Research Proposal:

A sensemaking approach of Corporate Social Responsibility

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Inhoudsopgave

Research gap & research question

The relationship between business and society has always been a much discussed topic. Since the mid-1950s scholars have been examining and analyzing concepts and theories concerning the responsibilities of business in society. To these social responsibilities of business we generally refer as corporate social responsibility (CSR) (Secchi, 2007). Besides the abundance of literature on the topic however, there have been formulated strong critiques on the concept of CSR.

The concept of CSR is by many scholars regarded as tortured or even worse, as a concept that has failed (Godfrey & Hatch, 2007; Nijhof & Jeurissen, 2006; Rowley & Berman, 2000) . After decades of literature on CSR there still is no consensus emerging on a definition of CSR. In the literature we found several reasons for this phenomenon. A first reason is the ongoing injection of new concepts caused chaos and overlap, without improving the clarity of the concept itself (Godfrey & Hatch, 2007; Kakabadse, Kakabadse & Rozuel, 2007; Rowley & Berman, 2000). A second reason is the industry and context specificity of CSR strategies, which makes the operationalization of the concept rather difficult (Rowley & Berman, 2000). Thirdly, many scholars critiqued this 'rational' approach of CSR, which leads to the typical CSR rankings for example (Nijhof & Jeurissen, 2006). That this approach of CSR doesn't always work, was proved by business cases as Enron and Ahold, which were both considered as best practices because of high CSR ranking (Nijhof & Jeurissen, 2006). A too linear approach of the concept of CSR may end up in handful categorization, but it gives us no insights into the underlying reality of how people make sense of CSR within the organization. It seems we have to take this uniqueness of CSR strategies more into account (Basu & Palazzo, 2008; Rowley & Berman, 2000; Smith, 2003). Smith (2003) emphasizes also the importance of this uniqueness:

"Clearly, a firm's social responsibility strategy, if genuinely and carefully conceived, should be unique, despite the sameness of the growing number of corporate reports on CSR. As well as a fit with industry characteristics, it should reflect the individual company's mission and values and thus be different from the CSR strategy of even its closest competitors".

Therefore we will focus on CSR from a rather new perspective. By taking a sensemaking approach we can increase our understanding of how CSR strategies are influenced by the context specific sensemaking processes of an organization. By looking at the underlying sensemaking processes and investigating how people think, speak and tend to behave regarding CSR, we then can explore the unique nature of CSR within an organization (Basu & Palazzo, 2008). We will combine the sensemaking theory of Weick (1995) and other scholars (Mills & Wheaterbee, 2006; Mills, Wheaterbee & Colwell, 2006; Basu & Palazzo, 2008) and the discussed literature on CSR into qualitative case study research. Using a qualitative approach enables us to take the industry and context specific elements into account, and respect the uniqueness of CSR.

Literature on CSR: previous focus

When we examine the concept of CSR, we can state it is an almost tortured concept. Votaw (1973) stated it right when he said that "corporate social responsibility means something, but not always the same thing to everybody". The conceptualization of CSR has been steadily evolving and expanding, ever since it was introduced by Bowen (1953) (Godfrey & Hatch, 2007; Lee, 2008), which makes the field of CSR theories difficult to overview. Furthermore some scholars combine different approaches and use similar terminology but define them diversely (Garriga & Melé, 2004). The last decennia scholars wrote about corporate social responsibility, corporate social performance, sustainable development, corporate citizenship, social responsiveness, corporate governance, issue management, and stakeholder management (Garriga & Melé, 2004). Therefore there is not only an overload of literature on the topic of social responsibility, the debate between business and society has also been going on for decades with almost no consensus emerging on the definition of CSR (Kakabadse, Kakabadse & Rozuel, 2007). In our literature review we distinguished six different foci of CSR literature, in a more or less chronological order.

In a first stage scholars developed a is *pro CSR-* attitude. Scholars started introducing the concept of social responsibilities of businessmen (Bowen, 1953). By using the social contract theory and the legitimacy theory, they subscribed to the position that business has responsibilities towards society.

Simultaneously with the upcoming call towards business to start taking responsibility towards society, several scholars subscribed to a *"contra CSR"* position, which we distinguish as a second stage. Friedman (1970), for example,

stated that "the only business of business is business", meaning that business has no other legitimate responsibility than the economical.

In a third stage, scholars started focusing more on "the conceptualisation of CSR". Many scholars argued that because of the previous focus on arguing why firms should be socially responsible, there was a serious lack of serious in-depth analysis of the concept of CSR. Therefore the focus shifted towards answering the question "*what is CSR*?" Carroll (1979) offered the first strong conceptual model that comprehensively described the fundamental aspects of what he calls 'corporate social performance' (CSP). He suggested a model of corporate social performance (CSP), with (1) a basic definition of CSR, (2) an overview of the social issues for which a firms have a social responsibility, and (3) a specification of the philosophy of response (Carroll, 1979).

To address Friedman's (1962) assertion that CSR is illegitimate, in a fourth stage scholars pointed their focus again on the question *why* business should engage in CSR, but this time not seen from a normative perspective ("the normative case") but from an economical perspective ("the business case") (Smith, 2003; Gardberg & Fombrun, 2006). The question now became whether "*business could meet new social, environmental, and financial expectations and still win?*" (Business Week 1999, from Orlitzky, Schmidt & Rynes, 2003). Or as Bowman & Haire (1975) stated: "Does responsible activity come, net, out of the stockholder's pocket?" Demonstrating a link between CSR and FP became therefore the focus of many empirical research projects. Since the emphasis had moved to the outcomes of social responsible actions, many scholars preferred referring to it as Corporate Social Performance (CSP) instead of CSR. "Although corporate financial performance (CFP) is only one, and not necessarily the primary, expected consequence of adopting

a CSR approach, the great bulk of empirical research on CSR contributions has focused on the relationship between the social and the financial performance of business corporations" (Geva, 2008).

The fifth stage started with Freeman's (1984) "*Strategic Management: A Stakeholder Approach*". With this new stakeholder approach the question changed into "towards *whom* should business be social responsible?". Freeman (1984) introduced the stakeholder theory to create a new way of thinking about the essence of a corporation. The essential question for Freeman (1994) is for whose benefit and whose expense the firm should be managed. He defines stakeholders as "those groups who have a stake in or a claim on the firm. Specifically [he] include[s] suppliers, customers, employees, stockholders, and the local community as well as management in its role as agents for these groups" (Freeman, 1994).

Literature on CSR: a sensemaking approach

Although the literature on CSR clearly has expanded enormously, several authors state that, despite the significant contributions of the above mentioned CSR approaches, there is still a missing aspect in the CSR domain (Margolis & Walsh, 2003; Campbell, 2006; Basu & Palazzo, 2008). According to them, most previous theories were very much based on the content of CSR and its activities. This critique was formulated from two different perspectives: the institutional theory of CSR (Maignan & Ralston, 2002; Cambell, 2006) and the sensemaking approach (Basu & Palazzo, 2008).

The first perspective, that of institutional theory, states that scholars have neglected an important topic in answering the question why corporations want or should behave in a socially responsible way (Maignan & Ralston, 2002; Campbell, 2006). Campbell (2006) states that much of the literature on CSR has been too descriptive or normative, and instead should have focused more on the *external* mechanisms that influence whether corporations behave in a social responsible way or not, such as the presence of strong and well-regulated state regulations and the presence of a system of well-organized and effective industrial self-regulation (Campbell, 2006).

The second perspective, that of the sensemaking approach, articulates the same critique as the institutional approach of CSR, namely that too much attention has been given to the content and activities of CSR (Basu & Palazzo, 2008) and that CSR has been approached from a too rational perspective (Nijhof & Jeurissen, 2006). Several authors claim that our understanding of CSR can gain considerably from a sensemaking approach (Basu & Palazzo, 2008; Nijhof & Jeurissen, 2006).. Instead of looking at CSR as a static structure, they see it in a Weickean sense as "an evolutionary process where many different agents act and react upon each other"

(Weick, 1995; in Nijhof & Jeurissen, 2006). "The task of sensemaking resembles more closely the activity of cartography. The important points implied by the idea of sensemaking as cartography are the indefinite number of plausible maps that can be constructed" (Weick, 1995). From a perspective of sensemaking, organizations are seen as constituted by mental models and social processes of sensemaking, in which meanings are assigned to things and events (Ericson, 2001). Organizations are thus seen as constantly evolving, because they rise from the daily interactions of the organizational members.

In this study we therefore focus our attention on the institutional and contextual elements organizational that influence organizational sensemaking of CSR to get an alternative and richer understanding of how organizations deal with the phenomenon of CSR (Basu & Palazzo, 2008). Starting from a process view of CSR, the concept is seen as an intrinsic aspect of the organizational character. In this context, Basu & Palazzo (2008) proposed an interesting theoretical framework to approach CSR. In their three-dimensional sensemaking model they distinguish three dimensions. In the cognitive dimension the focus lies on "what firms think". In the linguistic dimension the focus lies on "what firms say" and in the conative dimension the focus lies on how the company tends to behave. Within each dimension Basu & Palazzo (2008) distinguish sub dimensions to refine the different aspects within one dimension. With this sensemaking model, Basu & Palazzo (2008) aim to approach CSR in a different way, from *within* the corporation. The authors see several advantages to this approach, from which we discuss the three most important ones. Firstly, it could be interesting to investigate whether the sensemaking dimensions can say something about the level of sustainability of an organization's CSR, since sustainability become an important aspect of CSR strategies. Secondly, scholars could

investigate whether some combinations of these dimensions are likely to cluster together, and they could thereby create some type of CSR- profiling. Thirdly, we could determinate whether a corporation's CSR engagement is authentic are rather instrumental or even dubious (Basu & Palazzo, 2008). Another conceptual contribution was made by Morsing and Schultz (2006). They studied the communication aspect of CSR from a sensemaking approach. They distinguished three stakeholder communication strategies, based on their focus on sensemaking and sensegiving: a stakeholder information strategy, a stakeholder engagement strategy and a stakeholder involvement strategy (Morsing & Schultz, 2006).

There haven't been conducted specific empiric studies of CSR that started from a sensemaking approach, but we did find several interesting empirical studies that combined the sensemaking approach with other topics then CSR. These studies can serve as a framework for our sensemaking research, in combination with the discussed theories of Weick (1995, 2001) and Basu & Palazzo (2008). An important study was conducted by Gioia and Thomas (1996). They investigated how top management teams in higher education systems make sense of issues that that affect strategic change. Their findings suggested that top management team members' perception of identity are essential to the sensemaking process (Gioia & Thomas, 1996). Mills, Weatherbee and Colwell (2006) combined their sensemaking approach with ethnostatistics to investigate how Canadian business schools and universities make sense of comparative rankings. They concluded that accreditation and ranking have taken on new meanings as sensemaking devices for universities and business schools, because of the need to secure funding. Similar research could explain the importance of CSR reports and CSR rankings. In another study, Mills and Weatherbee (2006) examined organizational disasters from a sensemaking approach. They

demonstrated the importance of organizational identity construction as a key determinant of inter-organizational sensemaking processes. Another example is the study of Maitlis and Lawrence (2007) , who focused on sets of conditions that trigger sensegiving and sets of conditions that enable sensegiving of stakeholders as well as leaders.

Research Design

Inductive research approach

To approach CSR from a sensemaking perspective, we chose to conduct a qualitative inductive research. This choice is appropriate, as the sensemaking approach proposed earlier on assumes a position of social constructivism, which sees reality as socially and societally embedded (Grbich, 2007). By the use of an explorative approach we aim to further develop CSR theory inductively. Eisenhardt and Graebner (2007) emphasize the ability of qualitative data to offer insight into complex social processes. As recommended by them, our research question is still quite broadly scoped, to give the research more flexibility to explore the sensemaking on CSR (Eisenhardt & Graebner, 2007).

Multiple case studies

We decided to study sensemaking of CSR relying on from multiple case studies, where theory of CSR can be "developed by recognizing patterns of relationships among constructs within and across cases and their underlying (logical) arguments" (Eisenhardt & Graebner, 2007). Case study research is preferable in this context, since it allows our investigation to retain the holistic and important uniqueness of daily events (Yin, 1994). We work with multiple cases, as the results of multiple case studies are considered to be more persuasive , and the overall study to be more robust (Yin, 1994). Our case selection relied on theoretical sampling, as described by Eisenhardt (1998) and Eisenhardt and Graebner (2007), in order to enhance the possible contributions to theory development within the set of cases. More specific we based our selection on the maturity and nature of the CSR policy in each case. The first case has a long tradition of social responsible behavior, the second case went

through a sudden switch from rather irresponsible to responsible behavior, and in the third case social responsibility is in a way a mere reason of existence, since it is a nongovernmental organization. Furthermore all cases are extreme cases, because they are companies that are strongly acknowledged for their CSR policy. We gave preference to extreme cases because of their high probability of offering theoretical insights (Eisenhardt, 1998; Eisenhardt & Graebner, 2007; Grbich, 2007; Yin, 1994). In figure 1 we give an overview of the three selected cases.

characteristic	PharmaTecnics	FutureTechnics	BetterWorld
Sector	Pharmaceutical	Non-ferro	NGO
Extreme case	Worldwide CSR reports, awards	Awards CSR reports, media attention	
CSR Maturity	Strong tradition of CSR	Unexpected switch	Reason of existence is inherently related to social responsibility
Structure CSR	Corporate CSR department central policy	No specific CSR coordinator central policy	No specific CSR coordinator central policy
CSR Report	Separated CSR report GRI	Integrated annual report GRI	Integrated annual report GRI
CSR Activities	Sustainment and education stakeholder groups, innovation	Innovation of sustainable solutions, recycling technology	Relations between North and South, solutions for sustainable agriculture

Figure 1: overview cases

PharmaTechnics

PharmaTechnics is a Fortune 500 American company, founded in the 1880's. It is active in the pharmaceutical sector and in the sector of medical devices. Worldwide

the company has more than two hundred subsidiaries. The company is organized in a very decentralized way. On corporate level they have a department responsible for CSR. Their CSR activities focus on the sustainment and education of their different direct and indirect stakeholder groups, concerning medical and pharmaceutical matters. They publish a separate CSR report on annual basis, based on the GRO standard.

FutureTechnics

FutureTechnics is a Belgian-based international materials technology company, founded in the 1980's. Since several decades the company's focus has shifted from the mining and smelting industry to a more technology-focused business, concerned with the recycling of precious metals and the manufacturing of specialized products. The company has its corporate office in Belgium; but has about seventy different sites all around the world; which are very much decentralized. On corporate level they do not have a single CSR manager, but a small group of people who are dedicated to the social and environmental responsibilities of the company. Concerning CSR their main activities focus on innovating sustainable solutions and the process of recycling. They publish an integrated sustainability report on annual basis, guided by the GRI standard.

*BetterWorld*BetterWorld is a Belgian non-governmental organization which was founded in the 1950's. Their core theme is the creation of a sustainable system regarding food security. The company's main activity is the acquirement of funds and offer support to different projects which have structural change as objective. The organization's corporate office is in Belgium, but they have several other departments

worldwide. They do not have specific CSR management, but do have a central policy. They publish an integrated sustainability report on annual basis, using the GRI standard.

Data collection

Within the case study research we will triangulate data from different information sources, in order to enable a balanced understanding by extending data (Grbich, 2007). We will combine data from in-depth semi-structured interviews, documentation and observation.

Within each case we will conduct 20 to 25 in-depth semi-structured interviews. The sample will include members of the top management, CSR-manager(s), relevant internal agents that are involved in CSR-management, communication manager(s), brand manager (s), HR manager(s), internal or external individuals involved in specific CSR projects, and other employees. The checklist for the interviews is adjusted to each type of respondent and furthermore divided in six categories. The first category is "CSR policy"; which includes questions on the specific strategy towards CSR, such as "Which vision lies at the basis of the CSR policy?" and " In which way is this vision related to the general corporate mission?". The second category is "CSR issues & actions", which includes questions such as "On which issues is the CSR policy focused? " and "How does the company legitimizes this choice towards its stakeholders?". The third category focuses on "Stakeholders", including questions such as " Which role do stakeholders play in the determination and operationalization of the CSR policy?". The fourth category focuses on "Employees", including questions such as "Is the CSR policy open to towards (alternative) ideas of employees?". The fifth category is that of "External

communication, asking questions such as "Does the company publish a CSR report?" and "How is this communication supported? (e.g. use of financial data, qualitative versus quantitative data)". The last category concerns questions on "Evaluation", such as "How do you deal with criticism from the outside? Can you give an example?".

The documentation data will consist of CSR reports, corporate websites, brochures of the organizations, and internal and external reports. These secondary data are needed to develop a balanced understanding of the organization's strategy on CSR. Observational data will come from observations of CSR related practices and meetings, such as training sessions concerning the corporate values and stakeholder meetings.

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