, based in the sense-making of human-

belief, remains behind the action? Did it ever *have* a moral core to be busily hollowed out by economic rationality or was it still-born as a tool of rational economic thought that could then acquire the appearance of morality where needed? This is clearly a related question to that implied by McMylors comments on MacIntyre's analysis of Franklin, namely that *simulation* of virtue might be sufficient to persuade observers of authentic virtue.

In chapter four we will see what the literature on CSR tells us. In this conclusion though, I want to briefly examine the calls for increased criticality of both economic rationality and managerialism alluded to earlier, since my thesis is in part an attempt to contribute to increased criticality.

The fact that a number of the critical voices referenced above, such as Deetz and MacIntyre, have to be sourced from outside the field of the sociology of economic behaviour returns us to the critical agenda proposed by Fevre, namely that "The sociology of economic behaviour was not invented so that we can keep things as they are." (2003, p.247). He calls for "...a sociology of economic behaviour which will not join forces with managerialism but, rather, problematizes it." (ibid, p.25). In essence, economic sociology needs to "...make morality endogenous to theory and research and explore the effects on morality as one of its key tasks." (ibid, p.25). I am interested in this call in the context of my thesis, since my methodological position discussed in chapter five below is a broadly critical one. And given that much of the current theoretical development and definitional boundary work in the CSR discourse is arguably carried out under the umbrella of business ethics, it is interesting to note that economic sociology is not alone in receiving calls for increased critical focus on managerialism. The same is true of business ethics.

Indeed, in relation to the field of business ethics, Parker (2002) asks where a critique of management and managerialism could come from, and as part of his exploration he, like Fevre, focuses on what he sees as an unwelcome complicity with managerialism in a field that should be more critical:

"It seems to me that business ethics is simply too co-opted to be radical most of the time. (...) For a business ethicist to engage in a sustained examination of the



political deficiencies of management, organisation and business would be to step outside the established boundaries of business ethics.” (2002, p.115)

This implied call for more criticality in the field of business ethics clearly mirrors the position of Fevre (2003) with regard to economic sociology. Of course Fevre uses the term economic rationality, whereas Parker prefers ‘managerialism’. I am comfortable with this however since Parker also begins with the ideas of Max Weber to ground his own ideas in the book *Against Management* (2002), therefore sharing intellectual ancestry with Fevre’s ‘economic rationality’. Parker also shares with Fevre the concern that managerialism (informed by rational economic thought) is invading aspects of our lives where it does not belong. Here too is the notion that managerialism seems to be constructing a world where to be against it is like being against “...buildings or air or society...” (Parker 2002, p.2) and therefore debates on its very legitimacy are foreclosed. Parker then develops these ideas of premature foreclosure, with Campbell Jones and Rene ten Bos in Jones *et al* (2005). They propose that important strands of ethical debate are foreclosed in business ethics currently, stifling the possibilities for radical critique of the efficacy of management and managerialism, and by extension, I would argue, the rational economic thought that underpins it.

So we have come to the field of business ethics, and this is a good place to move on to directly explore the CSR literature itself. The next chapter now critically evaluates relevant elements of the CSR literature in some depth, beginning with a discussion of the way in which ethical theory informs this literature.

## Chapter Four: Corporate Social Responsibility

“I was in pain to consider the miserable condition of the old man; and now my alms, giving some relief, doth also ease me.”

Thomas Hobbes (in Monroe, 1998)

### *Introduction*

In this chapter I will critically evaluate those writings on corporate social responsibility (CSR) that have direct relevance for the main questions of my thesis. As has been noted in chapters one and two, this is a multi-disciplinary discourse with contributions from a wide range of fields and links to many related debates, so there will be some aspects of the literature left untouched.

The main themes to be considered will be as follows. The first section will begin by describing what distinction I draw in this thesis between morality and ethics. I also expand on my argument that debates in CSR seem to resemble some of the dilemmas used by MacIntyre in *After Virtue* (2007) to illustrate the incommensurability of many modern moral arguments. Secondly, I will return to the debate over the legitimacy of CSR introduced in chapter two, developing this into a discussion of the search for links between CSR and firm performance. In the third section the main extant models and frameworks used to make sense of and categorise CSR will be discussed. Fourth, I will specifically examine the CSR literature on small to medium-sized enterprises, this being the main context for the primary data here. Then the concluding discussion of the chapter will critically evaluate the extent to which this CSR literature tells us that CSR is driven by economic rationality.

### ***Section One: Morality, ethics and the CSR debate.***

I have already used the terms ‘morality’ and ‘ethics’ in this thesis, and want to briefly explain what I mean by these terms. I do not intend to use them synonymously but will follow a broad distinction found in a number of recent writings on business ethics (see for example Parker 1998b; Crane, 2000; Trevino and Nelson, 2004; Hartman, 2005; Crane and Matten, 2007). This distinction is best summed up for my purposes in the following from Crane and Matten:

“Morality is concerned with the norms, values and beliefs embedded in social processes which define right and wrong for an individual or a community.”

Whereas:

“Ethics is concerned with the study of morality and the application of reason to elucidate specific rules and principles that determine right and wrong for a given situation. These rules and principles are called ethical theories.”

(2007, p.8)

I am aware that this will be an over-simplification for some, and that different philosophers take different views of this distinction, but these definitions will serve to clarify the approach taken here.

When I discussed the contribution of MacIntyre in the previous chapter, I showed how part of his work was based on the observation that the premises on which moral arguments were based were in some cases incommensurable. I argue that debates over CSR are similarly based in potentially incommensurable positions, and that these positions may have their roots in different types of ethical theory.

At the risk of being Manichean in my categorisation, and with MacIntyre's warnings about the shorthand quoting of ‘great names’ in mind (2007), there are perhaps two main groups of ethical theory in business ethics that can be said to underpin different views of CSR. These are consequentialist ethics (see for example Bentham, 1789/2001) and

deontological ethics. This latter term is most closely associated with Kant (see for example Kant 1781/1998; 1788/1996), even though the term was actually first used by Bentham according to Jones *et al* (2005). I should be clear that I am concerned here with ethical philosophy, rather than morality as defined above. I should also say that I am not suggesting a CSR practitioner necessarily bases his or her actions *consciously* in one or other ethical frame. In fact I will argue in chapters to come that the multiple drivers to engage in CSR are under continuous construction. My point here is actually more fundamental, and concerned with the ongoing *academic* debate about whether or not CSR is a legitimate activity for firms, and if it is, should it be an instrumental or altruistic pursuit? My argument is that, even if we could set aside the ‘background theory’ issue, (Jones *et al* 2002) that accompanies the sheer variety of academic fields currently commenting on CSR, the search for any unified theory or approach to CSR is rendered problematic by the incommensurability of the underlying ethical traditions that inform the positions taken on it today.

Firstly, claims that CSR, while desirable for society, can nonetheless be an instrumental activity are more likely to be (however unwittingly) related to a consequentialist or even utilitarian ethical position. This approach takes the view that the “...moral content of an action is determined by the real and expected consequences of that action.” (Kaptein and Wempe, 2002, p. 54). This can be thought of in two ways, one related to Adam Smith, and the other to Jeremy Bentham and John Stuart Mill. On the one hand, Adam Smith employed a form of consequentialism to argue for an ‘egoist’ point of view in that people should serve their *individual* self interest. Of course, caution should be exercised in a selective reading of Smith. For example, in *The Theory of Moral Sentiments* he says:

“How selfish so ever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him.” (1759/1976b, p.9).

Such a position would seem at odds with the popular notion of Smith as the source of the idea of ‘economic man’. However, as is alluded to on occasion here, Smith is popularly, if narrowly, seen as the well-spring of what Polanyi calls the “...orthodox teaching...” (1944/2001, p.61) that reinforces the presumed human propensity to truck and barter.

On the other hand, the consequentialism associated with Jeremy Bentham and John Stuart Mill is more concerned with the utilitarian notion of ‘the greatest good for the greatest number’ (see for example Crane and Matten, 2007).

I would like to argue therefore that strategic or instrumental conceptions of CSR are able to be related both to Smith’s ‘rational economic man’, as a construct that has (rightly or wrongly) become seen as the fundamental ‘building block’ of rational economic behaviour, and also the consequentialist idea of (in layman’s terms) the ends justifying the means (although the ‘ends for who?’ exactly, remains a key question). Therefore, if CSR is used to achieve some strategic advantage for the company, it is being used to achieve a set of beneficial consequences for the organisation, and the moral implications of using this as a tool of management are deemed secondary or perhaps remain unconsidered. Indeed, MacIntyre’s (1964) arguments against utilitarianism (as a variant of consequentialism) included the observation that utilitarianism was the dominant influence on management decision making generally. However, utilitarianism was said to foreclose consideration of “...ends or purposes.” (Beadle and Moore, 2006, p.328). In fact the language of corporate responsibility was used by Beadle and Moore (2006) in discussion of MacIntyre’s claim that utilitarianism narrows the vision of managers such that ends are not reflected upon:

“The manager learns to operate without noticing this failure because the boundaries that define corporate responsibility ostensibly leave issues of public good to government and the goodness of the product to the consumer.” (Beadle and Moore, 2006, p.328, précising MacIntyre, 1977b, p.219)

The second ethical tradition, deontological ethics, is primarily concerned with duties and the principles or intentions that guide the way these are carried out (for definitions see examples in Kaptein and Wempe, 2002; Crane and Matten, 2004; Jones *et al*, 2005). This ethical position could be said to underlie claims that CSR should be an altruistic or philanthropic activity. As I have shown above, the idea of ‘duty’ in relation to labour as a ‘calling’ emerged in the work of Weber and Durkheim. However, I am suggesting that CSR as a deontological pursuit could be thought of as a ‘multi-fiduciary’ activity rather than one directed at the best consequences for the firm only. In other words CSR in this form is driven by a concern of duty to other stakeholders or interested parties. I will go

on to argue later in this chapter though, that overt calls for CSR to be seen as a deontological activity, based in concern for moral intentions toward society, are rare in comparison to calls to build understanding of CSR as an instrumental activity.

Interestingly for this thesis, a more recent conception of a deontological approach to business has been advanced by Etzioni. He has made an explicit call for deontology to be applied to the field of economics, arguing that what he calls the "...mono-utility concept..." (1988, p.23) should be expanded to include a moral dimension. However, it should be recognised that his call for the application of deontology is actually concerned with a different type of utility:

“...we are seeking grounds for recognizing a moral ‘utility’ above and beyond a P (pleasure), I (interdependent), or X (formal) utility. Utility theory does not recognise the distinct standing of morality as a major, significant, source of valuations...” (ibid. p.24)

So he does not call into question the *ends* of economic action, but instead looks for ways of making economic action more effective. I would therefore argue that Etzioni is proposing an instrumental form of morality to serve the purposes of business rather than a morality grounded in deontological care for societal structures and institutions outside those of business. He does acknowledge the contribution of Polanyi to the idea that competitive behaviour should be embedded in a social system, although he uses the term ‘encapsulate’ to describe this idea, and appears to make no distinction between Polanyi’s use of ‘embedded’ and that of, for example, Granovetter. In fact the instrumentalism inherent in the work of Etzioni is clearly evident in his conclusions to *The Moral Dimension* (1988), where he goes on to discuss the business benefits that can accrue from organisational codes of morals and managing organisational values and culture, themselves fields of some contention.

A discussion point that emerges from this brief consideration of some classical ethical theories, is that the words ‘moral’ or ‘ethical’ are sometimes used in the CSR discourse to denote some notion of ‘doing the right thing’. But despite these words cropping up from time to time, I will show in the next section of this chapter how morality as an explicit alternative to economic rationality has effectively been foreclosed in much of the CSR

literature. For example, Carroll (1987) talks of 'moral management' and 'ethical management', as opposed to 'immoral' management, but close analysis shows that his main project is actually driven by economic rationality. In any event, this brief reflection on ethical theory shows how what is apparently 'morally' motivated can potentially vary wildly, depending on which ethical philosophy a given actor chooses to justify his or her approach. This means that proponents of either broadly instrumental or altruistic conceptions of CSR could potentially lay claim to a 'moral' foundation for their assertions.

For example, as we shall see below, writers such as Friedman (1970) and Lantos (2001) claim that CSR is immoral in the sense that it damages shareholder value; the corollary being that the pursuit of shareholder value is therefore the moral course of action for managers (although Lantos does at least allow the possibility of 'strategic' CSR as legitimate). Others such as Carroll (1979) claim, at least superficially, that firms have an ethical responsibility to society, so it seems commentators are not averse to using the language of morality and ethics in places. However, I argue that we need to be careful to be clear what is meant in discussion of what is ethical or moral. In simple terms, what *version* of 'ethical' is under consideration? For me these observations clearly support the contentions of MacIntyre (2007) that in our modern world, many arguments with a moral component can be traced back to fundamental premises that are incommensurable, even though the internal logic of each position appears sound. He goes further and suggests that the positions taken up are therefore actually a matter of choice for the proponents.

With these thoughts in mind I will now begin to critically evaluate key aspects of the CSR literature, beginning with the question of whether CSR is a legitimate activity for firms and how this debate has developed since 1953.

## ***Section Two: Corporate social responsibility, its legitimacy, and the link with firm performance.***

In section one of chapter two I traced the progression of CSR in terms of its underlying roots in charity, philanthropy, and the early 20<sup>th</sup> century debate over ownership and control. I also began to sketch out some of the emerging debates in CSR following the

publication in 1953 of *The Responsibility of the Businessman* by Bowen, in which the exact phrase ‘corporate social responsibility’ is thought to have been used for the first time. The debate over the very legitimacy of CSR as an appropriate pursuit for profit seeking firms, subsequent to Bowen (1953), is a good place to start our exploration of the discourse. I should acknowledge that the ‘legitimacy question’ is hard to separate out from some of the work on typologies and frameworks discussed later. However, this section will concentrate specifically on exploring the legitimacy question through an examination of the extensive literature evidencing the search for a link between CSR and firm performance.

There are those such as Levitt (1958), Carr (1968) and Friedman (1970) for who CSR is not a legitimate practice for firms. There are others such as Carroll (1979; 1991) Frederick (1978; 1983) and Matten and Moon (see for example 2004b) who remain broadly supportive of the contention that firms have a wider set of responsibilities than purely satisfying the tenets of profit maximisation for shareholders. This second viewpoint has historical foundations in the work of Berle and Means (1932), Dodd (1932), and Chester Barnard (1938), who all contributed to the idea that firms owed allegiance to a wider group of stakeholders than simply the shareholders. Indeed, the original proposal by Bowen, that business-people had responsibilities beyond simply maximising shareholder profits was nothing particularly novel in the context of the debate over ownership and control that had been ongoing for some decades at that time. It is his use of the *label* ‘corporate social responsibility’ that has drawn subsequent CSR researchers to Bowen particularly.

After the landmark publication of *The Social Responsibility of Business is to Increase Its Profits* by Milton Friedman in 1970, the academic debate turned to finding a ‘proof’ that CSR made good business sense by searching for a link between CSR and firm performance. I argue that despite the comparatively recent *societal* surge of interest in the activities of corporations, discussed in chapter two, this ‘performance link’ turn in the *academic* debate initiated a focus on rational economic justifications and explanations for CSR that still dominate the writings on CSR among business-related disciplines today.

I would like to make clear my view on how this ‘performance link’ literature relates to my thesis. It is possible at first glance to think that the search for a connection between CSR



and performance is the same thing as my question of whether CSR is actually driven by rational economic thought, but this would be wrong. They are very closely related questions, but the debate over whether there is a connection between CSR and firm performance might help *inform* my examination of whether CSR is constructed as a rational economic activity. Therefore in some senses it a pre-cursive question to the one I am addressing. That is not to say that my question cannot be answered until the 'performance link' question is resolved, simply that what is uncovered in the search for a correlation between CSR and firm performance will help to frame the way my own research question is thought about.

The word 'performance' is in need of definition here. In the following paragraphs I will first use it to denote economic or financial performance, before then considering broader conceptions of 'strategic' performance. Areas such as the instrumental linking of CSR to measures of firm reputation have attracted interest, as well as more theoretical connections between CSR and strategy. I am going to address the link to strategic success below, but will first begin with a discussion of empirical searches for links between CSR and economic or financial performance, since this is by far the dominant strand in the literature.

Much of the early work on linking CSR to firm performance took place as a response to Friedman's position, and this included the work of Moskowitz (1972; 1975) who launched a new journal, *Business in Society Review* in 1972. Moskowitz began by looking at the relationship between social responsibility and share prices in 1972, but this was really a position paper, based on fourteen case studies, with limited empiricism and external validity. Significantly though, he noted the difficulty of measuring CSR: if a company is good on pollution but bad on mixed-race hiring, how could that be quantified? Vance (1975) took the fourteen companies studied by Moskowitz in 1972 and when he found that they had underperformed the Dow Jones and Standard and Poor indices, he therefore concluded that socially responsible firms were a poor risk for investors. As Aupperle, Carroll and Hatfield later pointed out in 1985 however, the subjectively selected small sample, together with a lack of rigorous statistical analysis by Vance makes these conclusions unreliable. Also in 1975, Bowman and Haire analysed the number of lines of text in company reports devoted to social issues as a proxy measure for CSR, an approach fraught with methodological difficulties (Aupperle *et al*, 1985). Bowman and

Haire (1975) concluded that firms with 'moderate' levels of focus on CSR (as opposed to 'high' or 'low') performed best, a conclusion supported by Sturdivant and Ginter (1977). Positive correlations were also found by Belkaoui in 1976, although for his study he used disclosure of pollution control as a proxy measure for CSR. Adding to the early confusion, Alexander and Bucholz (1978) conducted what was the most comprehensive study at that time and concluded from their examination of stock market performance over two and five year periods that there was no significant relationship at all. Furthermore, in 1979, Abbott and Monson constructed a twenty-eight item social disclosure index from documentary analysis of Fortune 500 companies, concluding with Alexander and Bucholz that there was no significant correlation between social responsibility and firm share performance. Similar conclusions were reached by Arlow and Gannon in 1982.

In 1985 the aforementioned paper by Aupperle *et al* reported on their detailed meta-analysis of the field and found that there were significant methodological problems with each study. This was a useful undertaking and paved the way for a testing of Carroll's (1979) conceptual framework for CSR discussed in detail below. However, I would argue that what was missing from their critique was a more overarching philosophical consideration of *why* there was so much contradiction and ambiguity in the preceding studies, beyond methodological weaknesses.

I could continue this (rather dry) recital of papers onwards through examples such as the work of Cochran and Wood (1984), Ullman (1985), McGuire *et al* (1988), Wood (1991) and Balabanis *et al* (1998) but the same problems keep coming up. How can you measure something as varied and contingent in its practice as CSR? Do you measure output expenditure or some index of the eventual outcomes for the recipients? Are factors like the level of pollution disclosure or the number of mentions in a company report truly realistic proxies for CSR? And what financial measures do you employ? Early studies were concerned with share price, but as Aupperle *et al* (1985) point out, this is open to firm manipulation, to a greater extent than other measures like profit and return on capital invested, for example. I could go on, but the overarching issues are ones with which readers of this thesis will by now be familiar: how do you define CSR, much less measure it? Even assuming you could define and measure it, *even* assuming you could then at

least correlate CSR with firm performance statistically, how do you then establish causality? As Barnett recently put it:

“The continuing chaos surrounding the business case should not come as a surprise. The unique and dynamic characteristics of firms and their environments preclude stability of financial returns to CSR across firms and time.” (2007, p.795)

Put simply, there are just too many variables at play in the average firm environment to isolate the effect of CSR. How, in these circumstances, could we think of CSR as a manageable phenomenon?

In a recent effort to establish some overarching principles, Orlitsky, Schmidt and Rynes (2003) conducted a huge meta-analysis of 52 previous studies yielding 33,878 observations, and still could say only that the market does not *appear* to penalise managers who engage in CSR. In addition, the contention that managers should remain sensitive to the needs of stakeholders for instrumental reasons could be supported; a notion that has been familiar to strategists for some time (see, classically, Freeman, 1984). Furthermore, Orlitsky *et al* found that the main correlate with financial performance *seemed* to be the creation of market reputation through CSR – not huge returns on such a large study. My comment is not meant, in any sense, as a derogatory reflection on the comprehensive and useful work of Orlitsky *et al* but simply reinforces my position that CSR and its effect on firm performance is all but un-measurable.

Finally, returning to Barnett (2007), his call for a contingent, rather than universalising, approach to firm investment in CSR is a welcome acknowledgement of the inherent complexity of the task. However, I would say that even this most recent work on the performance link (at the time of writing) comes perilously close to concluding ‘it depends’:

“Here I advocate...increased attention to a contingency perspective that affirms the payoffs to *some* forms of CSR for *some* firms at *some* points in time.” (Barnett, 2007, p.813, my italics for emphasis)

I have as yet not touched on the literature on the disclosure or reporting of CSR in any depth. I do not intend to do so here as it is not central to my thesis, so I will simply note the overall topography of that area since it is related to the 'performance' debate in the sense of reporting on CSR activities. The literature in this field focuses on the characteristics of CSR disclosure, for example in annual reports, and, increasingly, specific CSR reports. As a simple categorisation Gray *et al* (1995) suggest that there are two main types of disclosure. The first is seen as an addition to mainstream accounting activity, based on similar assumptions and preconceptions (for examples of critical discussion of this approach see Mathews, 1984 and 1993). The second alternative locates CSR disclosure as providing an element of the intelligence that informs understanding of how businesses relate to society. In this second incarnation the field is said by its proponents to link closely to discourses such as political economy (Guthrie and Parker, 1990), stakeholder theory (for example Roberts, 1992), legitimacy theory, which is conceptualised through the notion of the 'social contract' (Mathews, 1993) and the legitimising effect of disclosure (see for example Deegan, 2002).

My own conclusions from this literature review so far are that CSR cannot be adequately defined and measured, certainly for the advocates of an instrumental 'business case' for CSR. Furthermore, the organisational *outcomes* of CSR cannot be managed and traced to inputs any more than any other kind of managerial activity. However, despite this I would argue that the sheer volume of literature on the business case for CSR is for me a clear indication that most proponents of CSR in business related disciplines are intent on locating the value of the concept firmly in the discourses of rational economic thought.

If we cannot conclusively link CSR to financial or economic performance then perhaps there are fruitful findings to be had in linking CSR to firm strategy, and therefore to the longer term and holistic aims of the firm. We have to be careful here since the term strategy and its derivatives are now used "...freely and fondly..." (Mintzberg *et al* 1998, p.9). Where I use 'strategic' CSR therefore I mean it as an integrated practice across the organisation and not to be thought of as the domain of any particular management function such as human resources, marketing, finance and so on (Brooks, 2005). Some writers however, such as Lantos (2001), use 'strategic' as a synonym for 'instrumental', so caution should be exercised. With this distinction in mind I would like to briefly

discuss those contributions that attempt to connect CSR to strategic competitive advantage rather than simply financial performance.

It could be argued that the idea of CSR as a strategic activity is now gathering some momentum. In January 2006 the *Journal of Management Studies* in the United Kingdom produced a special edition entitled 'Corporate social responsibility: Strategic implications' edited by McWilliams, Siegel and Wright. In the same year the 'CSR Special Interest Group' was established in the British Academy of Management, and book publications included 'Strategic Corporate Social Responsibility' by Werther and Chandler (2006). In May 2007, The European Association of Business in Society (EABIS) organised a special workshop on CSR and strategy at INSEAD. However, despite this apparent momentum, explicit work in refereed journal articles on strategy and CSR is currently thin on the ground, certainly compared to the work on strategy and stakeholder theory for example.

An early example of work in this area is the paper by Bowman and Haire (1975) entitled "A Strategic Posture towards Corporate Social Responsibility" which discussed the difficulties faced by corporate strategists in assimilating CSR into their planning. Here they come up against the (now familiar) problem of how to measure CSR. How can something as ill-defined as CSR be correlated with profitability, for example, which can be relatively easy to measure? Bowman and Haire do not, however, get distracted by the measurement issue, and they attempt some inferential observations which suggest that evidence of CSR practice in a firm is a reliable indicator of a firm that is sensitive to its external strategic environment, and remains flexible as a result. This theme is later revisited by Rodriguez, Ricart and Sanchez (2002), but they examine the effect that focusing on socially responsible activities can have on the strategic resources and innovative capacity of firms. In other words their emphasis is internal rather than the external focus of Bowman and Haire, in that they base their work on the 'resource based view' of strategy (see for example Wernerfelt, 1984; Prahalad and Hamel, 1990; Barney, 1991). The external view is taken up by Goll and Rasheed (2002), who focus on the nature of the firm's strategic environment as a mediating variable in the relationship between CSR and firm performance. They found that CSR was more likely to be practiced where resources were not scarce in the external environment and where managers had more discretion. An attempt at integrating the external and internal viewpoints, as well as seeking common ground for the discourses of CSR, stakeholder

theory, and sustainability is made by Wheeler, Colbert and Freeman in 2004. This challenge is overtly addressed from the strategic perspective of "...the instrumental purpose of creating value." (2004, p. 18).

Porter and Kramer (2002; 2006) have explored the link between CSR and 'competitive advantage' which is a fundamental goal of strategy (see for example Porter, 1985 and for a detailed overview of the 'competitive advantage' construct see Hoffman, 2000). The basic argument from Porter and Kramer is that firms need to target their philanthropy effectively to alter the external competitive environment in ways that will suit them (2002; 2006). In a similar way to Wheeler *et al* (2004) they therefore talk of CSR as an instrumental activity. Like Porter, Mintzberg is a name well known to strategists, and he too has written on CSR, but even though his epistemological position within the strategy field is somewhat different to that of Porter (see Mintzberg *et al*, 1998), he also looks for mechanisms based in rational economic thought to solve the inherent tensions between the needs of society and those of business (Moore, 2003).

Finally, the articles in the aforementioned special issue of the *Journal of Management Studies* represent a useful contribution generally, but are patchy in their engagement with the strategy discourse. Only the editorial introduction by McWilliams *et al* (2006) together with the contributions from Marcus and Anderson (2006) and Husted and Salazar (2006) overtly link CSR to core strategic concepts. There are some attempts to scope out the state of play in the CSR literature with regard to stakeholder perspectives, and an otherwise useful paper from Lockett, Moon and Visser (2006) on CSR in management research.

The literature specifically addressing CSR and strategy is therefore comparatively scarce, certainly in relation to that on CSR and financial measures of performance, and there is little in the way of a consensus on how the fields relate to each other. Consequently the question remains of the extent to which we can describe CSR as 'strategic' in the language and conceptual frames of the strategy field. In fact, I would argue that even in using this precise conception of the label 'strategic', it would not be sufficient to simply categorise CSR thus. This is because the field of strategy is itself varied and broad, drawing not only from classical economics, but also organisational theory, organisational behaviour, anthropology, complexity theory, and sociology. Yes, strategy is about a

holistic approach to the pursuit of competitive advantage, but the field is inevitably informed by wide variety of background theoretical resources. I have begun to argue elsewhere that conceptually the discourses of strategy and CSR do show some signs of sharing common ground (Brooks, 2005). I have proposed that this is taking place in aspects of the strategy discourse such as stakeholder theory (Freeman, 1984), organisational culture (Pettigrew, 1985; Mintzberg *et al*, 1998), collaboration (Hamel, Doz, and Prahalad, 1989) complexity thinking (Stacey, 1993; 2000), and the emerging 'strategy as practice' movement (Whittington, 1996; 2002; 2004). However, this conceptual work still needs empirical investigation.

So, after an examination of CSR and its links with both financial performance and strategy, what can we say about the legitimacy issue? Well the legitimacy question, despite all the research into CSR and firm performance, with claim and counter-claim, has not gone away. This should probably not come as a surprise, given the ambiguity surrounding measurement and causality I have just discussed. Indeed, when the field was over a decade into a search for the performance link, and CSR research had both broadened and acquired sophistication, Drucker was still able to say:

“...the proper ‘social responsibility’ of business is to tame the dragon; that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs and into wealth.” (1984, p.62.).

More recently Lantos (2001) has followed Friedman in arguing that CSR, if motivated by altruism, amounts to theft of shareholder funds and is therefore illegitimate. More recently still, it has been argued that the very language of CSR needs to be re-cast to be more ‘neutral’ so that it can be used by management and acquire added legitimacy thereby (Amaeshi and Adi, 2007). Quite how a straight face can be maintained when suggesting that language to be *used* by management is *neutral* is a question I will have to leave to one side for now.

In addition to the ambiguity of measurement and causality, are there deeper reasons that the legitimacy question persists? For Aupperle *et al*, some twenty years ago, the answer was not necessarily a rational one, since CSR was seen as a “...field of study whose

concepts are value laden and susceptible to particular ideological and emotional interpretations.” (1985, p.446). I am not sure much has changed in this regard, as might be expected when emotion and ideology are involved. Based on what I have discussed so far in this chapter, the explanation seems likely to reside in wider ways of thinking and sense-making, and possibly the grounding of different positions in incommensurable philosophical positions. A partial acknowledgement of this comes from Jones *et al*, who explore what they term the ‘background theory’ problem with the related field of stakeholder theory:

“Given its multi-disciplinary origins, much of the disagreement about stakeholder theory is diagnosable as differing sets of background theories at work.” (2002, p.31)

For them, stakeholder theory is very closely linked to CSR (see 2002, p.21) and can be thought of as variously, descriptive, instrumental, normative and managerial. Similarly, I argue that we can trace much of the legitimacy debate in the academic CSR discourse to similar background theory issues. Put simply, much of what divides participants in the discourse can be related to the theoretical assumptions and philosophical positions that they bring to the debate. Free market economists will almost certainly have a different set of assumptions than, for example, a sociologist, anthropologist, or ecologist. Even *within* the field of business and management, an adherent to the ‘rational planning’ school of thought in strategy, for example, will have a different view from a strategist for whom the business environment is characterised by emergence and complexity (for an example of a detailed account of the development of this debate see Mintzberg *et al* 1998).

In addition to this background theory issue, as I discussed in section one of this chapter, the way that traditional ethical theory underpins CSR militates against a unified or congruent CSR theory. Proponents of CSR as an instrumental activity, those who question its very legitimacy, and those for whom CSR should be altruistic or normative in a moral sense, are likely to have different world views based, perhaps unconsciously, in either consequentialist or deontological ethical positions that are themselves very difficult to reconcile. As noted in section one above, MacIntyre might argue that such positions are possibly incommensurable when argued back to their fundamental premises in ethical theory (2007).



Paradoxically, even those seeking to broadly support the practice of CSR can offer unwitting ammunition to the critics of CSR *because* they often frame their argument in either financial or economic terms. Take for example McWilliams and Seigel. Their definition of CSR is “...actions that appear to further some social good, beyond the interests of the firm and that which is required by law.” (2001, p.117). Barnett (2007) points out that critics of CSR will seize upon the concept of going ‘beyond’ firm interests to reinforce Friedman’s original contention that CSR is an illegitimate use of shareholder funds.

More fundamentally though, the whole quest to link CSR and economic performance in order to build a *business* case for CSR carries the built-in risk that today’s ‘business case for CSR’ will be superseded by tomorrow’s ‘business case for something else’. As discussed in the previous chapter, one of the defining characteristics of the management and business field is that it seems to be in a state of constant renewal and reinvention in the search for the next big idea. If CSR is framed as a business-case issue rather than set in a wider philosophical debate about the place of business in society then I would argue it risks losing critical potency altogether.

So far then I have presented attempts to investigate the link between CSR and firm performance, whether financial or strategic, and in both cases the evidence is far from conclusive. I have argued that there are fundamental reasons why this should be so and cautioned against employing the language and logic of business to make the case for CSR. To continue to build the picture of how CSR is categorised and made sense of, I will now turn to examine some of the main models, frameworks and typologies that are to be found in the CSR literature today.

### ***Section Three: CSR Models and Frameworks***

While commentators such as McWilliams, Siegel and Wright claim with some justification that CSR as a field is “...embryonic...” in that “...theoretical frameworks, measurement, and empirical methods have not yet been resolved.” (2006, p.2), there are nevertheless a number of frameworks and models in the CSR discourse that have gained

some degree of acceptance. These typologies often seek to offer a descriptive view of what CSR is practiced and in some cases propose a normative view of what the responsibilities of organisations should be. Many also attempt to label or classify CSR into particular categories. This project becomes of particular interest to my thesis when we find labels that might be thought of as identifying CSR as an instrumental activity driven by rational economic thought, or alternatively as an altruistic or philanthropic phenomenon.

Arguably the best known attempted categorisation of CSR is the work of Carroll. He first published his framework in a theoretical paper in 1979, proposing a “Three Dimensional Conceptual Model of Corporate Social Performance”. In this paper he introduced the idea that firms have four levels of responsibility, rather than simply the pursuit of profit maximisation advocated, most publicly, by Milton Friedman (1970). These four levels of responsibility were labelled as follows: Firstly, ‘*economic*’ responsibilities were to do with being profitable, providing employment and meeting the needs of consumers with fairly priced products (or services) of appropriate quality. Second, ‘*legal*’ responsibilities involved obeying the law in the pursuit of these economic imperatives. Third, firms had ‘*ethical*’ responsibilities, which meant complying with unwritten norms and values derived from society. Finally, Carroll talked of ‘*philanthropic*’ or ‘*discretionary*’ activities which were said to be entirely voluntary and not carried out with any particular instrumental intent (Carroll, 1979). These constructs were then empirically tested by Aupperle *et al* in 1985. Their study examined the responses of 241 chief executives (out of a sample of 818). They were able to test construct validity through factor analysis of the responses to an eighty item forced choice instrument. Not only did the analysis reveal that Carroll’s original conceptual constructs had a high degree of validity, but that the relative importance placed upon these four levels of responsibility broadly matched the order set out above. In other words, the respondents saw economic responsibilities as being of primary importance, with legal second, ethical third and philanthropic responsibilities fourth.

Carroll’s thinking was further developed in a 1991 paper where he made explicit the links between his model and an instrumental conception of stakeholder theory. He draws here on an earlier paper (Carroll, 1987) to expand his thinking on firm’s ethical responsibilities through a discussion of the notion of “moral management” as distinct from what he calls

“immoral management” and “amoral management” (Carroll, 1991, p.44). This is in fact one of the rare mentions of explicitly moral language in the business literature on CSR. However, caution should be exercised since not only does Carroll deliberately conflate the terms ‘ethical’ and ‘moral’ in this paper, but he also lumps together ‘rights’ ‘justice’ and ‘utilitarianism’ as guiding principles for the moral manager (1991, p.45). As discussed earlier, I share MacIntyres suspicion of the ability of utilitarian decision making to allow room for reflection on questions such as ‘*whose* rights or justice’ are served.

There is no doubt that within the development of theory on CSR, the work of Archie Carroll is seen as very influential (see for example Lantos, 2002; Werther and Chandler, 2006) and even “...canonical...” (Windsor, 2006, p.98). However, as I have begun to explore, the detail of his work bears some scrutiny in relation to the aims of my thesis. To this end I would first like to examine the way he is often placed in an antithetical position in relation to advocates of the primacy of shareholders. Carroll’s four-part model of responsibility is frequently set as an alternative approach to the profit maximisation perspectives advocated by the likes of Levitt (1958) and Friedman (1970). However, care is needed here since the situation is a little more complex than the apparently simple picture presented by this dichotomous classification would suggest.

In the first place, as noted in chapter two, Milton Friedman’s ‘bête noire’ status among proponents of CSR might not be fully deserved, as even a cursory reading of his work shows that he clearly acknowledged the ethical responsibilities of business. He supports the idea that firms should try to make as much money as possible but should do so while “...conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.” (1970). We can see from this that the popular perception of Friedman as an unbridled advocate of shareholder interest *to the exclusion of all else* is not as cut and dried as we might think. Secondly, Carroll himself explicitly locates economic responsibilities within his model, including the responsibility to return a profit for principals, stating that “It is important to perform in a manner consistent with maximising earnings per share” (1991, p.40). This hardly represents a radical critique of economic rationality.

In addition, one of the claimed advantages of following Carroll’s model, whereby a firm recognises, for example, their ethical responsibilities, is that they can strategically prepare

themselves for future legislation. Put simply, the ethical expectations of society today may well become codified into tomorrow's laws, and hence become legal responsibilities. In the United Kingdom for instance, the societal change towards increasing paternal involvement in children's upbringing, together with other social trends to do with gender balance in the workplace, has led to legislation permitting paternity leave to be taken by fathers. Firms with a tradition of satisfying male employees' expectations to be able to spend some time with their new-borns in recent years would therefore have pre-empted such legislation, and in rare cases might even have helped shape the regulatory debate. Therefore much of the justification for Carroll's approach, especially in its earlier conceptions, could be said to be instrumental. In other words, a *business* case, based on economic rationality, could be made for following *all* levels of responsibility rather than just economic and legal. One final observation is that Carroll himself goes on to develop the model into a 'pyramid of corporate social responsibility' (1991), which is *built on economic responsibility* as the foundation:

"All other business responsibilities are predicated upon the economic responsibility of the firm, because without it the others become moot considerations." (1991, p.41)

None of my arguments here are intended to decry Carroll's very significant contribution, merely to draw attention to the complexities that are often hidden by an uncritical reading of his position in the debate.

Carried out broadly at the same time as Carroll, the work of William Frederick drew attention to the actual practice of corporate social responsibility in firms, and he used the term 'corporate social responsiveness' to describe this. He labelled corporate social *responsibility* as CSR1 and corporate social *responsiveness* as 'CSR2', acknowledging a debt to Ackerman and Bauer (1976) for the terminology (Frederick 1978; 1983). For Frederick, corporate social responsiveness describes a pragmatic approach to social pressures, whether defensive or anticipatory (Frederick, 1983). It is interesting to look at this original paper with the benefit of twenty years of hindsight, and to note that examples of corporate social responsiveness (CSR2) included such actions as responding to increased mortality among workers by minimising harm caused by dangerous chemicals. It is to be hoped that today such matters would be more likely to be thought of as legal

responsibilities, to borrow Carroll's terminology. The main point illustrated here though is that CSR2 was essentially a strategic or instrumental proposition, as distinct from, say, corporate philanthropy where no instrumental motive is espoused (Frederick, 1983).

Whilst they are not especially widely cited compared to Carroll or Frederick, two conceptual papers by Lantos (2001; 2002) are of interest here since he attempts to develop a partially related but alternative framework to Carroll, and in doing so uses the term 'strategic CSR' to describe CSR that has an explicitly instrumental motivation. In his first paper he essentially revisits the contentions of Friedman (see for example Friedman 1970) in order to argue that philanthropic responsibilities as described by Carroll are tantamount to theft of shareholder's funds. He re-labels 'philanthropic' responsibilities as 'altruistic CSR' and also proposes the label 'ethical CSR' to denote activities which he describes as ethically mandatory, such as maximising profits, acting within the law, or making reparation for damage caused by firm externalities such as pollution and so on.

This is an interesting contribution, especially in the context of this thesis, but there are a number of ways in which Lantos can be challenged. Firstly, in importing Friedman's arguments so vigorously, he brings with them some of their inherent weaknesses. Chief among them is the fact that the position is severely undermined once it is acknowledged that there are many firms to whom the agency model predicated upon the separation of ownership and control does not apply. This is clearly an important consideration for my thesis, based as it is largely in the context of small and medium sized companies. Secondly, how does a firm know that altruistic CSR today does not, in fact, result in some good for the firm in unforeseen ways tomorrow? If some unanticipated strategic advantage accrues does this mean that the initially altruistic motivations need to be revisited? Thirdly, even the conception of 'strategic CSR' is still at odds with many of the 'Friedman' school since it is still a way in which *short-run* profits are not maximised; strategy is about the long term view. Fourth, it is questionable whether all would agree that maximising profits for principals is necessarily an ethical obligation rather than a legal or economic one. Finally, Lantos is too harsh in his criticism of Carroll's 'philanthropic' level of responsibility, since close reading of Carroll shows how this could actually fit into an interpretation of his overall schema as being instrumental. Such an interpretation would surely find favour with Lantos.

More recently, Matten and Moon (2004b) have suggested that we can in fact think of CSR in two ways: 'explicit' CSR and 'implicit' CSR. Explicit CSR describes a corporate-driven agenda, based on corporate policies and practices involving self-interested voluntary programmes. Implicit CSR on the other hand describes the societal *values and norms* resulting in the practice of CSR. These values and norms may exist on a number of geographical scales and are under ongoing construction by the formal and informal institutions and cultural practices extant in society. Matten and Moon have taken as their starting point their observation that CSR in Europe, both as a practice and a discourse, appears to have lagged behind its emergence in the United States of America (USA) by many years. In seeking an explanation for this, their paper examined the different ways CSR appears to be addressed in relation to three common CSR issues: workers rights, environmental protection and educationally based initiatives. While they concede that this is not an exhaustive list of CSR activities, they conclude from their discussion that two main variables are at work. These are the *salience* of CSR issues to corporations and the *institutional context* in which business operates. They acknowledge the complexity and danger inherent in attempting to generalise between Europe and the USA, but there are nevertheless some interesting implications to be drawn from their work. Firstly, they contribute to our understanding by adding another perspective from which we can try to make sense of CSR. Could we start to think that CSR in some contexts could be made sense of using fundamentally different thought processes than in other contexts, whether we agree on the Europe-USA divide or not? Secondly, there is a normative contribution in that their discussion shows how the current CSR debate does not perhaps take enough account of the *context* provided by societal institutions, and I would argue that some parallels to the work of both Karl Polanyi and Alasdair MacIntyre are evident in this acknowledgement. For Matten and Moon the role of the corporation is over-emphasised in the literature at the expense of the role of context. Finally, they helpfully acknowledge that their distinction between implicit and explicit CSR is one of emphasis rather than a dichotomous model. Their implication that CSR is too complex in its drivers and its practice to be easily classified into neat typologies will have particular resonance with my own thesis when I begin to present my findings.

The contributions discussed above are useful attempts to categorise CSR. However, helpful though these are, it is also important to consider the idea of how the construction and practice of CSR might change over time. We have seen in chapter three the

importance accorded to historical, as well as societal, context in the analyses of MacIntyre (2007) and Polanyi (1944/2001). A history, by definition, implies the passage of time, so a dynamic conception of how CSR might change in its practice over time would add to our depth of understanding. As was discussed in chapter two, societal interest in the actions of organisations continues to develop and change. It is likely then that the way CSR is constructed is also developing, but few of the models and frameworks discussed so far explicitly include this temporal dimension. There have been a limited number of other studies trying to address this extra complexity, however, and I discuss these below.

An attempt to understand the way large companies respond over time to societal demands was made by Ackerman in 1973. He proposed three phases of organisational involvement in translating initial awareness of a social issue into an understanding of the implications for the firm and finally into operational management policies. While he did not directly use the phrase ‘corporate social responsibility’, he talked of “...converting the rhetoric of *corporate responsibility* into meaningful action.” (1973, p.98, my italics for emphasis) as well as corporations being “...socially responsive...” (ibid, p.98). Despite these reasonably clear associations with CSR, it is surprising to note that Ackerman is not at all widely cited in subsequent CSR literature, even though his work is published in the (far from obscure) *Harvard Business Review*. In fact the recent ‘development stages’ models from Carlisle and Faulkner (2004) and Mirvis and Googins (2006) discussed below, both privilege the position of senior management in the development and subsequent formalisation of social initiatives, which strongly echoes the approach of Ackerman (1973). He contended that the first phase of development begins with the chief executive, and is broadened through the organisation to staff specialists and finally divisional management. This is interesting because he introduces us here to the notion of the “specialist” (ibid, p.93) whose role is to develop systematic methods within the firm infrastructure to gather information, formulate policies, and manage the organisational response to social issues.

There are some nuanced readings of Ackerman’s early work to be explored here. In the first place, the idea of a specialist with a responsibility-related role in the firm pre-dates today’s large-firm CSR professional by some thirty years. Equally interesting is the wider concept of the institutionalising of “...response strategies...” (ibid, p.98) through “...a rational sequence of activities in support of goals in areas of social concern.”. And those

who should be responsible for these strategies (as opposed to the policy-making of the specialist), are "...middle level managers... (because)...The procedure of goal setting and strategy evaluation is *second nature* for both corporate level and operating managers." (ibid, p.98, my italics for emphasis). Responses to social issues are therefore very much seen as part and parcel of the rational, strategic approach to management for Ackerman, where strategy formulation (by senior management) and implementation (by middle management) are seen as separate activities. There also seems to be a suggestion in my italicised words above that the ability to manage is a given. However, throughout his paper, Ackerman does in fact implicitly critique the notion of 'management', ascribing problems of operationalising responses to social issues to "...the difficulties of the *management tasks* involved, rather than moral or ideological intransigence." (ibid, p.89, my italics). These management tasks are in fact thought by Ackerman to be a function of the divisional structure of organisations which described some 75% of Fortune 500 firms in 1970 (ibid, p.90). In this sense therefore I am not necessarily saying that Ackerman was consciously entering into a wider critique of managerialism, but it is nevertheless instructive to see these doubts over management efficacy with regard to CSR-related issues emerging as early as 1973 in a mainstream management journal.

It has been implied by others that middle management inertia might be responsible for the apparent disconnect between organisational intentions over CSR and a lack of implementation (see for example Collins and Ganotis, 1973; Ostlund, 1977). However, these contributions do not really represent a sustained critique of managerialism in the CSR literature, since they are in fact more concerned with techniques of operational management, rather than the ends of management in the critical sense of 'who benefits' from management actions.

As mentioned above, a recent paper by Carlisle and Faulkner is an example of an attempt to address a more dynamic conception of CSR. They propose a "stages framework" (2004, p.143) of CSR consisting of four phases, namely: 'developing awareness', 'promoting awareness', 'initial implementation', and 'mainstreaming'. This is a welcome development in the literature because it introduces dynamism through the addition of the temporal dimension, and is based on empirical data from both surveys and interviews. Carlisle and Faulkner also make some interesting observations, chief among them being that there was little evidence in their surveys of mainstreaming CSR into operational or



strategic practices in organisations. I would caution though that just because CSR is not 'mainstreamed' into the core strategy does not mean that it cannot still be part of the instrumental armoury of a firm.

Carlisle and Faulkner (2004) therefore introduce the idea that firms might occupy one or other of their proposed stages. In raising this possibility they allow the inference that firms might therefore *proceed* from one stage to another. Of course the idea that a firm might orient itself to one or other approach to responsibility is discussed by Carroll. However, it is recommended by Carroll's model that firms attend to all levels of responsibility, whereas in a 'stages' model the implication seems to be that firms move from one orientation to another. Another difference is that in Carroll's model the *context* is emphasised, in that societal expectations might change and become codified in laws. Through the work of Carlisle and Faulkner the focus is on the notion that the firm itself might change in its approach to CSR. They do not however, explicitly discuss *how* this development might occur nor speculate in any depth on what might drive it. Also absent is an evaluation of how CSR begins in organisations in the first place. Their proposed stages framework for culturally embedding CSR in a firm starts with the position that "...senior managers become aware of the issues." (2004, p.145), whereas my thesis tries to go back beyond that stage in order to trace CSR to its inception in the firm. For me, questions that arise from the Carlisle and Faulkner work are: how do managers become aware of the issues in the first place, and is it correct to assume that 'senior' managers are necessarily the key actors?

Finally, as a further example of the ongoing definitional difficulties in the CSR discourse, there is some potential for an element of overlap between CSR and environmental practices in the Carlisle and Faulkner paper. Not only do they use the term CSR synonymously with "...environmental ethics..." (p.143), but their empirical data is arguably over-reliant on environmental measures such as green policies and environmental mission statements and so on. As I argued in chapter two, CSR and 'green' environmental practices or theory are not wholly synonymous, although, as evidenced in Carlisle and Faulkner (2004), they undoubtedly occupy similar discursive space for some in the academy. Indeed, if we do step a short distance away from the label 'corporate social responsibility' and examine related literatures, such as that on sustainability, there are contributions that discuss the issue of how practices *similar* to

CSR develop over time in organisations. For example, Dunphy, Griffiths and Benn (2002) address the dynamic nature of organisational responses to sustainability issues from the perspective of the organisational change literature. This is a useful approach in the field of sustainability, but not necessarily the same thing as a detailed examination of how the practice of CSR develops, independent of other organisational change.

Returning to attempts to conceive of how an organisation's orientation to CSR might take different forms over time, the recent conceptual work of Mirvis and Googins (2006) is interesting. They use the label 'corporate citizenship' rather than CSR but early in their paper conflate "...responsibility..." (p.104) and "...social responsibility..." (p.106) with corporate citizenship. This means their firm-level model of citizenship or responsibility stages is admissible here. The five stages proposed by Mirvis and Googins are described as: 'elementary', 'engaged', 'innovative', 'integrated' and 'transforming', although they acknowledge that this is not necessarily a linear "...single development path." (2006, p. 107) resulting in some logical end-state.

This work goes further than Carlisle and Faulkner (2004) in that they propose that movement from one stage to another might be triggered by "...challenges that call for a fresh response." (Mirvis and Googins, 2006, p. 106). These can include "...socio-economic, environmental, and institutional forces impinging on the enterprise." (ibid, p.106). However they also hypothesise that what they label 'push' factors constitute an important internal driver towards corporate citizenship. These include traditions and values, image or reputation, overall strategy, and the drive to recruit and retain employees. Such a contribution is useful for my thesis in that they offer some logical ideas of what might drive corporate citizenship, but happily their conception of corporate citizenship is very close to the notion of corporate responsibility, and for them, both fall under the umbrella of the way business relates with society.

In summarising this section therefore I would argue that most of the models and frameworks discussed above implicitly or explicitly construct CSR as an instrumental practice with some limited reference to more normative or altruistic factors. Another shared factor among the work discussed so far in this chapter is its almost exclusive focus on CSR in larger firms. An examination of this literature has been important to establish the dominant frameworks, and to understand their theoretical provenance. In section

three below I will turn to an evaluation of the less extensive but growing body of work on CSR among small to medium sized enterprises.

#### ***Section Four: CSR and Small to Medium Sized Enterprises***

The preceding writing has been focused on aspects of the CSR literature of direct theoretical relevance to the aims of my thesis, but now I would like to concentrate on what the literature has to say about CSR and the main *organisational* context for the thesis, namely small to medium sized enterprises (SMEs). This section will begin by looking at the development of this field over time, noting that while it was possible to say that a gap existed in the literature as recently as five or six years ago, there has been a marked increase in research activity of late.

One of the basic difficulties in evaluating the literature on CSR in SMEs is familiar from other areas of CSR research, this being the inconsistency of definition and the resulting confusion over terminology. For example, some of the more recent work specifically using the term CSR has its roots in earlier research where the term 'ethics' or 'business ethics' was used, and it would be wrong to ignore this literature simply on the ground of linguistic fluidity. Indeed, a key contributor to our understanding in this area is Laura Spence, and in her work the notion of 'CSR' in SMEs and 'ethics' in SMEs is sometimes used more or less interchangeably, although the labels 'CSR' 'responsibility' and 'responsible business practice' feature more in her later work (see for example Spence and Rutherford, 2001; Moore and Spence, 2006).

As recently as 1999, Spence remarked that there was a "...lack of appropriate research, so that to date we can draw no firm conclusions in relation to ethics in the small firm." (1999, p.163). She was reinforcing earlier comments (see for example Thompson and Smith, 1991) that research into business ethics generally, and social responsibility more specifically, has been mainly conducted in the context of larger organisations. More recently, in the editorial introduction of a special edition of the *Journal of Business Ethics* (September 2006), Moore and Spence point to the paucity of our understanding of these issues, saying that "...there is, therefore, no area of research into responsible business practice and SMEs which we could claim is well addressed..." (2006, p.220). In an echo

of the 'background theory' problem discussed earlier, one of the problems cited as exacerbating the gaps in the literature is the tendency for contributors to focus on one area of literature, meaning that significant developments elsewhere can be missed. For example, it is acknowledged that a "...wide sociological literature..." is often passed by in the business-related writing (2006, p. 220). It is intended that one of the contributions made by this thesis is to help address this particular shortcoming by applying the lens of the sociology of economic behaviour.

When examining the historical development of research into CSR and SMEs, another layer of difficulty is presented by the varying definitions of what sized business we are labelling small or medium sized. This is a particular problem when we come to consider research conducted in the United States of America (USA), where exploration of CSR and small businesses largely began in the early 1980s. For example, Wilson carried out a study of 180 small businesses using an upper size limit of twenty-five employees (Wilson, 1980), whereas other work defines 'small' as being up to 500 employees (Holliday, 1995) or even 1000 (see for example Dunfee *et al*, 1991; Robertson, 1991). This makes comparisons between studies difficult, not only within the USA but between the emerging United Kingdom based work and these earlier studies. Another feature of the early studies in the USA is the predominance of quantitative methods, (see for example Kedia and Kuntz, 1981; Brown and King, 1982; Chrisman and Fry, 1982; Chrisman and Archer, 1984; Besser and Miller, 2001) some of which attempt to duplicate studies previously conducted on larger organisations.

Spence (1999) reviewed the dominant themes in the contributions from the USA, finding that the local community and customers are the main recipients of small firm social responsibility. The focus on the customer would seem to reinforce Wilson's research (1980), which sees profit seeking behaviour as dominant in small firms. The work of Wilson is one of the rare phenomenological pieces of research in the USA, in which she also makes a strong case for the use of qualitative methods in the study of smaller businesses. I will be making a similar defence of a constructionist methodology in the next chapter, but the implied underlying question is a good one: what is different about small or medium sized companies that makes them worthy of particular approaches or methodologies?

When setting out the context for my thesis in the introductory chapter I highlighted the importance of SMEs to the economy in general and the economy of post-industrial south Wales in particular. I do not intend to repeat those statistics here, but instead to explore this issue of difference. As Tilley nicely puts it, “Small firms are not little big firms.” (2000, p.33) and as such we need to understand what those differences are. Spence (1999) has usefully summarized a number of characteristics of small businesses from a variety of earlier papers, including Curran and Blackburn (1994), Holliday (1995) and Rutherford *et al* (1997), in order to support the notion that ethical issues in smaller firms may be different from those affecting larger organisations. For example, smaller firms are said by Curran and Blackburn (1994) to be more independent in terms of ownership structure and to enjoy autonomy from the local community. This notion of independence from community remains contestable however. The Bolton Report (1971) characterizes small business owners as being *more* embedded in communities than their counterparts in larger organisations, but Curran and Blackburn (1994) and Curran *et al* (2000) take an opposing view. They propose that smaller firms and their owners are likely to concentrate on business activities to the detriment of community engagement, asserting that their “...findings indicate small business owners tend to be detached from the locality and local economic initiatives (2000, p.128).

Spence (1999) additionally suggests that smaller firms may lack strategic focus, as managers are more likely to take responsibility for operational functions as well as organisational leadership, especially where survival and cash-flow considerations dominate management priorities. It is also proposed that smaller firms are likely to experience reduced power distance and a greater degree of informality in terms of the personal relationships and control structures that develop. North *et al* (1998) imply that as a result externally imposed procedures may be antithetical to practices in small firms, although Tilley claims that small businesses in her study “...demonstrated a preference for external forms of regulation, as opposed to self-regulation, as a means of controlling the environmental behaviour of businesses” (2000, p.36).

More recent research on CSR among SMEs in the United Kingdom can be found in the field of business ethics, although the label ‘corporate social responsibility’ has become more prevalent. Spence and Rutherford (2001) conducted a qualitative study of social responsibility and ethics among small firm owner managers based in the south-east of

England. These findings are of direct interest to me in that they identify four frames from which small businesses might perceive their social responsibility, and make the important point that policy makers will have to engage with these frames rather than assume small businesses are purely concerned with rational profit maximisation. The four frames they identify are profit-maximisation priority, subsistence priority, enlightened self-interest and social priority, basing their methodology on Goffman's frame analysis (1974). They also found that respondents did not remain in one frame consistently, and can be driven to change their perspective by, for example, financial strains on the business. This adds a welcome temporal dynamic to the discourse. The main outcome of their work though, was to find that owner-managers acknowledged the importance of social issues, whether they prioritised them or not, and could not therefore be assumed to be exclusively profit-maximising rational economic persons.

Case study research has also been undertaken on behalf of the Institute for Public Policy Research, examining fourteen organisations in London and Nottingham (Joseph, 2000). A notable result of this work is the identification of the wide variety of socially responsible activities undertaken by SMEs, even in this relatively small sample. More recently Spence and Rutherford (2003) call for more empirical research into ethics among smaller companies, arguing that a sociological approach has much to offer. This call is being partially answered by an emerging literature relating ethics and social responsibility to notions of social capital (see for example Spence, Schmidpeter and Habisch, 2003; Fuller and Tian, 2006). As stated earlier in this section, I too would argue that a sociological approach has much to offer, and furthermore that my own thesis represents a contribution in this respect.

The diverse discourses to which corporate social responsibility is related evidences the currency of the topic but there remains a lack of understanding of how CSR is socially constructed in SMEs. Murillo and Lozano (2006) have begun to examine related issues looking at four case studies in Catalonia. They found that the values of the owner manager seemed to be central to the CSR initiatives, and that a key concern was employee welfare. While any attempt to study CSR in SMEs from an inductive, constructionist perspective are to be welcomed, the limited number of companies participating in their study clearly calls for caution in reading too much into the findings.

The need to acknowledge the specific social context of small businesses and move beyond some of the assumptions about SMEs has begun to be addressed by, for example Jenkins (2004a; 2004b). She has been careful to point out that even where we can agree on a definition of what is small or medium sized, the SME 'sector' is far from homogenous. Certainly the variety of CSR practices found by Joseph (2000) would seem to support the notion that each SME is a creature of its own context, at least when it comes to practicing CSR. The Bolton report in 1971 explained this variety by hypothesising a close link between the personality and values of a dominant owner or owner-manager, and the predominant values and management style found in the SME. This would imply that the owner or owner-manager would have a large influence on the type of CSR carried out by smaller businesses. There are other complexities to factor in however. Bolton (1971) proposed that SMEs are more embedded in their communities, as noted above, but others such as Curran, Rutherford and Lloyd Smith (2000) suggest that the idea of what is 'local', or what is meant by 'community' is not a simple question. This is another area in which my own findings hope to add to our knowledge of the field.

Although Spence and Rutherford (2001), with their social perspective frames, have built some important foundations, there is little written on what actually drives SMEs to engage in CSR. Jenkins has made some beginnings here, finding that a large number of her respondents "...used moral and ethical arguments to justify why CSR was important to them." (2006, p.249). This is interesting and important but there are some differences between her work and mine in that her respondents were drawn from SMEs who overtly championed CSR good practice across the United Kingdom, rather than being a sample with no discernible orientation to CSR. In terms of instigating and implementing CSR, the predominant feature in her study is that senior management or the owner-manager was usually responsible, echoing the claims of Trevino (1986) and Hemmingway and MacLagan (2004) that senior managers make decisions based on their own values. Jenkins (2006) goes on to say that in many of the firms in her study, respondents found it difficult to quantify and measure the benefits that accrued from CSR, reinforcing some of the findings on the difficulty of measurement and quantification discussed in section one above.

Another recent attempt to address what drives CSR has been made by Williamson *et al* (2006). They specifically examined environmental practices in manufacturing SMEs,

although then drew some broader inferential conclusions for CSR more broadly. They argue that SMEs will only act when there is an explicit requirement for them to do so, and that they focus on operational 'business performance' issues rather than acknowledging wider social stakeholders.

As can be seen from this review, there are a variety of approaches being taken to CSR in SMEs but no clear over-arching research agenda. Even though the last five or six years have seen an increase in activity, it is difficult to disagree with Moore and Spence (2006) when they point to the comparative scarcity of research in the area. There have surprisingly been few discernible attempts to apply models and frames from large company CSR research to SMEs in the United Kingdom, although this is perhaps not such a bad thing. As I have shown, Spence and Rutherford (2001) and Williamson *et al* (2006) have taken an inductive, grounded approach to try and build frames that make sense for the SME rather than imposing *a priori* frames from the existing large-firm literature. A more nuanced picture may be built in this way, an argument I develop in chapter five below. However, one of the drawbacks of the lack of cross referencing to the large firm models for the purposes of my thesis, is that there are no ready-made applications of the type of models that hold within them notions of CSR as either an instrumental or altruistic construction. Again, frustrating though this might be in a way, the advantage is that the work of Spence and Rutherford (2001), for instance, can discuss what drives SME owner-managers without imposing frames from outside.

Having examined three main aspects of the CSR literature, namely the legitimacy and performance-link debate, a selection of CSR frameworks and models and finally the specific CSR and SME literature, I will now draw out the main findings from this chapter in the concluding discussion.

## ***Conclusions***

The main purpose of this chapter has been to critically evaluate what the existing literature and the ideas of others can tell us about the extent to which CSR is an instrumental construction, driven by rational economic thought.



Looking back to chapter two, I highlighted a range of societal voices that we could describe as being broadly critical of the actions of business. These voices are heard through active protest, cultural products, and anti-corporate books or films created for popular consumption. I argue that these constitute a context in which issues of what is right and wrong about corporate behaviours are overtly discussed. It is therefore surprising that most of the widely cited models and frames in CSR, many of which were discussed above, fail to make a strong case for CSR being a moral issue. What has happened to the language and justification of the ‘charity principle’ or ‘stewardship principle’ that underpinned the works of paternal industrial philanthropists and their 20<sup>th</sup> century equivalents like Andrew Carnegie? It is possible, as Fevre (2000) points out, to cynically ascribe instrumental motives to just about any altruistic action, so suspicion might attach to these philanthropists of yester-year as much as the large corporation of today. However, very few of the academic contributions from the field of business to the debate on CSR seem to even *try* to use the language of morality and altruism to make a case for CSR. The case is made by and large in the terms of business and management. CSR is therefore seen as legitimate to the extent that it can be related to some conception of firm performance.

As my discussion of economic rationality showed in chapter three, the sense-making and thought patterns underpinning the world of business have colonising tendencies. To question or be against management is, to paraphrase Martin Parker, like being against air or buildings or society itself; management is “...a fact of life,” (2002, p.2). Weber feared these developments in his writings on bureaucracy (Kalberg, 2005) and Polyani (1944/2001) warned against the commodification of what is human and natural. Furthermore, although his ideas have not been explored in depth here, Habermas talked of the ‘colonisation’ of the lifeworld. In a similar, but more critical vein, Fevre’s work (2000 and 2003) has shown us how economic rationality has seeped dangerously into places it does not belong. The result is anomie or de-moralization, where moral considerations are driven out. It appears that moral and altruistic considerations have been at least partially driven out of the CSR discourse, and with them, I would argue, some of the critical potency of the construct.

The key basic characteristic of CSR that makes the contribution of this thesis important is that it sits at the boundary between business and society. However, despite this ‘boundary

spanning' quality, it is the sense-making and language of business that predominates in the academy. As I have shown, Carroll (1979) includes discretionary or philanthropic responsibility in his model but still predicates the whole thing on economic success, and proposes a rationale for all aspects of his model that is fundamentally economically instrumental. Morality is the thinnest of veneers in that framework despite it being used frequently to argue against the more naked economic rationality of Milton Friedman. Lantos (2001) uses the language of altruism simply to dismiss it as tantamount to theft of shareholder funds. He does not even bother applying a veneer but advocates CSR only as a strategic activity. The very words used to discuss CSR have not escaped attention either. Amaeshi and Adi (2007) tell us that the language of CSR needs to be translated into a utilitarian variant that is intelligible to managers. As I noted earlier, from a critical perspective it is somewhat contradictory that the resulting language is described by the authors as *neutral* in the same breath as they are saying this proposal is necessary so that it can be *used* by managers. In a similar way, Peters compares CSR with the quality movement and contests that CSR will only work if it is "...played out against a capitalist imperative, with its messages heard using the *language* of capital." (2004, p.205, my italics for emphasis).

There is some interesting critical potential in the work of Matten and Moon (2004b) and their contention that the role of the corporation in CSR is over-emphasised and that we need to acknowledge the implicit role of culture and institutions in setting the context for CSR. Morality is not explicitly introduced here but at least the debate is not foreclosed in favour of economic rationality. The door for morality is opened by the acknowledgement of societal and cultural context. Echoes of Polanyi (1944/2001) and MacIntyre (2007) can be heard in Matten and Moon's recognition of the societal, cultural, and institutional context for CSR.

Despite this example from Matten and Moon (2004b), we are not, in general, seeing CSR being used to somehow re-moralise the debate over business and society as far as most of the models found in the literature are concerned. What dominates the debate is actually a quest for *better* economic rationality through the search for a clear link between the practice of CSR and firm performance, reminding us of the call from Etzioni (1988) to introduce a 'moral dimension' to economics for instrumental purposes.

I examined the 'performance link' debate in two key areas, financial performance and strategic competitive advantage. When this turn in the discourse took place in the early 1970s as a reply to Friedman (1970), it took the CSR debate away from the fundamental legitimacy question, or perhaps more accurately, it obscured the question under the apparently more pressing search for the business case.

There are three problems that I see with this. Firstly, although it was ideologically driven, the original legitimacy question of firm responsibilities at least left room for moral considerations, allowing the language of duty and obligation to be used by Bowen (1953) and his antecedents without apparent embarrassment. Secondly, once the turn to the 'business case' took place, the language and sense-making of rational economic thought had begun its colonisation of the discourse. Morality was sometimes admitted from then on, but largely only to the extent that it had something to say in support of the business case. Other than that, the debate over morality in the business-related literature on CSR was effectively foreclosed by the performance turn. Weber would recognise this scenario and lament the systematic exclusion of the non-rational and emotional from the discourse. Thirdly, as I noted earlier, the seductive language of business is in fact ethereal. Witness the way in which ideas such as outsourcing, total quality, knowledge management, six sigma and business process re-engineering (in whatever order) have fallen in and out of favour. Are we to allow CSR to go the same way if we only make sense of it through rational economic thought? MacIntyre (1985) suggests without much optimism that this constant reinvention might contain the seeds of doom for managerialism as the emperor's clothes are seen for what they are, but he might be unsurprised that evidence of this is thin on the ground as I write.

Interestingly, the comparatively limited literature specific to CSR in SMEs is less clear cut on the question of the dominance of economic rationality. Frames built inductively through qualitative methodologies have shown that social orientations exist among small business owner-managers, and that the assumption of 'rational economic man' does not always hold true in SMEs (Spence and Rutherford, 2001). Jenkins (2006) has shown us that the benefits of CSR for firms in her study, who were actually champions for CSR, were still difficult to assess, however. This reinforces the complexity that foils attempts to clearly link performance and CSR in firms both large and small. Williamson *et al* (2006) tell us that manufacturing SMEs take a pragmatic view of CSR and only act when

prompted by legislation or market pressure, although caution is needed here as they were actually researching environmentally-related actions. So the evidence for economic rationality as a driver for CSR is mixed in the limited SME literature, leaving room for other explanations.

There are some voices of criticism in refereed journal articles to be found outside the field of business. For example, Shamir (2004) laments the de-radicalisation of CSR, claiming that its discourse has been appropriated by powerful corporations and is being neutered through its absorption into the lexicon of management. In addition, he points out that companies are adept at lobbying against legislation they find unhelpful and are shrewd in their use of partnerships with NGOs and other bodies when it suits company purposes. The net result is a symbolic struggle over the very terminology of CSR according to Shamir. A similarly critical view of the way that CSR is used as a public relations exercise by business is voiced by Frankental (2001), while Pendleton (2004) sees CSR as a façade to be used to insure the reputation of firms while they carry on business as usual. These are but a sample, but in terms of sheer volume, much of the critique of business which employs openly moral language remains *outside* the academy, inhabiting polemical books, websites and other sites of activism as discussed in chapter two.

Similar observations on the location of critical voices prompted Parker (2002) to ask where the critique of managerialism more broadly will come from, and he particularly dismisses critical management academics as being guilty of "...sustained intellectual hypochondria..." (2002, p.126) and being "...too busy interpreting the writing on the wall to realise that the wall had been sold." (ibid, p.130). If we agree with Parker's colourful assessment, then looking to critical management studies for a coherent campaign in defence of morality through CSR might be optimistic. However, despite Parker's pessimism, a broadly critical view such as that taken by my thesis is needed. We need to ask whose interests are served by the state of affairs that sees the dominant models and typologies remaining overtly or covertly informed by instrumentalism. There are no models, for example, that admit to the sheer complexity and unpredictability of how CSR is born in organisations, let alone the complexity of the environment into which it emerges. There are no widely cited models that overtly place staff in the process, other than Ackerman (1973) who blames middle managers (the implementers) for inertia rather than senior managers (the formulators of CSR strategy in his model). It seems that the

dominant discourse is managerial and that actors and interest groups that benefit from economic rationality will also benefit from the current conceptions of CSR.

So this literature review seems destined to end in pessimism. Morality has apparently been foreclosed, and the dominant projects in the academy appear to remain wedded to a conception of CSR characterised by instrumentalism and underpinned by rational economic thought. But this need not be a dead end. In the first place CSR might be seen only as a label, and might even be appropriated by the world of business, but there are fundamental historical questions about the place of business in society forming the foundation for CSR and these look likely to outlive the label, if 'label' it turns out to be. In the second place, my research and the ongoing research of others in the growing SME and CSR field is *reported* in the academy, but is *conducted* in society with all its complexities. We are talking to real people with, it will emerge, multiple motivations, dealing with complex challenges and constructing their own 'reality' and meaning out of these messy circumstances. Spence and Rutherford (2001) have already shown that *homo economicus* is not necessarily dominant in the SME sector when it comes to social responsibility and ethics. Will my own findings reinforce this? What part does community play? Indeed, how is community defined? What other findings will emerge from this complexity and will there be any evidence of morality in the primary data or will we see economic rationality dominating?

Before I present, analyse and discuss my findings in what will effectively form the 'second half' of my thesis, chapter five will set out my methodological approach and what I actually did to gather and analyse my data.

## Chapter Five: Defence of Method

### *Introduction*

In this chapter I explain and justify both the methodological position adopted, and the methods used in this thesis.

The overall structure of this chapter moves from the general to the specific. I will begin with over-arching methodological considerations, and move to a more detailed evaluation of the actual methods employed for data collection and analysis. The sections below are therefore set out in the following way. Firstly, I will recall the main research question, and give a very brief overview of the research strategies and methods employed. In the second section I set out and justify the epistemological position I have adopted, and offer some reflections on how the position evolved as the research progressed. This will introduce certain concepts and confer some linguistic stability on what follows in subsequent sections and chapters. In the third section I explain and justify the data collection and analysis methods that were used, namely focus groups and semi structured interviews for collection, and critical discourse analysis for data analysis. The fourth section draws from sections one, two and three of the chapter to discuss issues of internal and external validity, together with a consideration of research ethics as they relate to this thesis.

### *Section One: The aims of the thesis re-visited, and an overview of the research approach.*

#### The aims of the thesis re-visited

Our journey since introducing the aims in chapter one has taken us through a contextualisation of corporate social responsibility (CSR) and a detailed critical evaluation of a number of useful and relevant theoretical frames found in a variety of literatures. It is therefore apposite to remind ourselves of the key aim of this thesis at the outset of this chapter, which I have expressed as follows:

Is corporate social responsibility constructed and practiced as an economically rational phenomenon by small to medium sized enterprises?

A number of the rhetorical questions that may, in a sense, lie beneath this question were rehearsed in the early paragraphs of chapter one, largely to introduce the potential richness of this field. Working within this richness, this question is intended to contribute to our knowledge of CSR, as well as to enable the thesis to contribute to the academic traditions that predominantly frame the study: the sociology of economic behaviour, and business ethics. I have naturally also remained sensitive to the emergence of other themes in addition to the *a priori* aim set out above.

#### An overview of the research approach.

I have summarised in the paragraphs that follow the whole research design, so that the reader has an appreciation of the overall project prior to immersion in the detailed explanation and justification of the methodology and method.

#### *Epistemological position*

This thesis is a qualitative study, taking a social constructionist perspective, and adopting a broadly critical position. This position and perspective will be explored more fully in section two below.

#### *Overall Research Strategy*

The overall research strategy is qualitative, taking an interpretive approach to the subject matter.

#### *Data collection*

The data collection methods consisted of focus groups followed by semi-structured interviews. Two pilot interviews were conducted between the focus groups and the main body of interviews.

Two focus groups were conducted at the beginning of the data collection process in order to explore key themes of relevance to the research questions, and to allow other themes to emerge. The two groups contained nine and ten participants. They comprised either senior managers or owner-managers of small to medium sized enterprises (SMEs).

The semi-structured interviews were then conducted over a period of nine months, informed by questions based on themes that emerged from the focus groups, together with some *a priori* questions informed by the aim. Twenty seven interviews were conducted in total; four of these being with larger companies, and the remaining twenty three with SMEs. The rationale for this approach will be explored in section three of this chapter below.

#### *Data analysis and presentation.*

The analysis of the focus group and interview texts was conducted using the technique of critical discourse analysis, and the findings are presented and analysed using direct quotations from the texts interspersed with my interpretations. An explanation and justification of the use of critical discourse analysis will also be set out in section three of this chapter below.

Having presented a descriptive overview of the research design I now turn to the detailed explanation, evaluation and justification of the methodology and method. This begins in section two with the epistemological position adopted in the construction of my thesis.

#### ***Section Two: The methodological underpinning of the thesis.***

This section introduces the theoretical perspective I have adopted to inform the data gathering and analysis of the thesis. What follows will link closely to subsequent sections of the chapter, since the theoretical perspectives explored here intimately inform both the overall research strategy and the tools and techniques employed to gather and analyse the data. Additionally, the discussion chapter will draw on the theoretical resources discussed here.



This section is structured in the following way. Firstly, I will enlarge upon my adoption of a broadly critical standpoint for this thesis, drawing on work by Alvesson and Deetz (2000), among others, to explain and justify in more detail what I have up to now described as a ‘broadly’ critical position. Secondly, I will explore the concept of social construction, setting out the interpretation used here, and consequently how this informs the collection, analysis and presentation of the data.

### The critical positioning.

It has become almost fashionable for management researchers who claim to occupy any ground that might be described as ‘critical’ to argue their precise philosophical position in some detail. This may be in order to justify the purity of their particular theoretical position as a proxy for some sort of moral purity (to paraphrase Parker, 2002, p.122), but for me this runs the risk of informing too restricted a perspective. I will not therefore indulge in a detailed, and potentially futile, attempt to carve a narrow and possibly precarious pedestal on which to stand and defend my position against all comers. These paragraphs on my critical positioning will simply attempt to sketch out the general critical orientation that informs my approach to this thesis.

In earlier chapters I have described my approach as ‘broadly critical’, and I began to elaborate on this in chapter one. By way of recollection, this thesis aims to question taken for granted assumptions by adopting a “...thinking that asks questions about assumed definitions of the ends or goals of social action.” (Jones, Parker and ten Bos, 2005, p.153). Additionally, I seek to acknowledge the “...cultural, economic and political context...” (Alvesson and Deetz, 2000, p.1) in which CSR is practiced, researched and debated.

As something of a ground-clearing exercise I will state very briefly what is *not* being claimed as a theoretical position here, in common with the general tenor of other attempts to define critical approaches to organisations (see for example Alvesson and Deetz, 2000; Parker 2002 ).

It is not the intention of this thesis to set itself outside of the world of management and organisations to the extent that the critique I offer goes unheard by these constituencies.

There is a danger that critical management studies is of marginal significance as far as the world of management is concerned, and this marginalisation is arguably rooted in the possibly unhelpful emphasis on ‘theoretical purity’ alluded to above. This thesis therefore attempts to engage fully with the world of management and to ‘get its hands dirty’ in examining what actually happens in and around organisations in terms of the construction and practice of CSR. I have of course remained reflexively aware of the potential for CSR to become co-opted as a tool of instrumental managerialism; indeed, this is a central issue addressed by my thesis. Consequently the “...sectarianism...” of critical management studies (Parker, 2002, p.125) means that some may accuse me of somehow not being critical *enough*. However, it is surely possible to problematize managerialism by engagement with those who are (at least potentially) managerialist without necessarily becoming seduced into that particular thought system. In other words, just because CSR may have the makings of another tool for the instrumental manager does not mean that the student of CSR will have to acquiesce to that interpretation. A basic point, but worth making at the outset.

Having said what position is *not* being adopted, how can I now characterise what position *is* being adopted? What framework might I employ? The underpinning axiological, epistemological and ontological assumptions that are thought to inform research have been discussed at length by Burrell and Morgan (1979), leading to the development of their widely cited four-box model onto which the researcher can plot his or her position. However, I argue that this framework does not offer a sufficiently detailed or flexible set of dimensions with which to describe the perspective taken by my thesis. I will therefore use a development of the Burrell and Morgan typology proposed by Deetz (1994a;1996). As he pointed out, the four paradigms generated by the dimensions in the Burrell and Morgan model are seemingly mutually exclusive, and do not allow for cross-paradigm critique or collaborative studies. Additionally, the differentiation between research perspectives used by Burrell and Morgan seems to favour dominant traditions from the past (Deetz, 1996) and therefore does not offer sufficiently nuanced frames to evaluate more critical or post-modern positions.

I will therefore explain the critical orientation used in my thesis with reference to the two dimensions of research perspective proposed by Deetz (1994a; 1996) and refined by Alvesson and Deetz (2000). These are the ‘consensus to dissensus’ dimension in relation

to dominant social discourses, and the 'local/emergent to elite/a priori' dimension in relation to where and how research concepts arise (see figure 2 below). Drawing partially from Alvesson and Deetz (2000), I will briefly elaborate upon each of these dimensions in turn. It will then be possible to show how the research perspective adopted in this thesis specifically relates to them.

*The consensus to dissensus dimension.*

This dimension allows us to think of the research approach in terms of its relationship to established social orders and the extent to which it seeks to challenge dominant discourses. The location of these dominant discourses and the processes of domination can be conceived of in terms of the macro-level of sociological practice, as well as the micro-practices in relationships in and around organisations (Knights and Wilmott, 1989). The notion of challenging prevailing discourses is of particular interest for this thesis since one of the dominant discourses examined using this approach has been the idea of exclusive concern with economic growth (see for example Alvesson and Wilmott, 1995, Mumby and Putnam, 1992) and the way this limits "...the successful functioning of organisations in meeting human needs." (Alvesson and Deetz, 2000 p.25). In other words there is a clear moral aspect implicit in this enquiry, once the concept of human needs in an organisational setting is raised.

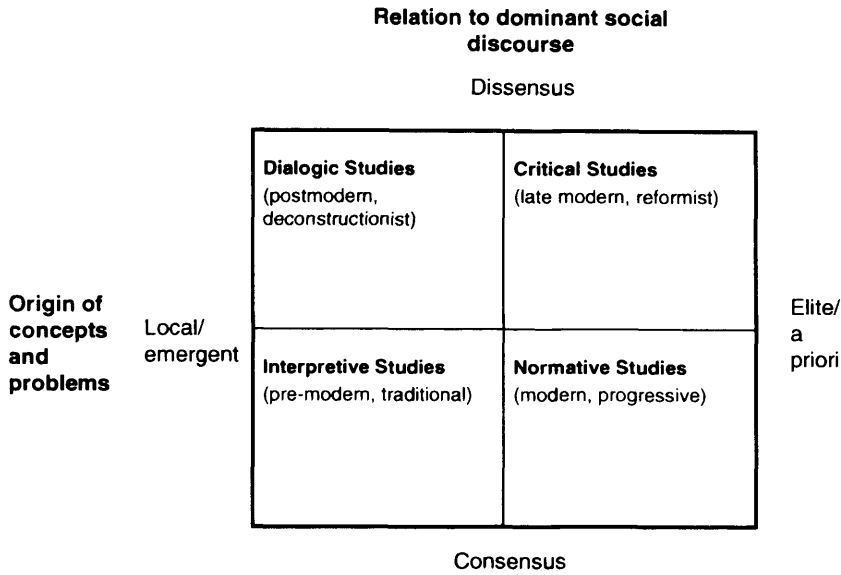


Figure 2. Contrasting dimensions from the metatheory of representational practices. Reproduced from Alvesson and Deetz (2001). Adapted from Deetz, (1994a). Copyright Sage Publications.

The ‘consensus’ pole of this dimension conceives of the main aim of research as being to accurately reflect an uncontested reality, where the existing order is not considered to be problematic. As stated in Alvesson and Deetz, the consensus orientation means that “Language within the research process is treated as a system of representations, to be neutralised and made transparent...” (2000 p.26). Such research does not therefore seek to challenge the existing order (which we conceive of as ‘dominant discourse’ when we take a discursive approach to research) but instead seeks consensus. A useful metaphor for the ‘consensus’ approach is the research project as a ‘mirror’, seeking to reflect ‘reality’ as precisely as possible (Potter, 1996; Alvesson and Deetz, 2000).

In contrast, the dissensus end of the spectrum might be more accurately represented by the metaphor of the ‘lens’. This metaphor allows us to think of research as looking for and revealing that which is not obvious to the uncritical ‘mirror’. The dissensus view also acknowledges the position of the researcher rather than trying to neutralise him or her. In addition dissensus research views the natural state of societal research subjects to be characterised by tensions, struggles and conflicts. All this is not to say that the dissensus view denies the importance or significance of dominant, ordered discourses, but that this view seeks to de-objectify such order, challenging reification and making clear the complexities and varieties in such dominant discourses.

As an illustrative example for this dimension we could consider the field of organisational culture. A consensus approach might research the description and maintenance of a corporate culture without questioning the proposition that this culture is conducive to the ongoing productivity of an organisation. A dissensus approach on the other hand would acknowledge that a dominant discourse of organisational culture exists at the research site, but might then point to cultural diversity and fragmentation in the organisation. Additionally the dissensus approach might characterise culture as a process under continuous construction and embodying organisational tensions.

*The dimension of 'local/emergent' to 'elite/a priori'*

The second of the dimensions is based on the question of how, and in what context, research concepts and constructs begin. For example, is a concept like 'corporate social responsibility' brought to the project by the researcher as a pre-formed idea that remains static throughout the research process? Or alternatively is the concept allowed to emerge from the research context, for example in co-construction with the research participants?

The 'elite/a priori' extreme of this spectrum describes the kind of research where the language used is that of the researcher, and the expertise of the researcher and his or her community is explicit and favoured. Other features of this extreme, according to Alvesson and Deetz (2000) include a faith in narratives of progress and emancipation, a constancy of language throughout the research process, a focus on the familiar and being founded in existing theory and/or systematic philosophy. Definitions are decided before the research process, and the conceptual systems of the researcher are privileged over the research subject. Rationality and truth are therefore seen as central concerns.

In contrast, the pole labelled 'local/emergent', is characterised by fluidity of language and definition, with resulting knowledge claims being less ambitious in that they are focused on particularistic insight rather than generalised truth. In the words of Alvesson and Deetz, the

“...theoretical vocabulary carried into the research activity (...) is constantly open to new meaning, translations, and re-differentiation based on interactions in the research process” (2000, p.30).

Consequently, various forms of rationality are admitted, rather than one particular kind, and the research is aimed more at the formation of ideas and concepts rather than their application. The position of the researcher as a co-constructor of knowledge and meaning is therefore acknowledged.

### *The position of this research project*

There are some emergent characteristics of this thesis that make it difficult, if not impossible, to plot the research approach as a single point with regard to these dimensions. It is tempting to say that my approach ‘straddles’ a range of locations on the dimensions but this would be an over-simplification that risks ignoring how the approach taken to this thesis has changed over time. Once we acknowledge this temporal dimension it becomes clear that, over time, the positioning of this thesis has changed with respect to the dimensions described above.

I will examine the consensus to dissensus spectrum first, since the changes here are simpler to discuss than with respect to the local/emergent to elite/a priori dimension. The fundamental intent of my thesis is to evaluate whether CSR is constructed and practiced as an economically rational phenomenon by the small and medium sized enterprises (SMEs) in my study. This is carried out in relation to dominant discourses of rational economic thought, remaining sensitive to emergent findings that problematize this discourse, or at least illustrate its complexity. At no point in the research process have I *intentionally* taken a position that represents particular interest groups, nor have I somehow sought to perpetuate hegemonic discourses. It is not the intention of this thesis to deliberately ‘mirror’ an uncontested view of ‘reality’. Nevertheless, at the very inception of the research (before being exposed to methodological writings that offered intellectual frames with which to evaluate my own position) it *had* arguably been my intention to attempt an understanding of how CSR was practiced among SMEs in a relatively neutral way.

However, it quickly became apparent from the initial focus group discussions that the picture was far from simple, and that it was very difficult to divorce a study of CSR in SMEs from the social, cultural and political contexts in which the construction of CSR by SMEs took place. As I shall show in chapters to come, the testimony from many SMEs challenged some dominant discourses in a number of ways. I therefore very quickly found myself favouring a dissensus view once the main data gathering began. With regard to this dimension then, almost from the beginning my position has been relatively stable in its basic orientation to a dissensus view of dominant discourses. This has meant that I have acted to elicit and understand tensions in the way participant organisations construct and practice CSR. Issues of voice and power are emphasized in the way respondents make sense of and construct their understanding of CSR among a variety of actors. In addition I have remained sensitive to notions of identity being "...multiple, conflictual, and in progress..." (Alvesson and Deetz, 2000: p.27) rather than an absolute, stable position from which respondents speak.

Moving on to evaluate my position in respect of the local/emergent versus elite/a priori dimension, the picture is made more complicated by a number of oscillations in my position along this dimension as the research process unfolded. In the beginning, it was my intention to understand the landscape of how CSR is practiced by SMEs. As outlined in the preceding paragraphs however, my thinking quickly changed. This has meant a series of movements on the local/emergent versus elite/a priori dimension, as I shall now explain.

My initial position was based on an *a priori* definition of what CSR meant, based principally on existing literature reporting on studies of larger organisations. I was therefore playing a "Fixed language game..." (Alvesson and Deetz, 2000 p.29) in that I was approaching the research with my own definition of CSR. In addition, my theoretical frames were grounded in "...systematic philosophy..." (ibid p.29) in that I was initially seeking to gather and make sense of data according to either a Kantian ethic or a consequentialist ethic; either an altruistic motivation or an instrumental motivation; either an authentic morality or an ersatz, 'hollowed out' morality (Fevre, 2000). I was also seeking "Generalizable, theoretical knowledge..." (Alvesson and Deetz, 2000 p.29) that somehow represented enlightenment, a progression on what we thought we already knew as a privileged research community.

The change in my position came however, when it became apparent after the focus groups and first two or three interviews that the ways in which the respondents made sense of CSR, and attempted to describe the reasons why they engaged in socially responsible practices, were expressed through a range of complex, self referential and discursive processes. There was some common language use, but the 'interpretive repertoires' (Potter and Wetherell, 1987) used to make sense of CSR did not come from the academic research community or indeed populist notions of business society relations such as those explored in chapter two. Instead the interpretive repertoires came from elements of the respondent's organisational experience that had little to do with my own initial conceptual frames built around CSR. Other actors were invoked in the social construction of CSR, such as legislators, community groups, staff members, other companies and so on. In addition, the espoused reasons for engagement in social responsibility were multiple, even from a single respondent.

All of this complexity (and here I have offered just a sample) meant that I quickly became aware of the 'local and particular' nature of sense making around social responsibility, and how meaning is constructed in a network of social, cultural and political relations. The knowledge that respondents were bringing to bear was situated and contextual; there was little in the way of generalised meaning being offered. This meant that through the data collection processes, and early analysis, I moved to the 'local/emergent' end of the spectrum while I immersed myself in the complexities and locally situated constructions that I have touched on in the preceding sentences.

As the research progressed however, I found that I inevitably perceived structures in what was being said. I was looking for commonalities among the language used by respondents in their construction of CSR and the espoused motivations for engagement in socially responsible activities. I asked myself what interpretive repertoires were being called upon? What linguistic and conceptual resources were being (even unwittingly) used by the respondents? Naturally, I now looked for further instances of what I felt to be commonalities, indulging in an instinct to look for patterns in the conversations, and perhaps beginning therefore to re-impose an increasing element of elite/a priori thinking onto the interview exchanges. In this sense, in later interviews I began to move back towards an *a priori* position, introducing, for example, more consistent language as I



sought commonalities and generality. However, once I became reflexively aware of this tendency I made efforts to ensure that I properly *listened* to respondents and did not privilege my own conceptual frames and linguistic resources. To the extent that I was successful in this, I therefore could be said to have moved again towards a more local/emergent orientation with regard to "...where and how research concepts arise." (Alvesson and Deetz, 2000: p.28). This was a position I then attempted to maintain through the data analysis process.

Taking the two dimensions together, and thus beginning to plot my evolving positions on the matrix implied by the two dimensions, it seems that at the very beginning of the research project I could be said to be adopting a normative and potentially modernist approach, according to labels offered by Alvesson and Deetz (2000: p.24). However, almost immediately after the data gathering began I moved quickly to a position more readily described as 'critical'. Having seemingly stabilised my orientation as a 'dissensus' researcher, I then oscillated (as described above) between a 'critical' position and a more 'dialogic' position, again as described by Alvesson and Deetz (*ibid*).

This presents some problems with labelling, hence my description of my approach as *broadly* critical. Apart from the early, initial position in a normative frame, I have been either in a critical or dialogic frame according to this model. Are these mutually incompatible or is this an oscillation that can be accommodated without introducing epistemological tensions into the very foundation of the thesis?

I argue that the answer to this question of paradigmatic incommensurability lies in what Alvesson and Deetz mean by 'dialogic'. I would argue that their description of the dialogic position as being concerned with "...focusing on the constructed nature of people and reality, emphasizing language as a system of distinctions which are central to the construction process..." (*ibid*, p.36) is entirely commensurable with a critical approach. Indeed they continue, saying that dialogic studies emphasize "...the power/knowledge connection and the role of claims of expertise in systems of domination..." (*ibid*. p.36), themes which are to be found embedded in critical theory. To be fair, they do acknowledge that there are very close similarities between the dialogic and critical 'boxes' on their matrix, and my argument is that these similarities are sufficient for me to be comfortable with the label of my position as being 'broadly critical'. Indeed, as I turn

to explore the social constructionist perspective taken in my thesis, I will show how this perspective uses the *language* emphasis described as central to the dialogic position, while drawing heavily on *critical* traditions to make sense of the findings of this thesis.

### The research perspective: Social constructionism

Having explained and reflected upon my epistemological positioning in some detail, the next question is how this then allows me to make sense of and represent the accounts of 'reality' from the focus group and interview data. The actual techniques or methods are explained and evaluated in the section of this chapter below, but here I will introduce social constructionism as an intermediating approach that links my general epistemological position to the specific 'nuts and bolts' techniques of data gathering and analysis.

By introducing the notion of 'reality' in the opening statement above, I immediately invite questions of 'what is reality?' How am I defining reality in my thesis? A useful interpretation for my approach here is offered by Jonathan Potter:

“Reality enters into human practices by way of the categories and descriptions that are part of those practices. The world is not ready categorised by God or nature in ways that we are all forced to accept. It is *constituted* in one way or another as people talk it, write it, argue it.” (1996, p.98, italics in the original).

This is not to suggest that the world somehow emerges as we talk about it, but that human practices and the language that both constitutes and describes those practices are under a constant process of construction. Again, the metaphor of the mirror is useful here as an antithetical illustration. Social constructionism as an approach, introduced by Berger and Luckmann in 1966, does *not* seek to 'mirror' reality but to acknowledge the contingent and fluid nature of reality, or indeed multiple realities.

The social constructionist perspective employed in this thesis is firmly based in the critical position explored above, an appropriate association since, as Kenneth Gergen puts it:

“In important respects the drama of social constructionism was born of opposition.”  
(2001, p.7)

Constructionism can therefore be seen in terms of a critique of positivist science and as Gergen goes on to say, gains “...breadth and depth through contributions from critical theory.” (ibid: p.7). Immediately therefore I return to my argument that there is more that unites a ‘dialogic’ and a ‘critical’ position than divides it, and one of the fields or perspectives in which we see this unity most strongly is social construction.

So what is social constructionism? There are different interpretations of this term and therefore I would like to be clear about what I mean when I talk about social construction in the context of my thesis. To begin with, I am guilty of using the term social construction in two ways, and this needs some explanation. In this chapter for example I am using it as an epistemological perspective. I am taking a ‘social constructionist view’ which therefore locates the thesis methodologically and informs my methods of data collection and analysis. I am also, however, using social construction as an ontological description. For example I talk in chapter six about the ‘social construction of CSR’ as if CSR itself were a social construction; something that would not be in existence were it not for social relations, interactions and labelling activities. There is consequently the potential for slippage in what I mean by social construction, although remaining reflexively aware of the possibilities for uncertainty will ensure clarity of language where needed.

Burr (2003) suggests that to be a social constructionist, four fundamental assumptions should be central to your research perspective. Firstly you should take a critical stance towards taken-for-granted knowledge. Second, the way in which you seek to understand the world is historically and culturally specific. Thirdly, knowledge is sustained through social processes. Fourth, you acknowledge that descriptions or constructions of the world sustain some patterns of social action and exclude others. As should be clear from the prior discussion of my research position, the approach taken to my thesis satisfies all of these assumptions, leading me to conclude that a social constructionist perspective is congruent with my ontological and epistemological positioning.

## *Co-construction*

Before concluding this section something needs to be said about my own part in constructing the focus group and interview texts. I have attempted to remain reflexively aware of my research position, as the earlier paragraphs of this section show. However, given the primacy afforded to the interpretation of language in this thesis, it is appropriate to note my awareness that I have played a role in the construction of the texts that have emerged from the focus groups and the interviews.

Burr is quite emphatic about the place of the researcher, whose task is to:

“...acknowledge and even work with their own intrinsic involvement in the research process and the part that this plays in the results that are produced. The researcher *must view the research as necessarily a co-production between themselves and the people they are researching.*” (2003, p.152, my italics for emphasis).

In my thesis this point applies to the exact use of language, particularly in the interview texts, as well as to the broad *a priori* assumptions I use to approach the research. As I will address in more depth in the next section, there were occasions in the interviews where I unwittingly contributed to the participants’ understanding of a point of discussion, or otherwise affected, for example, the meaning a respondent attached to CSR. On other occasions, I was guilty of playing ‘devils advocate’ in trying to deduce, for instance, whether instrumental rationality was really behind a decision to engage in social responsibility. I have tried to remain aware of my position as a ‘co-constructor’ of the findings, and to reflect on this through the process of interpretation, analysis and discussion.

Having set out my epistemological position and the overall research perspective adopted in my thesis, I will now turn, in section three, to a consideration of the actual methods used to gather and analyse the primary data.

### ***Section Three: Data Gathering and analysis.***

The overall research strategy is qualitative, in keeping with the methodological position discussed in section two.

The data was gathered in two phases, these being focus groups, and then interviews. There were two focus groups, consisting of nine respondents in one and ten in the other. These were used to refine the research questions by helping to surface emergent themes of relevance to the research question. The focus groups were followed by twenty seven in-depth interviews, four with large publicly quoted companies and twenty three with small to medium sized enterprises.

This section will be organised in the following way. Firstly I will briefly discuss the piloting process that was used in this thesis. Secondly I will discuss the focus groups, explaining the benefits of using this technique as well as examining issues such as sampling and how the groups were conducted. Thirdly, the interviews will be discussed, explaining the advantages of interviewing for a study of this kind, as well as the rationale behind interviewing some larger companies. Details of sampling, together with a justification of the questions used will also be set out.

#### **The pilot work**

As will be discussed below, the focus groups acted in part as a pilot in the sense that they allowed me to refine the main themes through which my subsequent interviews were to be structured. In addition, the emergent approach I took to the overall research strategy meant that in some cases, issues that emerged in one interview were explored in subsequent ones. I have discussed this process in detail above.

Despite this however, I felt it was important to pilot the interviews, as much to refine technique and process as to explore the validity of the content that had emerged from the focus groups. Therefore once the focus groups were completed and had undergone initial analysis, I conducted two pilot interviews with SME respondents. The content of these interviews was not used in the data presented here as they were conducted from a convenience sample that mirrored the main population in terms of their SME status, rather

than from the same database as the main sample. In addition the pilot interviews contained elements of reflection on the interview process.

By using these pilots as part of the exploratory phase of the research (as recommended by, for example, Oppenheim, 1992), I found that the emergent themes from the focus groups seemed to represent a realistic content structure around which to approach the interviews. I also found that the same open question used to begin the focus groups worked as an initiator of interview conversations. In terms of process, I found that the use of digital electronic recording equipment was actually clumsier than the more basic technology of using a miniature tape recorder. The advantages of smooth running interviews were thought to outweigh the alleged ease with which digital data could be manipulated and analysed. Finally, I found that the pilot interviews encouraged me to write a 'prompt sheet' with my main themes and some sample questions to be used in cases where conversation did not flow as one might like.

#### Data gathering: The focus groups

##### *The rationale for focus groups in this thesis.*

Focus groups can be used at a variety of stages in a study, (Hansen, Cottle, Negrine and Newbold, 1998) and here they are used to indicate which themes and issues are relevant to the participants, therefore helping to structure the subsequent interviews as well as providing data in their own right. As Gamson points out, focus groups are a useful method for understanding how participants socially construct meaning, allowing us to "...observe the natural vocabulary with which people formulate meaning about the issues..." (Gamson, 1992, pp.191-2).

I am using the term 'focus group' in my thesis, although the term 'group interview' is occasionally used synonymously. The reason I have specifically used the term 'focus group' is that I directed the group discussions towards a particular phenomenon of interest (Stewart and Shamdasani, 1990), in this case corporate social responsibility. Focus groups were used for five reasons.

In the first place, focus groups offer the opportunity to access a relatively large number of respondents more quickly than would be possible through one to one interviews (Saunders, Lewis and Thornhill, 2003; Lancaster, 2005). This in turn tends to lead to the discovery of a spectrum of views which might help establish the conceptual boundaries of the research subject (Jankowicz, 2004). Secondly, focus groups are useful for obtaining general background information about the research subject, and learning how respondents talk about it (Stewart and Shamdasani, 1990). Thirdly, focus groups are useful for surfacing data which is dependent upon interactions and synergistic effects that come from the group dynamic (Stewart and Shamdasani, 1990; Lancaster, 2005). This is particularly apposite in an examination of how meaning is socially constructed. Fourth, this technique is especially useful for investigating attitudes, perceptions and beliefs about a topic and may draw out insights and opinions that would not emerge in individual interviews (Marshall and Rossman, 1999). Fifth, focus groups can lead to insights about *how* people interact when discussing a particular topic (Saunders *et al*, 2003; Fontana and Frey, 2003).

The processes by which my focus groups were conducted sought to maximise the advantages set out above, and I will go on to explain how this was achieved. There are a number of potential pitfalls associated with the employment of focus groups, largely to do with their facilitation, but rather than enumerate these separately here, I will discuss how I tried to deal with the overall conduct of the focus groups in the paragraphs that follow.

### *The process*

The focus groups were sampled from a database of approximately 1,500 Welsh companies held by the University of Glamorgan Consultancy Services (UGCS). This is a commercial organisation within the University of Glamorgan offering research, consultancy and training to public and private sector organisations.

The database was interrogated to identify companies that conformed to the (what was then) Department of Trade and Industry definition of a small to medium sized enterprise as being those employing up to and including 249 people. These were then sent a letter (see appendix four) with a reply-paid envelope, and my email address.

Of those organisations that agreed to take part in the research, twenty were randomly selected to make up the two focus groups, leaving some twenty-five respondents to be individually interviewed. As a guideline, ten is accepted as a notional maximum number for effective focus group discussion (Saunders *et al*, 2003; Rubin and Rubin, 2004). Although the selection for the focus groups was random, the sample of twenty was then divided deliberately in such a way as to ensure the best spread of sector experience in each group (see the company profiles in appendix one). The benefits of this deliberate intervention were thought to outweigh the possibilities for bias through unwitting gerrymandering of the group composition. In the focus groups, two respondents knew each other through their organisational activities, and they were put in different groups as recommended by Jankowicz (2004).

I conducted the two focus groups myself, with an assistant researcher to take notes as recommended by, for example, Saunders *et al* (2003). This allowed me to concentrate on facilitating the groups as carefully as possible, while also making some notes myself. A respondent in one focus group expressed some misgivings about being recorded, and after some discussion it was agreed that the groups would not be recorded. Although the objections only applied to one group, I took the decision that both groups would be treated in the same way. It was therefore especially important to have the presence of an assistant researcher to make notes, and she recorded a number of verbatim passages. However, given the difficulties of checking the accuracy of the exchanges after the event with individual participants, I decided that I would not report verbatim quotes from the focus groups. This was disappointing but has not presented a significant problem because the bulk of the data used in this thesis came from the individual interviews. The main contribution of the focus groups was to map out the general landscape of CSR for SMEs which then helped me focus my research aims and the consequent themes around which the interviews were structured.

In starting the group discussions I emphasised that it was the opinion of the participants that was of interest. A permissive, non-threatening tone was encouraged by stressing in my introductory talk that this was not a search for 'right' or 'wrong' responses. The confidentiality of proceedings was also highlighted, as far as research publication was concerned, although clearly the airing of individual views in a focus group context



obviates complete confidentiality since I had no control over what participants might say to others after the event (Patton, 2002).

The management of the discussions needed a deft touch to steer debate without imposing boundaries that might potentially stifle unexpected, yet relevant, discussion of the research issue. I began the discussion with as open a question as possible, which was identical to both groups and was phrased as follows:

“How would you say your organisations interact with the community?”

There are a number of points to be made about this question. In the first place, I deliberately avoided mentioning the term ‘corporate social responsibility’ because I wanted to see whether the term emerged naturally in the ensuing discussion, and if so, in what context. Secondly, I used the word ‘community’ without defining it precisely, since I was interested to understand how the participants themselves defined what was meant by ‘community’. Thirdly, the word ‘interact’ was intended to be as neutral as possible, to avoid suggestion of the relationship being biased toward one direction or another. Finally, and this is a possible criticism, the overall tenor of the question was assumptive in that there is an implied assumption that there is some kind of interaction going on in the first place for them to talk about.

The subsequent discussion in both groups was lively and needed little in the way of further prompts from me, other than to explore emergent themes with some probing questions. Clearly this is not the place to begin to set out the actual *content* of the discussions, however, I will point out that in one group they asked for clarification of what was meant by ‘community’. I avoided giving a definition and had to turn the question back to them, which meant there was some initial discussion on this point. Interestingly though, as will be seen in chapter six, despite this initial discussion, some divergent views of the scope of community emerged in the group.

Group one was marked by an inclusive atmosphere, in that group members themselves asked quieter participants what they thought, relieving me of the need to do so on a number of occasions. Group two was slightly more difficult to manage because there was one particularly strong character, who tended toward the verbose and was consequently in

danger of dominating proceedings from time to time. In this group I therefore had to intervene in a number of instances to solicit the views of others who had not made significant contributions to the debate, as suggested by, for example, Fontana and Frey (2003). I also had to 'rein in' the dominant individual on one occasion whose personal opinions on unrelated topics (basically summarised as 'those pesky foreigners are taking our jobs') risked taking the debate off in unhelpful directions. This was necessary as there was effectively a one hour time limit on the group, and I could also sense some frustration with this individual among other group members. On the whole though, the two groups ran well, providing some very useful frames with which to structure my approach in the subsequent interviews.

In the next part of this section I will now go on to examine the use of interviews as the main data gathering method for my thesis.

#### Data gathering: The interviews

This part of the section will be split into three. The first part will offer a general rationale for the use of in-depth themed interviews for this thesis. Secondly I will explain the reasons for including a small number of larger firms in the study and discuss these. Thirdly, I will discuss the conduct of the much larger number of interviews conducted with SMEs.

#### *The rationale for in-depth interviews*

The use of in-depth, themed interviews is appropriate to the epistemological position and congruent with the overall research perspective. Alvesson and Deetz (2000) caution that in critical management research, interviewing as a technique is appropriate but needs to be set against a continuing awareness of the political, cultural and social context in which the interviewing takes place. More broadly, writers on research methods agree that to obtain data on meaning, values, interpretation, social construction processes and human interactions generally, interviewing is an appropriate method (see for example Easterby-Smith, Thorpe and Lowe, 2002; Denzin and Lincoln, 2003; Rubin and Rubin, 2004; Jankowicz 2004).

I have described the interviews as 'in depth' and 'themed' in since I do not feel they fell into either generally accepted category of interview, namely 'structured', or 'unstructured' (see for example Fontana and Frey, 2003, Denzin and Lincoln, 2003). The defining feature of a structured interview is that all respondents are asked identical questions, often with a limited set of possible responses. This approach does not lend itself to the gathering of the type of data I needed for this thesis, since there is virtually no opportunity for hearing the voice of the respondent and deducing nuances of meaning and construction where the responses are limited to *a priori* categories.

On the other hand, it would be wrong to describe my interviews as completely unstructured, since I approached them with a number of themes that were designed to allow investigation of the aims of the thesis. The term 'semi-structured' might be appropriate were it not for the fact that some interpretations of this technique still entail asking the respondents all the same questions (see for example, Rubin and Rubin, 2004). For this thesis I prefer the terminology of the 'themed' interview as this captures more accurately the actual approach used. The use of this themed approach was expected to yield a more conversational interview but one that nevertheless ensured that the same broad areas were covered in each case. The themes were derived in part from the focus groups, and as in Spence and Rutherford, (2001) the use of themes is related to Goffman's work on 'frames' as a way of analysing data (Goffman, 1974). Essentially he advocated detailed and iterative re-reading of interview texts in order to discern frames or themes in the data. His approach is "...consistent with a clear orientation to an interpretation of ethics in terms of the actors." (Spence and Rutherford, 2001). I have therefore seen an evolution in my research approach towards some use of emergent themes in my interviews in response to on-going analysis of the texts, as discussed in detail in section two above.

In terms of ethics-related research, a useful contribution to the specific issues implicit in conducting interviews in this field is made by Liedtka (1992). She proposes that interviews are particularly appropriate for exploring the reasoning behind actions and decisions but that this depends on the interviewer using suitably open questions and remaining flexible in following the conversational turns of the respondents. In addition, it is noted by Spence and Rutherford (2001) that, specifically with regard to their research into ethics in small business, it is important to allow interviewees to respond and converse

in their own language. This is clearly a point that can be made in relation to much interpretive research, but is perhaps particularly pertinent where discussions of corporate social responsibility may have an implicitly moral or ethical underpinning.

This leads me to the question of 'socially desirable responses' (Bain, 1993), which needs some brief exploration at this juncture. Essentially this phenomenon refers to the notion that interviewees might give responses that they deem to be 'socially desirable'. In this way there is a danger that true opinions, values and beliefs may be somehow masked behind responses that the interviewee thinks are more morally or ethically acceptable, either to the interviewer or wider society. There is no easy way to negate this possibility other than to conduct detailed conversations that, as Liedtka (1992) suggests, probe the conversational leads of the interviewees. Another consideration is to try to ensure that there is as little 'power-distance' as possible between interviewer and respondent. In addition the interview texts should be interrogated closely in the analysis process to bring to light inconsistencies and clues as to the 'real' opinions of the respondent, flexible though these might be.

Having set out the rationale for the use of interviews, I will now briefly explore issues that specifically pertain to the conduct of firstly the large firm interviews, and secondly the SME interviews.

### *The large firm interviews*

The rationale for including large firms in the study is to obtain some primary data to augment the secondary literature available on large firm CSR. It is not intended that the data from the large firms in my thesis is necessarily generalisable outside the context of my thesis. There may be the opportunity to offer some tentative comparisons between large and small firm practice, but these will inevitably be exploratory, given the relatively small number of large firms interviewed.

The sample of larger firms was accessed via the same database as for smaller companies. However, because of resource and time limitations, I wanted to be sure that the firms I interviewed were actually involved in CSR in one way or another. In order to achieve this I checked company literature, including websites, to ensure there was evidence of some

socially responsible activity. In addition, I wanted to concentrate on large firms that were active in Wales in order that the context was as close as possible to that for the smaller companies. This might allow for a more realistic comparison between small and large firms, should the opportunity or need arise for some comparative analysis. Ideally I would have liked to involve only those firms with head offices in Wales, but the paucity of large publicly quoted companies headquartered in the country meant that I had to include firms that were active in Wales, but were run from elsewhere.

The interviews with the larger firms had to be set up with the respondent having prior knowledge of what I wanted to talk about in order to gain access. In all cases therefore the respondent knew that I was going to discuss corporate social responsibility, so the label or construct was already 'in play' when the conversations started. This unfortunately led to a less rich and emergent picture of how the meaning of CSR is constructed by larger firms but was an unavoidable sacrifice in order to obtain access to respondents from larger firms. I should also note here that all of the large firm respondents agreed to the interviews being recorded. The respondents in the large firms were identified initially from website exploration, and then subsequent telephone calls to check who was responsible for the firm CSR policy in Wales.

In many ways the conduct of the interviews in larger firms did not differ significantly from the interviews in smaller firms, other than in the content of the interview conversations themselves. In two cases the respondents were keen to reinforce some points with company literature, and this did not happen in any interviews with SMEs. Remaining within the bounds of politeness, I attempted to re-focus the interview towards the thoughts of the respondent rather than allow the company literature to begin to steer the interview agenda. In a further study it might be fruitful to conduct a comparison between the testimony of the respondents and the key messages promoted by the company literature, but that is outside the remit of my current thesis. The other difference was that there seemed to be an increased readiness among large firm respondents to discuss the drivers for engagement in CSR, which could be a result of the construct being already in the conversational domain before we started. Presentation and analysis of the content of these interviews will take place in chapter six.

### *The interviews with SMEs*

The process of interviewing the SMEs began with establishing access to an appropriate respondent within the firm. In many cases the owner-manager was contacted in the follow-up to the initial letter. In cases where this was not possible, a key decision maker in the firm was identified, and the position occupied by each respondent is noted in the data analysis chapters for clarity, as well as being set out in appendix three. The literature suggests that ideally the owner-manager should be interviewed since it is likely that he or she possesses the best overview of the SME and is probably best placed to make fundamental decisions. Even putting aside the positional power enjoyed (theoretically) by the owner manager, Spence and Rutherford (2001) note that he or she is at least a consistent figure across the majority of SMEs. This was not possible in a small number of cases, and other senior figures were interviewed instead.

The majority of the respondents agreed to the interviews being recorded, and confidentiality was stressed in each instance. One interviewee asked that the recording be stopped part way through the interview, and in that case I handed him the cassette on which the early part of the interview had been taped. This respondent was the finance manager of the firm and in the course of the interview began to question some of the policies of his firm. He did offer for me to use some general findings from the interview in aggregate reporting of the results, but did not want to be directly quoted. However, to avoid any potential for infraction of research ethics I have considered all elements of this interview null and void. I have since kept in touch with this individual, and he assures me that no harm has come from the interview exchanges, and in fact new firm policies have been put in place.

The process of conducting the interviews varied depending on the respondent, but in contrast to the larger firms, I was able to gain access without explicitly using the term corporate social responsibility. This meant that in the main the interviews took on a more exploratory and tentative character initially. As with the focus groups, I began each interview with an open question:

“How would you say your organisation interacts with the community?”

I have rehearsed the rationale for this above, but it is important to note again that the term 'corporate social responsibility' is not mentioned.

The themes around which I structured the interviews were supported by more detailed prompt questions, although as has been noted, I did not set out to ask each interviewee identical questions. The interviews were conducted with the aid of a written prompt sheet which contained five basic themes, under which a number of detailed questions were written. These occasionally provided a spur to my questioning, but in many interviews I did not have to consciously refer to the prompts since the conversation proceeded fluently and organically. There were one or two instances of hesitancy or reticence from respondents and in those cases I used my written prompts to stimulate further dialogue. A copy of the interview schedule can be seen in appendix five on pages 310 to 311.

One feature of my questioning that applied to the SME interviews was that I tended to be quite probing and insistent in my search for signs of rational economic thought in the responses to questions around the practice of CSR. Actually, I might have been guilty at times of being too insistent in this probing. In fact, as will be seen when I set out and analyse the results of these interviews in chapters seven and eight, there is actually a seeming reticence among most respondents to take my lead and characterise their socially responsible activities as being instrumental or strategic.

Having discussed the data collection methods employed, I will now turn to the techniques employed to analyse the focus group and interview texts.

#### The data analysis: critical discourse analysis

The technique used to analyse the focus group and interview texts was critical discourse analysis (CDA). This is a technique whose "...objective is to show how language figures in social processes." (Fairclough, 2001). When conducted effectively, this allows both a broad and narrow focus on language-in-use and acknowledges the active role that language plays in social construction. There are a number of different approaches to CDA, but the techniques used in this thesis are based on the work of Fairclough (1995) and drawn partially from Potter (1996). Before discussing the method in detail I would

like to say something about the term 'discourse' and its usage, for this is a term that can cause some confusion.

Whereas Alvesson and Deetz (2000) employ the contrasting metaphors of the 'mirror' and the 'lens' to illustrate research orientation, for Potter the antithesis of the "...smooth surface..." (1996, p.97) of the mirror is the metaphor of the 'construction yard', and the building material in his construction yard is language. This part of section three is focused on an explanation of the analysis of 'discourse' in the sense of the linguistic resources and practices employed by the research participants.

However, 'discourse' is used in the academy and more widely in a number of ways, and this ubiquity has led van Dijk, to describe the term as "...fuzzy..." (1997b, p.1). As Potter and Wetherell had put it in 1987, this is an "...area where terminological confusions abound." (1987, p.6). This view was later supported by Fairclough (1995) who partially attributed such confusion to the breadth of disciplinary and theoretical contributions to the notion. I have no wish to add to this confusion. Therefore I would like to highlight two basic ways in which 'discourse' is used, and explain how these relate both to my thesis overall, and specifically to the method of analysis employed.

Firstly, discourse can simply mean language and communication (Grant, Keenoy and Oswick, 1998). What linguistic resources and repertoires are used to attempt to convey meaning? In this sense discourse can be thought of perhaps as a verb: 'to discourse' (Crossley, 2005). This conception is close to Potter and Wetherell's definition of discourse as "...all forms of spoken interaction, formal and informal." (1987, p.6).

Secondly, at the risk of over-simplification, discourse can also be thought of as more of a noun. In this way discourse is often used to denote a "...mode of thinking..." (Grant, *et al*, 1998, p.2), or area of debate even. Indeed in this thesis I have already talked about the 'CSR discourse' and 'a range of current academic discourses' and so on, using the term in this broader sense.

My description so far is a very brief sketch, but now I want to discuss critical discourse analysis as an approach which seeks to draw on both conceptions of discourse outlined above, and in doing so, acknowledge some of the complexities in the field.



So what specifically is *critical* discourse analysis (CDA)? For Fairclough, a key originator of CDA (see for example Fairclough 1992; 1993; 1994), it *starts* with social issues and problems rather than with the texts themselves (Fairclough, 2001). The criticality comes firstly from an attempt to uncover connections between elements of social life and the use of language. These can include social and political issues as well as notions of power and hegemony (Gramsci, 1971). Secondly, drawing on and responding to aspects of Habermas (1971), CDA is seen as critical in that it has an emancipatory intent, and seeks to contribute to social change through the surfacing of non-obvious use of language in the legitimisation of power. In summary then, CDA seeks to link the “...close analysis of texts and interactions, and social analyses of various types.” (Fairclough, 2001, p.229).

In using CDA therefore, I now need to be clear about what it is I am actually looking for. Fairclough (2001) suggests an approach that includes examining such things as the organisation of the whole text, the combination of clauses, grammatical and semantic features, and the vocabulary used in the text. He applies these analytical tools most easily to written text, and strictly speaking the transcripts of interviews are written texts. However their provenance is in conversation, and the more fluid nature of the resulting text means that perhaps some of the more semantic and semiotic aspects of Fairclough’s analytical criteria are not always easily applied. However, a useful construct that maintains much of the close textual analysis that Fairclough’s approach offers is the idea of the ‘interpretive repertoire’. I have found that this presents a more functional way of analysing the interview texts at a level that acknowledges the detail of the language being used, but links that ‘language in use’ to broader social life.

An ‘interpretive repertoire’ can be defined as “...basically a lexicon or register of terms and metaphors drawn upon to characterise and evaluate actions and events.” (Potter and Wetherell 1987, p.139). Or from Potter (1996, pp. 115-116): “...systematically related sets of terms, often used with stylistic and grammatical coherence, and often organised around one or more central metaphors.”

According to Edley (2001), the idea of the interpretive repertoire first appeared in the work of Gilbert and Mulkay (1984), as part of a study into the sociology of scientific

knowledge. Edley goes on to say that interpretive repertoires are "...building blocks of conversation...", and, of particular resonance for this thesis, "...are part and parcel of any community's common sense, providing a basis for shared social understanding." (2001, p.198). In using this as an analytical tool then there is no substitute for familiarity with the data, as there is no definition of what an interpretive repertoire will look like when you see it. My approach here (drawing upon Fairclough) was to remain sensitive to recurring words or phrases, co-location of words, and grammatical structures in the interviews. To paraphrase Edley (2001), there does come a point in the interviewing where you feel you have heard most of this before, and this feeling is perhaps a sign that recurring interpretive repertoires are being used. What I therefore had to practice was what Potter and Wetherall term "...the development of tentative interpretive schemes..." (1987, p.177).

There was inevitably a circular or iterative process occurring here as the textual content is analysed for interpretive repertoires which then in turn sensitised me to the existence of other language structures and recurring usages. This reflexive process is not dissimilar to Goffman's approach to frame analysis as discussed above (Goffman, 1974).

Returning then to the reasonable question of what it is that I am actually looking for in the language of the texts, this question can be addressed with reference to two levels of analysis. At the level of overall textual organisation and content I have used Fairclough (2001) as a starting point, in that I am looking for evidence of what is valued by the text, whose interests are represented, and what voices or discourses appear to be absent or foreclosed in the text. Then, informing this, but at the level of more detailed linguistic analysis, I am looking for the linguistic procedures of representation. This includes remaining sensitive to language that reifies constructs, and other language that ironises what is being represented. The term 'ironise' is taken from Potter (1996) and means essentially language that undermines or implies doubt about a construct or set of reported 'facts' and so on. I have tried not to use the term 'ironise' too much as I find it clumsy in a way I cannot quite explain, but at times it is a useful shorthand for a linguistic construction that seems to embody the opposite of 'reify'.

In addition I am looking for language that expresses scepticism, rational or emotional orientations to issues, defensive or aggressive rhetoric (Billig, 1987). It is also useful to

consider the provenance of the interpretive repertoires that the respondents call upon. For example I can consider whether they come from wider societal discourses, or from a managerial or professional lexicon, or even from the level of teams or groups within an organisation.

I have now presented and defended the methods of data collection and analysis in this section, proceeding from a discussion of the use of focus groups and interviews for data collection to a detailed consideration of the use of critical discourse analysis and interpretive repertoires to analyse the data. The fourth and final section of this chapter will now deal with issues of validity, and offer some reflections on possible limitations of the research approach. This section will also address research ethics as they apply to this thesis.

#### ***Section Four: Validity, ethics and research limitations***

##### **Reliability and validity**

The qualitative strategy used in my thesis, together with the sample size, means that caution needs to be exercised over claims to external validity or generalizability (see for example Marshall and Rossman, 1999; Denzin and Lincoln, 2003). The same study carried out at a different time or in a different place might not find the same results. Indeed, even within one study there is not one 'correct' way of interpreting the results (Janesick, 2003), a position I readily acknowledge with respect to my thesis. She also proposes that:

“Validity in qualitative research has to do with...whether or not the explanation fits the description. In other words, is the explanation credible?”. (ibid, p.69)

When conducting interview-based research it is difficult to apply the same kind of tests for reliability and validity that one might apply to quantitative studies (Denzin and Lincoln, 2003), so the issue of credibility has to be approached differently. Rubin and Rubin (2004) offer an alternative to positivist conceptions of validity by recommending that qualitative research should be judged by the three criteria of transparency,

consistency, and communicability. I have found this a useful way to think about the credibility of what I have done here, and therefore discuss the application of these criteria to my thesis briefly in turn.

### *Transparency*

This means that the basic methods of data collection, analysis and presentation are as visible and understandable as possible. I have made clear in this thesis the processes involved, and discussed these in some detail earlier in this chapter. I have also made clear the processes used to manage focus groups and interviews and been transparent about, for example, the fact that the focus groups could not be recorded and why. Similarly in the presentation of findings, as will be seen in subsequent chapters, I have used verbatim quotes to support my analysis, and kept records of the interviews. In making the processes as transparent as possible I have therefore attempted to present my research as "...interpretively rigorous." (Lincoln and Guba, 2003, p.275).

### *Consistency*

The overall research approach used two methods of data collection, focus groups and individual interviews, bringing an element of triangulation, and therefore consistency, to the study. However, some would argue, such as Silverman (1993) or Flick (1998), that in acknowledging that my observations, and the resultant interpretations are not necessarily perfectly repeatable, 'triangulation' in this thesis is chiefly concerned with "...identifying different ways the phenomenon is being seen." (Stake, 2003, p.148).

The notion of consistency can operate at the level of the researcher: have I taken a consistent approach in my interviewing and focus group management? I have tried to do so by using themes to structure my interviews, opening with the same question, and also operating both focus groups in the same way. Consistency also means exploring the responses for consistency and being ready to evaluate potential inconsistencies either within the testimony of one respondent or between respondents. Such evaluation is axiomatic to a study of this kind, and was obviously central to the approach I took, using critical discourse analysis.

## *Communicability*

The ability to communicate the research context as well as the actual content of the testimony is important to satisfy this criterion. I have therefore described in the findings chapters the context of each interview so that the reader can get something of a feel for the circumstances. I have also used verbatim testimony in the presentation and discussion of my findings so that the voice of the respondent communicates with the reader directly, as well as communicating through the intermediation of my analysis.

Having discussed the issues of validity in my thesis I now turn to the question of research ethics.

## Research ethics

The key ethical issue inherent in a qualitative study of this kind is ensuring no harm comes to the participants through the future use of their testimony (see for example Oppenheim, 1992; Saunders *et al*, 2003; Rubin and Rubin, 2004). Correspondingly the most important ethical considerations are those of informed consent, confidentiality, honesty about the intended use of the data, and the negation of perceived asymmetries of power in the interviewer/interviewee relationship.

I will deal in turn with the research ethics issues for the two methods used in the study. As the bulk of the data collected was from the in-depth individual interviews, I will address these first, followed by the focus groups.

## *Interviews*

To begin with, when participants were initially approached to take part in the research, they were informed as to the qualitative nature of the project, the fact that interviews would take place, and that their words may be used as part of the presentation of the data. Furthermore, they were informed that this was part of a doctoral study, and they were also given an outline of the topic area to be discussed, namely, the relationship between their organisations and society. It was felt that this information was sufficient to create a situation of informed consent.

There is an inherent tension here between the issue of informed consent and the avoidance of setting *a priori* boundaries around what is an interpretive study. Arguably, for full informed consent to apply then perhaps more detail of the critical perspective of the thesis could have been offered, but in this project that risked contaminating the subsequent testimony of the respondents. Interviewees were also asked whether they objected to audio-taping of the conversations, and out of the twenty-eight participants only one preferred not to be recorded, and one asked for the recording machine to be switched off part of the way through the interview. This is why, elsewhere, I refer to twenty-seven interviews, not twenty-eight. In one interview the respondent told me that a particular description of an experience was confidential and I have noted this on the transcript and not used this section of text in the thesis.

Secondly, respondents were offered verbal assurances of confidentiality at the initial point of recruitment. Furthermore, at the beginning of each interview, I again offered verbal assurances and also offered a written statement assuring confidentiality, although no-one felt the need to take the written assurance. These assurances were made operational in a number of ways. Firstly, participants were offered the actual tape of the interview, although none took me up on that offer other than the interviewee who had requested the recording be stopped. Secondly, the reporting of the interview conversations has been altered in such a way as to remove clues to the identity of the individuals and their organisations as much as possible. The techniques used include numbering respondents as 'R1' and 'R2'; or using generic names for the organisation such as 'Financeco' or 'Travelco'. I also removed references to locations and other organisations where this might help the reader identify the respondent firm. These techniques were explained to each participant and consent was given in all cases to proceed on this basis.

Finally, participants were informed that they could withdraw from the project at any time.

### *Focus Groups*

The issue of informed consent for the focus groups was attended to by offering the same information as that which would subsequently be offered to the individual interviewees. There were no demurrals on the basis of this information.

The question of confidentiality was slightly more problematic for the focus groups than for the interviews. I offered verbal, and if needed, written, assurances of confidentiality for my part, but could not necessarily take full responsibility for guaranteeing that focus group participants would not discuss the content of the conversations outside the group. For one focus group this did not cause any discussion at all, but in the other there was a short debate over whether commercially sensitive information could be discussed. I explained that for the purposes of the research, if individuals did not want to raise any issues of a commercially sensitive nature, or to do so in a way that masked the issue at hand, then that was fine. The fluid way in which the conversation subsequently progressed in that focus group indicated to me that the individual concern raised about confidentiality did not impede the content or detail of the discussion. As with the interviews, participants were told that they could withdraw from the project at any time.

The focus groups were not recorded. One participant requested that we proceed without recording, and I took the decision to treat both groups in the same way for the purposes of consistency. All participants were however happy that myself and my assistant researcher took detailed notes.

With both data collection methods there was the potential for an asymmetry of power between myself and the respondents or focus group participants. This came from the fact that I knew more than them about the purpose of the research. However, informing all participants of the exact objectives of the research in terms of using the phrase 'corporate social responsibility' was not commensurate with the aim of understanding the social construction of CSR. There were certain research advantages in the participants having an element of naivety in their position in that my initial influence over their construction was minimised. There are clearly potential criticisms to be levelled here in that an immediate asymmetry of power was created between the researcher and the researched. However, because the objectives of the research could be, and in all cases were, discussed fully with the participants after the interview or focus group, it was felt that the advantages of this deliberate maintenance of an initially naïve position outweighed any potential ethical infraction. In no case did any participant express disquiet at not being told that the specific object of the research was 'corporate social responsibility' as opposed to the more generic rationale of an objective based around the relationship

between the organisation and its community. As was outlined earlier in the chapter, the four interviewees in the larger companies were, in any case, made aware of the exact topic of the research in order to obtain access.

### ***Chapter Conclusions***

This chapter has proceeded from my overall epistemological position, through the use of a social constructionist perspective, to a detailed consideration of how language has been made central to the analysis and interpretation of the data. I have also discussed the issue of validity, and set out the ways in which an ethical approach has been taken to the research.

I have argued throughout that the overall position, the constructionist perspective, the qualitative research strategy and the detailed methods of collection and analysis are fully congruent and appropriate for the type of study this thesis represents.

The next three chapters of this thesis now go on to present and analyse the findings. Chapter six will address the focus group and large firm findings to begin to set the context for the main body of primary data. Chapter seven will then examine the social construction of CSR by SMEs, and chapter eight will explore the findings for evidence of whether CSR is constructed as being a rational economic phenomenon by the SME respondents.



## Chapter Six: Findings from the Focus Groups and the Larger Firms

### *Introduction*

This is the first of the three findings chapters and as such, within the overall structure of my thesis, this chapter has to perform two tasks.

The main task of this chapter is to begin to present and analyse the primary data from the two focus groups, and the four large firms in the study. The rationale for the use of focus groups has been discussed in detail in chapter five above, but to recollect, they are used here primarily as an exploratory technique to help establish key themes around which to structure the subsequent interviews. The decision to include a small number of larger firms has also been discussed in chapter five. However, I repeat here that their inclusion is intended to reinforce the secondary data available on CSR, which is mainly based in larger firms, and therefore to add richness to the context for the main focus of the research on SMEs. Clearly, given the small number sampled, I am not making claims to external validity for my findings from the larger firms. However, the primary data collected through these interviews has nevertheless brought up some interesting findings, which are worthy of some analysis and discussion in their own right.

The additional task is to act partly as a contextualising chapter for the SME interview findings and analyses to come in chapters seven and eight. Chapter seven addresses the meaning attached to CSR through a detailed consideration of its social construction by SMEs, and chapter eight then presents and analyses the interview evidence specifically for CSR being constructed and practiced as an economically rational phenomenon. This chapter sets the context for these more detailed analyses to follow in its analysis of data from the SME focus groups and from the larger firms.

The rest of the chapter will be organised into two main sections and a conclusion. The first section will set out the key themes to emerge from the focus group discussions and discuss how these helped me refine the approach taken to the interviews. The second

section will then present and analyse samples of interview dialogue from the large firm interviews that help me address the main thesis question.

### ***Section One: Focus Group Findings***

The focus groups were convened in order to inductively establish key themes of inquiry for the thesis underpinning the research question as set out in chapter one. As was described in the preceding chapter, there were two groups, one consisting of nine participants and one consisting of ten. The participants were drawn from small and medium sized enterprises in a variety of industry sectors across Wales, and some were directors while others were owner-managers. The groups were conducted at the start of the data gathering process in the summer of 2003. I have highlighted this in the interests of transparency, because as I have discussed at length in chapter two, societal perceptions of the relationship between business and society are under ongoing construction. This means that within the period in which data was collected and analysed for this thesis, the level of public awareness of issues in the field may well have changed.

I have had to take the decision not to include verbatim quotations from the focus groups since the conversations were not recorded for reasons set out in the preceding chapter. While detailed notes were taken, with an assistant researcher, it was not possible to check the veracity of quotations with all participants after the event. Consequently, for the focus groups only I will present my analysis of the key themes to emerge from the groups without the use of verbatim quotes. Chapters seven and eight will, however, make full use of direct quotations.

#### **Defining community**

The idea of community was not particularly contested in group one. It emerged in discussion to be thought of as anything from the immediate surroundings of the firm, up to the whole south Wales region. However, the main language used to describe community referred to the town, village or suburb in which the firms were located. Indeed, the concept of community was often co-located with the word 'local', even where quite broad geographical areas were being described. In group two, they asked me for

clarification of what I meant by 'community'. When I turned the question back to ask what their understanding was, I found their ideas to be broadly similar to group one in terms of the scope of what was local and what was meant by community

One emphasis in group two was the idea of the 'valley' as an influence on what was considered local. One respondent was quite clear that he supported causes in the valley where his firm was established, an area running some fifteen miles from north to south. This is almost certainly a factor of the regional geography around his firm, characterised as it is by a series of valleys running more or less in a north to south direction. Travel is therefore easier 'up and down' as it were, and this accessibility issue seems to affect perceptions of what is local.

The main finding from the focus groups in terms of their links with community was the sense in which these businesses seemed to think of themselves as very much part of or embedded in their community, however that was delineated geographically.

From what emerged in the focus groups in this regard I was prepared for what I might find in the individual interviews, although I obviously remained sensitive to other conceptions of community beyond those discussed in these groups.

#### The variety of community engagement

Both of the focus groups responded to the initial question about the nature of any examples of community engagement by offering a variety of activities that by most definitions would qualify as CSR. These ranged from offering the use of office facilities to local community associations or free goods and services to local charitable groups, to sponsoring sports clubs and schools. It was interesting to note the wide variety of activities undertaken and the fact that most of them were for the benefit of local people and groups. There were very few espoused examples of 'generic' social responsibility such as donations to national charities. The vast majority of the activities described seemed locally contingent, as well as being contingent on the skills or business activities of the particular firm. This observation of the local scope of community activities could be regarded as intuitive, but in a number of cases, the *business* scope of the firms was

national and in one case European in scale. It remains worthy of note therefore that the CSR engagement was nevertheless largely local in its extent.

Even at this initial stage of the research therefore, it was becoming clear that the sheer variety of activities, and their contingent nature, had methodological implications. For example, it would be difficult for a researcher to capture this variety through a questionnaire. This emergent understanding of the complexity of CSR among SMEs reinforced for me the suitability of a broadly qualitative and inductive approach to the thesis, giving me confidence to proceed with the interviews. Furthermore, this aspect of the focus group discussion taught me to enter the interview process with few pre-conceptions about what socially responsible activities I might uncover.

#### The labelling and construction of 'corporate social responsibility'.

One of the main issues of interest was the way in which the label corporate social responsibility was *not* used by the focus group participants. My initial question was deliberately neutral, being worded as follows:

“How would you say your organisations interact with the community?”

I intentionally avoided introducing the labels 'corporate social responsibility' or 'CSR' and allowed these to emerge in discussion. In one group this took nineteen minutes, and in the other, twenty-one. In itself this is interesting because it indicates that even in peer discussion, where experience and knowledge is pooled, these labels did not seem to form part of the lexicon for the SME. As noted above, the early parts of the group discussion in both groups centred around debate on what was meant by 'community' and in describing ways in which their firms interacted with it.

However, once 'corporate social responsibility' or 'CSR' was brought into the conversations, a number of changes took place. Firstly, the acronym 'CSR' was quite readily assimilated into the language of the discussions; it became conversational currency, so to speak. This implies that an element of reification initially took place in the sense that the concept of CSR was accorded essence. However, the second interesting development was that CSR then seemed to become the object of contestation in both

groups via an interpretive repertoire of 'green' environmental language. It was not immediately obvious why this might be, but the language was of regulation and bureaucracy, and discussions of CSR seemed to be associated with an environmental interpretive repertoire. The third development is related to this observation in that CSR then seemed, through its association with regulation or bureaucracy to be almost constructed as a strategic threat. This was in marked contrast to the ways in which the various examples of socially responsible engagement with community had been happily discussed in a non-pejorative manner earlier in the conversation.

Clearly there were some potentially interesting processes at work in the way meaning was being attached to CSR, and again, these initial focus group observations reinforced for me that the intended social constructionist research perspective was appropriate. This evident complexity also refined my approach in that I decided to pay more attention to the social construction of CSR in my interviews, as well as focusing on the main thesis question. I had considered the definitional debate to be something of a pre-cursor to the 'main event', namely my question of whether CSR is constructed as economically rational by the respondents. However, in the light of the focus groups I realised that a contribution to knowledge could potentially emerge from an exploration of the social construction of CSR more broadly.

A number of these issues will be re-visited in a lot more detail, with examples of respondent testimony, in the two chapters that follow. For now though I will set out what emerged from my interviews with the larger firms.

### ***Section Two: Large Firm Findings***

The large firm interviews were conducted in parallel with the SME interviews rather than being grouped before or after. This was simply a logistical question, since if an opportunity for access to a large firm arose I felt it was important to take it. In order to be clear about the source for the interview quotes employed below, they will be coded as 'R1' and so on, while I am labelled as 'SB'. A table of respondent firm details is available in appendix two.

As with all interview extracts, names of individuals, companies, and in some cases, locations, have been changed to maintain confidentiality.

There are four interviews with large, publicly quoted firms, labelled Utilityco, Tranco, Financeco and Plastico. These are set out in the order in which I interviewed them below, together with analysis of each case. I then present some concluding observations and analysis at the end of this section. It should be recalled that not all of the large firms are based in Wales, but are United Kingdom based, with scope ranging from national to global. They are, however, all active in south Wales, this being the area from which the SMEs were sampled.

Beginning with 'Utilityco', this is a large multi-utility firm with subsidiary firms in several countries across the globe. They are active in a number of sectors, although in the United Kingdom their core business is the provision of gas, water and electricity. The section of dialogue that follows is taken from around ten minutes into the interview, once it had been established that CSR had been practiced in one form or another for some six years in the company. All names and locations have been fictionalised.

SB: What was your initial contact with the concept of CSR in Utilityco?

R2: I can remember it quite clearly actually, but that's probably because of the events of that particular day rather than a burning interest in CSR at that time. We were on the way back from a meeting on the train around six-ish. We had had a bit of lunch after a meeting with some of the main shareholders, which probably explains the bosses good mood!

SB: I take it that this was when you were the business development manager? Who was there altogether?

R2: Indeed, I had been in charge of development since the company had floated, and apart from myself there was the MD and (the finance director). I can't even remember how it came up but (the finance director) asked the boss whether we had any spare change, as he put it, that we could give to a youth group or something that one of his managers was involved with. They were trying to fund their own premises I think.

SB: How much was he talking about?

R2: I don't know if the actual money came up immediately but I know it was about £20,000 in the event.

SB: More than spare change then?

R2: Yep. It was a good donation. And looking back we didn't really think about it too deeply either.

SB: Did the donation continue? You know, annually or whatever?

R2: I think it was at least two years we gave to that cause, although by the second year we had begun to receive other requests from staff and management and it became obvious that we would need some kind of system for dealing with these requests. (The finance director) was quite friendly with this particular manager so you could imagine how it would look, so, and, you know we had to balance this off, find a balance or fairness with other peoples' pet projects. We were a new company and very into arse-covering, given the stick that some privatised companies were getting.

Sorry...so anyway, they obviously thought I didn't have enough to do...and I was given the job of setting up a system, well, getting a form and a bit of a process designed really, to sort out requests for donations and so on.

SB: So what happened with this original donation?

R2: Well, as I said, two or maybe three years they had it and then that manager moved on, but in a sense the precedent had been set so we continued with a budget of I think, about £50,000 from there, although really if good causes were coming to us we didn't really keep to that as a ceiling.

SB: So these good causes, where were the requests coming from?

R2: Mainly from the staff. Or management I suppose, but certainly it was demand driven for the first couple of years. It wasn't senior management dictating what was spent and where. It was not just asking for money though either, to be fair. There were requests for time off work, you know, for, umm...for charity work, and some suggestions of giving company resources, again, mainly time again though really.

SB: And did it continue in that vein, the requests coming from lower down in the organisation?

R2: Well, no not really, well, yes, we had the same requests but we began to take more of an interest at a senior level. I am sure it was on the train again, you know what it's like in work, it's often only in the car or on the train you get chance to chew the fat. We were on the way back from a meeting again, and talking about a new construction project we were looking to locate in Anytown. Anyway, (the managing director) asked how it was going with the charity budget and whether we had had any requests from down there that we could look favourably upon. I mean these days it's laughable in retrospect really that we were thinking in these amateurish ways about it, thinking we were pioneers or something. Today it seems blindingly obvious, the idea of sweetening up the locals before building a plant or laying a pipe or whatever.

I mean, look at what Tesco does, building roads and paying for playgrounds and all that. So we reckoned between us that we could encourage requests from schools or local communities and then these could be looked favourably upon when they came across my desk, and no doubt our marketing lot would want to know about this for when the shit hit the fan in the local papers.

SB: And is that how it worked out?

R2: Better than we planned really, we organised a competition among local schools. And funnily enough that was the start of our concentration mainly on educationally based projects, I think that was also the time we started internally at least to refer to it as CSR rather than charity.

As can be seen from this extract there is a definite sense of socially responsible activities changing in their characteristics over a period of four to five years. For example, initially, requests for company resources to be devoted to good causes appear to be channelled from staff and managers well below board level. At the same time there was a strong implication that these requests were rooted in some personal involvement in a charitable cause or community project. In the jargon of management one could describe these as 'bottom-up' initiatives rather than strategies imposed by senior management. The first request for a donation to the youth group was certainly grounded in personal involvement but this had the effect of setting a precedent in the company, leading to the establishment of a formal system of application and assessment to deal with all requests in an equitable manner.

This is interesting not only because we see the beginnings of a formal organisational process being built, but also because the respondent implied that this was in part based in a consciousness of the perception of the outside world. In a sense this perceived external pressure could be seen as a fairly typical strategic driver experienced to a greater or lesser degree by most organisations. So the precedent is set and formal systems are put in place, but the process is still described as "...demand led..." and quite *ad-hoc* rather than deliberately instrumental. However, once this process has been embedded for two or three years, the potential for its strategic use in relation to a particular event is realised by the managing director, who then proposes a manipulation of the system for clear instrumental purposes. I might argue that there is an element of chance in the fact that the conversation took place at all, although perhaps a more important factor is that a relatively high profile manager was in charge of the CSR system in the organisation and was therefore in regular contact with the managing director.



In short then the themes that emerged from this interview include the importance of personal involvement and interest, either on the part of a staff member or management champion of CSR, the notion of CSR being initially demand led, whether from staff or outside agents, and the idea of CSR altering from a broadly ad hoc activity, to a more instrumental or strategic activity.

It is possible to discern strong echoes of these themes emerging in other organisations interviewed. For example, in the next case of a public transport operator there is evidence of the importance of personal input to the generation of a CSR process and its subsequent adoption by the organisation as a key strategic tool. The following extract from an interview with a director at Tranco demonstrates this personal element in stimulating the formation of a CSR policy. There are also external strategic issues creating a climate in which the development of CSR in the organisation could take hold. The following dialogue occurred nearly at the start of the interview.

SB: How does Tranco engage with its community then?

R3: Umm... I want to say 'haphazardly' but actually things have become a lot more focused recently, although perhaps I shouldn't say that as it is part of my job so that probably sounds immodest!

SB: Part of your job...?

R3: Yes, CSR is seen as, or has become, I guess, part of my role.

SB: So how has this evolved then?

R3 Well, I think when I joined there had been some programme of donations to charity and good causes, but not necessarily in a particularly public way. I don't think it was given much consideration, it was something most big companies do, so we did it, but it was peripheral and depended on us being asked for something. Sort of on a reactive basis.

SB: Right...and what happened from there?

R3: Well, I had an interest in CSR having read about it in the Guardian, there's a guy who writes there all the time, he's done a book as well.

SB: George Monbiot?

R3: Yes, that's him. Anyway, my own interest meant I started having a poke about, asking a couple of questions about whether we had a CSR section on the website and so on. I could get away with this, being new. This was also

about the time of the, I think, Hatfield crash. It was the one where not many were killed but it broke the camels back as it were, with the media. Anyway, there was this sudden focus on the industry, and we were in a position of being on the defensive as an industry. At the same time there was also a focus in our HR department on diversity; one of the... those things I had inherited. It had been noticed that although we were based in an ethnically diverse area we had nothing like the ethnic mix we should have, actually in the organisation. I think we had had a questionnaire from the Commission for Racial Equality at the time, which brought it all up.

So thinking about it now, perhaps it wasn't just me! There were a few things coming together that made it the right time to put in place some sort of formal policy. Although, I am not sure it would have happened if I had not pushed CSR as a potential solution to some of the public relations issues we might have to face.

SB: So how do you feel your personal input contributed?

R3: Well, I think my own interest, and the fact that I was fairly new, and was brought in to put in place more up to date processes meant I was listened to. I am a great believer in one thing at a time, so I thought I would focus on the diversity issue first and take it from there. As it has happened this has developed into a big initiative, and we now have a system for regularly engaging with the community, as you put it.

SB: And have you seen benefits as a company?

R3: Umm... it can be hard work. I mean, any attempt at positive discrimination brings its own ethical issues in recruitment doesn't it? But we donate money and time to some of the community groups in the city and this seems to pay off in terms of the local perceptions of what we are about. We have definitely had more applicants from ethnic minorities as result of these initiatives, but we have not employed as many as we would like. I think we will benefit in the long term from it though. Its almost as if we are building up credit so that if there were media problems for us as a company we could point to what we do with the community as a defence.

SB: So how would you describe CSR's place in the organisation now?

R3: Oh more part of the company definitely. It's a lot more formalised in terms of process and we have a section on the website setting out what we do, our policy, and giving contact details and all that.

This exchange shows that there has been a change from a reactive, ad-hoc approach to CSR, to a more formalised instrumental practice characterised by policy and process. There is evidence of the confluence of a number of factors in this example. The personal interest in CSR by this respondent interacts with a number of potential external strategic drivers imposing themselves on the company. These are the pressures to establish a more

diversified workforce, and some emerging and unpredictable public relations issues at an industry level. However, the important catalyst for putting in place CSR as a response to these pressures, rather than employing more conventional marketing communication measures, seems to be the personal intervention of the new manager. Although the background conditions were apposite, it was her specific interest in CSR that led to the subsequent creation of a CSR policy, or at the very least the labelling of community engagement as CSR and its adoption as a strategy of marketing communication.

Whether the impetus in this case was dominated by personal or external strategic factors, the result is that we see a CSR policy being put in place, with the obligatory website pages, and we see CSR being deployed as a strategic move, in this case possibly a defensive, precautionary move. This contrasts with the "...reactive basis..." on which CSR was managed prior to the arrival of the new manager. There is a sense in both cases examined so far that the practice of CSR was a means of providing some insurance against poor publicity. In the first example Utilityco were planning to use it to counter poor reaction to the location of a construction project, and the public transport operator to build up "...credit..." to be used in the event of "...media problems...".

Similar stories emerged in the next case. Financeco is a global finance house active in market sectors such as investment banking, life assurance, pensions, retail banking and mortgages. They have a CSR manager devoted to Wales and the south west of England. Even where one might have expected CSR to be centrally controlled and prescribed, there was evidence that at least at first, CSR as practiced on the ground was very much a reactive process. The respondent in the following case was in charge of the regional CSR practices as their only role in the organisation. I was told here how CSR became more firmly embedded in this major firm that today makes much of its socially responsible credentials:

SB: In what ways does Financeco engage with the community would you say?

R6: 'With gusto' would be my response. We have spent over £200,000 in the last financial year on community projects.

SB: Before asking you to go into detail on this could I ask whether it has always been such a major activity?

R6: Not really. I think the CSR office was set up in response to the fuss about branch closures.

SB: What happened there?

R6: Oh you must remember! We had a lot of flack in the press over rural branch closures. The papers were all over it, I mean look at the geography here, we had more closures than many regions, and there were campaigns about how the poor were being ignored and disenfranchised and so on. Any way, it was about that time that they established a CSR office centrally, and I had been in charge of the community budget down here so I was asked to coordinate things for the region.

At this stage the conversation turned to a rehearsal of the variety of projects with which this respondent's firm had become involved. I had the opportunity subsequently to turn the interview towards a discussion of how the CSR policies of the firm had developed.

SB: So can I take you back before the media pressures. How would you describe CSR in Financeco before then?

R6: It was piecemeal really, I suppose, certainly compared to now. We had the community budget and we used to put an advert in the (local paper) around November time asking for bids. Sometimes we never even spent the whole budget, it depended on what we were asked for.

SB: And is CSR practiced differently now?

R6: Well yes, massively. I get a budget on which I am targeted, and we have a clear vetting procedure for projects. I couldn't sponsor an event last year because another finance company had a stand at the same event. We have some mad rules, and the process is vigorous. I am sitting here talking to you as someone specifically employed to coordinate CSR. If you had told me that three years ago I would have laughed.

SB: Could you sum up in a word or two what CSR is like at Financeco now?

R6: Umm...processed. No, that sounds like cheese. I mean, strategic I suppose. Its planned. You know, what gets targeted gets done, right?

In this extract a number of familiar themes emerge. We can see that CSR proceeds from a "...piecemeal..." practice to one that is described as "...strategic..." or "...planned...", and along the way it has been legitimised by a raft of processes designed to assess whether particular activities are suitable or not. Furthermore, in this case, the catalyst for the change in the conception of CSR to a more strategic activity seems to be an episode of media and public pressure. The CSR policy was then centralised and formalised in response to this strategic threat. There is no particular evidence here that personal interest

in CSR by a member of the organisation played a significant part in its initial adoption as a strategy and subsequent establishment in the firm.

I was also interested in the 'content' of the CSR in this case, because there seemed to be a significant personal commitment on the part of this particular respondent to the CSR activities of the firm locally. The main aspect that the respondent focused on is too specific for me to mention without compromising confidentiality, but it had the potential to place employees in the way of harm. The respondent told of how he would sometimes give up significant personal time in order to engage in the CSR activity that was sponsored by Financeco, showing an apparently high level of personal commitment to the initiative. I want to return to discuss this particular case in chapter nine below since this apparently sincere involvement by the individual nevertheless seems to serve the instrumental objectives of the organisation.

The final large firm example is a publicly quoted company manufacturing a variety of plastic and foam products, with a presence in Europe, the United States of America, and Japan. The respondent was responsible for community activities in their plant located in south Wales.

There were a number of CSR initiatives pursued by the firm. I had asked about these early in the interview and they were described by the respondent as follows:

R28: With the local community, we engage with local schools, we provide some funding and some scholarships, and we also host school visits, for people who want industrial education and so on. We also take part in workshops that they have, again to interact children with the business life, so er...business models we have, whereby you want to manufacture something, so a child becomes, I don't know, an M.D. a purchaser, and another becomes a manufacturing operator. So... those are the kind of things we do in the local community.

SB: Right...

R28: Also in terms of charity and sports organisations we make donations, we sponsor some local football teams and rugby teams, umm.. yeah, charities and things I have just mentioned...

SB: What sort of charities?

R28: Anything, anyone who applies really, so yeah, we get regular letters for donations, and ...er... usually we can oblige.

Most of the focus of the firm's CSR seemed to be relatively local, mainly based in the nearby town. He also described how there was a scheme whereby staff could take children for reading in the local junior school. I was interested to explore what the drivers were for these activities. I had to ask fairly directly since I had been unable to 'lead' the respondent to any kind of disclosure in this regard. It emerged that the key driver seemed to be company reputation, as the following extract shows (I have removed the 'nickname' of the company for confidentiality):

SB: Does the company see improved motivation among the staff from this do you think or is it something that's kind of put to one side once its done?

R28: I don't know, I think in the, in the community, it does improve the image of the company. I mean several years ago, the company, I mean probably ten years ago the company had a nickname in the local community.

SB: This particular company now?

R28: That's right yeah. Even though the process is clean, the emissions that we send into the atmosphere have a certain smell to them, and depending on which way the wind is blowing, it can take them down to the local village, and so they get the impression of the 'nickname'. Umm, so yeah, I mean we purchased a piece of land several years ago, just in this direction here and it took up a large part of the children's recreation field. And the deal for purchasing that land was that we made a large donation to the re-building of a local boys club, so yeah, it was a bit of tin shed really, so that was part of the bargain that we purchased the land, don't take too much, just take what you need, and we made a large contribution to the er...

SB: And how long ago was that?

R28: Five or six years ago...

SB: ...and has that improved community relations as well?

R28: I think so yeah, and most of the employees, you know, are locally based. I'd say eighty percent live within, say, five miles.

SB: Are you local yourself?

R28: I was originally, now I live in (nearby city). But yeah, most people know someone who works here and they know the sort of conditions they work under and so on, so overall, in the borough the company has a pretty good reputation.

With further follow-up questions it became clear that the reputation of the firm was the key driver for some of the community engagement the respondent described. He went on to talk about internal staff initiatives such as free Christmas parties for employees as well as one for their children, including presents valued at around twenty-five pounds each. There were also funded international trips to compete in company games in Europe and attendant team building, all of which was described in terms of improving and maintaining company reputation. While these activities are not necessarily examples of CSR, they nevertheless give some indication of the strategic drivers for the organisation, and the CSR activities also seemed designed to address these reputational issues.

I was curious about the inception of their community engagement, but the respondent did not really know other than to indicate that the local managing director had a large amount of discretion but that it seemed to have been a cultural aspect of the firm. The following extract from later on in the interview illustrates this, as well as reinforcing once more the importance of reputation as a driver:

SB So, you said you have worked here for sixteen years, you know the company inside out, so where do you think that attitude towards staff and community comes from? Was it simply to deflect criticism?

R28: No I think not, I think that sort of culture was inbred from day one. As I said, it's a European run operation, and the factory manager has always been local, and of course she took on people, it's a very small community here, and that's really the kind of culture that has been bred into the business. I don't think there was any sort of choice behind it, I think that's the way it has developed.

SB: It sounds like a fair amount of discretion is left with the manager here as to precisely what's done?

R28: Oh yeah, I mean, again, we were talking about taking care of the employees, I mean we've had cases here where people have been seriously ill, and have not been able to get what they need on the NHS (National Health Service), and the company has put them through private treatment. Again, that's at the discretion of the plant manager...

SB: ...yes...

R28: It all adds to the building up of the fact that we have a very good reputation in the local area.

Right at the end of the interview, almost as an after-thought the respondent introduced the environment agency as a stakeholder who they have to “...stay on-side with...” because they have a number of radiation sources and chemicals on site. He made it clear that their attainment of an environmental standard some eight years previously had been an instrumental action:

R28: Even though we went for the environmental standard back in 1997, even then it was cost-driven, people saw it as a green thing but it wasn't really that, it was that it helped us save lots of money.

In summary, this case shows how CSR was pro-actively used to improve and maintain the firm's reputation and was therefore, as far as I could deduce from this respondent, an instrumental activity deliberately designed to combat perceived threats from the strategic environment. If I had the opportunity it would have been interesting to explore the way that CSR is alleged to be part of the organisational culture, since earlier in the conversation the respondent had put a rough value of around £5,000 per annum on the external CSR activities. For a company employing over 15,000 people globally and nearly 200 in south Wales this does not seem to me like a huge investment, although further speculation is pointless without evidence, and detailed discussion of this is beyond my scope here.

## *Chapter Conclusions*

### Focus groups

Conducting focus groups as a means of refining my research approach in terms of both data gathering and methodology was a fruitful exercise. A number of themes emerged to help me approach the interviews in a more open-minded fashion, but at the same time sensitising me to some of the key issues that might emerge later in the research process. Methodologically, my decision to adopt a social constructionist approach was reinforced by my observation of the contingent nature and variety of CSR practices discussed.

It is also interesting to note what was absent from discussions. There was very little discussion of whether CSR activities were motivated by economically rational objectives



or by more altruistic drivers. Admittedly I did not provoke such issues because I felt at the time that detailed probing of individual participants by me would risk cutting into the natural flow of conversation in the groups. Nevertheless, although there was no explicit discussion of this question, there were some conversational clues to be picked up. For example, there were indications that the community engagement in these firms was a function of being close to, or even embedded in, their communities. In addition the importance of personal contact between the business and society emerged once or twice, as did the personality or reputation of the firm owner as a contributing factor.

A note of caution should be sounded at this point though, because these focus groups were conducted at the beginning of the data gathering, in the summer of 2003, some four years before the completion of the thesis. A similar sample of participants today would be informed by a changed societal landscape, as discussed at length in chapter two. At least anecdotally, the amount of media attention to environmental issues seems to have increased significantly over the course of the thesis, together with publicised corporate responses to such societal pressures. An assessment of these issues will have to be someone else's thesis, but suffice it to say that today I suggest that we might be unlikely to wait some twenty minutes before 'CSR' emerged into focus group conversation were I to repeat this process.

### Larger firm interviews

In the methods chapter I noted in some detail the difficulty of accessing the larger firms without telling them what I wanted to interview them about. This meant that the possibilities for analysing the social construction of CSR were more limited with the larger firms. On the other hand, there is a reduced risk of my influencing the construction of CSR, since each firm is already active in CSR and therefore has at least some idea of what the concept means for them.

A labelling process seems to have occurred in Financeco, where what was previously the community budget was now subsumed into a new, centrally controlled CSR department. Were I to conduct that interview again, I would like to explore more fully the drivers and processes that led to the adoption of the term CSR rather than alternative labels. Similarly, the respondent from Utilityco seems to be able to identify the time that they

began to call their community activity 'CSR' rather than 'charity'. This is fascinating in that the initiative that sparked this labelling process was the first time they had deliberately used their CSR spend in an instrumental fashion. Does this mean that for them, CSR is constructed as a strategic or instrumental activity, whereas 'charity' is not? A more detailed exploration of the use of language in this instance would have proved interesting.

It has been necessary in this chapter to present some relatively lengthy samples of dialogue from interviews in order to show how the conversations developed. From an examination of the examples presented, it is apparent that the practice of CSR and the motivations for engagement are essentially dynamic phenomena. A proposition to draw from this is that the binary or dichotomous separation between instrumental *or* altruistic as alternative descriptors for CSR is too simple. Some detailed exploration of the themes evident in the interviews has already taken place above, but in summary there are a number of key issues that have emerged in relation to the essentially dynamic nature of CSR in organisations.

Firstly, the most common aspect of the complex and shifting way CSR was practiced and constructed among the respondent organisations was the change from CSR as an *ad hoc* activity, broadly carried out in a piecemeal fashion, to CSR as an overtly instrumental activity. As time progressed, CSR acquired the characteristics of a managerial undertaking. We see processes being put in place, vetting carried out for suitable projects, annual budgets established, and targets set. We also see examples of CSR becoming adopted by senior management as an instrumental tool to deal with perceived threats and opportunities.

This leads to the second emergent theme, which is that initially, socially responsible initiatives can be prompted from outside the senior management team. In two of the larger firms, the preliminary impetus came from a member of staff, or at least someone below the level of the board. In at least one case the impetus actually came from requests outside the organisation, channelled through staff members. This raises the possibility that at the outset, CSR is largely a reactive practice, and that the initial direction from which senior management might become aware of CSR is from within the firm.

The third theme follows from this, which is that in using CSR as a response to a strategic threat such as a damaged reputation or loss of staff, firms realise the potential of socially responsible engagement. In other words, the catalyst for the change from an unplanned conception of CSR to thinking of CSR as part of the managerial strategic repertoire is often a significant threat to the organisation. In a related observation, there are some indications that it is in the 'practice' of CSR that its instrumental possibilities become realised.

This is an interesting counterpoint to one of the tentative themes to emerge from the social construction of CSR apparent in the SME focus groups. It will be recalled that they began to associate CSR with some kind of vague threat, making associations with environmental regulation. Clearly a complex set of discursive influences are at work in leading to this somewhat contradictory picture of what CSR means. Is it a strategic threat or does it present managers with another tool to add to their armoury of *responses to* strategic threats?

It is of course, axiomatic that society was not standing still as these companies practiced their CSR. As has been discussed in chapter two, the societal context for the developing relationship between business and society has been changing, with an apparent increase in awareness of corporate behaviour and a measurable increase in the incidence of the use of the term 'corporate social responsibility' in the media. This will undoubtedly have had an impact on the readiness with which large corporations looked to adopt policies on CSR. At the same time, publicity over corporate misdemeanours may also have led to organisational focus on these issues. However, for this chapter, it is still of interest to note that, whatever the causes, the larger companies appear to have moved from a non-instrumental, unplanned approach to CSR, towards an approach that might be described as instrumental or strategic.

Finally, a common theme is the involvement of the 'personal'. In other words, in some examples we see the importance of the agency of an individual, either as someone who has a personal interest in CSR, or as one who has an interest in a charity or community group or similar, from outside the company. This raises questions about the permeable nature of the notional 'boundary' between businesses and society, reminding us that safe dualisms like 'business and society' do not capture the true complexity at work.

## Summary

Drawing together the work on focus groups and larger companies, perhaps the most basic point to emphasise is the contingent, complex and dynamic nature of CSR, both in its social construction and in its practice in firms. CSR has the potential to be driven from inside or outside the firm, or sometimes a mix of the two, such as where I have shown how external requests can be channelled through employees. The part played by individuals also reinforces the 'human' element inherent in many of the large firm examples, even where CSR appears to be an instrumental strategic activity. This adds to the complexity and unpredictability of how CSR is thought about and practiced.

The focus groups and large firm interviews taken together seem to hint at a possible paradox in the construction of CSR. For some it is a tool to be deployed for instrumental purposes whereas some SMEs seemed to be starting to think of it as a threat. Again, CSR is not simply defined and captured, and I will discuss in chapter nine whether this complexity can be reconciled with the existing CSR models and frameworks found in the literature.

Before then though I want to explore in much more detail how meaning is given to CSR by SMEs and then whether it is constructed by these firms as economically rational. The next chapter therefore examines the social construction of CSR, and then chapter eight addresses the question of CSR and economic rationality.

# Chapter Seven: The Social Construction of Corporate Social Responsibility by Small to Medium Sized Enterprises.

## *Introduction*

Corporate social responsibility (CSR) is characterised by a high degree of definitional and discursive ambiguity. As I have discussed in some depth in chapter two, there are a wide variety of academic fields commenting on CSR, and the term is used freely alongside other labels such as corporate citizenship, corporate social performance, and a plethora of other terms (see for example Werther and Chandler, 2006, p.6, or Blowfield and Murray 2008, p.15).

To explore this definitional ambiguity and make sense of the landscape in the context of my thesis, this chapter focuses on those findings that demonstrate how the respondents from small to medium sized enterprises (SMEs) define and locate the construct CSR. A social constructionist perspective informs this chapter, and the textual analysis employs techniques of critical discourse analysis.

## Chapter overview

The range of possible influences on the social construction of a phenomenon like CSR, together with the methodological approach taken here, mean that structuring a chapter on the subject is difficult. There are inevitably a variety of interesting observations to be made on each extract and consequently there would certainly be overlap between sections based on themes, even where these themes are emergent rather than *a priori*. This chapter will therefore simply be organised into two main sections followed by a brief conclusion. The first section will examine a wide range of extracts from the in-depth interviews, using techniques of critical discourse analysis to deconstruct them. This analysis will logically underpin the second section of the chapter, which summarises the key features of the social construction of CSR evident in these interviews.

The main concern in this chapter is therefore with the use of language. Is the term corporate social responsibility actually used by the interviewees? If so, how is it used and

with what language is it defined or described? Are other actors and interlocutors brought into play or referenced? In addition, with what other terms is the use of 'corporate social responsibility' associated or co-located in the discourse? In short, what are the 'interpretive repertoires' used by participants to make sense of and locate CSR?

One deliberate omission from this chapter is an analysis of whether CSR is constructed as economically rational. This is the key question addressed by my thesis and as such is afforded its own treatment in chapter eight.

Throughout this chapter, my reading of the interview texts is also informed by considerations of voice and power, in keeping with my methodological approach and the methods of analysis employed. The extent to which I as a researcher act as a co-constructor of meaning and understanding has been considered in chapter five and will be reflected upon in from time to time in the discussion chapter. For now, in this chapter I begin to present the findings of this thesis by exploring the social construction of CSR in section one.

### ***Section One: Analysis of the Small to Medium Sized Enterprise Interview Texts***

This section begins to examine the in-depth individual interview data for evidence of processes of social construction. The extracts below have been selected to demonstrate the many influences on the construction processes and to begin to understand the recurring themes manifesting themselves in the exchanges. The majority of the extracts analysed in this section are comparatively early in the interview, or at least shortly after the phrase 'corporate social responsibility' was first used.

To begin with, it is interesting to consider the fact that in most of the interviews, the term 'corporate social responsibility' was not used by the respondents initially. In this way it could be said that much of the (co) construction that took place in the conversations could be described as 'conversational groundwork' before the label 'corporate social responsibility' was introduced. In most cases the term was introduced by me, but in a similar way to the focus groups, it was noticeable that once the term was introduced it was seized upon with alacrity by the participants and almost immediately shortened into the

acronym 'CSR'. I will therefore begin this section with an examination of some of the interview conversations that occurred prior to the surfacing of the actual labels 'corporate social responsibility' or 'CSR'. I will then move on to concentrate on the process of the emergence of these terms and their subsequent construction.

My initial question to the individual interviewees was usually worded:

“In what sense do you engage or interact with your community?”

As with the focus group discussions this was deliberately structured as an open question, with no mention of CSR. It also deliberately left open the opportunity for participants or respondents to define for themselves what was meant by 'community'.

The conversations prior to the emergence of the labels CSR or 'corporate social responsibility' in the interviews (as with the focus groups) centred on the nature of the activities that made up the firm's community engagement (or lack thereof). I have listed these with the firm profiles in appendix three.

I will open the analysis with an examination of some examples of early exchanges on the nature of the respondent's community engagement. This interviewee was one of the few that replied to my initial question in general terms rather than simply cataloguing their community engagement activities.

SB: How would you describe your engagement with your community?

R16: I suppose you would call it ethical business wouldn't you? That's what we are supposed to be doing isn't it?

The phrase "...what we are supposed to be doing..." is interesting here. It implies that some outside agency is responsible for setting an agenda or forming a context in which this company is "...supposed to be..." acting in an ethical way. This implies that power is vested elsewhere than in the respondent, power is structural rather than implicit in the agency of the respondent. I attempted to probe the 'ethicality' of their actions further:

SB: In what way do you think it is ethical?

R16: Umm, I don't know, I just think it's the right thing to do.

SB: What sort of things are you doing then?

R16: We have started to get involved with the community centre. We donated money first to help them...they built a small kitchen area. And then two of our engineers went down to mend their security, door, you know, it's a pull-down thing. They'd had vandals. And it's what we do anyway, doors, so we are on the doorstep, and two of the boys went down there.

This conversation went on to elaborate on the reasons why the company began to engage with the community, but those issues will be reserved for deeper analysis in chapter eight. For now, it is sufficient to note that this respondent was beginning to construct their community engagement as an ethical practice, and was unusual in not simply cataloguing the activities in which they were involved.

The next extract from a different interview took place some minutes into the conversation, but still before the labels of 'corporate social responsibility' or 'CSR' had been introduced. We had established that the relationship with the community was not particularly strong and the firm had experienced some difficulty in retaining staff.

SB: From what you have said you would like to engage more with the community, that it might help with your reputation as an employer for example?

R4: We would like to, but at the end of the day my time is spent fighting fires, not literally, thankfully...ha...but its all day to day, the, um, the thought is there to plant some trees or, um, clear some waste ground, you know that company at the entrance to the estate, they got involved with the school on clearing an old pond. Good day out but whether the pond is still clear I don't know...good publicity they had, though.

This respondent introduces other companies as other potential actors in the construction of what we were still calling 'community engagement' at this stage of the interview. He later invoked a larger company, BMW cars, as will be seen in further analyses below, but here he referenced another SME situated on the same industrial estate. Our conversation antecedent to this extract had shown that this respondent found it difficult to recruit and retain staff locally and was worried about the firm's reputation as an employer. Although at this point the label corporate social responsibility had not been introduced into the conversation, the deliberately broad "...engage more with the community." from me



elicited a response that almost straight away moved to an environmental example. The example was not uttered forcefully though, as the hesitation shows, together with the use of “...*some* trees...” and “...*some* waste ground...” (my italics). This respondent was thinking on his feet, and almost seemed to be deliberately giving an account rather than trying to describe facts, in the sense that he seemed to want to present a responsible face to me as the interviewer.

In order to justify not having engaged with the community, despite saying “We would like to...”, he draws on an interpretive repertoire of ‘busy-ness’: “...my time is spent fighting fires...”. The notion of “...fighting...” in a business context is suitably masculine and managerial, albeit being wrapped up in a handy cliché in this example. Having said that, the “...fighting...” is very much “...day to day...” helping to reinforce the impression that this interviewee was not one for strategic thinking and action. Despite this, the construction is of community engagement presenting an opportunity rather than a threat, if only through possibilities for “...good publicity...” and even a “Good day out...”. This is interestingly one of the few occasions in which a respondent from a smaller company began to describe community engagement (if only by implication here) as an instrumental practice.

This conversation then took an interesting turn when, remaining mindful of my role as potential co-constructor of meaning, I deliberately introduced the label ‘corporate social responsibility’.

SB: You seem to be describing the sort of thing that some might call ‘corporate social responsibility’...

R4: Ah, yes, I remember reading about this...

SB: ...right...

R4: ...BMW are going to be responsible and make their cars all recyclable aren’t they? They were saying in the paper, last week, no. Umm...that car manufacturers are going to have to dispose of their own cars or something. I’d like to see that happen! I don’t see how it will be enforceable.

Before examining a slightly later extract from the same interview it is noteworthy that again we see a close co-location of the language of responsibility with an environmental

vocabulary, this time in terms of recycling. Additionally, this utterance from the respondent links environmental issues with legislation, or the difficulties thereof.

The conversation then continued to explore the difficulties that might be faced by car companies and moved off onto a tangent about cars in general, before I brought the interview back to the subject of CSR with the following question:

SB: So, you mentioned the car companies, being, er 'responsible', I think you said. How do you feel about this idea of responsibility for companies?

R4: What idea?

SB: The idea that companies are, or should be, responsible for the way they behave in society.

R4: Well, that's what we have been talking about isn't it? They are trying to make companies responsible for their pollution and the environment.

SB: The natural environment?

R4: Well yes, obviously, I mean, the sustainability thing from the Assembly, that's what it's about isn't it?

This excerpt shows the respondent losing a little patience, as if the inter-changeability of the discourses of responsibility and environmental sustainability was patently clear. The word 'obviously' was actually used, and it was also implied on an earlier occasion by the inflection of the rhetorical question "...that's what we have been talking about isn't it?" The respondent also employed the word "...responsible..." but in this case we might be seeing an example of co-construction, with the respondent in effect following my lead from the previous sentence. In this passage the interviewee introduced another actor, the Welsh Assembly, into the construction process. It will be recalled from chapter one that the Welsh Assembly forms part of the policy context for this research. This was a theme in a number of interviews, and in this case the word "...sustainability..." was drawn upon, linking the Assembly to his earlier environmental interpretive repertoire. His language does not give an impression of authority however, as is illustrated by "...the sustainability thing..." which was not elaborated upon with a clarification of what this 'thing' might be. The respondent here is clearly locating what we had been discussing: "...that's what it's about isn't it?" with the Assembly via some ill defined construct labelled "...sustainability...". We might assume that the use of "...they..." in the previous

sentence referred to the Assembly, and deduce further that success in this endeavour has been limited: "...trying to make...".

Among the detail of these extracts from the interview with R4 a general issue emerges, which is that he does not attempt to locate his company or himself within the discourse of CSR. It is almost as if we were discussing something that happens to others, driven by others, and will affect others. Even though he invokes a range of actors, it is not as if those actors are perceived to directly impact on him or draw him into a construction of CSR. The only actor in the passages quoted above that seems to have any bearing on his firm's behaviour is the "...company at the entrance to the estate,".

The following extract from a different interview also illustrates the moment when the label 'corporate social responsibility' was introduced into the conversation. This particular respondent had previously identified three examples of community engagement that cost his organisation several thousand pounds per annum, and used language like "...giving something back..." when asked to describe the motivations for such activities. It was only when CSR was introduced as a label that it was almost immediately equated with unwelcome interference from legislation and regulation.

SB: Have you come across the phrase 'corporate social responsibility'?

R14: Yes, definitely. I mean I have definitely heard of it, but again, it's a big company thing isn't it. I don't think you could call us 'corporate'.

SB: Ummm..

R14: No, but again, this is another one of those, err... This will lead to laws and regs (regulations) that will be aimed at someone else, and end up affecting us the most.

SB: You say, 'Another one of those things', er how do you...?

R14: Another thing to have to think about, regulation or whatever, er...

SB: So you think corporate social responsibility will be subject to laws?

R14: Well it already is really, with the laws, as we were just saying, the laws on environmental waste and recycling. Pollution is a big issue isn't it, although how much you can trust the global warming, er, scientists and politicians. I mean they have an axe to grind most of them.

This deceptively rich passage contains a number of signals as to the construction of corporate social responsibility for this participant. Early on, he picks up on the word 'corporate' and uses that to remove his own company from the category of those who could be affected by CSR: "I don't think you could call us 'corporate'". The imprecise language with which many respondents begun to articulate their understanding of CSR is also evident here in the employment of the word "thing". However, in searching then for more detail, he straight away reaches for an interpretive repertoire of "...laws and regs...", lamenting the imprecise nature of such initiatives in that they are "...aimed at someone else," and yet affect "...us the most."

Once more we see here a respondent locating themselves as followers rather than shapers in the discourse, and once more it is real or feared legislation that appears to be named as the mechanism through which CSR will become imposed on smaller businesses. CSR will be lumped together it seems, as "Another thing to have to think about," indicating that it will have to take its place among other un-named challenges to the smooth running of the firm. In fact his perception is that CSR is already bound up in laws via legal measures to curb waste and promote recycling.

Wrapped in this short sentence beginning "Another thing..." is quite a nuanced idea that the speaker is implicitly staking his entitlement to speak with authority on such topics as unwarranted external imposition: "Another thing to have to think about...". In other words the speaker is already used to dealing with such challenges and therefore has some legitimacy in pronouncing on such matters.

The later sentences in this extract are interesting in that the respondent moves from an essentially defensive conversational mode to a more aggressive one, as he seeks to challenge the fact claims of "...global warming, er, scientists and politicians.". He tries to discount their authority by implying they have a position of interest in the debate, and 'would be saying that wouldn't they?' in order to protect some notional stake in the discourse. This respondent is therefore using a dual repertoire in this passage, initially taking a realist position (based on authority and entitlement) using definitive language, before switching to a constructionist rhetoric when talking about "...scientists and politicians." in invoking their allegedly interested stake in the discourse.

Having analysed one extract showing how corporate social responsibility was constructed following its introduction into the conversation, I will now analyse a range of extracts that deal specifically with this issue. All of the interview excerpts that follow take place after the terms corporate social responsibility or CSR were initially used in the conversation. This first statement introduces us to a range of themes that will be echoed in other extracts:

R7: CSR is like waste reporting. It's only a matter of time before social reporting of waste output and pollution comes down to smaller companies. What affects the big boys will eventually be pushed onto us either by regulation or from our larger customers. We need to make the most of what freedom we've got to be honest.

Some interesting points emerge from this extract. The immediate characterisation of CSR as being "...like..." something is indicative of the need evidently felt by a number of respondents to fall back on metaphor or analogy to describe or define CSR. In this case, CSR is "...like waste reporting." showing a direct co-location of CSR and an environmental vocabulary.

Moving on to the position in the discourse adopted by the interviewee, the location of his company as "...smaller..." is reinforced in a variety of ways. It is contrasted with the "...big boys...", (almost drawing on an interpretive repertoire from the schoolyard) and also set against "...larger customers.". A tenor of resignation, 'done to' rather than shaping events, pervades this extract and CSR, or at least its proxy (environmental reporting), is seen as an inevitable feature of the business landscape to come. The notion of imposition is also writ large, as additional reporting will be "...pushed onto us...", speaking clearly about the power relations this businessman feels he has with a number of other stakeholders. This is an apparent example of a 'defensive rhetoric' being employed in the context of the discussion of CSR.

At least by implication, this respondent seems to lament his lack of voice in the development of CSR practices. Having said that, he seems to strike a note of empathy with "...the big boys..." who he notes are also affected by external events. This clear separation of CSR into an external phenomenon, not one in which he is a co-constructor, serves to de-personalize the concept, imbuing it with its own essence. I would argue that

the ready way in which the acronym 'CSR' was seized upon in many conversations, such as this, could be seen as an important linguistic catalyst for this de-personalization.

The next statement from another respondent links the idea of CSR as a jargonised term with an interpretive repertoire drawn once again from an environmental discourse and language of regulatory interference:

R12: CSR is just more jargon to describe the kind of interference I knew the assembly would bring. They were banging on about sustainability after the summit (in Johannesburg) and us (Wales) being a leader but what does it mean to me? The business is what sustains me, much as I like to protect the environment, and I have to sustain it.

The notion of CSR as jargon is overtly raised by the interviewee here. He goes on to closely locate this with "...interference..." and for him the delivery mechanism for this interference is the Welsh assembly. The construction of CSR as a jargonised term deserves some analysis here. The implication is that in applying such a label the term is being put beyond debate; it has already been deconstructed by the interviewee and characterised as jargon. It is now being reified and as such rendered somehow separate from, or external to, the speaker. Consequently no interaction with, or debate over, the essence of CSR therefore needs to be entered into by this speaker. That is unless perhaps he is challenged to reflect on the nature or essence of CSR in future conversation or other form of stimulus. In short, any debate over the essence of CSR as a construct has been foreclosed.

The speaker in this extract is presenting himself as informed or authoritative as he sets out his knowledge claims ("...I knew the assembly would bring."). In contrast to the earlier extract from another respondent above, this speaker is vesting authority in himself as a seer in matters of legislation and politics. This statement that he "...knew..." this type of thing would happen sets the tone for the rest of the extract, for example where he talks in derogatory terms about the assembly "...banging on...". This is patently a more 'offensive' rhetoric, in the sense that he is verbally 'going on the attack' as it were, in contrast to other respondent's contributions of a more resigned or defensive nature.

It is interesting that he implicitly contrasts his relationship with the assembly, as bringers of interference, with the relationship he has with his business. His business is depicted as an entity with which it is possible to have a mutually sustaining relationship. His interpretive repertoire, italicised by me, (“...what *sustains* me...I have to *sustain* it.”) is clearly drawn from the discourse of sustainability introduced into the conversation, but is subverted into a far more inwardly focused construct, used to draw a clear picture of a symbiotic relationship with his business. This is seemingly a relationship that should be protected from “...jargon...” like CSR.

The tone of the extract implies that his antipathy to CSR stems at least in part from the stake he has in his pre-formed opinion that the Welsh assembly would be indulging in unwarranted interference in business. There is commonality with the earlier extract here in that the domain from which they obtain their constructions of CSR is very much the regulatory domain, rather than drawing a repertoire from individual experience or even industry sector sources of information.

Another quote typifies the responses that linked the term ‘corporate social responsibility’ with external imposition. In this case the extract quotes a manager worried about the possibility of new statutes on corporate manslaughter:

R1: Don’t talk to me about corporate social responsibility. We have just had to think long and hard about insuring all of us directors. The drivers I could understand, but...hell...the directors, I mean, what are we supposed to be able to do beyond reminding the daft (expletive)s to drive safely?

The opening statement of this extract is a good example of the type of defensive language often employed when the actual label ‘corporate social responsibility’ was raised in an interview. This immediately negative reaction was all the more interesting as this particular respondent had previously identified some five clear examples of socially responsible behaviour by his organisation without once labelling them as CSR. There are clues here about his self-image that might help explain his negative reaction. He overtly identifies himself as being of a group, namely “...us directors.” showing the perspective from which he is constructing CSR.

As directors they have to “...think long and hard...” which is nice tough managerial language for directors to describe their activities with. Contrast this with the characterisation of the drivers as “...daft...”, and in need of insurance, clearly. As a related issue we might also enjoy the irony of the tough-guy “...long and hard...” repertoire being so closely followed by the admission of a lack of control over aspects of the organisation implicit in the next sentence: “...what are we supposed to be able to do...?”. There is a sense of ‘how am I supposed to implement CSR’ in this discourse despite the initially dismissive, if not aggressive, language of the first sentence here.

Of course, we should further note that initiatives aimed at the insuring of directors were coming at the time of this interview from a legal imperative, not societal pressure to be ethical or philanthropic. Again, in this case, we see co-location of CSR with notions of legal imposition on business, but once more through some proxy, in this example emerging laws around the culpability of company directors. The picture emerging seems to be of engagement with, or construction of, CSR taking place via surrogate discourses of regulatory or legal changes, often in an environmental context.

The next two excerpts show another respondent deconstructing the term ‘corporate social responsibility’ before then questioning its applicability to his business more explicitly in the second exchange.

R11: For me the word ‘corporate’ says it all. This is something for the multi-nationals to worry about. I am sure they are all talking about it in their shareholder reports to get onto ethical investment fund lists.

This interviewee immediately seized upon the word ‘corporate’ in corporate social responsibility. The interpretive repertoire drawn upon here seems to reflect the fact that this individual runs a successful independent financial advisory brokerage. His lexicon in this short extract includes terms such as “...corporate...”, “...multi-nationals...”, “...shareholder reports...” and “...ethical investment...”, indicating a sense of ease with the discourse of corporate governance and business more generally. Despite his apparently cynical attitude to multi-nationals discussed below, this ease allows me to tentatively locate the respondent as someone sympathetic to the pressures businesses face. This inference might be given added weight when we consider that he regularly interacts with other businesses as clients to his brokerage.



The construction of CSR here is that it is something for others, namely larger organisations, to "...worry about.". However, it is implied that the extent to which they need to worry about it is confined to "...talking about it..." in their reports in order to achieve some instrumental aim like getting onto approved ethical investment lists. The tenor of these three sentences is one of dismissal, as the interviewee seems to wish to ironize CSR rather than reify it. The outwardly 'fact constructing' phrase "I am sure..." was used with irony, but the irony seems to be a 'tone setting' device for the sentence, aimed at conferring a satirical flavour on the intentions of the multi-nationals. CSR is therefore constructed as offering an opportunity for possibly cynical instrumental action by organisations, but not necessarily small organisations.

The conversation continued, revealing the position of the interviewee more explicitly:

SB: So would you say your company is socially responsible?

R11: Yes, absolutely. I employ people. Over fifty, including the managers. And that is my responsibility. I provide employment and make a profit. What would they be doing if they were not employed? I am paying a salary, and paying tax, and, yes, well, actually paying a tax for employing them!"

SB: You mean employers NI (national insurance) right?

R11: I know! I am paying tax in order to give people jobs!

As I have shown through these two extracts from the same interview, for this interviewee the boundaries around CSR are clear. It is a tool for larger businesses, especially in their interactions with shareholders, whereas for businesspeople like him the limits of responsibility are to employ members of society and pay the requisite taxes. The short sentences and ready use of irony, together with the attempted recruitment of me to his opinions with his "I know!", seemed to be an everyday conversational mode for this respondent. I might therefore be mindful that CSR might not be the only concept that arouses contrarian opinions in him, since he plainly seeks to invest himself with authority in his exchanges. There was in fact some contradiction in his position, in that his business did indeed engage in limited CSR via a rugby club sponsorship from which he professed to seek no particular benefit for his company.

One interviewee who volunteered the term ‘corporate social responsibility’ implied a close association with governmental involvement via regulation, echoing issues raised in the focus groups and a number of other interviews:

R18: Our waste management is what we do to be socially responsible. We had (consultants) in to save us money and they were talking about the corporate social responsibility legislation about to hit big business from Brussels. I reckon they (the consultants) were trying it on a bit.

As with R7 above, there is an immediate co-location evident here between social responsibility and “...waste management...”. In this passage the interviewee’s understanding of CSR and related issues has been shaped to an extent by consultants. These were consulting in the arena of waste management rather than on CSR, although it is evident that consultants seem to have implied there will be legislation from Brussels on CSR. At the time of writing no such legislation was planned, so either the consultants were being flexible with the truth or the respondent has substituted the term “...corporate social responsibility...” where other words were actually employed. In defence of the respondent though he is adopting the position of sceptic with regard to the fact claims of the consultants, who he thinks were “...trying it on a bit.”. The source of the putative legislation being said to be “...Brussels...” is almost media shorthand for ‘interfering bureaucrats’ in some domains, which might have been an attempt to raise corroborative sentiments in the respondent by the consultants.

However, despite his wariness of the consultants, their basic point about “...big business...” seems to have been acceptable to the interviewee. He went on to say that in his experience legislation imposed on large business eventually ends up affecting small businesses either directly or via supply chain pressures. This implies that in the construction of CSR, the route from which pressure could come to challenge the thinking and behaviour of smaller businesses could be from larger organisations who may be customers for example.

The following exchange was especially interesting since I actually reinforced the respondent’s introduction of the concept of corporate social responsibility in my question, yet the cue was not taken to associate their activities with the term CSR:

SB: So the community association that use your office equipment. Do they appreciate your social responsibility?

R13: As I said, we don't really 'do' CSR apart from the recycling that we are more or less forced to do anyway, by, you know...the law I suppose.

Despite my overt use of the phrase “social responsibility” here, deliberately echoing a preceding phrasing by the interviewee, she insisted that her company did not “...do CSR apart from the recycling...”. The statement was emphasised by the corroborative “As I said...”, even though scanning of the transcript for this interview failed to show an earlier instance of her having made a similar statement. She had said early in the conversation that her organisation did not particularly engage with their community, until she recalled that the local community association used their office equipment from time to time. Here though we have a clear link in the construction of CSR between legal imposition, and the co-location of CSR with environmental legislation. The domain from which the perceptual and linguistic raw materials for the construction of CSR are taken seems again in this case to be the legal or regulatory realm. Interestingly, there is no clear statement of exactly what the legal framework is, as with a number of other respondents. The modality of the statement, (in other words the extent to which truth claims inherent in the statement are supported by the use of language), is one of uncertainty. Phrases such as “...more or less...” and “...I suppose.” do not suggest that the respondent is especially sure of her ground, despite the robust “...forced to do...” and “...the law...”.

In this case therefore I would argue that the construction of CSR is something that is externally imposed, through some notional legal or regulatory frame, as well as being readily associated with an environmental discourse. However, in common with other participants in the research, this interviewee was quite equivocal in her perceptions of exactly what “law” applied to the sphere of CSR. Despite this equivocation, the use of “...forced to do...” shows that the power to influence the CSR discourse is felt to lie outside the organisation. The voice of her organisation is correspondingly constructed as absent or at least marginalised when it comes to CSR.

On a number of occasions I prompted the interviewees to re-visit and discuss the community engagement activities that they had introduced in the earlier parts of the interview, to see whether their descriptive language had in any sense changed subsequent

to 'CSR' or 'corporate social responsibility' being surfaced as labels. However, even here there were many instances of the interviewee still appearing to locate CSR through interpretive repertoires other than those that connected CSR to their own specific activities. The following exchange illustrates this tendency:

SB: So how much do your CSR related activities cost your company do you think?  
Can you put a figure on it?

R20: Not really, although the consultant said it would save us money in the medium term, the energy management system we introduced. Other than that we don't really get involved in CSR.

SB: What about the involvement with the local school, would you not class that as socially responsible?

R20: You could put it like that but really it's mainly habit, although it does come out of the marketing budget so we should be aware of these things I suppose.

I was quite deliberately closely locating CSR activities to the company in my question about their activities, but even so, this was not picked up very strongly by the interviewee at all: "...we don't really get involved in CSR.". The main lexicon was again environmental, and invokes an external actor, (the consultant) to try to answer the question on cost. It is possible to speculate here on the power relations between the interviewee's organisation and the 'expert' consultant to whose fact claims she turns to answer my question. Perhaps the phrase "...energy management system..." was borrowed from the consultant? Certainly the words "...the consultant said..." would imply that he or she is being placed as a legitimate source of information in relation to this respondent. There is a sense here in which the respondent is invoking the consultant to add legitimacy to her own account, and I use the word 'account' consciously here since there seems to be an element of *post hoc* justification in her words about the energy management system.

I pressed the point about characterising some previously identified activities as "socially responsible" but there was still a reluctance to accept the label: "You could put it like that but it really it's mainly habit,.". This is an interesting way of referencing CSR, because the implication seems to be that habitual activities are not CSR. Does this mean that CSR is perceived as a one-off activity in this organisation? I pursued this point:

SB: You seem to be saying that you don't really think of your regular support of the school as corporate social responsibility?

R20: Not really. Well...but it is though isn't it? I guess until you put a name to something you think of it in different ways don't you?

SB: Did you have a name for it then, before?

R20: No, we didn't 'call' it anything, or even think about it much, it was just done.

There are clearly some interesting inferences to be drawn on the question of what motivates CSR in this passage, but those issues will be left for chapter eight. In the meantime, in terms of the social construction of CSR, this is an example of my role as a co-constructor in the meaning attached to CSR by respondents. I was acting as a catalyst in provoking the respondent to consider hitherto unlabelled activities (“...we didn't call it anything...”) being re-cast as “corporate social responsibility”. The precise moment of re-casting being the space between “Not really.” and “Well...but it is though isn't it?”.

Another interesting point here is the respondent's possibly unwitting awareness of social construction and the role of language herself: “...until you put a name to something you think of it in different ways don't you?” This shows that in the process of social construction it is entirely possible for actors to draw on a dual ontological repertoire, using a realist lexicon such as “...management system...” and “...marketing budget...” closely followed by a rhetorical structure of a plainly constructionist nature: “...until you put a name...”.

The next example raises a number of interesting issues in addition to the prompt employment of an environmental vocabulary to make sense of CSR:

SB: To what extent have you come across the term 'corporate social responsibility' then?

R8: I have heard of it, but you'd know more than me but the waste taxes and environmental 'regs' (regulations) coming out of Brussels, and probably supported by those (expletive) in Cardiff are forcing corporate social stuff on us, by us I mean the smaller companies, you know, who actually employ local people.

The content of his quote is not wholly accurate but undoubtedly represents a firm set of perceptions for this respondent, despite his initial "...you'd know more about it than me...". This utterance gives an initial impression that the respondent perceives an asymmetry of knowledge between himself and me, and I would argue that he is broaching the notion of a potential asymmetry of power as well. This might therefore help to explain his subsequent use of linguistic moves such as abbreviation in "regs" and expletives to describe the Welsh assembly in Cardiff, which seem to be an attempt to reclaim or assert authority in the conversation. This claim to authority then modifies quickly into a more defensive rhetoric which again speaks of the role of power and voice: "...forcing corporate social stuff on us,". The construction of CSR remains vague ("...corporate social *stuff*...", my italics), and CSR is something that is external and has essence, despite its apparently nebulous quality for this respondent. It is also constructed as something that is closely co-located with regulatory imposition. The recipients of this imposition, "us", are portrayed as an identifiable group, who furthermore do not seem to be appreciated: "... the smaller companies, you know, who actually employ local people.". This employment of local people seems to be an action that underpins a claim to legitimacy being made in the context of a perceived lack of voice and power in the regulatory regime.

It is beyond my scope here to speculate on the possible role of the media in constructing the environmental discourse that is so readily drawn upon in this passage and others, but it seems noticeable that stereotypical constructs are used as an interpretive repertoire quite eagerly when this discourse is accessed. This might imply that the environmental discourse is in some way 'mature', offering ready-made labels and constructs as linguistic resources, compared perhaps to the nascent CSR discourse.

The next extract from a different interview also shows similar themes emerging in the process of social construction, and some similar language on 'sustainability' being used to a number of other excerpts.

R10: CSR is interference. I would love to be socially responsible but I have a business to run. The Welsh Assembly want us to be sustainable. I am sustainable. My business sustains me. CSR is another way of dressing up the red tape around the assembly sustainability stuff.

SB: So have you been affected by CSR legislation then?

R10: Well, no, not CSR. Is there legislation? European probably. Isn't there something coming about checking on suppliers? We have to watch our waste output obviously – we were talking to the 'Green Dragon' awards guys about it and we have to make sure we stay in the laws – we don't need the attention. We like to keep a low profile, most of the workers are local but the managers are from all over the place. I mean, as far as I am concerned the factory could be anywhere. It just happens to be here.

Some familiar themes emerge again here, such as the co-location of CSR and environmental legislation and the naming of the Welsh Assembly as a key actor in the construction of CSR through the concept of sustainability. The language used by this respondent echoes others in his depiction of CSR as "...interference". Interference in what, exactly, seems to be answered implicitly in the phrase "...I have a business to run". As I have noted elsewhere in this section, the term sustainability is sometimes adopted into the interpretive repertoire of the respondents but subverted into the terms of business. The three-part conception of sustainability as being economic, social, and environmental (see chapter two) is being re-cast as essentially just economic sustainability by this respondent. Later in the passage he classifies CSR as "...another way of dressing up the red tape..." ironizing CSR as something not essential in itself, but as a façade, abetting deceit in hiding some 'reality' of bureaucracy. Once more the 'red tape' interpretive repertoire of the 'red top' tabloid article is used to allude to this bureaucratic interference.

The self presentation of this businessman as being broadly on the receiving end of legislative and regulatory decisions resonates with the testimony of others in my findings, and gives clear signals about where he perceives power to lie in the relationship between the businessperson and other stakeholders. The dominant driver in the discourse here appears to be regulatory, with Europe as a potential source of law-making mentioned later in the extract, in addition to the Welsh Assembly. Having complained about interference however, the respondent does concede that there might not be actual laws regarding CSR. He then falls back on an environmental interpretive repertoire and in doing so introduces another actor: "...the Green Dragon awards guys..." who are an organisation that promotes environmental good practice in Wales, sets benchmarks and publishes awards and so on. It is instructive that he then says "...we have to make sure we stay in the law – we don't need the attention.". So for this respondent, environmental initiatives are about

avoiding unwanted attention and seem to be very much legal rather than moral considerations.

One of the interesting aspects to appear in his opening contribution is the implication that running a business and being socially responsible are somehow mutually exclusive concepts: “I would love to be socially responsible but I have a business to run.” This is one of the few times that respondents set the running of business in direct opposition to practicing CSR, and taking this idea in tandem with his clearly close identification with the realm of business, we can deduce that perhaps he feels CSR is not a legitimate activity. This disinclination to undertake community engagement generally is also hinted at in the statement “...as far as I am concerned, the factory could be anywhere.” even though “...most of the staff are local...”. Overall, in this case, an impression of dislocation is given between the firm and its immediate community, which is rare among my respondents.

As has been touched upon, there is apparent confusion over whether there is in fact any legislation on CSR, but again this confusion seems to stem in part from a co-location of the concepts of CSR and environmental sustainability: “CSR is another way of dressing up the red tape around the assembly sustainability stuff”. There is evidence in this exchange of perceived regulation from Europe and the mention of suppliers might indicate a reference to SA8000, although this theme was not explored with this respondent.

The following extract from another interview raises similar themes:

R21: CSR is just typical of how legislation is imposed without thinking of how it will affect all sectors of business, big or small. It annoys me a bit as its really us (SMEs) who employ most of the people, especially in Wales, I mean how many quoted companies have we got since Hyder went? Not many. It's just more red tape whether from Brussels or Cardiff.

The final sentence is a clear example of taking an interpretive repertoire from shorthand language for bureaucracy: “...more red tape...”. The identification of the respondent here is with other smaller businesses: “...it's really us...” referring to SMEs, and specifically in a Welsh context. Smaller companies have had to ‘pick up the tab’, as it



were, since Hyder plc, a large publicly quoted multi utility firm, was taken over and broken up. CSR on the other hand seems to be characterised as a construct of a wider external domain, perhaps geographically, but certainly legislatively "...whether from Brussels or Cardiff". The voice of the respondent and smaller businesses more generally does not seem to be represented in the construction of CSR. The language is very much that of external imposition.

Some interview respondents grew quite animated over discussion of the prospects of real or imagined legislation imposed from Europe, the UK government and the Welsh Assembly Government. The language employed was of external threat to the business imposed from outside and as such something to be resisted or complied with reluctantly. The following quote is a typical example:

R19: "It's the small business that has to take CSR on the chin again. We can't afford the time or money to be bothered with emissions...(and)... waste management. I know Labour are forced by Europe to look at these things but it always seems to be us at the sharp end of it."

SB: I am interested in your use of the word 'again'. Has CSR affected you before?

R19: Not... well, no, the emissions legislation on engines has caused an issue, a cost.

Note at the beginning of this quote the de-personalisation of the debate with "*the* small business" (my italics). Not 'my' small business or even 'small businesses'. However, the later use of "We" and "us" locates his position as being among the small businesses, a beleaguered group that has to take things "on the chin" and always be at the "sharp end" of things. The picture painted is of a coherent, if embattled, group with limited voice or power being imposed upon by legislation, allegedly from Europe in this instance. Once more the interpretive repertoire drawn upon to reference CSR is based in an environmental lexicon: "emissions...(and)...waste management". Similarly, when asked about his use of the word "again" he uses an example based on emissions, but actually seems to be dislocating the concept from CSR. The implication is that initially he thought this was an example of CSR affecting him before but when challenged he seems to imply that on reflection this might not have been the fault of some notional imposition of CSR: "Not...well, no...".

In summary, for section one of this chapter, I have presented a range of extracts, broadly structured so that I first examined examples of conversations prior to the introduction of the labels corporate social responsibility or CSR into conversations, and then later some extracts that demonstrate the language and processes of construction used when the terms are brought into use. Section two will now draw out the main themes and issues to emerge in the social construction of CSR.

### ***Section Two: Key Emergent Themes.***

This chapter has so far had to do a job of description or definition, in looking at the question ‘what is corporate social responsibility?’ as well as then trying evaluate how such constructions have been arrived at and begin to tentatively suggest why. The evidence offered in these texts introduces us to the complex variety of factors and actors that potentially impact upon the social construction of CSR. In a sense this chapter has also had to do the job of laying the groundwork for the findings that follow in chapter eight, where I concentrate on the motivations for engagement in CSR.

This second section of the chapter has been set out under a number of headings. These sub-sections are based around the key issues and themes that emerged from the texts analysed in section one above. There is inevitably some overlap and interconnection between these headings, and this is made explicit where such connections are thought to play a particularly significant role in the construction of corporate social responsibility. I will begin by looking at respondents perceptions of what, or even if, CSR ‘is’.

#### The reification of CSR

In most of the interviews, CSR is readily seen by respondents as a reified construct. The word ‘reify’ and its derivatives needs some definition here since it is often associated with a Marxist influence, and it is not my intention to be associated with such an influence in this thesis. For the avoidance of doubt, my definition is taken from the Penguin Dictionary of Philosophy, and is as follows:

“...reification occurs when something that depends on human decision and action, for instance an institution or a social practice, is treated as if it cannot be so affected, but somehow has an independent existence of its own, like an external object.” (Mautner, 2000, p.479)

In other words CSR is not seen as an abstract concept but something that has an essence, something that exists. As I have suggested above, an argument could be made for the deployment of the three letter acronym (not unknown in the fields of business and management) being a central factor in this reification of CSR. Not all participants wanted to allow such reification however. There were those for who the concept lacked legitimacy altogether: “I am here to employ people, that’s my social responsibility” and there were others for who there was a sense of ‘not so fast’ who wanted to dwell on CSR and deconstruct it a little. The term itself was thought in some cases to apply to big business only, with the word ‘corporate’ being held up as evidence. Despite these occasional deconstructive reflections, the dominant theme was of reification, implying that CSR for them had an essential quality, that CSR was a construct that somehow ‘existed’. This is reinforced by other textual evidence that most respondents saw it as something outside themselves and did not see a role for themselves in its construction.

Building on the notion of the adoption of acronyms and amplification of the label ‘corporate social responsibility’, there is the sense in which this acceptance of CSR as an *a priori* concept is in danger of driving out other discussion. If the dominant perception is that CSR is something that will be imposed, an area or discourse where the smaller businesses have a limited voice, then perhaps there will be premature foreclosure of debate on the topic. Was there any evidence of this in the texts? In trying to answer this I could pose the question of what was absent from the conversations. The discussions of actual societal engagement by the respondents *became* absent or foreclosed when the labels CSR and ‘corporate social responsibility’ were introduced. Many respondents talked with enthusiasm about the way in which they ‘interacted with their communities’ (to borrow some phrasing from my opening question). What seemed to be apparent then was that until the label, or jargon, of ‘corporate social responsibility’ or more potently, ‘CSR’ was introduced, the fundamental relationship between at least *their* business and society was a subject for discussion. Once the label was brought into conversation there did indeed seem to be a premature foreclosure of certain aspects of the discourse. The

label itself lent an authority to corporate social responsibility that seemed then to confer an essential character. This labelling process then seemed to remove it from a cultural, historical social or political context, and in most cases dislocated it from the context of local interactions by the participant organisations. Furthermore, it was noticeable that there was no critical discussion about the fundamental relationship between business and society in a general sense.

### Environmental discourse

Once the term corporate social responsibility or CSR was raised in the interviews, the respondents frequently turned to an environmentally based vocabulary. They made close associations with environmental regulation, waste management, pollution reporting, and recycling for example. Strikingly though, very few of the actual examples of community engagement undertaken by the respondents were 'green' environmental initiatives. Despite this, after the labels were introduced into the interview conversations, the discussion often moved to environmental matters. In isolation the reasons for this are not immediately clear. However, when the texts are examined holistically it is clear that the environmental discourse is often linked very closely to negative and defensive language employed to describe legislation or regulation: "CSR is like waste reporting". In the Welsh context in which this research took place one explanation might lie in the public espousal of the discourse of 'sustainability' by the Welsh Assembly Government. Whatever the explanation, this association causes a potential problem for the nascent CSR discourse in that a close association with environmental regulation may result in CSR acquiring a negative perception from business and hence perhaps fuel questions about its legitimacy.

One respondent cited another smaller business that he knew had cleared a pond in collaboration with a school, and seemed to have this in mind when speculating on possible activities for his organisation: "...the thought is there to plant some trees or, um, clear some waste ground...". When he was introduced to the label 'corporate social responsibility' he immediately linked the concept to recycling car components. Even when I elaborated and talked about general corporate behaviour in society he still returned quickly to language of pollution and the natural environment. This respondent did

however imply that CSR could be a prospective tool for building reputation, and might therefore have some instrumental purpose for business.

### Actors

The actors that take part in the social construction of CSR were varied. The main actors referenced in the interview texts were firstly legislators such as the Welsh Assembly, the European Union (often referred to as “Brussels”) and less often, the United Kingdom government. Secondly, other organisations were sometimes cited, including larger organisations, other smaller businesses, and also suppliers and customers of the businesses participating in this research. Thirdly, intermediary organisations such as environmental assessment and benchmarking organisations, together with consultants also interact in the construction process. As has been noted, I as the researcher also played a role in the labelling and construction of CSR here.

The most commonly named actors in the debate were certainly legislators and regulators, and the language used to describe their interactions with business was sometimes an ‘offensive’ rhetoric. Quite emotive language, including expletives, was used in some cases to refer to the Welsh Assembly, and occasionally the European Union. The most frequent rhetoric used to describe regulators and the attendant regulation seemed to draw on an interpretive repertoire from the headline writers of newspapers. This calls into play an actor or set of actors not overtly referred to by the respondents but implicated in the construction processes nevertheless, namely ‘the media’ in its various guises. It is possible that shorthand, somewhat hackneyed, expressions for bureaucracy and regulation like “red tape” or “Brussels” for the European Union owe their genealogy to the media and wider societal constructions of stereotype. Having said that, the direct evidence for this in my data is sparse, partly because I did not specifically set out to explore the role of the media in my interview conversations.

### CSR as a strategic threat

The overwhelming impression displayed by the respondents with regard to the nature of CSR was that it is linked somehow to legislative or regulatory imposition and was therefore an irritant or at worst a strategic threat to the organisation.

I have already alluded to legislators and regulators who were frequently invoked as bringing unwarranted interference to the running of business. The conceptual link evident between CSR and some external threat of legislation is important but nevertheless somewhat paradoxical when considered alongside the fact that most respondents reported their various engagements and interactions with the community positively and enthusiastically. There seems to be a contradiction here between a practice that is, or at least was, unlabelled, and seen as something positive, and a 'jargonised' term that somehow represents a threat and provokes defensive and offensive rhetoric. Why should this be the case? A small number of interviewees deconstructed the term 'corporate social responsibility' with regard to the word 'corporate' but could it be that there are as yet undeconstructed associations with the words 'social' and 'responsibility' that have to be brought to light and explored? After all, 'responsibility' does have a potentially admonishing tenor, and the word 'social' is very close etymologically and perceptually to 'socialist'. Is there a fear of being made to take responsibility, a fear of a controlled society? These particular speculations are beyond my direct remit. However, the link between CSR and strategic activity will be discussed more fully in chapters eight and nine.

#### Power and voice.

Very few, if any, of the respondents seemed to cast themselves as shapers of the emerging CSR discourse. As was discussed above, the concept of CSR was in many cases accorded an essence, it was reified, and as such for many it was something that is seen as external to themselves and their businesses. Furthermore, in a number of the texts CSR was characterised as something that was imposed, or somehow inflicted upon the businesses and businesspeople. The actors involved in this imposition, were, as we have seen, varied, and included legislators at various levels, as well as other firms, both large and small, and in some cases intermediary actors such as environmental benchmarking organisations or consultants. The mechanisms by which CSR could be forced onto smaller firms were firstly regulation and legislation, although actual or proposed laws were rarely specified, and secondly supply-chain pressure from large customers.

There was an implied lack of voice available to the smaller firms, which reflected the relatively powerless position they seemed to perceive themselves to be in with regards to the development of the CSR discourse. Language such as “comes down to smaller companies” and “pushed onto us” illustrates the perceived asymmetry of power vocalised by some interviewees. There was also more than a hint of injustice felt by some, shown by statements such as “...laws and regs that will be aimed at someone else and end up affecting us the most.” This injustice was on a number of occasions illustrated with reference to the role of small businesses in the economy, with statements like “I provide employment and make a profit”, and “...its really us who employ most of the people”, or “by us I mean the smaller companies, you know, who actually employ local people.”

The perceived lack of voice and power is perhaps in part attributable to a lack of knowledge of CSR and its practice, despite the fact that nearly all respondent organisations were actually involved in some form of community engagement. The dislocation between the perception of the labels ‘CSR’ and ‘corporate social responsibility’ and the actual practices in which the respondents took part was stark.

#### What did not emerge?

When using critical discourse analysis it can be instructive to consider what is absent from texts. Given what has been discussed in chapters two, three and four of this thesis, are there any aspects of the wider CSR discourse that were noticeably absent in the lexicon and interpretive repertoires of the SME respondents? I would argue that if we widen our scope away from that literature which deals specifically with CSR, we might think it interesting that there was no mention of the relationship between business and society in a critical sense. At no point in the interviews was CSR constructed as being a part of a wider debate on the role of business in society. I have argued earlier that CSR is part of a complex web of discourses, sharing ground not only with theories from academia but also with those for whom critique means a brick through the window of a global restaurant chain. As noted above, there were commonly voiced links to environmental issues for the respondents, but that was really as far as it went in terms of linking to wider debates. Is this ‘narrow’ view of CSR related to some of the points made on voice and power above? Among the larger firms there was an instance where the HR manager of Tranco had expressed an interest in the writings of George Monbiot, and this had helped stimulate an

interest in CSR. She then acted as a catalyst in using CSR as a response to issues facing her company. This was however the only occasion so far where a respondent has linked the activities of the firm to critical popular discourses on the place of business in society.

### *Chapter Conclusion*

The themes discussed above offer a detailed insight into the social construction of CSR among smaller businesses, and begin to put in place a foundation for analyses and discussions to follow. There are plainly a variety of influences, actors and voices engaged in the construction process. Taken in isolation, some of the themes that have emerged in this part of the thesis might seem intuitive and in some cases unsurprising. However, no single influence on the process of construction acts in isolation; this is a complex and interwoven web of ideas and voices. Complex though this landscape is, it is illuminating to start to unpick some of the intricacies and linkages. Some respondents cited the actions of others such as legislators, some expressed frustration at an apparent inability to influence the discourse, and others sought to deconstruct the term 'corporate social responsibility' in order to distance themselves from the concept or question its legitimacy. However, perhaps the most obvious connection is between the ready employment of an environmental lexicon and the sense that bureaucracy and regulation impact negatively on business. CSR is being constructed as part of this connection. The notion that CSR will, in some ill-defined sense, be imposed upon business in the same way as environmental regulation, seems to colour the perception that respondents have of the construct CSR. This set of relationships, and the resulting way in which smaller businesses perceive CSR as an opportunity or a threat is an area that needs further work. This work is begun in the next chapter, where I examine in detail the complex reasons why smaller businesses engage in socially responsible practices. In other words, do we see CSR constructed as an economically rational activity or are there more moral drivers to be discerned in how SMEs construct and practice CSR?



## Chapter Eight: Economic Rationality, Embeddedness and CSR in Small to Medium Sized Companies

### *Introduction*

There were twenty-three interviews carried out with small to medium sized companies (SMEs). This chapter explores the findings from those interviews where there were clear discussions of what drove the engagement in CSR, and consequently begins to explore what evidence exists for CSR as economically rational. As was discussed in chapter seven, small businesses socially construct CSR in a discursive landscape populated by a variety of actors, and influenced by a number of debates. They make associations with environmental regulations, and in many cases perceive CSR as some kind of ill-defined strategic threat once the label has emerged in the interviews. They also do not overtly place themselves as powerful actors in the emerging CSR discourse, and by implication cast themselves as lacking voice.

The findings analysed in chapter seven included the observation that many respondents did not use the term 'corporate social responsibility' until prompted by me, or until I introduced it myself. This means that for the purposes of this chapter I have to exercise some judgement over whether the activities described to me before 'corporate social responsibility' is surfaced as a construct actually qualify as CSR. I will present a range of interview extracts that describe, in some cases, activities of community engagement that are not labelled as CSR by the respondent, but which in my judgement qualify as such. Clearly there is room for interpretation here, and I will reflect on some of the potential problems of interpretation in the concluding discussion of this chapter.

My initial question to initiate these interviews was, as has been discussed previously, deliberately open, and responses were varied. The relatively unstructured approach to the interviews meant that espoused perceptions, and linguistic signs and signals illustrating the motivations for engagement in CSR were found throughout the conversations. This means for the purposes of presentation here it would paint a false picture to segregate data on for example, the inception of CSR activities, from data on the ongoing motivations for

it. Indeed this method would result in a great deal of repetition of testimony since the relevant language is often intertwined within the same passages. For this reason I will analyse a number of extracts in turn, drawing the key relevant themes from each, and then summarise the key themes to emerge in a separate section after the analysis.

As with previous findings chapters, the names and locations have been disguised for the purposes of protecting confidentiality.

### ***Section One: The interviews and analysis***

I would like to begin the data analysis in this chapter with a particularly rich series of extracts from an interview that was conducted relatively early in the research. The interviewee begins by claiming there was little interaction with the community, before then going on to detail a number of ways in which the firm does actually involve itself with the community.

This interview took place with the managing director of a travel firm that employs around sixty people altogether and engages in a number of activities within the travel sector. I began with the usual open question about community engagement.

SB: Thanks for seeing me. Can I start by asking how Travelco engages with or gets involved with the community?

R1: I don't know. I don't...we don't do anything to speak of. Its basically noses to the grindstone twenty-four-seven. I, I know one or two of the staff are involved in stuff, you know, Round Table and that kind of thing, outside of work but...to be honest, we are rushed off our feet at the moment. You can probably imagine, it used to be quite seasonal, but now we have the Christmas trips to Europe as well as the summer holidays, cheap flights abroad all year, now, really...

SB: I thought I saw one of your advertising banners at the rugby last week. Do you not sponsor them at all?

R1: Well yes, we do that, but that's, just what we do for advertising, I, you know that's the marketing and advertising...err.

SB: So it's a strictly commercial thing?

- R1: In a way yes, but I know we pay over the odds, but then they buy kit for the youth team with what we give them.
- SB: You mean you pay over the odds for the advertising? Do you get the name on the shirts?
- R1: Yes, but with the shirts, I don't bother, no, I ...that's not why we do it really...
- SB: How did this come about?
- R1: One of the shop managers has had two boys who came up through the youth, and he mentioned there might be international tickets in it for us. Well that doesn't bother me, I don't need the tickets, but we did the sponsorship anyway.
- SB: But you still went ahead and sponsored the team?
- R1: Yes, it was, well, I don't know if they caught me on a good day! I'm already involved with the rugby through the WRU (Welsh Rugby Union), but, well I thought, its only a thousand pounds, that means a lot to small clubs.
- SB: And the guy, your manager, was he pleased, you know, grateful?
- R1: Yes delighted I think, he seemed to relish the connection between the club and Travelco, I think he is on the committee there, so that would have helped, he would have had a pat on the back no doubt!

A number of observations can be made about this initial extract. At first the respondent does not identify any activity we might label as CSR, and immediately falls back on an interpretive repertoire fairly typical of the SME manager, that of 'busy-ness', with phrases like "...noses to the grindstone..." and "...rushed off our feet...". I had some prior knowledge however that this firm was involved with the youth team at a local rugby club, and used this knowledge to probe the situation further. At first the arrangement is characterised as "...marketing and advertising.", but later he admits that they are paying "...over the odds..." for something that was simply an advertising arrangement, and goes on to say "...that's not why we do it really.". This implies that perhaps it is not solely a commercial arrangement, and indeed a connection emerges with an employee whose sons had played for the youth team. When I tried to enquire further the respondent seemed to have difficulty articulating exactly why the arrangement was set up, although he tries to play down the importance of the donation, "...its only a thousand pounds," while then saying how that would make a big difference to the recipient. I wondered whether there was an intention to use this as a motivating factor for the employee, but the respondent did not pick up on this, and instead theorised that the arrangement might improve the

status of this employee in the rugby club. So there is a positive consequence proposed, but it is for the employee, not the firm. At this point then, there is little evidence for community engagement being used for instrumental purposes for Travelco. I knew of another case where the firm had received some publicity locally for donating a free trip to the family of an unwell child, and a short time later had the opportunity to raise this:

SB: Right. But didn't I read in the papers about the free holiday for the, for that kid...?

R1: Yes, I don't know how it got into the papers. It wasn't something we wanted to make a song and dance about. It was something that we had done with (names school).

There was a seeming reluctance to discuss this initially, and the respondent appeared to be genuine in his statement that he didn't know how the newspapers had acquired the story. They hadn't wanted to "...make a song and dance..." about it, and the choice of words here possibly indicates that he feels the publicity was frivolous compared to the reality of the situation. In any case, it appears that this was not viewed by the respondent as a marketing opportunity. He went on to say however, that this involvement had become regular, in answer to my next question:

SB: So how did your arrangement with the school come about?

R1: There was a real deserving case one year when (employee's) boy was diagnosed. We paid for a holiday to Florida, but after that, I wouldn't say the school expected us to do it every year, but it seemed to become a habit. There's always somebody suffering. Now we don't really think about it, but I wouldn't say it was written in stone, as it were.

Here we see the personal circumstances of an employee, whose child was suffering from a life-threatening condition, acting as the main stimulus to an act of charity that quickly became embedded in the business: "...it seemed to become a habit". There is at least the implication here that some cases might have previously been considered as non-deserving: "...a real deserving case one year...".

Other issues of interest are also apparent. For example the use of the word "seemed" implies that the practice had a life of its own, that there was some emergent property

evident. Having said that, the respondent absolves the school of responsibility for this emergence: "...I wouldn't say the school expected us to do it..." implying that this was a decision taken, or a habit formed, within the firm. Additionally, it has not become a policy "...written in stone..." indeed it is not really thought about, its just "habit", which implies that this activity is not overtly regarded as instrumental. A number of these issues required further exploration:

SB: And was this the first time you would say the company had deliberately engaged in this kind of activity? You said this was a, particularly, umm, deserving example...

R1: The first I can think of right now. I just remember it being the right thing to do. You know, there was, there's often publicity about holidays being saved for, Disney, or whatever, and I thought well, we are better placed than most to offer this, you know, this kind of thing...

SB: ...Because...?

R1: Well it's our business, travel.

SB: And would you say the business benefited as a result of...the...

R1: Not especially, no.

Here we see a clear statement that the respondent recalled that donating this holiday was "...the right thing to do.". Interestingly though, the construction of this being "right" is then co-located with external influences that we can reasonably assume to come some from some media or other. The idea was implied of the 'holiday to Disney' almost assuming the status of a cliché. However, in the context of this interview I did not interpret this as in any way implying that the respondent felt compelled by societal expectations to engage in this activity. And in a sense, even if there was a perceived societal expectation that this is the sort of thing that should be provided for sick children, the fact is that this respondent *did* provide the holiday, and said that as far as he was concerned this was because it was 'the right thing to do'.

At this point the respondent began to give me a little more background on the company and the industry, before then recalling something else that he felt might be of interest to me.

R1: I was saying about the holiday? Well we do also provide some free transport for (a local old people's home). And meals on wheels as well actually.

SB: What...where do the old folks go? Is it just local transport for them?

R1: No, we lay on a bus every year, well, for the last few years anyway, to a shopping centre before Christmas, usually about now, in November, somewhere accessible. We went to the place outside Bristol, Cribbs Causeway, last week in fact but I think that was a bit adventurous! They had to stop twice apparently. Closer to home next year I think! And the meals on wheels, that was just a charitable thing, we, the girls in the office raised money, and the money went on a second hand mini-bus, it was one of ours anyway, in the workshop, and we donated the bus, and the money helped fit it out. I'm saying meals on wheels, it wasn't actually them, but a local charity, same thing though, you know, door to door.

So I had now been told about four separate activities that might be reasonably described as CSR, after initially being told "...we don't do anything to speak of..." in the way of community engagement. In addition, there was no articulated or even implied evidence that these actions were deliberate, planned or instrumental. Perhaps too directly, I was interested to explore this question, and the conversation continued as follows:

SB: So all these activities you have mentioned originated through various staff members and contacts. Do you find the business is benefiting from them now?

R1: Now you get me thinking about it I suppose we may well have had extra bookings from the old peoples home as a result. It makes business sense I suppose, to have started the Christmas trips for them.

SB: So let me make sure I understand, you are saying that it does make business sense rather than being a good thing to do?

R1: Don't forget I am the director! Having good business sense is supposed to be my job isn't it? But, no, I mean that's not why they started, but a couple of the things like the holiday and the old peoples trips have stood us in good stead, I mean, we are a well known business, we have got the shop downstairs, everyone associates us with (Local Town)...

SB: How do you mean 'good stead'?

R1: Well, we have had custom from the home, we had two trips to Bournemouth last summer, not the one. And, I don't know whether we get more business from the rugby club or not...we might. Or we might have lost the business if we hadn't been connected to the youth team, I don't know...you can't tell, can you, what affects what?

This last series of exchanges seemed to be an attempt to retrospectively make sense of the various community activities in ways that would be acceptable to the 'rational' business-person: "It makes business sense, I suppose, to have started the trips...". Even here there is a qualification with the use of the word "suppose", and there is some tension in his sense making, evident in "But no, I mean that's not why they started..." which is then followed by the assertion that the involvement has "...stood us in good stead.". Some of this equivocation appears to have been discarded later, with the phrase "Well, we have had custom from the home..." being less qualified, and being followed by the implication that the number of trips to Bournemouth had increased.

I would also argue that the respondent had begun to reflect upon his role as the managing director during this part of the interview. Indeed he proclaims that "...having good business sense is supposed to be my job..." but even here there is a hint of equivocation in his use of the word "supposed". Some concern with reputation is evident in the passage about his perception that they are associated with the local town, and are a "...well known business,". Finally though, even after apparently firming up his opinion of the utility of their involvement with the old peoples home, he talks of the uncertainty of the business world, and of being unable to say "...what affects what?". This seems to be expressing the sentiment that all other things considered its better to have these connections, with the rugby club and the old folks home, than not. However, as I will discuss in chapter nine, this reflection on causality is far from unique among my respondents.

Finally, with regard to this interview, it is clear that I as a researcher have had an impact upon his perception. As the respondent puts it: "Now you get me thinking about it...". This is an issue that will be reflected upon in more detail in the discussion chapter below.

The next passage comes from an interview with a light manufacturing firm located near a large population centre in Wales. The respondent is the human resources director, but she appeared to be very much the 'number two' in the company, working closely with the managing director. Of all the interviewees, she was among the most reflective, and this is evident in a number of the extracts that follow. The respondent had replied to my initial question by using the term "ethical business" to describe their community engagement, which, as I discussed in chapter seven, was unusual in that she answered with a general

description of their approach, rather than simply beginning to describe specific instances. The overall motivation for community engagement was therefore perceived by this respondent to be non-instrumental at the beginning of the interview.

SB: In what way do you think it is ethical?

R16: Umm, I don't know, I just think it's the right thing to do.

This preceding extract was used before in chapter seven, but here I am interested in the use of "...right thing to do." as the initial response when describing their community activities. This seems to be a clear indication of a moral impetus. She then went on to say these activities included donating some cash and mending a security door for a local community centre, and after this I tried to explore the origin of this involvement a little more:

SB: You were talking about your involvement with the community centre. Can you tell me a bit about how that came about?

R16 I think it was a couple of factors coming together really. We had been talking about...there had been some problems with vandalism on the estate

SB: The industrial estate, or...?

R16: Yes. We hadn't been too affected actually, which could be because we are one of the larger employers here and we, a lot of our staff come from the housing estate.

SB: How close is that?

R16 Down the hill and then rising up on the other side of the valley, half a mile at most I suppose, over the other side.

It is interesting here that the respondent hypothesises early that there might be a connection between being a key employer, and being left alone by the vandals. Whether this is true or not is not my primary concern at this stage, it is simply important to note that the respondent perceives that there is a relationship between the firm and the housing estate. We might also note at this point that the notion of 'community' for this interviewee is synonymous with the local housing estate that supplies a large number of employees. Again, this implies the perception of a symbiosis in the respondents conceptualisation of what is 'community'. I continued to probe the inception of their community activity:



SB: So what happened, what were...?

R16: One of the girls on, who works on the shop floor spoke to me in the canteen, her mum used to work here so I knew the family. We get a lot of that. She was saying that they, they'd had a break in, at the centre on the estate, well the windows and doors were damaged, I'm not sure whether anything was stolen or not. She didn't like to ask I don't think, but she was wondering whether the company could do anything to help, with some door shutters, or...

In this extract we again see the catalysing effect of an individual below senior management in stimulating the emergence of community activity by the firm. The conversation continued:

SB: You were saying just now you had donated some money for a new kitchen area as well?

R16: Yes that was more or less the same time but I think we sent down a couple of the boys after that. They didn't need new doors, the guys managed to repair the old ones.

SB So what is the connection with your conversation about the vandalism on the factories?

R16: Well, I think we saw it as an opportunity to be seen to be involved with the housing... umm with the community, although I'm never quite sure what that means, community.

SB: And do you think it did you some good? As a company?

R16 I think so, its difficult to know really. We haven't suffered from any problems. Whether that is down to, you know, word getting around or not I don't know. It's a difficult one to prove isn't it?

SB: Would you like to prove it? Was it...umm...was it your intention for the company to benefit in some way?

R16: Err...difficult one. I would like to think there might be a link yes...but did I, did we intend anything? I don't know, I suppose it occurred to me that the staff might be grateful, well, the girl who asked me, and I suppose she would talk in work wouldn't she? Whether that has anything to do with the vandalism though, I don't know.

SB: Although you did say the conversation about vandalism played a part...

R16: Yes, well, it. I suppose it could be the, well, it was in my mind and the community centre had suffered the same problem as (company) opposite, so it was fresh in my mind as a general problem then, I suppose...

There are an interesting range of signals in this final passage as to the purpose of the firms actions. For example, whether intentional or not, the respondent draws upon an interpretive repertoire of strategy in using the word “opportunity” to describe the motivation to engage. In addition, this is moderated by the use of the phrase “...*seen* to be involved...” (my italics for emphasis). It is not clear from this conversation whether the audience by whom she wants to be “seen” is the local community or a wider public, but there is the implication, probably unintended, that the important thing is to be witnessed doing something as well as actually doing it. Later, having stated that a link between the company actions and the absence of vandalism might be difficult to “prove”, she does say that she “...would like to think there might be a link...”. This might happen, according to an earlier utterance, by the mechanism of “...word getting around...”, a notion echoed in the idea that the employee who approached the respondent “...would talk in work...”.

This language of ‘talk’ and ‘links’ that are difficult to ‘prove’ suggests to me that the respondent perceived the firm and its community as being somehow ‘networked’ and that the firm had a part to play in this. Exactly what the route of any causal links might be was acknowledged to be indistinct however: “Whether that has anything to do with the vandalism though, I don’t know”. Indeed the last contribution from the respondent in this passage shows that the “factor” of the conversation on vandalism might actually have not played a direct part in motivating the firm, but had done so by creating a feeling of empathy in the respondent: “...it was fresh in my mind as a general problem”. The community centre had suffered the same problem as the other company opposite, therefore a commonality existed in the mind of the respondent between the corporate and the community.

The overall impression of the respondent from the preceding text is that she was somewhat reflective in her consideration of this issue. She was forthcoming in not knowing what effect the firm’s engagement with the community might have although there was an optimism that the company might benefit by means as yet unproven. She also often closed sentences with rhetorical questions as if looking for reinforcement on

some issues, again illustrating for me that her sense-making around these issues was very much under construction. Despite this, I would argue that there are multiple signals of what motivated this firm to get involved, some of them apparently contradictory if we confine our search to the dichotomous frames of *either* a strategic, instrumental impetus, *or* an altruistic motivation.

The next example I want to analyse is taken from an interview with a respondent who took a deliberate approach to community engagement, without labelling it as CSR. The company supplies and fits audio-visual equipment to the public and private sectors. As I will discuss in more depth below, despite the apparently emergent nature of their community engagement, there is an awareness of the ways in which it might benefit the organisation, and even some thoughts on how such engagement might be used in the future. The interview took place with one of the two directors, and he was very forthcoming with his testimony as his confident and direct answer to my initial question shows:

SB: Can I start by asking whether, and to what extent, you are engaged with your community?

R15: Sure. We are definitely involved in a number of ways. First of all we are involved in the (county) business forum, which is a business to business support network, although we are not as involved as we could be as these are early days for us, and we are still trying to find the direction we are running in, let alone the speed we are running at.

The immediate, confident answer here indicates that this is something the respondent had thought about, and was happy to share. Having said that, the mode changes towards a more defensive tone of justification when he explains that these are “early days” and that they are still trying to find their “...direction...”. It seems therefore that they are taking an emergent, even incremental view of the firm strategy and that this perhaps quite naturally reflects in their approach to community involvement. I went on to enquire what examples of interaction with the community he could give me, and a number of different activities were described. (Names and locations have been changed, as in all extracts).

R15: Keith (the co-director) and I got quite involved with a business called Red Music up in Valleytown.

SB: What do they do, is it a business or charity, or..?

R15: Basically there's a lady there, she's set up this place, it's a charity, where kids can record music, but they've also got, on the back of begging and borrowing equipment, time, money, resources from where ever they could, got their own radio station, which is fantastic. Its twenty-four seven, covering (the local authority area) and her daughter up north, they're opening up there as well. Looking to expand the brand, up there as well.

SB: Excellent...

R15: We got quite involved with those and we gave them some speakers, and amplifier, stuff like that to chuck in. We also got involved with a special needs school, called, Toddlers I think it is up in (local town) umm. And my brother is head of special needs up in (nearby town), up in the comprehensive there so I put them in touch with each other because I think there is a lot of synergy there between what they do.

SB: Yes...

R15: Not a great deal we can do for it at the moment but the other place we have been to see is a place called (name of day centre charity), which is for people to go of a certain age and basically start learning how to use PCs and do training courses, they've got a lovely canteen there, its a day centre for the elderly basically. Very, very powerfully driven by the lady in charge there, and er we've said we'd help them out on certain aspects of their...they are looking to do an equipment update with whiteboard projectors.. and so we could help out with equipment and some training.

There are some interesting aspects to this exchange. In the first place there are three examples offered which all seem to be connected in the mind of the respondent. This way of thinking seems to be echoed in the 'networked' view he appears to take of the connections around him. For example, he is facilitating links between others without, at this juncture, seeming to have any instrumental motive, although I will return to this point below. The second observation is that compared to many respondents, the external links are described as being very personal, which is an interesting counterpoint to the findings from some of the larger companies as well as some SMEs where 'the personal' tends to manifest itself as an *internal* catalyst to the inception or development of CSR. He talks of specific people in admiring tones, "...which is fantastic;...very powerfully driven..." and mentions one lady's daughter, and his own brother. This respondent gives the impression of a business person who readily calls upon an interpretive repertoire of business language such as "resources", "brand", "synergy" and "equipment update", but who cannot help but be involved and enthusiastic on a personal level. The lexicon here is not one of

'community' but is one of identifiable people, and specific businesses and charities. His connections with these people seem considered and deliberate.

A short while later in the conversation I wanted to explore more explicitly what benefits the organisation might enjoy as a result of these various activities.

SB: This is interesting stuff...and do you reap benefits from that, from your various arrangements?

R15: O yeah. I mean the deal with (the county council), um... we started working in a couple of the schools, and we've gone from doing the odd primary school to now getting all their business plus the corporate people have taken us on, and we've got involved in their listed buildings, and in their head offices and headquarters. And this is because we have got a good reputation locally, no question, no question, and (the county council) thinks the sun shines out of our backsides, because we're very responsive. And we are on the doorstep because there have been such a lot of problems created by one of our old competitors going bust. Its been the best thing that could have happened to us because we have been able to pick up on all the business that they were doing, and we could get straight on the phone and say "we can still do all this". All the smaller stuff we take on ourselves, all the bigger stuff we can do though (large information technology franchising firm). They have the buying power. Customers would not be disenfranchised by the fact that (competitor) has gone under, "we will help you though this". So all these councils use us, so that's why we have got such a lot of business coming through.

Clearly the boundaries are blurred in this response between what might simply be viewed as opportunistic business activities, and the kind of community engagement he described earlier. However, it is possible to interpret this as another example of how he involves himself in activities that do not yield immediate profit but nevertheless builds relationships; his thinking is that "we will help you through this" when it comes to customers left in the lurch by a competitor. He does then clearly make the link between being helpful and an increase in business: "...so that's why we have got such a lot of business coming through.". Earlier in the text he also shows he is colourfully aware of the instrumental outcomes of his being "very responsive". I wanted to explore the apparent ambiguity of this answer, and tried a more direct approach, which eventually yielded a clearer insight into his motivations:

SB: I don't know whether you have thought about it, but could you put a rough figure on what your community involvement costs the company?

R15: And also time...we must be talking.. I don't know. Probably over five grand this year. We have invested in the boys, the time for the interviews, going round, all the jobs we have done, plus the advertising as well, the stuff we have given away.

SB: It's quite a commitment...

R15: It is. For something where effectively it's our business, it's just between us. But it's not a problem as far as we are concerned...

SB: Right...

R15: In the longer term it will pay us off no problem.

SB: If you had to answer to someone who said "this is intangible"....

R15: But its not is it? You can see the links. We benefit off it easily, looking at the business that has come in through the contacts we have made. And it's important. I mean two ladies from Valley Groups. They just get on the phone and say we are coming down for coffee and a chat...We enjoy being embedded in those kind of links, and it's a small world you know, we put people in contact with each other and then we are in that network. And then we have the reputation then with the likes of (the county council).

Here then we see a confidence, expressed with assurance, that their community engagement will have advantageous outcomes: "...it will pay us off no problem.", "We benefit off it easily,...". He recognises though that a commitment is involved, and can put a rough figure on it, but "it's not a problem". There is a tenor of faith in contacts and relationships evident in the mechanisms by which he thinks the benefits will come to the firm. Indeed, I would argue that, without overtly using the label, this respondent sees the building of *social capital* as the mechanism that leads to success for his company: "...we put people in contact with each other and then we are in that network.". Echoing earlier observations, the personal, emotional investment in building these contacts is evident in the phrase "We enjoy being *embedded* in these kind of links..." (my italics for emphasis). But despite this, he does not agree that such activities are somehow intangible: "But its not is it? You can see the links.". He effectively then makes the link for me with the last sentence above: "And then we have the reputation with the likes of (the county council)". So here we see that this respondent clearly takes an instrumental view of his socially responsible relationships, even though the route by which that instrumentalism works seems tied up in reciprocity.

Towards the end of the interview I wanted to find out if he saw his community activities as something that would continue, since I was conscious that the firm was only two years old and that this active relationship building might be simply a phase associated with getting established. The response did not support this thought however, in that, to use the language of strategic management, their approach to community engagement seemed to be changing from 'emergent' to 'planned'.

SB: Superb...so to finish off, coming back to the community involvement, do you see this as something that you will continue as a business?

R15 Oh yeah, I mean longer term we would love to be associated with (regional rugby club) we are both into rugby, and if we could be associated with the, if we are successful enough to do it we could sponsor them and get a box or something and use it for entertaining people, and clients and so on.

This is one of the few occasions where a respondent had actually thought about how their community involvement might develop and fit with the ongoing strategy of the firm: "...get a box or something and use it for entertaining people, and clients and so on.". This would appear to represent a far more structured approach to attempting to benefit from community involvement than the faith in networks and reputation inherent in current activities.

In contrast to the deliberate, if currently emergent approach described by the previous interviewee, there was one example of a respondent who claimed to be acting in the best interests of the community but whose language quite clearly indicated an instrumental intent. This respondent was the owner manager of a medium sized gymnasium and health facility in south Wales employing around nine core staff with some freelance instructors. His response to my opening question began the conversation as follows:

R26: Yes we get well involved with the community. Lots of interaction.

SB: So what kind of community interaction do you mean?

R26: We run free gym, well, mainly aerobic classes for local doctors surgeries.

SB: For the staff there?

R26: No, for patients diagnosed as obese, or at least overweight. It's a scheme they are trying to promote nationally but it took me going to the doctors to

get them interested, I came across it at a conference. Now we have three practices sending us their patients.

SB: So what do you get out of it?

R26: Nothing, I just think prevention is better than cure, it can only save the NHS some money, this. We don't aim to get anything out of it, it costs us money in fact.

SB: And you are OK with that, as the owner?

R26: Sure, I mean it does our name a power of good in the community, I mean its free advertising in a way. If someone comes and, say, their daughter or whatever hears them say how good our place is, that's going to bring in business isn't it?

SB: So did all that occur to you before you started the scheme?

R26: Well at this conference, where I heard about it, there were other gyms from the north of England I think it was, and they had dragged more people in through it, this scheme.

This extract shows a somewhat contradictory set of espoused motivations for engaging with the community. At first an altruistic intention is claimed when I asked what his business might get out of it: "Nothing, I just think prevention is better than cure,...We don't aim to get anything out of it...". I would argue that what is truly important to this owner/manager is displayed in the very next sentence however: "...it costs us money in fact.". This point is perhaps reinforced by his comment on saving the NHS money; 'pounds and pence' seems to be a measurement of some significance for him. I would also argue here that his actions show a clear element of intentionality as shown by the statement that "...it took me going to the doctors to get them interested...". Despite the earlier comments, this is not a respondent who put community before, or equal to his business. This initiative is one that is tantamount to "...free advertising..." doing the businesses name "...a power of good in the community...". The interpretive repertoire of doing good for the business almost immediately subverts the interpretive repertoire of doing good for the community. Indeed the idea that this scheme could be good for business had been planted at the conference where he heard of the initiative.

I could speculate on why this interviewee wanted to be thought of as not seeking benefit for his firm, but the fact remains that according to his language, the implementation of this community initiative had unmistakable instrumental objectives. One possible



catalyst for the contrasting interpretive repertoires is that my question “And are you OK with that, as the owner?” reminded this respondent of his function as an owner, and in doing so led to the business oriented lexicon of the second part of the passage.

In contrast to the example just analysed, a number of respondents who claimed to be seeking no strategic benefit for their community engagement gave responses to subsequent probing questions that seemed to reinforce rather than contradict this position. The unstructured way in which their socially responsible activities began, and the lack of any subsequent formalisation into policy and practice seems broadly to support their assertions, as does the lack of a consistent label for the activities.

The first example to be presented in support of this observation is an interview with a senior manager in a marketing consultancy employing some twenty four people. I was unable to interview the managing director, who gave the impression of being very busy, and I was instead put in touch with a senior manager in charge of the public relations arm of the company. She had come from the United States of America some two years previously, and I have therefore tried to convey the emphasis in italics, given the particular accent or inflexion put on some words and phrases.

SB: You say you can think of a few examples of community activities. Can you talk me through some of these?

R25: Sure. I guess the first one that I was involved with was...in fact painting inside of an old people’s home. This was set up by the managing director as a kind of staff away-day, and it was his idea to do something active rather than have the usual six month meeting in a hotel somewhere, you know, before going for a meal or whatever.

Here we see that the community activity, on one level, is about breaking the organisational routine and altering the context in which staff interactions take place. This could be cast as an instrumental decision, but I wanted to know more about the intentions of the managing director and so continued in the following way:

SB: How did the managing director decide that this was something you should do?

R25: Well, we agreed, really, it wasn’t just his decision, but it was, I guess, his suggestion. He is a councillor, I think you call it?

SB: In the local community? Where does he live?

R25: Yes, it's a local thing, I think. He lives in the suburbs somewhere towards the motorway, but I know he's not on the main city council or anything like that so I think it must be a community thing, or a parish council or whatever. I think he's involved with the golf club as well, you know, one of those guys...

SB: ...one, of those...?

R25: Yeah you know, *involved*, likes to be involved.

SB: So this led to you going into old people's home...?

R25: Right. It was his suggestion, he knew this place, there was like a pub next door which helped! And really it was great, we did the whole of the public spaces there in the one day. I think a couple of people went in on the following weekend to touch some parts of the work up. But we had a good day, and it was a, you know it was a worthwhile thing.

SB: So this was good for your business?

R25: It was good for *us* I guess. The staff, I mean it was good for us to be together, even though we are a small company, we are hardly ever together as a whole, its all, you know, rush in, get a coffee, meet with a client, meet with the team, get behind your desk, go home...

SB: So, good for staff morale possibly?

R25: Yes. I would think so.

SB: And worthwhile in other ways...?

R25: Yes, it was satisfying, we had a lot of positive comments, and it made you think, you know, they couldn't really move all the folks out, so like, in the lounge area we were painting around them a bit. But that was good, made it real.

It is difficult to escape here from the co-constructing role that I am playing as the researcher, in offering linguistic resources such as "morale" to the respondent, but these situations are often hard to avoid in relatively unstructured conversational interviews. The idea of staff morale was accepted though, and the label was not subsequently adopted into the repertoire of the respondent, so I am reasonably happy that I was not in this case 'putting words in her mouth' as it were. Indeed, she initially offered the notion that "It was good for *us*..." meaning the staff, rather than the business as an entity apparently. I was interested to pursue the question of what was meant by "worthwhile" in this context, and the response was interesting in that the satisfaction appeared to be personal "...it

made you think...”. In addition, the presence of those who would (hopefully) benefit somehow “...made it real.”. Even allowing for possible ‘Americanisation’ of the lexicon with “real”, the impression from this exchange remains that a connection was being made with something somehow authentic for the respondent. This is an important point. Taking the notion of the activity being “worthwhile”, together with the later observation that it was somehow “real”, points to a moral engagement with this process. It is difficult to argue against the idea that for the respondent at least, motivations appear to be non-instrumental.

A further point of interest here is the picture we might begin to build up of the role that the managing director’s conception of self plays in the decision making process. His identity seems, even in the workplace, to be acknowledged as being partially defined by a need to be “involved” in the local community, whether through the council or more tangentially, through the golf club. The respondent seemed to be alluding to a stereotype of some sort, describing almost sarcastically the managing director’s identity through language such as “...you know, one of those guys...” and “Yeah you know, *involved*, likes to be involved.” There was emphasis on the initial “*involved*” in this statement which added to the impression that a stereotype was being invoked here.

I was interested not to lose the thread of the community activity itself at this point however, and so the conversation continued in the following way:

SB: Do you know why he chose the old peoples home particularly?

R25: I think because it was close to his home, I guess, you know, at least he *knew* about it being there. He must have heard there was work there to be done. The funny thing, it’s a coincidence maybe, but I know our financial advisor, who manages the pensions scheme? I know he is on the board of a small kind of hospital? And I know their, his, company did something similar...they worked in the grounds of the place. Fresh air huh? Maybe that’s where the idea came from.

My question here was answered in a way that gave some clue to the ‘local’ connections that might explain the decision to engage in the activity: “...it was close to his home...”, and therefore within the council area I might reasonably conclude. The respondent went on to introduce another possible factor in the decision however. Here we see another actor brought into play, the financial advisor, whose staff have done “...something

similar...”. It is arguable that one plausible explanation for the activities of the respondents firm was that in fact her director was copying the actions of another business person with whom he interacts. Perhaps the fact that the financial advisor manages the pension scheme implies a relationship of some trust between the two men? Perhaps even some admiration is involved? The possible connection is vocalised by the respondent “Maybe that’s where the idea came from.” despite earlier thinking it may be a “...coincidence...”. I did not pursue this vein as perhaps I should have, at this juncture, but went on to ask about the potential ‘staff morale’ explanation:

SB: That’s interesting isn’t it...do you think, coming back to the idea of staff morale, do you think that was the intention of your director? Do you think it was his intention to do this as some kind of team-building exercise?

R25: I really don’t know. That has never been verbalised, other than, initially, when the idea was suggested that we ditch the usual six month meeting, that... I think it was suggested that we would get more out of a bit of action, I think the word bonding might have been used, but maybe not by him. I don’t know, it was discussed at the end of a management meeting, and then, next thing we know, we’re doing it. Which is fine...which is OK.

The idea of an instrumental intention to team build, or improve staff morale does not seem to be the only, or even the key driver of this example of community engagement. The respondent is admittedly unclear, but does not recall it being explicitly “verbalised” by the director. Indeed, we might surmise from the way this issue was apparently debated briefly (“...then, next thing we know, we’re doing it.”) and its inclusion at the end of a meeting, that the decision was not necessarily a strategic one (and I am using ‘strategic’ here in the sense of seeking sustainable competitive advantage, rather than as a synonym for ‘instrumental’). Other drivers, equally instrumental perhaps, but more tied up with the director’s self-perception than the competitive advantage of the company, might be said to be at work here in stimulating the decision to paint this old peoples home. Position in the local community and notions of the emulation of others in his business network seem also to play their part via the identity of the managing director.

The personal involvement of the managing director seems especially pertinent in explaining socially responsible activities in the next example. This is an industrial clothing supplier located in a cul-de-sac at the end of two rows of terraced houses in a relatively deprived area of industrial south Wales.

SB: So Mark, to begin with, can you tell me how your firm interacts with the community?

R23: There's no formal links, but we have been here seven years, and we grew out of another company that had been here at least twenty five to thirty years.

Immediately this respondent begins to allude to a non-formal relationship with the community, implying that this has been based on the length of time which the company had been based there. The link with the previous company is pertinent as well, as I will discuss below. After some more background on the industry, I had the opportunity to enquire about the employees, as way of bringing the conversation back to the community.

SB: So are most of the people who work here local then?

R23: Yeah, and the older company also had premises across the road, it's a long story, but they started in these buildings, and then filled this, and then took the premises over the road, and when we took our present form we moved back here. As a result, they were seen as part of the fabric around here and so we're seen as part of the fabric, and so, although we don't do anything at all formally, but for example, I went to a funeral last week, umm. There's been a few deaths locally unfortunately, and I went to a wake for somebody the other day, to show my face and keep that link. Its not a known link but it's a ...we also...Err. When we first took over, it was a bit nasty here with the other company, umm...

Before exploring this narrative further, it is instructive to note the language of being "...part of the fabric...", a description of the relationship between the previous occupier of the premises and the community, and a description that is also employed verbatim to describe the current relationship. The implication seemed to be that this firm, and this managing director personally, had inherited a form of community interaction seven years before, and had maintained this rather than sought to change things. He also reinforced the notion that nothing was formal. This extract also introduces the role he feels he plays in the community relationship: "...I went to a wake...to show *my* face and keep that link." (my italics). Keeping the link is seemingly seen by the respondent as his personal role in this example. The conversation continued as follows:

SB: There was an acrimony about the split was there? From the company taking over?

R23: Yeah, yes... umm... basically I was director and they wanted me to run a sales force here but the sales office was in Birmingham and I am supposed to be doing this out of my back bedroom in Cardiff, you know! So I left and set this company up, and they got a bit upset about it, you know, so there was even, for a little while, private detectives sitting out there on the street.

SB: Really?! What were they hoping to find?

R23: I think they were hoping to find me in my little van, selling stock from their company! That's what it was, I think.

SB: There was no agreement stopping you operating in that sense then?

R23: No. And the community round here looked after us – they were happy for me to be here, to stay here, and I don't think they made life easy for the private detectives. They definitely have goodwill towards us, but... I don't know...

There are some interesting clues here about the power relations in the link between the firm and the community. I tried to explore some of these notions further:

SB: So how does that manifest itself, this goodwill?

R23: Umm... in the fact that in seven years we haven't had a break-in. Ha ha, you know, that type of thing, you know...

SB: Whereas others have here?

R23: Umm, yes and no, yes. But there's a feeling of protectionism towards us, you know... of good will towards us.

SB: Has that been articulated by people, you know...

R23: Yes, it has yes, one of the girls who works downstairs, who lives in (Street next to the premises), has said as much, you know she's said, 'oh you wont get any trouble', and um, she's right, we've had the kids messing about, and the word has got around, and the kids have stopped messing about.

As may be seen, the respondent again showed hesitancy in his language, giving the impression that the relationship with the community was not something he could easily describe in explicit terms. There was very much the implication that this was a tacit relationship, based on "good will" (used on several occasions) manifesting itself in ways that were difficult to articulate. This is reinforced by the lack of causative language from the respondent, other than the somewhat vague "...the word has got around...".

On another note, it is interesting here, building on the extract about the private detectives, that he actually uses the word "protectionism" to describe the relationship, which has

connotations of a gang-land or mob culture. I am not suggesting that there was a real protection racket going on here, merely that the choice of language may give a clue as to the nature of the apparent symbiosis between the firm and the community, and the power relations therein. The need to "...show my face and keep that link..." seems to be about avoiding negative consequences rather than building a positive rapport with the community: "...in seven years we haven't had a break-in..." "oh you wont get any trouble.". I went on to explore his personal interactions:

SB: So you mentioned you had been to the funeral, and to the wake and so on, were these, these folks who had worked with you in the past, or...?

R23: One of them worked with us in the past, who, who passed away last week. Its funny, err, those type of events are a bit embarrassing to me because you get treated a little bit like royalty, err, you know...

SB: Yeah...

R23: 'Oh here's the boss, he's come to the funeral', you know,...

SB: Yes, I see...I guess, the focus should be...

R23: ...should be on the family, that's right, that's right... umm, but that was last week, and I then went to a wake, umm, at the hall at the back end of our building, and the guy was a, he was a, a caretaker...

SB: ...right...

R23: ...for them, I didn't know his full name, and he was the kind of guy, you say hello to him for eleven years, you know...he'd wave. And so you pop along, by going along and showing your face you do get this awful 'royalty' thing again...

My earlier impressions of discomfort for this respondent were vocalised here in his description of these events as "...a bit embarrassing..." and where "...you do get this awful 'royalty' thing again...". It is also interesting that he characterises himself as the "the boss" through his perception of the words that someone might use to describe him, even at a family event.

Unusually, compared to with other interviewee texts analysed elsewhere in the chapter, this respondent does not seem comfortable with the position in the community he has inherited. He seems, in short, to struggle with this perception and vocalisation of him as

'the boss'. In this extract we see further evidence of the tacit nature of relations in his interaction with the deceased caretaker: "I didn't know his full name, and he was the kind of guy, you say hello to him for eleven years, you know, he'd wave." Additionally, we again see the personal nature of this interaction: "...by going along and showing your face...".

I was interested to see what actions the firm took to engage with the community, rather than solely the managing director. This extract comes from some moments later:

SB: I mean, do you get requests here for charitable donations or to sponsor things in any way?

R23: Not particularly, we get the odd one and we've done the odd bit, but you know, but its bits and pieces, not really anything substantial.

SB: Right...

R23: It might be donating some stock, err you know...its to be fair its never been over the top, you know, so err...

SB: So where would the requests come from?

R23: They would come via staff, yes. Via staff mainly.

SB: And, it would? Who would make the decision then...

R23: It would be me, yes.

In common with many other examples of small and large companies the requests for formal donations from the company tend to be channelled through staff, or at any rate from below senior management levels. This type of engagement then is an emergent 'bottom-up' phenomenon in this firm, rather than planned and 'top-down', although, as we might expect in a small company, the final decision is taken at the top of the organisation. I went on to suggest other possible avenues of community interaction:

SB: So, OK. I mean, some small business I speak to in the course of the research, they sponsor things like the local rugby clubs and that kind of thing. Is that the sort of thing you do?

R23: We don't really, I, our business is in general that we are distributors...and umm, as a result we don't raise our profile, locally, there would be no... for



example (company) down round the corner, who we do business with, they sponsor (town) rugby club.

SB: Right...

R23: They need a high profile locally, 'cause that's where their business is. We don't want, want to really, well we haven't in the past, but we're changing that view, we haven't raised our profile so we tend to shy away from the 'local rugby club' type scenario...

The notion of rugby club sponsorship is introduced here by me but then described as something another actor, another firm, employs. The respondent here does give some clues that engagement might potentially be an instrumental activity. He implies there is, currently at least, no business case since they are business to business operators rather than dealing with the end user. The corollary of that sentiment is that there might be a circumstance in which *there is* a business case, although this is far from being conclusive evidence of an economically rational orientation to CSR.

Even though we begin to see almost a stereotype built of rugby club sponsorship being the community activity of choice for some companies, this is ironised to an extent by the utterance of "...the local rugby club type scenario...". Overall therefore this respondent paints a picture of his socially responsible activity being very much tied up with him personally, and he tries to articulate a tacit and risk-avoidance driven relationship with the local community.

The next example, rather than displaying a personal level of involvement, shows an instance of the habitual or routine nature of corporate engagement with the community. The firm has been established over seven years, is located near a medium sized town. They had implemented an improved waste management system, and saw that as socially responsible (as discussed in chapter seven), but were also involved with mentoring pupils and sponsorship activities at a nearby school. This did not seem to be motivated by explicitly instrumental factors, but seemed to be a result of habit. (The following extracts have already been partially analysed in chapter seven.)

SB: What about the involvement with the local school, would you not class that as socially responsible?

R20: You could put it like that but really it's mainly habit, although it does come out of the marketing budget so we should be aware of these things I suppose.

Here the respondent clearly considers the involvement to be "...mainly habit...", although his perception seems to be shifting as the conversation unfolds: "...we should be aware of these things...". It might be stretching a point to say that the fact that it is the marketing budget that provides the funds for these activities means they are instrumental at this point, but plainly further exploration was needed. I continued as follows:

SB: You seem to be saying that you don't really think of your regular support of the school as corporate social responsibility?

R20: Not really. Well...but it is though isn't it? I guess until you put a name to something you think of it in different ways don't you?

SB: Did you have a name for it then, before?

R20: No, we didn't 'call' it anything, or even think about it much, it was just done.

Here again we see some support for the notion that this was not a planned activity designed to bring instrumental advantage, but neither was it completely ad hoc. This was a habit, "...it was just done.". This of course begs the question of when and how did this habitual behaviour begin? I tried to probe on this issue:

SB: This involvement with the school then. How long would you say this has been happening?

R20: Ohh. Umm, I reckon it must be around...actually, its five years, because it was the millennium year. Yes, about five years I reckon.

SB: And what started it off? Was it something to do with that year?

R20: We had talked in a staff meeting about having a works do for the new year, but you could tell it was, it was...lukewarm, actually it was a daft idea really, I mean we all want to...we were all doing our own thing understandably. But someone suggested, jokingly that if the money, sorry, the company was going to spend some money, then why not give it to charity. This was a bit of a running gag as a couple of our customers had done that thing with the Christmas cards, where you say, 'oh we're not sending this year, we'll give the money to charity instead' and we all thought 'yeah right'. So anyway we thought, well why not, I mean, so that's where it came from. One of the guys, his wife was a teacher, and he said there was a mentoring scheme, or was it hearing kids read? I can't remember. So fine, we thought, that can't be too onerous.

SB: And has it been onerous? Or has it been OK?

R20: Its no problem, in fact the staff that do it like it, and we have given prizes for the summer fete, and I know a few of the boys did a target, football game thing at the last fete, but its after work so that doesn't... really, its not an impact on the company.

SB: Not a positive impact either?

R20: Umm...it's not something you can measure is it? Its like an intangible asset, or activity really...but the...its good to see the association locally, and I'm not saying...I mean we are business to business, so the, there's no increase in business from it, but I don't know, I can't put my finger on it but I sense that it's a good thing, and as I said the staff seem to like the idea.

I would argue here that aspects of this story show some familiar features of small business community activities, in that an important component in both stimulating the activity, and in then shaping its characteristics, is the input of staff. It was a jocular remark at a staff meeting that provided the impetus for debate, and then the fact that an employee's wife was a teacher that influenced what was actually done. As with a number of other cases therefore I would argue that we are seeing corporate social responsibility as an emergent phenomenon.

Once the practice is under way, there seems to be no clear articulation of an instrumental motive, indeed the rhetoric here is of charity. Having said this, the notion of 'charity' is used in ironic terms when recounting the Christmas card scheme used by a customer. However, a deeper reading of the language does indeed give some indication that instrumentalism is creeping in, with phrases like "...that can't be too onerous." and "its not an impact on the company.". When challenged to then consider the possibility of a positive impact, it is noteworthy that the delivery becomes quite hesitant, and the language mirrors this. The respondent senses that the activity is "...a good thing..." but describes it as "...intangible..." and "...not something you can measure...". Later on he says: "...I can't put my finger on it...", although then he does repeat a sentiment from earlier that the staff "...seem to like the idea.". This final passage does give the impression of the involvement with the school as being in general seen as a good thing, although there is little evidence of instrumentalism, and any causal links are indistinct.

I would now like to turn to a case that shows a respondent being reasonably clear about the causality he would like to see working as a result of engaging with the community. The interview took place with the owner manager of a firm that deals with tooling for light manufacturing. This discussion was unusual in that the respondent could not identify any current engagement, and was talking about what he might *like* to do in the future. This exchange is quite close to the start of the interview, and I had already established that, as far as this respondent perceived it, there were no particular community related activities he could think of. He did say however, that is was something he had thought of and should consider, as the following extract shows.

SB: So you can't think of anything specific at the moment but you say you would like the company to be closer to the community. Is there any particular reason for that?

R4: Well, I don't know, but I am not sure we have a great reputation as an employer locally. I mean...its , well, we're out on this industrial estate, which means we are not, no-one is driving past us on the way to the corner shop, you know, so we have to advertise, but...well we don't seem to get a great response, and there's quite a lot of unemployment locally. I just think it would do us some good if we could at least be seen to be reaching out a bit, getting involved, you know.

SB: What sort of thing do you have in mind?

R4: I don't know really, you know, the local schools perhaps, mentoring, or if they have a project. I would have to see really...what was there. Or we could have, like, a company charity or something like that. I could ask the staff, there's always a deserving cause isn't there? Although I suppose you'd have to be careful, you can't be seen to be coming down on the side of something, like...

As can be seen, he is thinking about community engagement for a clear instrumental reason, because he does not think they have a "...great reputation..." as an employer, and he could see more involvement in the community as a possible remedy: "...it would do us some good...". This utilitarian approach is further reinforced by the fact that he is more concerned to be "...*seen* to be reaching out a bit..." (my italics, for emphasis). In other words, there is no evidence here of community engagement being thought of as a vehicle either for 'putting something back' or, come to that, for the personal aggrandisement of the respondent. The examples of community activity he names, such as involvement with a school, are based on what he has seen another company doing, as was seen in chapter

seven when I examined later text from this interview. A part of that extract contains language that reinforces my argument that this respondent takes an instrumental view of such activities, where the respondent says:

“...that company at the entrance to the estate, they got involved with the school on clearing an old pond. Good day out but whether the pond is still clear I don’t know...good publicity they had, though.”

The key phrase here is that regarding the publicity the company enjoyed, whereas the activity itself seems to be viewed with scepticism; it does not seem to matter to the respondent one way or the other whether the pond is still clear.

The next passage is taken from an interview with the managing director of a light manufacturing firm employing around twenty-eight people. This respondent was atypical in that he immediately used the phrase corporate social responsibility, as I discussed in chapter seven. This meant that I was free to adopt this construct as well, and I effectively rephrased the question to reflect this.

SB: Could you tell me, how does your firm engage with the community here?

R18: I guess you are talking about corporate social responsibility?

SB: It’s interesting that you use the term corporate social responsibility. What sort of things do you do to be socially responsible then?

R18: Our waste management is what we do to be socially responsible. We had (consultants) in to save us money and they were talking about the corporate social responsibility legislation about to hit big business from Brussels. I reckon they (the consultants) were trying it on a bit...

Straight away the example of waste management is given, and the motivation for implementing this appears to be “...to save us money...”. It would seem that corporate social responsibility is seen here as an instrumental tool or technique rather than an altruistic activity. This is supported by the ordering of the sentence that says the consultants were brought in to save money rather than saying they were brought in to implement a process, *the outcome of which* would be to save money. I wanted to investigate this further:

SB: Do you mind me asking what prompted you to want to bring in this system, and the consultants?

R18: Well the consultants were free for a start! You would have to ask the FD (finance director) but I think that was through the WDA (Welsh Development Agency) or one of their spin-offs. But no, the, we are not a particularly dirty industry but we like to keep on the right side of the law, or to anticipate a bit, and the, it was already costing us a fair bit to dispose of what waste we produced, so we, it was something we...I think the FD read about it in the WDA magazine actually.

SB: So it's a cost...

R18: ...it's a cost thing really, yes.

This respondent makes the association between CSR and environmental waste management and from there then sees these activities as a cost reduction exercise. I need to reflect here that an element of co-construction has crept in where I reinforce the notion that this is a cost reduction exercise. Nevertheless, he had already raised the fact that waste disposal was "...costing us a fair bit..." so I don't feel I introduced the language fully. I have already identified the cost reduction motive for their activities, but there is a subtle implication in the last extract that both legal and more strategic considerations might have a part to play. The respondent explains that they "...like to keep on the right side of the law," which is an interesting explanation for an activity that he has effectively labelled as socially responsible; I might argue that this is a legal responsibility rather than a social one. However, it could be counter argued that being ahead of the law, "...to anticipate a bit," is almost by definition going beyond the *current* law. Before ascribing an element of non-instrumental thinking here though, I would argue that this respondent is being strategic in that he is seeking to scan the environment (the legal environment in this instance) and respond accordingly. Therefore, however subtly, another level of instrumentality can be said to apply here.

The next series of extracts comes from an interview with the owner-manager of a successful haulage company located in a situation where their lorries have to pass through a residential area. Early on in the conversation, when asked about community involvement, he mentioned that the firm had sponsored a rugby club which was located around ten miles away, and was frequented by a number of his drivers. This type of

sponsorship is not unusual among the firms participating in this research and I felt comfortable asking a reasonably direct question as follows:

SB: What benefits do you get from the rugby club deal?

R5: I'm not bothered about tickets if that's what you mean. I like the cricket, but as far as the rugby club goes, I sign the cheque and forget about it. I went with the boys for a 'gentleman's night' once but it's really not my thing.

SB: How long ago was that?

R5: About three years, like I said, not my bag really. It kept the boys happy though, I think it gave them a bit of kudos in the club, that they could bring in a sponsor, you know. And everyone knows the lorries, the company has been here...well, forty two years at least...

Far from getting the answer I might have expected, to do with using international rugby tickets to entertain clients and so on, this respondent was "...not bothered..." about the possible benefits of such a sponsorship arrangement. Indeed he claims that once he has paid the club, he can "...forget about it...". He went on to describe one or two small charitable donations he had made out of his own pocket to charities with which members of staff were involved, but most of this was described in the past tense. In attempting to bring the conversation more up to date I discovered an interesting turn of events as described below:

SB: The sort of activities you have described so far seem to have been proposed by people who work for you, such as the rugby club sponsorship for example. Is that still the case today?

R5: We've had a bit of a change really. I have had to expand the business after picking up the new contract and to be honest I don't get out among the lads as much as I used to so I don't tend to get asked. It's not as if we have a form for them to fill in asking me for cash! The physical expansion brought some problems as well which were a distraction. You'd think I was trying to build a new runway at Heathrow the crap we had last year here.

SB: How do you mean?

R5: In the village. There was a council meeting, well, a meeting down the school hall with their councillor to be more exact. I only found out by accident.

SB: When was this?

R5: Last year, February. I would have gone if I had known. Apparently there were complaints about the lorries going through the village in the morning. Trouble is, I have to get them out, on the road, you know, and I know for a fact that the modern trucks are hell of a lot quieter, but there you are...So anyway, I thought, with the Mayday fete coming up in the village I would offer them the use of one of my lorries as a goodwill gesture, and as it happened my wife had agreed for us to sponsor the main raffle prize as well, so all in all we came off quite well as a company. The good thing was it meant I had to meet and talk to most of the local councillors, and I think I know it was one of them complaining, but to my face they were fine, and I think they saw my side of it as well.

SB: So do you think your community involvement had changed in any way?

R5: No. Well, yes it had, but when I said no, I meant it had changed not because it was the local community, but because it was them that were causing me problems. Do you see what I mean? It just happened to be the village. I think I see now why the big companies soften up the planners and all those, you know, they know where to direct their charity don't they?

SB: Do you still sponsor the rugby club?

R5: Not any more, the contact with the village we had through the fete was useful, and made me realise that charity should begin at home.

SB: In what way "at home"?

R5: Looking after yourself isn't it? If I am going to be giving my money away it might as well buy me some good in the community. They have stopped going on about the trucks leaving early in the morning for starters.

In this example, the way in which the firm engaged with its community changed in a number of ways. In the first place there was a subtle re-casting of exactly what is meant by 'community' in that the firm had traditionally sponsored a rugby club some ten miles away. This was the first example given to me of their community engagement and was as discussed above, a relatively informal arrangement from which no explicit advantage to the company was sought. So the rugby club example, despite it being located ten miles away, was offered as the most tangible instance of community engagement at first. However, as the story unfolds of the dispute with the village and the company response, it becomes evident that the perception of community had over time become explicitly closer to "home" and in fact comprised the immediate village.

The second way in which the respondent's perception of socially responsible activity changed in this illustration was its emergence and adoption as a deliberate strategy in



attempting to pacify those who were causing difficulties for the company. It is interesting that the mechanism by which the problem for the firm seems to have been resolved was not through the perceived benefit of a raffle prize and free use of a lorry but through the face to face contact and communication that took place as a necessary corollary of those arrangements: “The good thing was, it meant I had to meet and talk...”. In this interview there was a palpable sense in which the respondent was surprised by the effectiveness of his socially responsible engagement, and unprepared for the mechanism by which it seems to have been rendered effective. There is a definite articulation of an instrumental motive now: “If I am going to be giving my money away it might as well buy me some good in the community.”. The choice of very personal language is interesting here, where he talks about “my” money and doing “me” some good. It seems that as owner-manager, he sees his money and the firm’s money as one and the same thing. And this seems to translate into his interactions with the parish councillors in the village; again it is personal, with his wife named as being a part of the process.

Thirdly, there is also evidence here of the impetus for CSR changing from an internal request from staff members, to a more ‘top-down’ decision, prompted by an external threat to the smooth running of the company. I would also argue that external factors in the shape of his perception of how “...big companies...direct their charity...” also help him construct his understanding of community engagement as an instrumental activity.

So far there have been a number of instances where CSR, whether labelled as such or not, has been a response to a perceived external threat. However, in this next example, an interview with the managing director of a light manufacturing plant employing a total of sixty eight staff, we see evidence of CSR being used to respond to an internal problem. The respondent had been in the company around two years and had attempted to instigate a number of changes to processes and structures in the firm. This exchange took place some five minutes into the interview, after he had been giving me some background on the firm including some details of a new appraisal system that had raised some issues around the morale and organisational culture.

R9: The main problem was me apparently. They didn’t like me and that seemed to be at the root of some of the staff problems we had with sick days and morale.

- SB: When you say “they” do you mean certain parts of the firm?
- R9: Shop floor mainly. I chatted to head office about it and the HR director suggested more management by walking around. Get out and about a bit, so to speak. It was as a result of this that I started thinking about the potential of CSR.
- SB: What happened?
- R9: I was approached in the corridor by one of the supervisors, lets call her Mary, and she sort of tentatively asked about some of the staff being able to finish early on the next Friday to do a sponsored run for Children in Need. I could tell she was scared just to ask, god knows why. So I agreed and she was all smiles, and I thought, god she’s easily pleased! In any case, I talked to the operations manager and the HR manager and we thought about having a small CSR budget for causes on the grounds that they use the money locally.
- SB: What was your idea of local?
- R9: This side of (nearby town) really. That’s where most of our employees are from. Apart from Mark (the operations manager) who came down with me from the parent company.
- SB: And what was the objective of this budget then?
- R9: I suppose I had taken this personally, perhaps it was because I am English, but I wanted to show the community where we get the majority of staff from that we are not all bad.
- SB: So it was aimed at the staff really?
- R9: And potential staff. Our customers are other business as I said earlier, and they don’t give a monkey’s whether we are responsible or not, although that might change. For now I was concerned with staff issues though.

This respondent was quite a brusque and ebullient character, and relied on a colourful turn of phrase, such as “...don’t give a monkey’s...” and others. This might partly explain the view the staff had of him. His response of ‘management by walking around’ led to an emergent example of CSR, in that as with many other examples, it was a member of staff who made the initial approach. What is unusual for the smaller business interviewed however is the alacrity with which this respondent appeared to perceive some instrumental potential in socially responsible activities. He actually used the term ‘CSR’ unprompted, and talked of setting up a budget, which could be accessed as long as the money was used “locally”. He was quite open about the reasoning for this and did not

attempt to cloak his CSR policy in notions of altruism toward the community. This was a way of projecting an image that "...we are not all bad."

Having set out and analysed a wide variety of passages from a number of interviews, the next section will summarise the key themes that have arisen from this analysis.

### ***Section Two: Summary of Themes***

The central question of whether CSR is constructed as an instrumental activity, informed by rational economic thought among small to medium sized enterprises has led to the presentation and analysis in this chapter of a complex range of actions and intentions among a selection of the respondents and their firms. When they engage with their communities they often do so for reasons that they themselves find difficult to articulate, and we are left with a picture of multiple motivations in a complicated landscape of actors and interactions. This makes analysis a complicated process, and as can be seen, I have had to look for linguistic clues as to intention and purpose among the interview texts.

Much detailed analysis has already been intertwined with the interview texts above, and therefore this final section will simply attempt to summarise the key emergent themes from the preceding analyses.

#### **The role of the employee**

A theme encountered in most cases was that company involvement in community related activities was often stimulated by an employee operating somewhere in the hierarchy below the senior management team or managing director. In a number of instances the respondents were quite clear that an employee had approached them to ask for sponsorship for a cause, or to help with time to complete a charity run, or resources and skills to help remedy the results of a community problem such as vandalism.

In Travelco the catalyst for two examples of community involvement was in one case an employee with a sick child and in another case was an employee with two sons playing rugby for the local youth team. In other firms such as the clothing company it is only

occasional requests for charitable donations. Taken together, these instances of staff acting as the initiators of what turned out to be ongoing commitments in some cases, indicate that CSR in SMEs can at least partially be said to be an emergent phenomenon. In other words, while the ultimate decision to support a given course of action frequently lies with the manager or owner manager, the initial impetus and shaping of the subsequent CSR activities often comes from within the organisation. This could be seen as a 'bottom-up' phenomenon therefore, rather than something that is necessarily 'top down'.

#### The role of the director or owner-manager.

Despite the frequently emergent nature of some CSR initiatives, not only is the final decision to participate almost always in the hands of the director or owner/manager, but in a number of cases the inception of the social engagement was as a result of management actions. For example, the marketing firm that spent the day painting, appeared to be more or less presented with a *fait accompli* by their director and the decision by the light manufacturing firm to bring in waste management consultants was a top management initiative both in inception and content. Similarly the directors of the audio visual company were deliberate in their fostering of links with the community, including charitable bodies and day care centres and so on. This was a management activity with more engagement planned for the future.

In one case, the managing director of the industrial clothing distributor appeared to inherit a symbiosis with the immediate community with which he did not appear wholly at ease. He seemed to evidence disquiet about the way that he felt he had to play out his informal and tacit role in the immediate community. The question of role in the community surfaced in a different way in the example of the marketing consultants, where the respondent hypothesised that her managing director had chosen their societal engagement based on his own position, or perhaps aspirations, in the local community and the business fraternity.

#### What is community?

In virtually all of the interviews examined here, the construct 'community' was interpreted on a more or less local basis. There were some respondents who deliberately

sought engagement on perhaps a county-wide basis, or even across south Wales, such as the audio visual company who seemed to be trying to create a network for themselves.

Another company concentrated some of their efforts on environmental waste management, which could be said to have a global scale outcome at the extreme. For most though, community was described in terms of the neighbouring streets, the nearby housing estate, or perhaps the local town or suburb from which their employees were predominantly drawn. For some, as was commented on above, this seemed an almost claustrophobic relationship, whereas for others the community was specifically engaged in response to a potential problem.

One or two respondents commented upon the fact that they were located on an industrial estate meaning that there was no immediate community around them, but this did not appear to be a significant factor in shaping their socially responsible actions. One respondent did in fact reflect that she was not sure what was meant by the word community although she had been happy to define it earlier in the interview as being the housing estate up to around half a mile away.

In two cases there was evidence for the deliberate building or maintenance of what might be labelled 'social capital'. The audio-visual company deliberately set out to establish relationships not only between themselves and others but *between* others as well. Such actions seemed to be designed to embed themselves in a wider network of relations from which tangible benefits might accrue in times to come. The managing director of the industrial clothing company however seems to be embedded into social networks whether he likes it or not. In other examples the creation or maintenance of social capital might be a collateral outcome of engaging in corporate social responsibility, but was not articulated as a key driver.

#### The 'content' of corporate social responsibility

An examination of what was actually *done* in terms of community engagement, whether the intention is instrumental or not, reveals a wide range of different activities undertaken by these small and medium sized firms. There are some general categories of activity, such as sports sponsorship, educational involvement and environmentally related

activities that describe some of what emerged, but even within these there is a large variety. This leads to the proposition that most socially responsible involvement is highly contextual. It seems contingent upon local factors, upon what is demanded more than what is imposed by the firms. There are exceptions of course; I have already noted how some managing directors decided what the firm would do, but even there the local needs play a part, whether it is an old people's home that needs painting, or the need to maintain social links to avoid undefined 'trouble'.

Among this contextual variety of the community involvement though, one reasonably widespread feature appears to be that most of the firms engage in activities that are related to their day to day business. The audio visual company give away equipment, the clothing firm donated stock, the door and shutter firm donated skills, Travelco gave away holidays and free transport, and so on. There is a further tentative suggestion therefore that smaller firms by and large engage in activities that match their business skills rather than going looking for more generic categories of CSR in which to indulge.

#### Economic rationality and corporate social responsibility

As has been summarised in the preceding paragraphs, the influences on the inception and subsequent practice of socially responsible actions can stem from a number of sources.

We have seen the important impact employees can have on a firm's community involvement, and I would argue that this is in the main unplanned, unpredictable, and in the jargon of management, a 'bottom up' process. In other words it is something that mostly appears from below the level at which the firm strategically manages; it is an emergent phenomenon. In this sense the inception of CSR shows some similarities with my findings from the larger firms. The basic point though, is that the inherent unpredictability of this process implies that CSR is not initially driven by rational economic thought.

The role of the manager or owner-manager seems to be the decision maker responding to requests from staff in the majority of instances. In some cases they were themselves instigators of CSR but the content of the CSR activity and the motivating factors seemed in some cases to have little to with economic rationality other than in two examples. Even

where CSR is planned, it is still as a response to a perceived threat, whether of vandalism or environmental regulation.

The part played by community is sometimes that of the source of problems to be responded to, and sometimes as initiators of requests for help. These pressures on the SME are still normally channelled through staff members though. In one case the community is defined quite broadly, and deliberately used to try and build reciprocal relationships and networks, but largely the community is defined as being 'local' which in most cases was within a few miles.

This leads to the last observation, that the content of what CSR was practiced was varied and highly contingent on local factors. The other influence on what CSR was practiced was also 'resource based'. In other words, in many cases SMEs practiced CSR based on what expertise and physical resources their firm possessed. Again, I would argue that this contingent picture implies that CSR is far from being planned as an economically rational activity.

A related element of what has emerged from these stories is the ambiguity and equivocation that surrounds respondent's attempts to *explain* why they and their firms have engaged in socially responsible actions. In some cases there was acknowledgement of complexity and possible benefits are described as intangible.

Importantly, the interpretive repertoire of business does not seem to provide an adequate resource to describe and explain CSR. This reinforces for me the conclusion that economic rationality might creep into the practice of CSR over time as an opportunistic factor (although there was limited evidence from the SMEs) but that it is not a key driver, at least at first.

This section concludes the findings and analysis chapters of my thesis. The next chapter will discuss these findings in relation to the broader context and theoretical frameworks discussed in chapters three and four.





## Chapter Nine: Discussion

To structure this chapter I will return to a number of the themes around which I configured chapters three and four. This means that what follows will be organised into five main sections, with a number of sub-headings in each.

Section one will relate my findings to the main extant models and typologies attempting to categorise CSR generally, including those that have sought to introduce a more dynamic notion of change over time. In section two I will turn to the specific context for much of my research, namely small to medium sized enterprises (SMEs). How do my own findings compare with and contribute to the growing, but nonetheless incomplete, understanding being assembled in this field? Section three will discuss the broader philosophical question of the legitimacy of CSR, including the ideas of measurability and manageability as they emerge in my primary data.

Section four will begin to relate my findings to those ideas that broadly fall under the theoretical umbrella of the 'sociology of economic behaviour'. This section will draw upon some themes on measurability and performance explored in section three to open up discussions of the notion of management efficacy. Here I will focus partly on the work of Fevre, and related ideas from MacIntyre. Section five uses the work of MacIntyre in other ways, together with the important contribution of Karl Polanyi, to discuss what my findings may tell us about the relationship between economic activity and community. In addition, I will begin to move more overtly towards my central question when I relate my own findings to the concept of economic rationality.

The main question of whether CSR is constructed as an economically rational concept will then be addressed in chapter ten, where I conclude the whole document by drawing together the contributions made in the course of my thesis, as well as discussing the limitations of my study and the future directions this research agenda might take.

## ***Section One: Frameworks from the General CSR Literature***

In chapter four I explored a number of contributions to the theoretical debate that attempt to describe, categorise, and otherwise make sense of CSR. I deliberately reserved for separate treatment the CSR literature in SMEs, and similarly in this chapter I will discuss my findings in relation to that specific literature in section two below.

Here I want to focus on how my primary data relates to the work of others in the following ways. Firstly I will re-visit the four part model of corporate responsibility proposed by Carroll (1979; 1991), arguing that varying degrees of evidence can be found for all four levels of responsibility in my data. Secondly I will take together the work of Frederick (1983) and Lantos (2001; 2002) to discuss the extent to which my respondents characterised their CSR as a pragmatic response to stimulus, or indeed as a strategic activity. Thirdly, I will discuss my findings in relation to the dynamic idea of CSR changing over time, and here I will refer to Ackerman (1973), Carlisle and Faulkner (2004) and Mirvis and Googins (2006).

### Carroll's four-part model of CSR

Before considering my findings in relation to Carroll's model, I should explain my approach to using the model here. It will be recalled from chapter four that Carroll proposed that firms have four levels of responsibility, namely economic, legal, ethical and philanthropic, or discretionary (see for example 1979; 1991). What I am doing below is to use these categories to reflect on how my respondents deploy their CSR. In other words, I will not be commenting on whether firms fulfil their 'economic' or 'legal' responsibilities in general terms – that is outside my remit in any event. My intention here is to use Carroll's framework to help discuss how these firms characterise and describe their use of *CSR activities* and whether they use them in fulfilment of economic, legal, ethical or philanthropic responsibilities. We may, for example, be faced with some situations where a firm is describing an action as socially responsible, when in fact it is simply following the law. In such a case, this clearly tells us something about the respondent's perception of CSR. This is why I am comfortable using Carroll's typology in this way.

Taking the findings from the larger firms to begin with, there was evidence of firms using CSR to satisfy all of the four types of responsibility proposed by Carroll.

In Utilityco, their first foray into the practice of CSR was not thought about “...too deeply...” even though this was a substantial donation of some £20,000. The decision to give the money to a youth group was not taken with any articulated attempt to benefit economically or to satisfy some statutory requirement. There is the option of categorising this as either an ethical or a philanthropic action, according to Carroll’s typology. It is difficult to know whether the donation was given because it was deemed ethically expected by society or whether it could be classed as entirely philanthropic, but it almost certainly was not intended to derive economic benefit. In contrast, a later example from Utilityco showed a clear economic motive. Faced with the possibility of bad publicity surrounding a planning application, they deployed the CSR budget to fund a competition for schools in the locality of the controversial application. In this case the ultimate economic benefit for the firm was hoped to accrue via marketing and reputation management.

There is a similar picture in Tranco with regard to the CSR policy being used to protect reputation, or, as the respondent put it, “...building up credit so that if there were media problems ... we could point to what we do with the community as a defence.” This is a good example of a firm acting to fulfil its economic responsibilities through CSR by using it to insure against the potential problems associated with a loss of reputation. The same firm had previously been engaging in CSR on a much more reactive, *ad hoc*, demand-led basis, and in this way it is possible to characterise this former activity as perhaps an ethical approach in Carroll’s terms. We should recall of course that for Carroll, ‘ethical’ meant acting in a way that is consonant with the general ethical expectations or demands of society. Additionally, in the Tranco case, their focus on diversity could be seen as an example of firm action that was taken to fall in line with societal expectations, but perhaps had one eye on possible future legislation. If this was the case then such an anticipative action would be a reinforcement of one of the proposed benefits of following Carroll’s schema.

When I interviewed the CSR manager at Financeco, the CSR policies there had been established for at least three years, and were described as “...planned...” and

“...targeted...” which seems a clear indication that they were designed to benefit the firm in some way. I am making an inferential link here between something that is plainly planned to be broadly ‘good’ for the company, and Carroll’s economic responsibility to shareholders, employees and customers.

The situation at Plastico seems less planned than in other large firm examples. However, Plastico shared the concern with firm reputation I have discussed above, this time on a local scale and based on poor community perception of the firm dating back ten years or so. If we accept that protecting firm reputation is indeed linked ultimately to the fulfilment of economic responsibilities then it is possible to characterise much of the CSR activities of this firm as sitting in the ‘economic’ level of Carroll’s model. In this example there was also a clearly articulated instance of supposed CSR that confirms this analysis. When discussing the implementation of an environmental standard, the respondent said how “...people saw it as a green thing but it wasn’t really that, it was that it helped save us lots of money.”

This example of an openly acknowledged connection between that which looks like a socially responsible activity, and direct economic benefit in the shape of cost savings, is quite unusual in my findings however. I have, as admitted earlier, had to make inferential connections between some CSR activity and the achievement of economic objectives, but this connection is laden with possibilities for argument. Indeed, in chapter three I discussed at some length the possibility that assumptions of management efficacy are flawed and I will return to these arguments in more depth in section four below. However, what I am noting in the previous cases is that managers are at least planning or *intending* that CSR has some eventual economic benefit for the firm.

Turning now to how Carroll’s work relates to the SMEs in the study, there were two examples of firms that seemed to concentrate solely on their economic responsibilities, and did not see CSR as a part of their activities, even in support of their economic objectives. One respondent said that as far as he was concerned, being socially responsible meant employing people and paying taxes (begrudgingly). This firm did not use CSR at all. In contrast, the owner of a gymnasium used what he called his socially responsible activities to improve publicity for his firm. This case was interesting in that he began by saying how he did not “...aim to get anything out of it...” which at first

glance would make it a discretionary activity. However, he then admitted it did his firm's name a "...power of good in the community..." which re-casts it as an activity designed to benefit the firm. To reinforce this he then describes the activity as "...free advertising...". Another firm engaged in light manufacturing initiated a CSR policy in response to their inability to recruit staff, so in this case, again, I could interpret this as an attempt to use CSR to help achieve economic objectives.

In chapter eight I also presented findings from a firm that deliberately created links *with* community and yet also *between* other individuals and groups in an openly articulated attempt to benefit from those connections. This was a particularly interesting case in that the firm seemed to be building networks through which a kind of generalised reciprocity could lead to the fulfilment of economic responsibilities. I have raised this example here as it can be thought of in the terms offered by Carroll's schema, but I want to return to this firm in more detail in section five below.

The idea of SMEs using CSR to fulfil legal responsibilities is an interesting area. It will be recalled from chapters seven and eight that many of respondents became vocal in associating CSR with some ill-defined notion of legal imposition. I proposed that the ready way in which an environmental interpretative repertoire was linked to CSR seemed to be partly responsible for this antipathy, expressed as it was via language of regulation and so on. In any event, there was only one clear example of an SME respondent linking CSR to legal responsibilities, where a company set up a waste management scheme to "...anticipate a bit..." and to "...keep on the right side of the law...". This could be seen as complying with one of the tenets of Carroll's model in that anticipating legal expectations is suggested by him to be sound strategic practice.

In relation to Carroll's ethical and discretionary responsibilities, there were examples of respondents describing their community engagement as being "...ethical business..." and at least two respondents used the phrase "right thing to do". In the case of Travelco, I presented a lengthy extract of the interview in chapter eight to show how, not only was the community engagement not openly related to economic responsibilities, but also the respondent did not seem to be seeking societal approval either. The particular case I am recalling here is where the firm paid for the family of a sick child to take a holiday and the respondent did not know how the story made it into the local papers. This was not

something they “...wanted to make a song and dance about.” The example could be interpreted as an instance of Carroll’s discretionary or philanthropic responsibility in that the firm did not give the impression of acting in response to societal expectations. Surely if it was concerned with what society thought then I argue that it would probably be seeking publicity rather than trying to avoid it.

There are other examples where the expectations of community seem to play a part in the practice of CSR, implying that firms are fulfilling their ethical responsibilities in Carroll’s terms. The SME involved in security door manufacture helped restore and improve a community centre, and a marketing consultancy was involved in decorating an old peoples home, for instance. In these cases, a superficial reading might conclude that these were examples of satisfying societal expectations of how firms should behave. However, there are more nuanced interpretations to be considered from these two cases, once we look at the details.

The community centre and its problems were brought to the attention of the SME management by a staff member. Indeed, this had also been the situation in Travelco with another of their community activities. The firm that decorated the old people’s home, however, seemed to be doing so because the managing director wanted to emulate another businessperson, and was himself embedded in the community. In this light I would argue that the categorisations offered by Carroll do not *by themselves* lead us to the complexity of exactly how the ethical expectations of society make themselves felt upon a firm, either large or small. In fact, the inception of CSR in Utilityco was based on a request from a middle level manager, in much the same way as the security door manufacturer above became involved in community via a staff member.

In a final example for my discussion of Carroll’s model, the expectation of society, brought to bear at the level of the local community, seemed to be almost claustrophobic for one respondent who runs an industrial clothing company. The firm in question is situated in the centre of a housing estate from which most employees are drawn, and traditionally the manager of the firm has played an almost patrician role in the local community. The respondent described to me how he was expected to attend funerals for example, but that in return there was definitely “...goodwill...” in the community toward the firm. He used the term ‘goodwill’ on a number of occasions, and this seemed to

manifest itself in a lack of vandalism together with a more general sense of locals keeping an eye on the premises and so on. The respondent seemed ill at ease with the treatment he got personally though, likening his attendance at a recent funeral to being a bit like royalty. In this case therefore, the SME in question is acting out its reciprocal role with society and could be said to be fulfilling ethically expected responsibilities, but again there are layers of complexity to be explored that the categorisations offered by Carroll's model risk glossing over.

In summary, I really do not want to be seen as criticising Carroll's contribution unfairly. I have in fact used his categories to look at how CSR itself is deployed, which is not perhaps the original intention of his typology. We should also remember that this is a self-avowedly instrumental model. The proposition is that if a firm begins to satisfy its ethically expected responsibilities, then it will be prepared for when these expectations become codified in law.

Importantly though, using these classifications has shown how other tools of analysis are needed to build a more complete picture of the complexity involved in these cases. For example, the mechanisms by which instrumental outcomes could be achieved seem to involve a degree of opportunistic strategy in both large and small firms. How do these strategies emerge? To begin to answer this question we will move on below to consider the notion of what Lantos labels 'strategic' CSR (2001; 2002), or what Frederick calls corporate social 'responsiveness' (1978; 1983).

Finally, we need to remember that only in a few cases was there direct mention of links to economic objectives. Consequently, some of what I have discussed above as being consonant with Carroll's economic level of responsibility is based on the inferential link between for example, firm reputation and the presumed economic benefit that accrues from its protection or improvement. Before progressing to the next set of frameworks from the CSR literature I will simply note that this link between managerial action (in this case CSR) and some kind of expected outcome is far from uncontested, and I will return to such arguments in section two below.

## Corporate social responsiveness and 'strategic' CSR

The work of William C. Frederick has developed over time, but one consistency in his approach seems to be the acknowledgement of the social, political and historical context in which business and society relations are placed. His early work in 1960, for example, referenced Karl Polanyi's *The Great Transformation* (1944), and went on to discuss the impact of what he called the collapse of *Laissez Faire* as well as broader factors such as Christian Ethics. Later on in 1983 Frederick discussed, for example, the impact that President Reagan might have on business responsibility. My point here is that although, in an echo of Carroll, Frederick tries to simplify CSR into categories such as either 'voluntary' or 'coerced' social responsibility, he nevertheless retained a focus on the context in which CSR took place. I have raised this because in section five of this chapter I want to return to the notion of 'context' through my discussions of MacIntyre and Polanyi. The organisational context in which CSR takes place is suggested by my findings to be an important consideration.

Within this contextually sensitive approach, the most widely cited contribution of Frederick is his popularising of Ackerman and Bauer's (1976) idea of corporate social 'responsiveness' or 'CSR2' as he subsequently labelled it (1978; 1983). As recent texts such as Crane and Matten (2007), and Blowfield and Murray (2008) point out, the idea of corporate social responsiveness moved the CSR debate more towards a "...managerial approach..." (Blowfield and Murray 2008, p.60).

There is some evidence in my own findings for CSR activities which would appear to be managerial, but also managerial specifically in a *responsive* sense. As discussed above, virtually all the large firms I studied engaged in CSR as a response to some kind of strategic threat or opportunity.

In Financeco, for example, the CSR policy became more focused over time on responding to criticisms over the closure of branches, resulting in the setting up of a CSR office. In Tranco, damaging publicity for it's industry generally, as well as a more regional focus on issues of employee diversity, were both stimuli for responses in the shape of increasingly concentrated CSR policies. This was more noticeable in Plastico, where the firm had involved itself in educational and community initiatives specifically as a response to a



damaging nickname that had been used in the local area some ten years previously. Some of the CSR at Plastico was financially significant, such as donating a plot of land and helping to finance a building for a local youth club, but the key point is that these were responsive measures.

There are instances where some of the SME participants report the use of CSR in a responsive way. The manufacturer of security doors used community engagement in response to the perceived threat of vandalism. Another firm characterised their CSR as a response to laws on waste management and recycling which they felt they were "...more or less forced to do anyway...". One interviewee raised the possibility that they may well have to respond to demands from key customers to be socially responsible. In the SME testimony generally there were a number of examples of respondents feeling they were on the receiving end of regulatory pressures, but few examples of overtly using CSR to respond to these.

One example of using CSR to respond to a management problem was shown in a firm that had experienced a lowering of staff moral, and what the respondent perceived as a culture where sick days and absence were acceptable. He described how, via a conversation with a member of staff, he came to use the idea of a CSR budget to engage more with the community where most of the employees lived. The fact that this was quite clearly a managerial response was reinforced for me when he stated that his business customers "...don't give a monkey's..." whether his firm was responsible. The immediate problem was "...staff issues..." and that is what he was addressing with the CSR budget, to improve retention and future recruitment.

A further example of a responsive approach can be seen in the haulage company that used community engagement to placate local residents and their councillors over noise from lorries passing through a village. In this case again, it could be seen as a managerial response as the words of the owner-manager show: "If I am going to be giving my money away it might as well buy me some good in the community." At first glance this seems like an obvious enough interpretation on my part, but as with many of the cases in my thesis, the actual series of events that led to this point are far from simple, and often involve the agency of staff and other actors. In common with a number of the models and frameworks, Frederick's idea of responsiveness is a useful descriptor of the content and

intent of CSR but does not necessarily delve into the complexity of its inception and practice.

Of course, these last two examples show how it is difficult to know where the line is drawn between what is responsive and what is proactive. A CSR activity designed to *respond* to a threat may presumably be hoped to have some future benefit as well, from the firms' perspective. A response to pressures to protect a firm's reputation is not just about the past but about the ability to deal with future threats and opportunities as well.

This is where the language of strategy becomes useful as long as caution is exercised over what we mean by 'strategy'. Lantos (2001; 2002) used the term 'strategic' CSR to describe an activity that has some benefit for the firm and is not carried out for either 'ethical' (which for him included legal) or for 'altruistic' purposes. However, as I have noted in chapters three and four, this use of the word strategic seems to simply be synonymous with 'instrumental' and does not admit the different interpretations that can be put upon the term. I would argue therefore that we have to consider not only whether CSR is strategic in an instrumental sense, but also what type of strategy is being played out. Are we seeing emergent strategy, or opportunistic strategy, or in some cases is it a planned and logical strategy?

There was evidence among the SMEs, as I have shown already, that much of their CSR could be interpreted as ethical or even philanthropic, in Carroll's terms. There was some evidence of more instrumental motivations in other firms, and where these are undertaken with the aim of benefiting the firm they would satisfy the demands of Lantos' strategic CSR because they are instrumental (2001). A number of these examples have been explored when I discussed my findings in relation to Frederick and Carroll above. However, again, what *kind* of strategy are we seeing in these cases?

On the whole I have found that even where an apparently instrumental approach to CSR is taken by SMEs, the strategy is still one we would describe as emergent, or even opportunistic (Mintzberg *et al* 1998). This is arguably another way of saying 'responsive' but in fact the notion of emergence, as discussed in chapter three, implies that structures such as processes and practices emerge and mature over time. There is some evidence for this where, for example, the gymnasium owner put in place processes to offer free places

via local doctors' surgeries. Similarly the emergence of a budget and associated processes in response to low staff moral and recruitment problems in another firm could be classed as an emergent strategy. The example of the haulage firm in conflict with residents over lorry noise is slightly different in that this seems to be more 'opportunistic strategy' than truly emergent. Having said that, it is arguable that because the taking of opportunities often then coalesces and emerges into a more coherent strategy over time, this qualifies as a subset of emergent strategy in any case.

Another feature of the SME's CSR practices was that they tended to use what skills and resources they had at their disposal, rather than engaging more generic approaches to CSR such as donations of cash or involvement in ongoing educational or environmental initiatives. That is not to say that such generic practices were absent, but firms often seemed to take what a strategist might describe as a 'resource-based view' of their CSR activities (see for example Barney, 1991; Mintzberg *et al* 1998). In simple terms, firms do not look externally to deliberately position their activities in the marketplace, but instead use what resources and competences are to hand 'in house' as it were and base their strategies on these. This resource-based approach can be seen in a number of cases. For instance, the audio-visual firm discussed in chapter eight gives away equipment and offers skilled help in training and installation. Similarly the security door manufacturer sends mechanics and parts to help mend broken doors and windows at the community centre, while the travel company provides transport for old people, and sponsors a family holiday. Given that this resource-based approach seems quite widely used, is it any wonder that we see such variety of CSR practice among SMEs? Put simply, the nature of the CSR practice is mediated by what the firms *can* do in many cases.

I have yet to discuss the CSR strategies evident in larger firms, but at this point, rather than risk needless repetition, I am going to move on to discuss these in relation to models of how firm CSR practice changes over time.

### Changes in the practice of CSR over time

An examination of the four large firm case studies shows how in most cases their CSR strategies appeared to evolve over time. I have to be careful with my language here because from my broadly critical position words such as 'progress' or 'develop' could

imply I am somehow supportive of the development of instrumental approaches to CSR. I merely mean to convey the idea that the practice of CSR appears to change over time in firms.

As I explained in chapter four, there are a number of models that attempt to describe how CSR might develop in organisations, including early work by Ackerman (1973) as well as the more recent models from Carlisle and Faulkner (2004) and Mirvis and Googins (2006). While these frameworks are open to some critique, the notion of ‘development’ they introduce is a useful move toward an acknowledgement of the complexity I argue characterises much CSR.

Carlisle and Faulkner begin their model with an initial stage where senior managers become aware of the issues. However, even in the large companies interviewed here, with their presumably mature and well developed management infrastructures, there was an element of unpredictability in the processes by which senior management “...become aware...” (2004, p.145). For example, in Utilityco it can be seen how an informal conversation on the train after lunch led to the first stages of the adoption of more formal CSR processes. Senior management became aware via the request of a middle level manager for a donation to a youth group. In this sense the strategy could be described as emergent, just as in a number of the SMEs. To clarify, one of the ways in which emergent strategy happens is that ideas and innovations transpire from below senior management, and this is what we see happen in a number of firms.

Another way in which emergent strategies occur is from the confluence of unpredictable circumstances (this is often associated with approaches to strategy rooted in complexity theory; see for example Pascale *et al*, 2000, or Stacey 2003). There is some evidence of this happening in Tranco, where pressures to diversify the workforce and threats to the reputation of the industry coincided with the catalytic effect of the arrival of a new human resources manager. She was interested in CSR, and this led to the establishment of CSR policies to deal with these perceived challenges.

For Mirvis and Googins (2006) the first stage is ‘elementary’ which describes a state where a firm’s citizenship activities (a term they conflate with ‘firm responsibility’) are defensive, marginal, and interestingly for me, driven by staff. This overt

acknowledgement of the role of staff is a development of Carlisle and Faulkner (2004) but Mirvis and Googins do not build on this point to explore how the actions of staff can have a catalytic effect. My own research shows they missed an interesting turn here, since the role of individuals below senior management can be crucial, as shown in a number of examples already. Their next stage, labelled 'engaged', proposes that such initiatives become owned and structured by functional managers without the authors necessarily setting out exactly how this might occur. Their work is largely conceptual, based on anecdotal observations of Nike and General Electric and others, and therefore my own findings would lead me to conclude that more empirical work is needed in this area. Having said that, there is evidence from Tranco and Utilityco that senior management became 'engaged' in CSR as the approach became more coherent.

In fact, looking at the example of Utilityco, the strategy moved on to become more planned, with seemingly logical and economically rational decisions being taken to deploy the CSR budget in such a way as to minimise bad publicity over a strategic decision.

According to Carlisle and Faulkner (2004) an early-stage CSR development should include aligning the mission statement of the organisation to the CSR policy. I would argue that this is probably more likely to occur when CSR has become 'mainstreamed' (ibid: p.145), since mission statements are often related to, and attempt to communicate (among other things), the strategic intent of the firm. Nevertheless, the early stages of their model imply that policies are written and awareness is promoted before 'initial implementation'. Clearly in the large firm cases I have examined here, CSR seems to be a far less structured process than might be implied by this model. In fact, CSR is frequently initiated and practiced in the *absence* of policy and often before awareness is necessarily promoted more widely in the firm. In Utilityco, for example, early CSR activity took place before formal processes were designed to invite applications and allocate resources and so on. Again, CSR is not a simple process that goes through defined stages, since we can see that activities, processes and awareness develop in parallel and iteratively.

Today, Utilityco, Financeco, Plastico and Tranco all produce CSR reports and have identifiable senior managers in charge of CSR, so in the terms of Carlisle and Faulkner's

model they could be described as having a 'CSR focus'. However, there are levels of complexity introduced by the fact that the individual CSR director or manager might be committed to initiatives in their region or country, while elsewhere the firm might be less committed. Certainly, once a firm operates internationally then the analysis becomes much more complicated, since the firm has to deal with different laws, cultures and moral codes (Crane and Matten, 2004).

At this point we might reflect on the work of those such as Ackerman (1973) Collins and Ganotis (1973) and Ostlund (1977), who speculated on whether middle management inertia in divisionalised firms might be responsible for holding up CSR initiatives. I would argue that the evidence, such as it is from the large firms in my study, does not appear to support this speculation. In fact it seems to be 'middle' managers that can play the part of catalysts, implementers, and champions of CSR (although 'middle' management is perhaps a label that has less resonance today, in current organisational structures).

Returning to Mirvis and Googins (2006), they recognise that the development of citizenship activities is unlikely to be linear and progressive, but does this mean they admit the complexity inherent in CSR? The answer is partially affirmative in that they suggest the development of CSR in firms is likely to be a response to a particular challenge from changing circumstances and they show how this can come from inside or outside the organisation. This concept does have resonance with Frederick (1978; 1983) and my own findings from the large firms, in that the CSR activity was often a response to specific challenges, albeit with other less strategic and less predictable factors playing an important part. Indeed, the notion of 'responsiveness' implicitly admits the idea of unpredictability almost by definition.

At the point of interview, the large firms had CSR policies embedded in formal processes for screening applications, allocating financial and human resources, and for reporting to shareholders and other stakeholders on the activity. Whether this is the same as the final stages in the models offered by Carlisle and Faulkner (2004) or Mirvis and Googins (2006) is debateable. Their 'mainstreaming' and 'transforming' stages (respectively) are ideal types to which very few, if any, organisations have aspired, according to their research. I do not have enough evidence at hand to say with certainty whether any of my

respondents have achieved these final stages, but my interpretation of the interview responses would suggest not.

To summarise this discussion of the development of company CSR over time, the large firms showed a change from an *ad hoc* approach to CSR, through an opportunistic or emergent phase, towards a more planned policy. This resonates in part with the general tenor of the stages proposed by both Carlisle and Faulkner (2004) and Mirvis and Googins (2006). However, an exploration of the basic tenets of, for instance, emergent strategy, allows a more detailed focus on the actual processes surrounding the inception and development of CSR in these firms.

This concludes the part of the chapter that sought to discuss my findings in relation to some of the models and frameworks found in the general CSR literature. As noted in chapter four, most of these have been constructed and tested using large firms, and so now I will turn to a discussion of how my findings relate to what has been written so far on the topic of CSR in SMEs.

## ***Section Two: Corporate Social Responsibility and SMEs***

### The frequency and variety of CSR

To begin with, it is reassuring to note that the SME respondents in my thesis seemed to resemble other studies in one important regard, namely that a large proportion of them engaged in some form of CSR. Whether they defined or labelled it as CSR is another matter to which I will return below. Out of twenty three SMEs interviewed, twenty-one engaged in some kind of socially responsible activity. In 1980, Wilson's qualitative study of 180 SMEs in the United States showed that 88% of respondents considered themselves to have responsibilities outside of their economic responsibilities. Some of these would today be thought of as legal responsibilities, since legislation on employee and consumer protection, for example, has developed significantly since then. Nevertheless, in the terms available at that time, the study shows a large proportion engaged in social responsibility of some kind (Wilson, 1980). This is echoed by more recent work in the United Kingdom

such as that carried out by Spence and Rutherford (2001), Jenkins (2004a; 2004b) and Southwell, (2004).

Another way in which my own findings seems to reinforce the findings of others in is the variety of socially responsible activities carried out (see for example: Joseph, 2000; Besser and Miller, 2001; Spence and Rutherford, 2001). I propose that this variety indicates the importance of context. It is axiomatic that the SME 'sector' is far from homogenous in matters other than size (Bolton, 1971) and it should perhaps be no surprise that this heterogeneity plays out into the variety of CSR practices that are evident. Such heterogeneity can refer to the external social, cultural and market contexts in which the business operates, but also to characteristics of the firms themselves. As I discussed above, there is evidence in my own work of SMEs using resources specific to their business to be socially responsible, so there are certainly internal contingencies influencing the variety of practice as well.

#### Definitions of CSR among SMEs

Given the relative shortage of research in many aspects of CSR among SMEs (Moore and Spence, 2006) it is no surprise that there are definitional questions still to be discussed. In other words, how do SMEs define and attach meaning to CSR? This was one of the objectives of my own research, and the findings in chapter seven were largely focused on this issue.

This is not a simple question to answer, partly because a large number of the SMEs interviewed were interacting and engaging with the community in various ways without necessarily labelling their activities as CSR. In both focus groups it was nearly twenty minutes before the label 'corporate social responsibility' was used, despite a number of examples of community engagement and charitable involvement being discussed. Similarly in the interviews, there were several occasions where I had to introduce the term 'corporate social responsibility' myself, even though the respondent may have spent the earlier part of the interview telling me about ways in which the firm involved itself in activities with the community, or minimised their waste, for example.



Jenkins (2004) found *some* indications of a similar lack of labelling in her work, but I argue that my own examples were quite clear. Travelco, for example, had three or four significant initiatives with local sports clubs and an old peoples home, to name two instances, and yet the interviewee did not use the term 'corporate social responsibility' until I introduced it into the conversation.

I have to remain aware here of my role in the construction of CSR for some respondents, but the basic fact remains that it is not a label they often used to describe their own activities. Where I introduced the term, there were a number of reactions. Two respondents characterised CSR as a big company issue, something for others in large corporations to worry about. Another respondent insisted that her firm did not get involved in CSR even after I had used the expression, and she went on to reflect on the labelling process itself: "...until you put a name to something you think of it in different ways don't you?". Two other discussions on the meaning of CSR led to speculation on the very efficacy of CSR as a tool of management, but I will reserve discussion of these particular responses for section four of this chapter.

By far the most dominant way of giving meaning to CSR however, was to link it to an environmentalist interpretive repertoire. This was something of a conundrum because, as noted above, a wide variety of socially responsible activities were described to me, and yet the dominant way in which CSR was given meaning in my interviews was with reference to an environmental vocabulary.

This highlights the apparent disconnect between what the firms actually practiced and how they gave meaning to the term 'corporate social responsibility', because their *practice* was clearly varied and yet the construction of CSR as a *label* was heavily reliant on one particular interpretive repertoire. Now, followers of the CSR literature may well say that it is not really news to them that CSR and environmental issues are closely related. However, I argue that where this relationship is explicitly addressed in the literature, it is largely done so from the perspective of the researcher. In other words, what we see is the *a priori* frames of the researcher being imposed upon the research. The work of Tilley (2000), Carlisle and Faulkner (2004) and Williamson *et al* (2006) is fairly typical in this respect. Close examination of such work reveals that what is actually being measured is attitudes to *environmental* ethics, or evidence of *environmental* practices, and

these constructs are imposed by the researcher, not inductively emergent from the respondent. In a similar way, the meta-study carried out by Balabanis *et al* (1998) shows how a number of earlier analyses had used pollution disclosure and the extent of environmental reporting as proxy measures for CSR (see also McGuire *et al*, 1988). But these measures were imposed *post hoc* by the research design, and not surfaced in the terms of those being researched.

In contrast with this existing research, the more emergent and inductive approach I have taken to my research has allowed the association to come to light in the voices of the respondents. This is matched to an extent by Jenkins, where a number of her respondents seemed to treat CSR as being interchangeable with "...sustainability...", although in some cases the economic and social aspects of sustainability were given equal prominence to the environmental aspect (2006, p.246). So the association seems to exist, but now we can at least say that there are other factors causing this linkage in the mind of the respondent other than the *a priori* research design. For these participants therefore, the question of defining CSR can at least partly be answered with reference to an environmental interpretive repertoire.

Leading on from this observation, it was then noticeable that a number of respondents began to describe CSR as some kind of threat to the firm.

### CSR as a strategic threat

This is one of the most puzzling observations to discuss and make sense of. Not only did many respondents link CSR with language associated with the environment and related concepts, but then they actually began to connect CSR with regulatory imposition. So why would discussion of the construct CSR paradoxically appear to foreclose *positive* discussion of socially responsible activities, and start to characterise it more as a threat or challenge?

Some commentators in the business ethics field have reflected upon the reproachful tone that business might perceive in the word 'responsibility' (see for example Crane and Matten, 2004, developing arguments from van Luijk, 2001). In addition, a recent contribution from Amaeshi and Adi suggests that businesses are 'put off' CSR by the

“...current normative undertone...” in the literature (2007, p.13). This is for me a contestable position since I would argue that much of the academic CSR literature shares its sense-making processes with rational economic thought. And in any case I am not sure many of my respondents were regular subscribers to ‘The Journal of Business Ethics’ and other repositories of CSR literature. My point is not to deny the normative tone of wider societal discourses on business-society relations as discussed in chapter two of course. I simply mean to emphasise my contention that much of the academic literature broadly supportive of CSR still expresses that support in economically rational terms.

In the SME related literature, Jenkins, citing Tilley *et al* (2003), proposes that “The CSR agenda may not be a business threat and cost burden for SMEs, rather it could provide significant scope for competitive advantage.” (2006, p. 243). I am not arguing against the idea that this *potential* might be there, but according to the respondents in my thesis, CSR was seen as a threat. The reasoning seems to be that CSR is equated to environmental regulation and “...interference...” and is therefore seen as an imposition. This is paradoxical, because as I have shown, most of the firms I spoke to were practicing some kind of social responsibility. Given that these practices were described in positive terms, by and large, it seems that in the *process of labelling* CSR it is somehow externalised, in that it does not seem to be readily attached by the interviewees to the activities of their firms.

The apparent reification of CSR by my respondents, in according it some essence, seemed then to make it something over which the SMEs felt they had little control. This was something to be imposed from outside, removed from and lacking relevance for the local, cultural and contextually specific nature of their business. However, this reification of CSR seemed to be related to a lack of voice in the construction of the concept for the respondents. Other actors such as regulators or environmental consultants were invoked, and the overall feeling was of the SME being ‘done unto’ rather than playing an active role in the construction of CSR. This was reinforced by phrases such as “...comes down to smaller companies...” and “...pushed onto us...”, often linked to implied injustice when related to the proposition that SMEs have an important part to play in the economy in terms of their employment of local people.

Another possible explanation, although there is limited evidence for this in the primary data, might be the part played by the Welsh Assembly Government in the particular context for my respondents. The Assembly were named in a number of interviews as being responsible for increased regulation, and worries about regulation seem to be what exercises small businesses the most. Williamson *et al* (2006) point out that in their study, manufacturing SMEs were most likely to change in response to some kind of external threat like legislation. The most common position being adopted by my respondents seemed to be resistance or resignation, however.

The most likely explanation for the readiness with which positive discussions of community engagement were foreclosed by a conceptualisation of CSR as some kind of challenge seems to lie in the role played by the environmental interpretative repertoire. There were a number of instances where 'green' issues were associated quite quickly with increased regulation or ill-defined demands from Europe and in two cases, the Welsh Assembly. The logic, put crudely, appeared to be that: 'CSR' equals 'environment'; 'environment' equals 'regulation'; 'regulation equals 'threat'; therefore 'CSR' equals 'threat'. This is an oversimplification of the thought processes that seemed to be at work, but is nevertheless a plausible explanation, and one worthy of further investigation.

Despite this apparent characterisation of CSR as a strategic threat, varieties of social engagement were practiced by many of my SME respondents. The following pages will therefore begin to discuss in more detail why this might be case, beginning with the part that staff play in the process.

#### Staff involvement in CSR among SMEs

There are a number of writers on ethics and responsibility in SMEs who have suggested that the values of the owner-manager or director are often a significant contributory factor to CSR (see for example Spence and Rutherford, 2001; Hemingway and Maclagan, 2004; Murillo and Lozano, 2006). The same thing has also been suggested of general management issues in the seminal Bolton Report of 1971 into SMEs. However, this does not seem to be the predominant case in my own study.

When it comes to deciding whether to engage in CSR at all, I would concede that senior managers or owners in the SMEs I studied probably have the ultimate say. Indeed in one case the choice of CSR activity (painting an old peoples home) seemed to be entirely the managing director's idea. Despite this, when it comes to influencing what sort of social responsibility is practiced in SMEs, there appear to be a wide variety of other factors, and my own findings indicate that one of the most consistent influences in the SMEs (and to an extent in the larger firms) was the part played by staff.

A number of cases showed it was a request from staff that apparently catalysed the inception of CSR in the firm, and in some firms the ongoing practice of CSR seemed to be steered by the staff as well. However, the involvement of staff in the processes through which CSR is carried out as an organisational activity is not an area that has attracted much attention in the CSR literature so far.

In chapter four I noted how Ackerman (1973) proposed that middle level managers responsible for implementing firm strategy should also be responsible for CSR implementation. He even thought some might become CSR specialists. However, Collins and Ganotis (1973) and Ostlund (1977) suggest that it may be middle-management inaction that is responsible for a lack of implementation of CSR policies despite the public intentions of the firm. The idea that staff *pro-actively* contribute to CSR, rather than simply implement senior management diktat, is hardly considered though.

In a rare example, Maclagan (1999) discusses the notion of CSR as an organisational process involving employees, and points out that where employee involvement and participation has been written about and extolled, this is normally based on the assumption that employees participate in, and subscribe to, an organisationally prescribed set of values or actions. He cautions against the danger of manipulation inherent in managerially sanctioned employee involvement in CSR, proposing that ideally, Kantian respect for persons should inform invitations to participate. However, Maclagan's paper still takes the view that the firm should put in place structures (albeit non-manipulative), whereas in my own findings, the part that staff play in CSR is often emergent. In other words staff stimulate or catalyse CSR in the *absence of* any management processes or structures that might encourage such initiatives.

The example of Travelco was typical in that two staff were involved with a local rugby club and had approached the finance director for sponsorship, which had then become a regular commitment. In the same firm the plight of an employee's child had introduced the "...habit..." of annually sponsoring a holiday for sick children and their families. In another SME a girl "...who works on the shop floor..." had approached the human resources director (who was effectively second in command at the firm) to ask for help with repairing the community centre. Similarly, the owner-manager of the industrial clothing manufacturer described how most of their CSR activity came from staff requests, even though the decision whether to sponsor an initiative or otherwise get involved rested with himself. There was one example of a deliberate attempt to consult with staff, as suggested by Maclagan (1999), and even here the idea for the educational activity they ended up supporting came from a staff member.

It can be seen from these examples that in a number of cases staff were involved in the inception of CSR and its ongoing implementation. As I have noted, there is little literature with which to compare and contrast these findings, and even the interesting contribution from Maclagan does not encompass the emergent nature of what I have found (not that this would have been the main intention of his paper). There is more that I would like to discuss on the subject of the relationship between business and community taking place via staff, but this will be set aside for now and addressed in more detail in section five below. In continuing this section I will go on to discuss why SMEs appear to practice CSR quite widely by considering whether there are economic motivations to do so.

### The drivers of CSR in SMEs

As has been discussed above, there are a number of models that can help us categorise CSR in large firms as strategic (Lantos, 2001), or as a pragmatic response to challenges and opportunities (Frederick 1978; 1983). Additionally, Carroll's model talks of legal, ethical and philanthropic responsibilities but close reading invites us to recall that these responsibilities are still predicated on economic success (1979; 1991). In the SME literature though, as with other aspects of the CSR debate, research on whether it is practiced as an extension of firm strategy or as an instrumental tool of stakeholder

management is thin on the ground at the time of writing. There are, however, a small number of useful studies, with that by Spence and Rutherford (2001) offering the most appropriate frame for my own work.

I showed in section three of chapter four how Spence and Rutherford researched the social and ethical orientations of twenty small firm owner-managers, using categories that they had identified through qualitative frame analysis. They used two dimensions to generate four categories in the conventional four-box matrix configuration. The two dimensions were whether they were socially inactive or socially active on the one hand, and whether the respondents were oriented to maximising profits or whether they engaged in 'profit satisficing' on the other. The four frames generated in the matrix were labelled profit maximisation priority, subsistence priority, enlightened self interest, and social priority.

In one sense I cannot directly compare my work with that of Spence and Rutherford (2001) because I did not set out to establish the view my interviewees took of profit maximising. I held it as an axiomatic assumption that they would all pursue profit to some degree, as did Spence and Rutherford, but I did not ask whether there was some notional 'acceptable' level of profit below that which might be maximally pursued. For this reason, my work cannot speak to that dimension directly. Inferentially, I could deduce from my findings that since, in a number of cases, the respondents devoted firm resources to community activities without seemingly seeking return, then they were operating below true short-run profit maximisation. This would, technically, locate these respondents as either operating on the basis of 'subsistence priority' or a 'social priority' on Spence and Rutherford's (2001) schema. I am not sure though that this captures what seems to be the case with the SMEs in my study, because while I did not ask the question directly, I do not know that many of them would consider themselves to be deliberately operating on a 'profit satisficing' basis. There did not appear to be a consciousness that devoting firm resources to some form of community engagement therefore meant that their firm was operating sub-optimally.

As far as the other dimension is concerned, this is an easier match, since I could say with a reasonable amount of certainty whether or not a particular respondent was socially active or not. I have noted elsewhere that twenty-one out of twenty three SMEs

interviewed by me were socially active. On Spence and Rutherford's model this places them as either engaging in 'enlightened self interest' or operating with a 'social priority', depending on whether they were profit maximising or profit satisficing respectively. My use of the word 'either' is somewhat unfair on Spence and Rutherford here, since one of their interesting findings is that respondents tended to shift between frames rather than remain static in *either* one *or* another. Indeed, they point out that these frames represent perspectives rather than concrete categories, and of course my own work also shows that perspectives can shift, often within one interview conversation.

The most fundamental difference between my approach and that taken by Spence and Rutherford is that while they explored the ethical orientation of owner-managers, I have been concerned with what drives CSR in the firm as a whole. I could be criticised, therefore, for not treating each firm as a case study, by perhaps seeking testimony from others, and examining documentary evidence to build a fuller picture. This would be a fair comment, and one of the ways I will seek to develop my research is in the direction of a more holistic approach. Nevertheless, the testimony from my respondents has been shown to contain rich qualitative data that certainly goes beyond the orientation of the individual interviewee. There is no implied criticism of Spence and Rutherford's work here; we were just looking for slightly different things.

Despite the differences I have discussed in the preceding paragraphs, there are some interesting parallels and similarities between our findings. The first and most clear similarity is that we cannot assume all SME owner managers, directors, or other senior managers are economically rational, profit-maximising individuals. There were only two clear examples in my SME findings where economic rationality seemed to be the main motivating factor behind social engagement. As I noted in the summary to chapter eight, there were a number of drivers of CSR, including staff initiative, and community requests direct to management or channelled through staff. Admittedly, it could be argued that if firms could be shown to be taking an opportunistic approach to these activities, then they could still be doing so for reasons of profit maximisation. In other words, an action being unplanned rather than proactive does not rob it of instrumental possibilities.

However, two aspects of the interview responses argue against this interpretation. Firstly, there was a large degree of equivocation in the way that CSR was accounted for by many



respondents. The human resources director from the security door company used phrases like “Umm, I don’t know...” when trying to describe ‘ethical business’, for example, as well as when thinking about whether any advantage accrued for the company. The travel company director also qualified answers to my questions on whether there might be any business benefit from CSR with the word ‘suppose’ or its derivatives on a number of occasions. Similarly the manager of the packaging firm did not know whether there was any benefit from their educationally related CSR: “...I can’t put my finger on it but I sense that it’s a good thing...”. There was therefore a significant element of ambiguity in explaining what motivated their firms to engage in social responsibility in many cases.

Secondly, in considering what was absent from the testimony that one might reasonably have expected to find, it seems that there was little mention of responsible behaviour being actively set in opposition to business. In other words, responsible behaviour was not, on the whole, vocalised as being antithetical to what was good for business. One respondent did say that he would like to be involved more with the community, but that his time is spent “fighting fires” in his business, so there was an implied trade-off between one and the other in that case. A further interviewee said “I would love to be socially responsible but I have a business to run.”, offering one of the rare examples where the demands of business and the demands of social responsibility were openly contrasted.

Summarising my discussion in relation to Spence and Rutherford (2001), I would say that, while I cannot map my responses with complete accuracy on both of their dimensions, there is nevertheless substantial agreement in the basic finding that economically rational motivations do not appear to dominate the reasons expressed for engaging in CSR. This observation is also broadly consistent with some findings from Jenkins (2006). However, the sample in her study was drawn from those who were self-declared supporters of social responsibility, so our results are perhaps not directly comparable.

Looking back over section two and the discussion of my SME related findings, the dominant themes could be summarised as ‘complexity’ and ‘context’. CSR in SMEs is a heterogeneous practice which was engaged in by most of the respondents in my study. The ways in which it is discussed and made sense of, however, were in some cases counterintuitive in that CSR was talked of as if it was regulatory imposition. What drives

CSR is also complex and mediated by context. There are clearly multiple factors at work, and surprisingly perhaps, the role of the staff and community seem as significant as the role of senior management.

I will return to this important notion of context, and examine the relationship between business and community in more detail in section five. The next section of the chapter will now discuss what my findings have to say about the 'legitimacy' question.

### ***Section Three: The legitimacy of CSR***

The way I am using legitimacy here is in the sense of something "conforming to established standards of usage and behaviour" and that which is based on "correct or acceptable principles" (Collins Dictionary, 2004, p.678). Taking this 'lay' definition as a starting point, there are two senses in which this applies to my findings. In the first place, there is the extent to which CSR is given legitimacy in terms of whether it is even recognised or reified as having some kind of existence or essence. Secondly, there is the extent to which CSR is regarded as a legitimate practice for profit-seeking firms; a debate I accorded lengthy treatment in chapter four. I will discuss these two aspects, beginning with the briefer of the two discussion points.

#### **The reification of CSR**

I have already explained in the summary of chapter seven how I am using the term 'reification' here to denote how my respondents recognised CSR as a practice that "...somehow has an independent existence of its own, like an external object." (Mautner, 2000, p.479)

Using this definition from the Penguin Dictionary of Philosophy as a basis, it can be seen that in the focus groups and in many of the interviews, the term 'CSR' or 'corporate social responsibility' was willingly accepted into the conversation and became part of the vocabulary quite quickly. As I discussed in chapter seven, some respondents wanted to analyse the language and in two cases associated the word with large 'corporate' bodies, but on the whole the term was not contested in the sense of its essential existence. There

were other ways in which the label CSR was debated and questioned, as was seen in section two above, but the notion of CSR having a 'right to exist' as it were, was not particularly contested.

In this basic sense then, CSR was seen as legitimate as a term for discussion and debate by the respondents. What is more contested, at least in the literature if not my findings, is the 'legitimacy question' in the sense of whether CSR is a practice with which firms should be engaged, and to which resources should be devoted. It is to this question I will now turn.

### The legitimacy of CSR as a practice for profit-seeking firms

It will by now be familiar that one of the most widely cited names in this debate is Milton Friedman, but as I have discussed in chapter four, his position is more nuanced than is often acknowledged. Nevertheless, I have argued in chapter four that he is credited with stimulating the debate over whether CSR is something that firms should be expected to engage in. That is not to deny the importance of the historical debates over the separation of ownership and control I have addressed in detail in chapters two and four. I simply point out that the search for legitimacy through establishing a 'business case' for CSR has acquired much more prominence in the CSR discourse since Friedman's most public intervention in the debate in 1970.

Under this heading I will be discussing how my findings relate to the 'business case' arguments over CSR, reflecting on issues such as measurability of CSR, links with financial performance, and links with broader conceptions of competitive advantage. However, there are two conceptual matters I would like to briefly consider before discussion of my primary findings.

Firstly, the very quoting of 'great names' as I have done here, freely invoking Friedman and others, is seen as "...misleading..." by MacIntyre (2007, p.10). I have argued, in agreement with MacIntyre, that we risk losing nuance in the CSR debate by using such names as shorthand to received wisdom or particular theoretical positions. In addition, and more fundamentally, we risk losing sight of the historical and social context that inevitably helped form their thinking. We cannot, in short, take an a-historical view when

invoking the ideas of philosophers, and nor can we divorce my own findings from their context when addressing this legitimacy question in the CSR debate. As I have acknowledged in the conclusions to chapter six, the same issues researched at different times, or in a different place, may give different outcomes. Society and its mores have not stood still over the course of this thesis, let alone the decades over which arguments for and against CSR have been propounded.

Secondly, we are dealing here, in the legitimacy question, with a dilemma that could be traced back to fundamental premises that are potentially irreconcilable using the philosophical resources that are routinely brought to bear in this area. For example, in ethical debate we may find Kantian ethics set against consequentialist ethics, and these often give us apparently internally logical answers to such dilemmas; but yet these answers can seem to be contradictory. In this way the question of the legitimacy of CSR is ethically paradoxical in that two possible answers, both rooted in 'traditional' ethical theories seem to be plausible. Not only could we argue that it is paradoxical but also, following MacIntyre, it is arguable that the answer actually becomes a matter of choice for the protagonists. MacIntyre contends that once we get to the point in an argument where both positions are internally logical then the basic positions become a matter for non-rational choice:

“From our rival conclusions we can argue back to our rival premises; but when we do arrive at our premises argument ceases and the invocation of one premise against another becomes a matter of pure assertion and counter assertion.”  
(2007, p.8)

It is MacIntyre's contention in *After Virtue* that society now lacks the overarching moral structures necessary to reconcile these paradoxical positions. However, in the findings from this thesis, there are only a couple of examples of the firmly held, entrenched opinions, voiced with the 'shrillness' that MacIntyre describes in modern moral debate (2007). Why is this? The *academic* discourse in CSR is witness to breathless claim and shrill rebuttal, where even the proponents of CSR try to make their case in the terms of business in many instances. Yet among some of the SMEs interviewed here there was a tone of reflection, ambiguity and nuance. A number of respondents struggled to find

language to describe why their firms had engaged in CSR. Yes, there were examples of firm views, expressed directly:

“I employ people. Over fifty including the managers. And that is my responsibility. I provide employment and make a profit.”

However, these examples were very limited in comparison to the number of firms that engaged in CSR and then seemed to find it difficult to articulate why this might be in terms of business benefits.

Are my respondents somehow reconciling this paradox that I have described? If so how are they doing this and what is guiding them? These are fundamental questions to which I will return below, but I wanted to raise them now as they are conceptually related to the following discussion of my primary findings and the debate over the legitimacy of CSR.

Turning to my discussion of the primary data, it will be recalled that in chapter four I addressed the question of whether CSR was seen as a legitimate practice by examining the discourse that has built up around trying to establish a ‘business case’ for CSR. To do this I concentrated on two aspects of this literature, these being the search for a link between CSR practice and financial performance, and also the similar quest for a link between CSR and more strategic notions of competitive advantage.

In relating what I found in my focus groups and interviews to these literatures, I can say straight away that the dominant perception among my respondents was that engagement with community was a legitimate business activity. As I have already noted in this chapter, there were perhaps two examples of characterising CSR as antithetical to business, but the main picture was one where the practice of social responsibility was not questioned, even if the label ‘CSR’ aroused contrarian opinions among a number of SME respondents.

In the focus groups a number of participants were readily inclined to discuss their examples of community engagement and interaction. As noted in chapter six, there was some discussion over the label ‘CSR’ but at no point in either focus group did anyone suggest that businesses should *not* be practicing social responsibility.

The larger firms were all practising CSR in some shape or form and had been doing so with a level of organisation that increased over time. It is a reasonably safe assumption that if, as in Utilityco, there are forms and processes to apply for financial help, then this practice is being legitimised in the firm. Similarly, in Tranco there is a "...system for regularly engaging with the community...", including a website and a policy with details of how to approach the firm and so on. At Financeco there is a CSR office, a number of regional managers in charge of CSR, and spending in the hundreds of thousands of pounds. Again, I would argue that this shows the practice is given credibility and legitimacy through such organisational structures in both firms. The final large firm example, Plastico, was less structured in its approach, but nevertheless the various activities we discussed were well established. They were described and debated without any indication that these were not acceptable and legitimate activities for the firm to be practicing.

What these activities have in common is that they were described by respondents in terms which made it clear that they had come to be seen as beneficial for the firm. There consequently seems to be a clear and perhaps unsurprising link between what is seen as *beneficial* and what is seen as *legitimate* in these larger firms. It was noticeable that in the large firms studied here, there was no direct reference to financial performance when discussing the benefits that can come from CSR. There were instances of dealing with strategic threats to reputation, and Utilityco deployed their CSR budget proactively in one cited example, but these were issues of competitive advantage rather than being expressed in terms of financial or economic performance. With due caution over the small number of large firms interviewed, it is still worthy of note that this does not seem to match the relative emphasis given in the academic literature to the connection between CSR and *financial* performance.

In the SMEs, like the large firms, I found a general acceptance of CSR as a legitimate practice (and I deliberately use the word 'practice' as distinct from the label here), but with the SMEs the idea of CSR being linked to some planned organisational advantage was much less prevalent.

So the picture in the SMEs seems to be that CSR is still (with two exceptions) seen as legitimate practice, but that the connection to some kind of benefit for the firm is much less obvious as the legitimising factor.

I have already performed some limited comparison of instrumental CSR in SMEs with the work of Spence and Rutherford (2001) in the SME literature. However, in section four, I will now discuss the evidence for instrumentalism in more depth, as I build towards the final arguments on whether CSR is constructed as economically rational.

#### ***Section Four: Instrumental CSR and Management Efficacy***

I have so far discussed how the practice of CSR is treated largely as legitimate in the respondent firms, noting some apparent differences between large firms and SMEs in the part played by instrumentalism in this legitimatisation. Earlier in the chapter I discussed how my findings related to notions such as 'economic' responsibilities (Carroll, 1979; 1991) and strategic CSR (Lantos, 2001), so the foundations have been laid for a deeper discussion of the part played by instrumentalism.

In this section I want to discuss the evidence in my findings for instrumental approaches to CSR, and to bring in a discussion of the efficacy of management in pursuing CSR policies. I will show that, not only is there only partial evidence for a deliberately instrumental approach, but in a number of cases, respondents overtly or implicitly questioned whether their socially responsible activities could in fact be effectively used in such a way. In other words the ability to use CSR as a tool of managerial action had doubt cast upon it.

Looking back at the earlier sections of this chapter, it can be seen how a number of firms have used CSR activities to instrumentally deal with a particular issue facing them. The large firms, Utilityco, Financeco, Tranco and Plastico all used CSR activities at some point to deflect criticism and protect firm reputation, or to target particular communities and constituencies for attention. Even where, using Carroll's four-part framework (1979; 1991), we might categorise some of their activities as 'ethical' in that they were designed to meet societal expectation, it is still possible to conceive of their CSR as instrumental. It might be unplanned, and it might be opportunistic, but other than at its very inception in

Utilityco, the large firm CSR activities largely had some kind of anticipated benefit for them.

The SMEs present a more complex landscape. There were a small number of deliberate attempts to use socially responsible practices to benefit the firm. For example the gymnasium owner-manager was quite clear about the good publicity that he thought would accrue from his links with local general practitioner's surgeries. In the literature, this idea of using CSR as a marketing tool is consonant with a number of claimed benefits for CSR (see for example Balabanis, 1998; Lantos, 2001) although some such as Frankental (2001), Parker (2002) and Pendleton (2004) are critical of its use as a public relations exercise. This respondent's language does implicitly question the causal links between the CSR practice and the "...bringing in..." of business in his phrasing, but the overall tenor of his response was characterised by a degree of certainty. Other testimony in this interview indicated that the respondent valued things in terms of money and cost saving, which would reinforce for me the interpretation that his practice of CSR was mainly instrumental, and more closely connected to economic outcomes than in most other cases.

One of the few examples of an overt connection between CSR and financial outcomes is that of a plastic moulding manufacturer who not only raised the term 'corporate social responsibility' in the conversation almost immediately, but then went on to say that "...waste management is what we do to be socially responsible.". When pressed to clarify whether any benefits accrued from this waste management, he made it clear that it was a cost saving exercise: "...it's a cost thing really...", albeit one that had been prompted by an awareness of legislation.

Further examples that are instrumental but less directly concerned with financial outcomes include the light manufacturing firm trying to improve recruitment, another manufacturing firm looking to improve staff morale, and other instances where firms such as the haulage company and the security shutter manufacturer were responding to demands or difficulties in the local community. I have rehearsed these examples only briefly because I have already discussed them with reference to the CSR models in sections one and two above. These are all examples of some kind of instrumental approach to the use of CSR. However, they also share another characteristic in that the



causality by which the benefit will accrue to the firm from socially responsible practice is uncertain.

One of the clearest examples of this causal uncertainty is that of the haulage firm. In this case, at first glance, there is a transition from CSR as an *ad hoc* activity to an instrumental one. However, the respondent appears to be making sense of past CSR activities in a way that showed how they became instrumental in an unintended fashion. Initially, there were some examples given of charitable donations to sports clubs in response to staff requests. These had taken place some three years previously and were not thought of as a deliberate initiative to benefit the business: "I sign the cheque and forget about it."

More recently though, this managing director had seen the company benefit from an improved reputation locally, through involvement with activities in the local village, to the extent that criticism over noise from his lorries was defused. The mechanism by which this appeared to take place was increased personal contact with councillors in the locality, rather than from reciprocal goodwill as a result of the firm's donations to the village fete. These interactions seemed to be based in the *unintended* social contact at the fete, rather than purposely pursued through deliberate instrumental intentions, according to the respondent. He had then come to a realisation that CSR could have beneficial outcomes *after* the event, rather than setting out with the *intention* of using CSR for the good of the firm. In the large firm examples the intention was often evident, but uncertainty crept in when it came to the articulation of clear links between socially responsible actions and strategically beneficial outcomes. Here it is the outcomes from which the respondent works backwards, to make sense of the CSR activity.

As with some other examples, this dynamic way in which CSR practice evolves and the attendant sense-making occurs does not lend itself to explanation through existing descriptive or prescriptive models from the CSR literature, such as those of Carroll (1979; 1991), Frederick (1983) or even in all cases Spence and Rutherford (2001). What does help explain this kind of story though is the proposition from emergent strategy, rooted in complexity theory, that outcomes of actions often happen in non-linear and unpredictable fashions. In section five below I will be making the argument that such outcomes can also be explained through notions of businesses being embedded in community through personal relationships.

The manager of the haulage firm did not overtly reflect upon the unpredictability of the causal links by which his firm benefited, but other respondents voiced their uncertainty over the effectiveness of CSR initiatives more openly.

Consider the following words from the managing director of the travel company whose testimony I analysed at some length at the start of chapter eight.

“I don’t know whether we get more business from the rugby club or not...we might. Or we might have lost the business if we hadn’t been connected to the youth team, I don’t know...you can’t tell can you, what affects what?”

This is interesting in that it appears to show a reflection on the very idea of causality, specifically uttered in the context of his business engagement with the community. He is reflecting on “...what affects what?”, and to me this is a strong acknowledgement in this interview that the organisation can only have limited or unknowable impact on the community in any case. This case not only shows an absence of instrumental rationalisation for CSR but also implicitly questions managerialism through a reflection on causality and management efficacy.

This idea of the very efficacy of organisational action, especially in the context of trying to ‘manage’ outcomes in the societies in which they engage is brought to the fore in the next case I would like to discuss. This is the security shuttering firm that had made a donation and supplied material and expertise to a local community centre in response to a staff request.

In terms of management effectiveness, the respondent stated quite clearly that it was problematic to establish a clear causal link between the decisions of the firm’s managers and any eventual advantage for the company. I asked directly if their CSR ventures did the company any good, and the response was: “I think so, its difficult to know really...It’s a difficult one to prove isn’t it?”. I went on to ask whether a link was something they would like to prove, and the answer was that:

“I would like to think there might be a link yes...but did I, did we intend anything? I don’t know,”.

There is a huge amount of equivocation in these responses, and not a little honesty as well, in that there are no claims made to management effectiveness. I would argue that uncertainty of cause and effect are part and parcel of the relationships between firm and community, even when closely bound by geography. This finding very much calls MacIntyre to mind, and the commentary on his position by Beadle and Moore, where they say: "...the idea of management's expertise in controlling social outcomes is a myth..." (2006, p.325). There is also support here for Fevre's suspicion of managerial claims to efficacy, that management in fact is a "...hit and miss affair..." (2003, p.103).

A firm in the packaging industry had been involved in educationally based projects with a local school, and also donated prizes for the local summer fete. Because they operated in a business to business environment, the respondent did not expect an increase in business, but thought the staff liked the fact that there was an association with the locality. When asked about potential advantages for the firm though he was hesitant, eventually saying: "...its not something you can measure is it? Its like an intangible asset or activity...". This response lends weight to my argument that at least in some circumstances, trying to categorise CSR as a manageable activity is flawed. In this I am in agreement not only with Fevre (2003) and MacIntyre (2007) but also with those who see firm strategy as an emergent and inherently complex practice such as Mintzberg (1994) or Stacey (2000; 2003).

To summarise this section, there are a spectrum of approaches to CSR as an instrumental activity. For the large firms, their practices are virtually all instrumental, even though they might not have started that way. Just because they are described as instrumental though does not mean that their activities are planned or initiated by management, nor does it mean that they know exactly what advantages are going to accrue to the firm. Among the SMEs there are a few who engage in CSR for deliberately instrumental purposes, but a larger number who either claim to be seeking no benefit, or at least find it difficult to clearly articulate what any benefit might be or how it might manifest itself. There are also a small but significant number who go as far as admitting they do not know how the firm might benefit from their CSR, and indeed who question the idea that you can know or measure these things in any case.

So my discussion has arrived at a point where it seems that the legitimacy of the *practice* of CSR is not particularly challenged, notwithstanding the contentious way in which the label ‘corporate social responsibility’ is sometimes given meaning. In addition we find that the complexity of how CSR is initiated and practiced, and what drives it, is only partially described by most of the current models and frameworks in the field. Then in this last section the discussion shows how SMEs are not especially instrumental in their approach to CSR, and in some cases question whether it could be a tool of managerial practice in any event. So where does the legitimacy spring from if not managerial practice or the pursuit of competitive advantage and financial success?

To examine another possible source of explanation for the CSR practices we have discussed I will now turn to section five and a discussion of the role of community and its relationship with business.

#### ***Section Five: Economic rationality and the role of community***

One of the few consistent themes to emerge from early research into the ethics and social responsibilities of small businesses, conducted in the United States of America, is the practice of nurturing good relations with community (Spence, 1999). Furthermore, these relationships were, in the main, thought to be pursued to the extent that they helped in “...underpinning future profit opportunities...” (Spence, 1999, p.167). Is this the case with my own findings? And how does this relate to the sociological work of others that I have discussed in chapter three, such as Max Weber, Karl Polanyi and later, Alasdair MacIntyre?

To illustrate the possible mediation of different geographical contexts, more recent work by Spence and Rutherford (2001) and Jenkins (2006) carried out in the United Kingdom has suggested that, whether or not local communities remain significant recipients of SME social responsibility, the SME intention is not necessarily driven by the pursuit of ‘profit opportunities’. As we have seen so far, my own findings broadly support this, and go further in suggesting that instrumental CSR more generally is not always prevalent either.

Nevertheless, what part is played by community in the socially responsible behaviour evidenced in my study, and how do these firms relate to community?

When discussing what was meant by 'community', both the SME participants in the focus groups and many of the individual interviewees described community as being 'local'. This seemed to range from being the immediate housing estate, suburb, or town in which the firm is located, up to (in one case) the whole of the south Wales region adjacent to the M4 motorway. In one instance which highlights the geographical context of the research, a respondent described 'local' as being the valley in which his firm was located; an area some fifteen miles north to south but only a mile wide at most.

Importantly, the examination of CSR activities I have undertaken shows that one of the most common influences on whether CSR is practiced, and how CSR is practiced, is the personal relationships in the firms that are *linked into* the community. I have made the point in chapter two and again in chapter four that the 'boundary' between business and society is notional and if it can be said to exist in any form at all is at the very least permeable. In chapter four I reported on papers by Curran and Blackburn, 1994, and Curran *et al*, 2000, that claimed to show how SMEs were in the main *less* engaged with community than larger firms. My own findings show the opposite, and the 'independence' claimed for small businesses by these papers is refuted in my study by the clear influence that a variety of personal connections can have on the way that firms engage in socially responsible activities.

I am far from alone in suggesting that economic activity is closely related to, or even embedded in, social relations. The point was made eloquently by Karl Polanyi, as I discussed in chapter three, that "...man's economy, as a rule, is submerged in his social relationships." (1944/2001, p.48).

It is stretching a point perhaps to say that the economic activity of a company like Utilityco was 'submerged' in social relationships. However, at the inception of CSR there, social relationships outside of the workplace were a key mediating factor in shaping its early character. The request for the initial donation from which future policy grew arose from a member of staff, and the nature of that request was driven by an activity in society with which that member of staff was associated. As the practice acquired the

trappings of managerialism in Utilityco and other large firms, then we could say that their approach to CSR perhaps had more in common with the ideas of Etzioni (1988) than Polanyi, but at the start, the important part played by social ties cannot be denied.

The clearest examples of the social relations that affect CSR are found in the SME cases, however. Many of the examples in the following paragraph have already been at least partially discussed elsewhere, but it is enlightening to consider these together:

In the travel company, the first case of CSR described to me involved the role played by one of the middle managers who asked for sponsorship in his capacity as a committee man at the local rugby club. This being Wales, rugby club sponsorship was an activity that cropped up at least four times, and in the haulage company there was a sponsorship arrangement which had similarly been started because a number of the drivers were members of a particular club. The travel company again, in another example, started sponsoring a holiday annually because of the illness of one employee's child. The security shutter firm responded to a request from a "shop floor" worker for help in repairing a door at a community centre. In this case the respondent also said: "...her mum used to work here so I knew the family. We get a lot of that." indicating that she was used to the idea of community connections with the firm. The packaging firm's CSR activity in a local school started because the wife of one of the employees was a teacher. The industrial clothing manufacturer was intimately connected to the surrounding streets of houses from where employees came. Not only did requests for donations come from staff, but they and their neighbours kept an eye on the premises as well.

All of these examples show how connections with the local community are forged through employees and managers, and how these connections potentially have a significant influence on the inception and subsequent practice of CSR. As I have also discussed in the previous section, these CSR practices are, by and large, not contested as a legitimate activity for the firms.

Importantly, it is therefore entirely possible that the legitimacy conferred upon these actions comes from the fact that in many cases, it is the connections with community that have initiated and mediated them. This is in marked contrast to the academic debate that

tells us how legitimacy for CSR should be pursued through the establishment of a business case for it.

There have been business cases, or at least instrumental motives, articulated for CSR by my SME respondents, but even here there were two interesting examples of other social connections and forces at work in constructing the 'business case'.

Firstly, a marketing firm appeared to be undertaking CSR for clear instrumental reasons in that a project to paint an old folks home was seen as a team development opportunity. This would comply with what both academic and company literatures tell us is a fairly typical use of CSR. However, when the respondent elaborated on this activity she implied that at least the choice of project, if not the motivation for the use of CSR altogether, might be motivated more by the role of the managing director in society and the business community than by clear strategic reasons for the firm.

The way in which the respondent described her managing director called to mind MacIntyre's idea of the 'character' of the manager in modern society, one who has obliterated "...the distinction between manipulative and non-manipulative social relations;" (2007, p.30). Or is he another 'character', one whose "...role and personality are fused..." (ibid) but who plays out a community-related role in his decision to engage in particular types of CSR?

With this firm, the managing director seemed to be basing the choice of CSR activity on his role as a councillor outside of work, and it also seems to be influenced by another business person who had done something similar. In this instance then the drivers for CSR seem to be less about rational decisions on behalf of the firm and more about personal position in the community. This, once more, is an aspect of the CSR landscape among SMEs that appears to be different from the circumstances of larger firms, and is difficult to capture in the models and frameworks that currently dominate the CSR literature.

In the second example, the managing director of an audio-visual equipment installation firm was quite direct in his linking of their community related activities and business benefits. He began the interview in a confident manner, saying that they were

“...definitely involved...” in community engagement “...in a number of ways...”. He then proceeded to outline three examples of helping nearby charities with equipment and installation expertise. When I questioned him on these examples he was emphatic that they could directly trace new business acquired from a number of local authority sources to the reputation they had built for being helpful and responsive. In response to more questioning from me he claimed:

“In the longer term it will pay us off, no problem...You can see the links. Looking at the business that has come in through the contacts we have made.”

Economic success here was being linked to embedded relationships in the community, recalling aspects of Etzioni’s arguments, which essentially conceived of ethical activity as taking place in the service of economic activity (1988).

The contacts he was referring to here were with the people who ran the various charities with which they had established links. His general approach to CSR therefore fits quite nicely into the ‘enlightened self-interest’ frame proposed by Spence and Rutherford (2001). As they say, their respondents often described their CSR in ways which show the “...positive influence they perceive this will have on their profit and business in the long term.” (ibid, p.133). The notion of enlightened self-interest is something that is familiar to students of large-firm CSR, and has been used to describe the acts of industrial philanthropists over a century ago (Eberstadt, 1973), but what is interesting here is the *mechanism* by which the benefits are hoped to accrue from the CSR policy.

This respondent had worked deliberately to establish relationships but these links were different from those pursued by the large firms and a number of other SMEs in two ways. Firstly, they were with specific people, not organisations or groups. As I highlighted in chapter eight, his lexicon is not one of ‘community’; instead he names specific individuals, often in admiring tones. This would support the idea proposed in the Bolton Report (1971) that owner-managers are more embedded in their communities than the corresponding managers in large firms. This respondent has an enthusiasm for personal links, and this is evident in the other way in which this case is unusual, because secondly, he deliberately builds links *between* others in a way that seems designed to construct a network *around* his firm as well as direct connections to it:



“We enjoy being embedded in those kind of links, and it’s a small world, you know, we put people in contact with each other and then we are in that network.”

Such language suggests that he is using his CSR activities as a way of creating social capital. This is currently an under-developed area of debate within CSR, although Spence *et al* (2003) have begun useful work here. Essentially this respondent is putting his faith in ‘generalized reciprocity’, which is a central mechanism of social capital (Putnam, 2000), in the hope or expectation that he will realize benefits from his input into the construction of these networks. There is a sense here in which he is employing some value-rational thinking rather than wholly practical-rational (Weber, 1930/2007). Certainly he has one eye on the economic outcomes for the firm, but the mechanisms by which benefits are hoped to accrue are circuitous and, I would argue, somewhat unpredictable. There is an element of faith in human nature evident which, while not driving out economic rationality altogether, does allow space for the moral considerations inherent in generalised reciprocity. Now, the anticipated benefits for his firm are economic, so I could argue that, by definition, the overall sense-making is rooted in economic rationality. However, the lack of predictability intrinsic to the train of events he sets in motion through his networking, combined with an apparent element of faith or ‘human-belief’ (Fevre, 2000) in the potential outcomes, means we do not seem to be witnessing a wholly managerial approach to social responsibility here.

The economic activities of this organisation and others might not be wholly dependent on links with society, but it certainly seems these links form components of how they do business in ways that are not fully explained by an adherence to self-interest and rational economic thought. Nor are they fully explained by the notions of CSR as a practice legitimised only by connections to firm performance.

### ***Chapter summary***

While presenting my findings in chapters six to eight I was careful to let the key themes emerge from the ‘local’ language of the respondents. However, to discuss my findings in

this chapter I have returned to a structure taken broadly from how I approached the literatures of CSR and the sociology of economic behaviour in chapters three and four.

This has allowed me to show how many of the models and frameworks from the developing CSR literature do not seem to admit the complexity found in the practice of CSR evident in the firms I have researched. The larger firms were easier to categorise than the smaller firms, when discussed in the terms offered by Carroll (1979; 1991), Lantos (2001; 2002), or Frederick (1978; 1983) for example. But even here I found that social relationships and personal preferences played a part in the inception of CSR and the mechanisms by which senior managers became aware of the potential for CSR to protect firm reputation and so on.

In the SMEs there was much less evidence of instrumental drivers for CSR, and we can see overtly moral language being used in at least two cases. This was, however, unusual. Ambiguity and equivocation were more frequent responses when it came to rationales for CSR, and in some cases this spilled over into reflections on causality and managerial efficacy in trying to use CSR as an instrumental tool.

Despite this, the legitimacy of the practice of CSR was hardly questioned. The part played by staff and personal social relations came much more to the fore in the SMEs, and this led me to wonder whether the legitimacy of CSR for SMEs was somehow bound up in these connections. If the voicing of legitimacy for CSR through the pursuit of advantage for the firm was absent, then other explanations need to be found, and I argue that the perspective offered by Polanyi's 'embeddedness' (1944/2001) offers such an explanatory lens. In fact even where instrumentalism was admitted to in one firm, the mechanism seemed akin to the development of Polanyi's ideas by those such as Etzioni (1988).

Finally, I have from time to time highlighted the importance of the 'local', not only in the geographical terms of community, but also in the sense of Alvesson and Deetz's model (2000) where 'local and emergent' applies to the way in which researchers privilege the views and language of their respondents. This brings us to one of the key contributions of Alasdair MacIntyre, which is to remind us that many ideas are local in the sense of being historically and socially contextualised. In addition, he calls in the final paragraphs of

*After Virtue* for “...local forms of community within which civility and the intellectual and moral life can be sustained...” (2007, p.263). Intellectual respect for the ‘local’ in all these senses will give us improved understanding of the complexity of CSR and the ways in which it seems to be employed morally more than instrumentally by SMEs.

Having discussed my findings in relation to the work of others, I will now conclude my thesis as a whole in chapter ten, where I make clear what contribution I think has been made.

## Chapter Ten: Conclusions.

### ***Introduction:***

At the start of this thesis I set myself the question of whether corporate social responsibility was constructed and practiced as an economically rational concept by small to medium sized enterprises (SMEs). In this chapter I will now address this question by first setting out the contributions made by this thesis and second, considering some unexplored possibilities and potential for further research.

This has been a wide ranging thesis in some ways, drawing on theory from the sociology of economic behaviour as well as from business ethics. This has meant that I have had to leave to one side some aspects of the work of others in making my main arguments. For example, in my evaluation of the CSR literature, some might point to an over-emphasis on the literature searching for a link between CSR and firm performance. However, I remain of the view that, even if this particular debate is only part of a wider picture, the dominant views are driven by a wish to respond to Friedman in his own terms of rational economic thought. In addition, my treatment of stakeholder theory might seem cursory, but it is precisely because I recognise the broad and deep nature of this field that I chose to first make clear the main theoretical and historical connections and then leave it largely to one side. Some such as Jones *et al* (2002) would place CSR as a subset of stakeholder theory, whereas I see them as sharing theoretical heritage and running in parallel. Both arguments are defensible, but for the purposes of space and concision I took the risk of offending some stakeholder theorists in this thesis.

The rest of this chapter is now organised into two main sections. Firstly I will draw my thesis to its conclusion by making plain what I think it has told us and why this matters, by clearly setting out my contributions to practical, methodological, and theoretical knowledge. Leading on from this, I will then reflect upon some of the limitations I have encountered and what possibilities were left unexplored, including considerations of what work remains to be done.

## *The Contributions Made by this Thesis*

There are a number of ways in which this thesis has made a contribution. Firstly, I will briefly consider some implications for policy and practice around CSR. Secondly, this will be followed by a succinct examination of the methodological implications of the thesis. Finally I will set out, in a more substantial section, the contribution to knowledge being made.

### Contributions to practice and policy

There are a range of actors involved in the practice and promotion of CSR. As I have shown in my own findings, all of the large companies were actively involved in socially responsible initiatives, and were putting in place strategies and structures to legitimate CSR as part of the company machinery. The SMEs were also, with two exceptions, practicing CSR.

However, even though all but two of the SMEs engaged with their communities, they rarely labelled these activities as CSR. In fact, the very process of applying the label 'CSR' or 'corporate social responsibility' in a number of cases engendered a negative response from the interviewees. One or two claimed that what they were doing was not CSR, whereas others started to characterise it as a strategic threat or imposition, despite having told me that they were engaging in socially responsible behaviour in a number of ways.

There is an implication here for those who might want to promote the idea of CSR among SMEs. An element of caution should be sounded of course because a number of the earlier interviews were conducted two years or so before these conclusions are being drawn, and society will not have stood still. However, even if CSR has become part of the vocabulary of SMEs in the interim period, there is a point to be made about the centrality of language in this area. If policy makers either in the Welsh Assembly, Westminster, or Europe, wish to promote socially responsible practice among SMEs, they will have to engage in appropriate consultation to establish exactly what terminology and language should be used to discuss issues that are readily seen as imposition by many SMEs among my respondents.

In the context of my thesis as a whole, and in comparison to my proposed contribution to knowledge, this is perhaps a minor point. However, it is important in the geographical context of the research in that there is a policy focus on sustainability related issues built into the founding articles of the Welsh Assembly Government.

### Contributions to methodology

The critical approach taken in this thesis has not been loudly proclaimed at all turns, but I have maintained a broadly critical position by bringing to the fore the voices of the SME respondents in ways that are rarely heard. I have also augmented the comparatively small body of studies into CSR that use a qualitative analysis. In addition I have shown that a social constructionist approach, especially using the detailed consideration of 'language in use', can bring details to our attention that are often missed by quantitative studies, or qualitative studies that remain wedded to *a priori* research themes.

Existing quantitative analyses have often been based on measures which, in a number of cases, could be described as 'proxy' measures for CSR itself. It is as if the definitional debate over CSR had been bypassed or even foreclosed. While there has been some increase in work taking a qualitative view in the last five years, this thesis is one of the very few attempts to take an overtly sociological view of CSR using an approach such as social constructionism. There have been recent calls to import theory and method from sociology in some management disciplines like strategy (see for example Whittington 2004), but there has been no significant 'sociological turn' in the field of CSR as yet.

The critical imperative of remaining sensitive to the political, social and cultural implications of research also ensured I related my findings back to wider philosophical debates over morality and economic rationality. I also argue that the framework developed by Deetz (1994a; 1996) is a sufficiently detailed model to allow reflection on methodological assumptions in critical research projects like this. It admits a welcome moral dimension through allowing the language of the respondents to be privileged.

Using this framework allowed me to articulate my approach to data gathering as 'emergent' and 'local' in the main. I have contributed therefore by not imposing *a priori*

categorisations and language on the responses. As I discussed in chapter nine, other attempts to research what influences CSR in SMEs, with the exception of Spence and Rutherford, (2001), have tended to look for particular language or practices such as environmental policies and so on. In my thesis, the meaning attached to CSR by SMEs is expressed in *their* language. This is important, since it helps us build propositions for theory based on inductive or emergent social constructions. Some of my findings are comparable with what has been found before, but in my case I know the meaning is local and grounded.

### The contribution to knowledge

I will begin this final section with an exploration of what conceptual contributions have been made by virtue of drawing on theoretical frames from two main areas of literature. I will then move on to discuss the contribution made through my primary data. There are a number of conceptual contributions to the study of CSR that have emerged from my examination of theory from two fields, namely the sociology of economic behaviour, and CSR itself.

In the first place there are contributions that come from the commonality between the fields. I have already noted in a number of places that CSR (as a distinct subject of enquiry, or as a close relation of business ethics) and the sociology of economic behaviour have both been subject to calls to avoid being co-opted as another tool of managerialism. That this commonality exists should give strength to these calls in both fields. In addition, I have found that in social sciences and philosophical enquiry more broadly, MacIntyre's warning (2007) about using what he called 'great names' has clear resonance in CSR. That warning led me to examine more fully the positions often claimed for names like Archie Carroll and Milton Friedman, leading me to the conclusion that much of what passes for the promotion of CSR is actually expressed in economically rational terms.

We should of course also recall that Friedman was positioned in the field of classical free market economics and was writing at a time of deep suspicion of anything that could be interpreted as constraining the freedom of occidental society generally and organisations in particular. Carroll's writing spanned the advent and ascent of Reaganist and

Thatcherist policies in the 1980s, and was part of a discourse that sought to rebut Friedman in his own terms. My history here is a simplification, but that does not matter. My basic point is that we must heed the warning articulated by MacIntyre and beware the barren nature of analysis based on the a-historical quoting of 'names' as shorthand for particular positions. Similarly, Karl Polanyi might not have made the same warning in the same terms, but he did not need to because the entire premise of *The Great Transformation* (1944/2001) was based on detailed social, historical and anthropological enquiry. The importance of context is explicitly and implicitly written into his work throughout.

I am moving to synthesis more than commonality now, since contributions have emerged from the use of alternative language and lenses to look afresh at the CSR literature. The concept of economic rationality, rooted in Weber and developed through the history of sociology has shone a novel light on some accepted models in CSR. As described above, Carroll's four-part model and others have been shown to do little to critique economic rationality. Similarly, examination of the search for a rationale for CSR shows how the quest for a 'business case' predominates. Friedman proclaimed in 1970 that the social responsibility of business is to make a profit, and ever since, many proponents of CSR have tried to prove him wrong *in his own terms*. I argue that it is only by examining this CSR/firm performance discourse through the broader lens of economic rationality, and from within a tradition where the critique of economic rationality is well developed, will the nature of the claims for CSR emerge as grounded in rational economic thought. In other words, arguments based in debates within the CSR field (diverse though this field may be) risk being co-opted by the language and values of economic rationality. The critique of such economic rationality needs the longer philosophical provenance from sociology in order to be effective.

The final and most fundamental conceptual contribution was to show that debates over whether CSR is, or should be, a tool of managerialism, or should be grounded in a multi-fiduciary altruistic rationale, are incommensurable in the terms we have at our disposal. This is because one side of the debate is rooted in teleological ethics, and the other is founded upon more Kantian and duty-based ethics. This is a typical example of exactly the sort of modern dilemma that MacIntyre (2007) claimed was incommensurable, and more than that, actually a matter of ideological, non-rational choice for the protagonists.



I will turn now to the contributions to knowledge made by the collection and analysis of my primary data.

Firstly, I have shown how the complexity and unpredictability of the inception and subsequent practice of CSR is not fully captured by the models and frameworks so far constructed to try to categorise CSR. Even those models that are predicated on notions of development over time do not encapsulate the emergent nature of CSR. For example I have shown how staff, as much as management, can be responsible for the birth and practice of CSR, even in the larger firms. In addition, CSR often arises in the absence of policy, not as a result of it.

Coherent theoretical development will need to acknowledge the emergent, iterative and complex character of CSR, and it could be that there are potentially fruitful resources to be found in the field of strategy to help us describe what we find in the CSR debate. Let me be clear that I am not advocating an instrumentally strategic approach to CSR, simply pointing to the developing theoretical resources around emergence, practice, and complexity in the strategy field as offering promising additional lenses for description and enquiry.

Secondly, the complex and often reactive nature of CSR contributes to difficulties of measurement and analysis, yet the academic literature has been dominated by quests to link CSR to measures of economic or strategic performance. My own findings show that not only are question marks over measurability well founded, but that many respondents went further and reflected upon the efficacy and causality of CSR as a management tool. The establishment of links between the performance of CSR and some kind of identifiable outcome was seen as problematic in a number of instances. Such findings would lead me to argue therefore that 'strategic CSR', in the sense of deliberately designing and planning a strategy with clear implementation and measurable outcomes, is actually likely to be difficult to attain.

Thirdly and most significantly, CSR as performed by the respondents in my thesis is legitimised largely through social relationships rather than strategic or economic motivations. I have rehearsed the part played by staff on a number of occasions, but it is

worth emphasising here again that the practice of CSR is embedded in the links between the firm and the community, often channelled through employees. Not only does this refute the contentions of those who say that SMEs are less engaged in community than large firms, but much more importantly, I argue that this lends weight to the notion of CSR practice in these SMEs having a moral component. Examples of reciprocity could be found among my respondents, both specific and generalised, indicating that a sense of mutual obligation and responsibility exists. Despite this, the academic literature, again, searches for legitimacy for CSR through links with economic success. However, the absence of economic rationales being advanced by my respondents indicate that the legitimacy of their CSR activities is to be found in the fulfilment of obligations rooted in links with community. The performance of CSR is therefore embedded in social relations, owing more to Karl Polanyi than Etzioni. I deliberately focus on the concept of 'performance' or 'practice' here because in some cases the *label* CSR was treated with suspicion and conceived of as a threat, whereas the legitimacy of the practice itself was barely questioned.

There are potentially further arguments to be made regarding MacIntyre's notions of 'practice', but these have been largely left unexplored, which leads to the final paragraphs of my thesis on what other work remains to be done.

### ***Limitations, boundaries, and unexplored questions***

I do not propose to dwell on specific methodological limitations in any great depth here since the defence of method and methodology has been discussed in detail in chapter five. I will however, touch upon methodological issues as part and parcel of the paragraphs that follow, where I evaluate what has been left unexamined by my thesis and what avenues have been glanced down but left unexplored.

### **Unexplored possibilities**

Firstly, in common with other research into smaller firms, my thesis has concentrated mainly on the testimony of the owner managers of these firms, despite my wish to gain an

understanding of the firm as a whole. This might not necessarily give a holistic picture of the organisation.

On the one hand this means that it is quite simple to argue against Friedman's position on publicly quoted companies; in fact even he recognised that there is no principal-agent relationship underpinning most small businesses. On the other hand, it is a potentially flawed assumption that the values and motives of the owner always percolate through the SME without mediation by others. I have frequently been made aware of the voices of others in the firm such as staff and middle managers whose suggestions and requests, based on personal circumstances and interests, have in many cases catalysed or significantly influenced the practice of CSR. A more explicit attempt to seek out and hear these voices would no doubt prove a fertile source of research and allow an even more detailed picture to emerge of staff involvement than I have painted in this thesis.

Second, I have explored in chapter two the rich and varied way in which business-society relations are represented in different media. I could perhaps have done more in my discussion to relate my findings back to these wider societal issues. Interestingly though, I could not satisfactorily answer the question of why the SME respondents did not engage in much significant critical reflection on the place of business in society generally. I speculated that their largely 'local' focus might be a factor, and this relationship with community and the locality has featured as among the most significant of my contributions to knowledge. As I reflected in the conclusions of chapter six, an examination of the increased media attention given to issues like sustainability over the course of this thesis might prove interesting and give additional context, but that was beyond my scope.

Third, another voice that is implied in my thesis, but to all intents and purposes remains absent from this work and from the literature more broadly, is that of the recipients of CSR. What are the opinions and perceptions of those communities and individuals who are assumed to benefit from the practice of CSR by my respondents? I suspect that assessing the impact or outputs of CSR might be even more problematic than defining and measuring CSR from the standpoint of the company, but this would be a project worth undertaking to gain a rounded view of all stakeholders to the CSR practice. Taking a critical approach to hear the voice of the recipients of CSR might tell us something about

power relations and whether there are asymmetries to be found. The literature tells us that *large* companies are engaging with society through CSR partly as a response to criticisms over the amount of power they have over societies and governance structures. As I have shown in this thesis, the picture with SMEs seems somewhat different, but what might the perspectives from the community tell us?

Finally, on a more detailed level, there were a number of occasions where I have reflected in my findings on how I would like to have pursued this or that question, or followed up a conversational lead more deftly. For example, in retrospect, I should perhaps have found a satisfactory way of recording the focus groups. Possibly it might have been better to exclude the individual who objected to recording, and to have proceeded with a reduced number in one group. My recollections and notes show me that the processes of social construction would have provided abundant linguistic resources for analysis. Having said that, the key themes I drew from them were very useful in approaching the main data gathering, so the focus groups still served a useful purpose.

Also, as I have discussed in chapter nine, I could perhaps have attempted to establish from my SME respondents the extent to which they sought to maximise profits above all else. This might have given me opportunities for more direct comparison with Spence and Rutherford (2001).

Turning to the larger firms, the interviews were not as abundant in definitional discussions as the SMEs. Even so, in Utilityco for example, the labelling process by which their community activity became to be known as CSR seemed to be related to its adoption as an instrumental tool, but I did not explore this interesting issue at the time. As noted in chapter five, the large firms already knew I wanted to interview them about CSR, so perhaps wrongly I did not pay as much attention to the nuances of how this was constructed as I did in the smaller firms. In addition, were I in a position to repeat this study, I would also have taken a more detailed case study approach to the larger firms, perhaps interviewing more respondents at different levels, as well as interrogating their grey literature on CSR. In this way a more holistic picture of CSR in these firms would emerge. This might, in turn, afford some insights into what I suspect might be occasional dissonance between the espoused policies on CSR and that which is actually practiced.

Despite my detailed consideration of methodological matters as set out in chapter five, along my route I have uncovered further questions as my research developed and also found myself encountering limits to what I can say about my thesis. These questions and limitations are often related. Whereas I have been able to set out and discuss some of the more predictable conceptual and methodological boundaries in chapters three to five, I have also encountered unanticipated limitations of the ‘if I was going to do this again, I probably wouldn’t start from here’ variety. On other occasions I was equipped to only glance into potentially interesting areas because of limits imposed by the methodological and conceptual frames I had adopted.

I mentioned above that more argument and exploration remain to be carried out on how my findings relate to the work of Alasdair MacIntyre. Firstly, where I have used his work, I could be criticised for focusing only on specific aspects of *After Virtue*. I recognise that he has made other significant contributions, such as his ‘practice-institution’ distinction (see for example Moore, 2002; Beadle and Moore, 2006; Moore and Beadle, 2006). These may offer fertile ground for enquiry, but the main arguments I wanted to draw from MacIntyre were founded largely in those aspects of *After Virtue* that I set out in chapter three.

In the second place, mention of MacIntyre naturally leads to the notion of virtue ethics. I recognise that I have not given this as much attention as a thesis that references MacIntyre might be expected to do. Where I have drawn on ethical theory to reinforce my arguments, I have tended to focus on Kantian and consequentialist ethics. In mitigation I have then used these to discuss another important aspect of MacIntyre’s work, namely the arguments around incommensurability that underpin his central thesis. In close parallel with the exploration of practice and institution, I would like in future to examine the notion of CSR as a virtuous practice in more detail, perhaps beginning with a re-examination of the testimony of my respondents in this project. In relation to virtue as it applies to the motivations and actions of individual managers, I have had to place some limits on my research to allow me to focus on the practice and construction of CSR. I know that Carroll has written on the morality of management (see for example Carroll 1987), and there is an emerging contribution from Hemingway on the relationship between manager’s values and CSR (see Hemingway and MacLagan, 2004; Hemingway,

2005). While this area is no doubt important, and something I personally find interesting, it is an aspect that I have had to partially leave to others for the time being.

### ***Conclusion***

Finally, therefore, in relation to my question of whether SMEs constructed and practiced CSR as an economically rational concept, the answer is that a significant number of them do not. There is openly moral, almost Kantian, language used in some cases and in many other examples there is a distinct absence of economic rationalization for their social engagement. I have argued that in the absence of legitimization through economic justification, the source of legitimacy was the community and its connections into the firm. For the firm to take moral actions, those actions need a context, and the context in many cases is the locality as defined by the respondents.

This returns me to the contribution of Alasdair MacIntyre for the last time, and his call on the final page of *After Virtue* for the sustenance of what is moral, civil, and intellectual through "...local forms of community..." (2007, p.263). The contributions made by this thesis show that there is some cause for guarded optimism that the engagement between SMEs and community may signal the remnants of a surviving morality in society, to be found in the embedding of corporate social responsibility, however labelled, in local social relations.

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## Appendices

**Appendix One: Focus Group Participants.**

| <b>Group One</b>                   |                         |  |
|------------------------------------|-------------------------|--|
| <b>Main Company Activity</b>       | <b>No. of Employees</b> | <b>Position of Respondent<br/>(O/M = Owner-manager<br/>D = Director)</b> |
| Facilities Maintenance             | 50                      | D  |
| Solicitors                         | 32                      | O/M (Partner)  |
| Training and Development           | 19                      | O/M  |
| Coach Hire                         | 23                      | D  |
| Hotel                              | 7                       | O/M  |
| Plumber                            | 31                      | O/M  |
| Joinery and Construction           | 12                      | O/M  |
| Architect                          | 8                       | O/M  |
| Car Dealer                         | 45                      | D  |
| Kitchen Fabrication and Installers | 20                      | O/M  |

| <b>Group Two</b>               |                         |  |
|--------------------------------|-------------------------|--|
| <b>Main Company Activity</b>   | <b>No. of Employees</b> | <b>Position of Respondent<br/>(O/M = Owner-manager<br/>D = Director)</b> |
| Builders Merchant              | 20                      | D  |
| Printing                       | 7                       | O/M  |
| Accountancy                    | 21                      | D  |
| Nursing Home                   | 12                      | O/M  |
| Landscape Gardener and Builder | 9                       | O/M  |
| Insurance Broker               | 53                      | O/M  |
| Hairdresser                    | 14                      | O/M  |
| Furniture Shop                 | 38                      | O/M  |
| Window Installation            | 24                      | D  |

*Appendix Two: Large Firm Interview Respondents*

| <b>Firm Pseudonym</b> | <b>Main Firm Activity</b>       | <b>No. of Employees</b> | <b>Respondent No.</b> | <b>CSR Activities</b><br><small>(N.B. These activities were raised by the respondents, and this is therefore not necessarily an exhaustive list of all activities globally)</small>  |
|-----------------------|---------------------------------|-------------------------|-----------------------|--|
| Utilityco             | Multi-utility supplier.         | 5,200                   | R2                    | <ul style="list-style-type: none"> <li>• Education initiatives</li> <li>• Supporting community groups</li> <li>• Waste management</li> <li>• Business mentoring for SMEs</li> </ul>  |
| Tranco                | Rail Operator                   | 35,000                  | R3                    | <ul style="list-style-type: none"> <li>• Diversity employment programmes</li> <li>• Financial support for local charities, including arts and cultural projects</li> <li>• Complementary travel for disadvantaged children and families</li> <li>• Partnerships with local and national charitable groups</li> </ul> |
| Financeco             | Banking, Finance and Insurances | 130,000                 | R6                    | <ul style="list-style-type: none"> <li>• Internal staff grants for volunteer activities</li> <li>• Sports sponsorship in communities</li> <li>• Carbon neutrality (monitoring resources, waste management)</li> <li>• Partnerships with public bodies</li> <li>• Partnerships internationally with NGOs.</li> </ul>  |
| Plastico              | Plastic and foam mouldings      | 7,500                   | R28                   | <ul style="list-style-type: none"> <li>• Mentoring school children</li> <li>• Waste management</li> <li>• Donation of land</li> <li>• Sports club sponsorship</li> <li>• Ad hoc donations to local charities</li> <li>• Ad hoc payment for staff medical treatment</li> </ul>  |

**Appendix Three: SME Interview Respondents**

Notes:

1. All respondents were owner-managers except where indicated by an asterix (\*) alongside the respondent number.
2. Employee numbers are approximate in some cases where seasonal fluctuations occur. Only direct employees have been included so freelance staff, in the gymnasium for example are not counted.

| <b>Respondent No.</b> | <b>Main Firm Activity</b>        | <b>No. Employees</b> | <b>CSR Activities</b>   |
|-----------------------|----------------------------------|----------------------|---|
| R1                    | Travel agency                    | 62                   | <ul style="list-style-type: none"> <li>• Rugby club sponsorship</li> <li>• Sponsors a holiday for ill children</li> <li>• Vehicles for old peoples home</li> <li>• Delivery vehicle for local charity</li> <li>• Staff time for volunteering</li> </ul> |
| R4                    | Printed circuit board production | 33                   | <ul style="list-style-type: none"> <li>• None, but intends to engage</li> </ul>   |
| R5                    | Haulage                          | 45                   | <ul style="list-style-type: none"> <li>• Rugby club sponsorship</li> <li>• Lorry for village fete</li> <li>• Prizes donated to village fete</li> </ul>  |
| R7                    | Window manufacturer              | 14                   | <ul style="list-style-type: none"> <li>• Waste management</li> <li>• Waste reporting</li> </ul>   |
| R8                    | Steel fabrication                | 45                   | <ul style="list-style-type: none"> <li>• Waste and output management</li> <li>• Ad hoc donations to local charities</li> </ul>  |
| R9                    | Light manufacture/fabrication    | 68                   | <ul style="list-style-type: none"> <li>• Staff time for charity work or volunteering</li> <li>• Ad hoc donations to local charities</li> </ul>  |
| R10                   | Catering equipment supplies      | 35                   | <ul style="list-style-type: none"> <li>• Embarking on environmental management system adoption</li> </ul>   |
| R11                   | Financial advisor                | 55                   | <ul style="list-style-type: none"> <li>• None</li> </ul>  |
| R12                   | Car body repairs                 | 31                   | <ul style="list-style-type: none"> <li>• Staff time for a charitable sponsored run</li> <li>• Environmental controls on waste disposal</li> </ul>   |
| R13                   | Solicitor                        | 12                   | <ul style="list-style-type: none"> <li>• Office space for community association</li> <li>• Pro-bono work for local charities</li> <li>• Use of office equipment and stationery for charities and community groups</li> </ul>                            |
| R14                   | Electrical supplier              | 9                    | <ul style="list-style-type: none"> <li>• Sponsorship of rugby and</li> </ul>  |

|       |   |    |  |
|-------|---|----|--|
|       |   |    | <ul style="list-style-type: none"> <li>cricket club locally</li> <li>• Ad hoc donations to local charities</li> <li>• Waste management and recycling</li> <li>• Lower charges to a local day centre</li> </ul>   |
| R15   | Audio-visual equipment installation and supply      | 11 | <ul style="list-style-type: none"> <li>• Equipment donation to community radio station</li> <li>• Donation of time, expertise and equipment to a community centre</li> <li>• Making personal introductions where it is perceived to help others</li> </ul> |
| R16   | Industrial door fabrication                         | 60 | <ul style="list-style-type: none"> <li>• Cash donation for kitchen equipment at a community centre</li> <li>• Donation of staff time, expertise and equipment to the community centre</li> </ul>   |
| R17   | Computer training                                   | 7  | <ul style="list-style-type: none"> <li>• Staff time for sponsored run</li> </ul>   |
| R18   | Electric motor reconditioning and light fabrication | 16 | <ul style="list-style-type: none"> <li>• Environmental management system</li> <li>• Rugby club sponsorship (sporadic)</li> </ul>   |
| R19   | Coach and minibus hire                              | 21 | <ul style="list-style-type: none"> <li>• Reduced prices for schools</li> <li>• Free for charity groups locally</li> <li>• Reduced rates on an ad hoc basis where people are known to have little money</li> </ul>  |
| R20   | Packaging manufacture                               | 14 | <ul style="list-style-type: none"> <li>• Energy efficiency measures and recycling</li> <li>• Reading with schoolchildren</li> <li>• Prizes for school fete</li> </ul>  |
| R21   | Estate agency                                       | 19 | <ul style="list-style-type: none"> <li>• Rugby club sponsorship</li> </ul>   |
| R22   | Shop fitting  | 12 | <ul style="list-style-type: none"> <li>• Ad hoc rugby club sponsorship</li> </ul>  |
| R23   | Industrial clothing supplies                        | 22 | <ul style="list-style-type: none"> <li>• Donations of equipment</li> <li>• Ad hoc charitable donations locally via staff request</li> <li>• Managing director attends local community events</li> </ul>  |
| R24   | Hairdressing and beauty                             | 14 | <ul style="list-style-type: none"> <li>• Occasional staff time for sponsored bike ride</li> </ul>  |
| R25 * | Marketing consultancy                               | 24 | <ul style="list-style-type: none"> <li>• Painting an old peoples home</li> </ul>   |
| R26   | Gymnasium   | 9  | <ul style="list-style-type: none"> <li>• Free classes and membership for overweight people in partnership with doctor's surgeries locally</li> </ul>   |



|     |                 |    |        |
|-----|-----------------|----|--------|
| R27 | Kitchen fitting | 10 | • None |
|-----|-----------------|----|--------|

***Appendix Four: Initial Approach Letter***

Simon Brooks,  
Senior Lecturer (Strategy Department),  
The Business School,  
The University of Glamorgan,  
Pontypridd, CF31 1DL.

(Date)

Dear...,

I am conducting a study into the way that firms engage with community, as a part of my doctoral thesis, and would like to invite you to participate.

There are two ways in which I will be gathering data, these being firstly through focus groups and secondly through individual interviews. If you agree to take part, then you would be asked to attend either a focus group or an interview, but not both. Which method you take part in will be randomly decided and not based on any particular characteristic of your firm. Your time commitment would be in the region of one hour, plus for either method.

Once the project begins, your participation remains entirely voluntary. This means that you can withdraw at any time and ask that your contribution is removed. In addition, all interviews will remain confidential since the eventual reporting of the study will be made anonymous. You will also have the opportunity to obtain a report on the study should you wish.

I would very much welcome your contribution to this study, and have enclosed a reply-paid envelope with which to return the attached form. I have also included my email address and telephone number below should you prefer to contact me in that way.

Yours faithfully,

Simon Brooks,  
Senior Lecturer in Strategy,  
The University of Glamorgan Business School.

Tel: 01443 483628  
Email: [sbrooks@glam.ac.uk](mailto:sbrooks@glam.ac.uk)

## ***Appendix Five: Interview Schedule***

This interview schedule was used for both the large firm interviews and the SME interviews.

The themes below were used to loosely structure the conversations, and the sample questions under each theme were there to provide prompts if necessary. These were *not* verbatim questions asked of all respondents but were occasionally used where interview conversation faltered, for example. Neither do the prompt questions represent an exhaustive list of what was asked.

The themes were also not always addressed in the order set out here, but were ‘ticked off’ as the conversation progressed.

**Opening question: How would you say your organisation interacts with the community?**

**Theme One: The inception of socially responsible activities.**

- Could you tell me something about how your community engagement began in the firm?
- Who was responsible for coming up with the idea for the activity?
- Did the idea begin in the firm?
- Do you ever get approached from outside for help?
- How are you approached?
- Are there particular channels or processes?
- Who decides whether to engage with the community?
- Who decides what type of action to engage in?

**Theme Two: The nature of socially responsible activities.**

- What kinds of interaction does the firm have with the community?
- Does the firm sponsor particular events?
- Who do you find you interact with?
- Are there any particular stakeholders that you interact with?
- Are there any noticeable categories of activity?

**Theme Three: The construction and meaning of CSR.**

- What do you understand by the term corporate social responsibility?
- If I use the phrase 'corporate social responsibility', does that describe what you do as a firm in your community?
- What does the term 'corporate social responsibility' mean to you?

**Theme Four:           The definition of community.**

- Where do you find you engage in socially responsible activities?
- When you say 'local' could you be more specific about what kind of distance from the firm you mean?
- How would you define 'local community' in terms of geography or distance?
- Where do you find most of your employees come from?
- Are your customers mainly close by?
- What is the geographical scope of the firm's activities?

**Theme Five:           The drivers and motivations of CSR.**

- What prompted the firm to begin these activities?
- Have they been successful?
- How would you define success in this sense?
- Do you think the firm benefits from your interactions with community?
- In what way has this activity affected the firm?
- What do your staff think about engaging in such activities?
- Is it possible to put a rough cost on these socially responsible activities?
- Are there tangible outcomes for your company from these activities?
- Would you say there are any particular group of stakeholders you seek to influence through these activities?

