

Chapter 1

Introduction:

Examining the Social Dimension of Corporate Social Responsibility

While there is more than 40 years of research on what effects CSR initiatives may or may not have on the corporate bottom line we know very little about the outcomes of these initiatives for society. (Banerjee, 2010: 266)

Since the 1990s, the issue of corporate social responsibility (CSR) has gained increasing currency on both national and international policy agendas. The notion of CSR is now applied to a wide range of social issues, ranging from environmental sustainability to human rights and labour market inclusion. CSR is also being employed by several governments to address social problems such as social exclusion (EU-COM, 2007). This recent turn of events has made it clear that the idea of CSR and its associated activities are relevant not just to the sphere of business but to society as a whole. Yet, as Banerjee points out in the quote above, CSR has remained a subject area which is predominantly studied from a business perspective. As a result, very little is known about the impact of CSR on society. This is in spite of the fact that researchers within business schools recognize that the theme and practices of corporate social responsibility are relevant beyond their own disciplinary boundaries. Indeed some have called for the CSR research agenda to move beyond the (mostly quantitative, correlational) preoccupation with the business benefits of CSR towards more qualitative explorations of what they call 'the social returns of CSR' (McWilliams et al., 2006: 9). The aim of this book is to redress this imbalance in what is known about corporate social responsibility by investigating CSR's 'social' rather than 'corporate' dimension. More specifically, the area of interest here is the relationship between CSR and the welfare state.

Why CSR is Relevant to Welfare State Politics and Research

The range of activities which are today known as CSR practices frequently take the shape of businesses or employers providing some form of welfare, whether for employees or for social stakeholders outside the organization. As such CSR represents the production of welfare by welfare actors other than the state. This raises questions about the social significance of the recent increase in CSR activity, in particular in relation to the welfare state. Is there a trade-off, for instance, between CSR and state-provided welfare? Does CSR, in other words, constitute a

rolling out of the commercial sector and a rolling back of the welfare state? This is a core concern of this book. However, the aim is not to take a predetermined critical stance against corporate social responsibility. Instead, the investigation remains open to the possibility that CSR could be perceived from a more benign perspective, as a positive development promising new and innovative approaches to addressing persistent social problems such as social exclusion. The question then becomes whether CSR should be interpreted as an endeavour to roll back the state or instead as an additional undertaking to roll out new solutions to social problems.

By exploring the relationship between CSR and the welfare state this book not only addresses the under-researched issue of what McWilliams et al. referred to earlier as the 'social returns' of CSR. The book also contributes to central debates in the politics and study of welfare states. The notion of responsibility is a recurring and increasingly topical theme within welfare state research. Early comparative social policy writing, from the 1950s and into the 1970s, was largely preoccupied with the expansion of state responsibility for social welfare in advanced industrial nations. In the mid-1970s and 1980s, the assumption that state responsibility would inevitably continue to extend was undermined by economic, political and ideological developments. The 'welfare state crisis' of those decades dampened welfare state expansion in many countries and challenged the generally taken-for-granted value of state responsibility for welfare. The notion of responsibility was central to the political debate as arguments were put forward about the economic, political and sometimes moral advantages of shifting welfare responsibilities to non-state providers such as the commercial sector, the non-profit sector and the informal sector. Since then both social policy and comparative social policy research have paid more attention to the role of welfare producers other than the state and have also become interested in the ways in which welfare responsibilities are distributed and redistributed within the whole of the mixed economy of welfare (Rose, 1986, Evers, 1993, Mayo, 1994, Lewis, 1995, Fridberg, 1997, Johnson, 1999, Cochrane et al., 2001, Esping-Andersen, 2002, Hill, 2007).

The political discussion about the appropriate allocation of responsibilities within the mixed economy carried on into the 1990s and continues today. There is an overall trend of governments of welfare states being increasingly in favour of extending the welfare responsibilities of both the commercial and non-profit sectors. In England, for example, the family is repeatedly being presented as a particularly important locus of welfare provision and social responsibility. The policies of both New Labour's 'Third Way' and the current Conservative-Liberal Democrat Coalition's 'Big Society' include an emphasis on individual responsibility. The political rhetoric has been particularly explicit in arguing that welfare state citizenship entails not only social rights but also moral and social responsibilities. In an increasing number of welfare states, the social right of receiving unemployment compensation has over the last decades been made conditional upon what is considered the social responsibility of individuals to contribute to society by working. In addition, state measures aimed at overcoming poverty are increasingly being reframed in the language of social exclusion and

inclusion. Now the onus is as much on those agencies set up to tackle social exclusion as it is on the individuals themselves to take responsibility for their own inclusion, preferably by taking up employment (see for example Torfing, 1999, Lødemel and Trickey, 2001, Taylor-Gooby, 2001, MacGregor, 2003, Levitas, 2005, Aust and Arriba, 2005).

These developments have been covered extensively and critically in welfare state research. When it comes to the commercial sector, however, it seems that only some of the changes taking place have been considered relevant. Attention has been given to issues around privatization, outsourcing, private financing of public services, occupational welfare and marketization of the public sector. And, more recently, social policy analyses have considered the effects of globalization upon the balance of power between businesses and governments, expressing concerns about the growing ability of transnational corporations to influence national social policy agendas – mainly in the direction of dismantling social policy measures and minimizing state responsibilities (Macleod and Lewis, 2004, Bridgen and Meyer, 2005, Farnsworth and Holden, 2006). Yet the aspect of the development which is of interest in this book – corporate social responsibility ('CSR') – has generated little, if any, interest. Comparative studies of CSR are particularly sparse. This is an oversight because, as this book will be demonstrating, CSR is an integral part of the changing perceptions and conceptualizations of responsibilities within the mixed economy of welfare.

It is the recognition of these gaps in our knowledge – about the social dimension of CSR and about the significance of CSR for welfare state politics and research – which has motivated the writing of this book. The overarching objective of this book is therefore to fill this knowledge gap by furthering our understanding of the relationship between corporate social responsibility and the welfare state.

There are two main questions driving the inquiry at the heart of this book. These two questions are also two sides of the same coin. They are, firstly: to what extent do historical and institutional (welfare state) contexts influence the ways in which CSR is interpreted, applied and linked to social exclusion? And secondly: to what degree do the ideas and practices of CSR influence the institutional structures of welfare states? Or to put this latter question more specifically: is CSR, when applied to addressing social exclusion, a vehicle for rolling back the state, or does CSR constitute a roll-out of a new type of solution to persistent social problems?

Investigating the Relationship between CSR and the Welfare State

The question of the relationship between CSR and the welfare state will be approached from three angles, corresponding to the three sections of this book. Firstly, in Part I, the conceptual relationship will be explored between the notion of corporate social responsibility and social issues such as social change and social exclusion. Secondly, in Part II, the historical evolution of CSR in the mixed economy of welfare will be investigated. And thirdly, in Part III, the findings from

a case study will be presented exploring how CSR is interpreted and applied in the two welfare states of England and Denmark. The case study will compare the experiences of CSR practitioners in Denmark and England, exploring their perspectives on the social impacts of CSR and on the wider relationship between CSR and the welfare state. It is important to point out, however, that Parts I and II are not based exclusively on the cases of England and Denmark. Part I stays on the general level, and in Part II, historical insights from authors who have studied the emergence and development of CSR in other countries are also integrated into the analysis, including the countries of Sweden, Norway, France and Germany. Throughout the sections in this book CSR will be considered both at the general level and more specifically when CSR is applied to the issue of social exclusion.

The cross-national comparative perspective of this book is important because it is through comparative inquiries that insights can be gained into the ways in which a social phenomenon such as CSR comes to expression in different ways in different national settings. It is, in other words, in order to understand the relationship between CSR and the welfare state in general that this book sets out to explore the extent to which varying national approaches to CSR are affected by historically, institutionally and/or culturally specific ideas about the appropriate relationship between business and society. The theoretical approach chosen for the analysis is Historical Institutionalism, which has been integrated here with the analytical framework of the mixed economy of welfare.

Both qualitative and quantitative studies are important in relation to the separate research fields of CSR and welfare state studies. However, the investigation undertaken in this book warrants qualitative research methods as these are suitable for exploring the as yet unidentified and multiple possible relevant connections between CSR and the welfare state. The data from the CSR practitioners has been extracted by conducting 34 semi-structured interviews with a range of key political, policy and social actors working with CSR in different parts of the mixed economy and on multiple levels of governance: the international level of the European Commission; the national 'central levels' in England and Denmark; and the national 'local levels'. Interviewees include: policy makers in both countries and from the European Commission; people working with CSR in industry; and practitioners working to implement local CSR programmes.

Conducting the interviews with CSR practitioners has been an integral part of carrying out the research for this book. The view here is that comparing how people who work with CSR perceive and experience CSR is a central part of understanding the extent to which the historical and institutional contexts of welfare states influence the ways in which CSR is interpreted, applied and linked to social exclusion. Understandings of CSR amongst people engaged with CSR are in themselves part of the relationship between CSR and its social context.

The idea behind interviewing CSR practitioners on three different spatial scales is to gain insights about CSR as it is being employed and experienced on multiple levels of governance. On the national levels, the goal has been to learn from the knowledge and experiences of people who have been central to national

CSR agendas in recent years. The reason for including the international level is as a means of taking into account that CSR not only takes on different shapes and forms depending on its national context, but that there is also a separate CSR agenda on the international level. The aim of carrying out interviews on the local level has been to explore how being involved with CSR 'at ground level' shapes people's views and perceptions of CSR. It was thought that people practising CSR locally could offer particularly interesting perspectives on what is considered to be the 'social impacts' of CSR.

The issue of the many shapes and forms which corporate social responsibility can take both conceptually and in practice is addressed in the conceptual and historical chapters of this book. For the purpose of the interviews on the local levels, however, an exclusive focus on just one type of CSR practice was adopted. The focus was on projects where CSR is employed explicitly to overcome social exclusion and to promote social inclusion. In both England and Denmark, the local CSR projects chosen have in common that they offer work placements and other labour market preparation activities for people considered socially excluded, either because they are homeless (in the English projects) or because they are recent immigrants with insufficient knowledge of the spoken language in their country of residency (in the Danish projects). More detail on these projects will be provided in the introduction to Part III.

Although it is in Part III of this book that the focus will turn specifically to the contexts of England and Denmark, findings from the case studies will also be drawn on in other chapters of this book. In the historical analysis of Part II, for example, the arguments made regarding the historical development in England and Denmark will be supported with quotes from English and Danish respondents.

One of the most important influencing factors in selecting England and Denmark for this book's cross-national comparison is based on these two countries' similar characteristics as 'welfare states'. Yet England and Denmark also represent two different welfare state types, at least when seen from the vantage point in the comparative social policy literature which considers welfare states as belonging to different qualitative clusters or regimes (this will be explained in more detail in Chapter 2). These differences are important in the context of this book's historical institutionalist theoretical standpoint, where national institutional contexts are considered important mediators of similar social phenomena and thereby also important variables for understanding and explaining similarities and differences. England and Denmark also present particularly fruitful contexts within which to explore CSR, because both England and Denmark are decided European front runners in developing CSR, an observation which is frequently confirmed in the literature on CSR (Albareda et al., 2006, Eberhard-Harribey, 2006). The reason for focusing on England rather than Britain is based on the recognition of the significant variations between social policy traditions and mixed economies in England, Scotland and Wales (see for example Taylor-Gooby, 2008b). The choice of additional countries for the historical analysis has again been informed by the theoretical allegiance with welfare typologies. Including Sweden and Norway

thus serves to expand the scope for making assertions about any particularly Scandinavian, 'social democratic' approaches to CSR. Similarly, the inclusion of Germany and France serves the purpose of including into the historical analysis a third 'conservative' welfare state type (see Chapter 2).

The Content of this Book

Part I of this book (Chapters 2 and 3) starts at the theoretical and conceptual level. Chapter 2 presents this book's theoretical framework. This framework consists of an integration of the mixed economy of welfare approach to social policy analysis and the theoretical stance of Historical Institutionalism. The chapter highlights the value of this integrated framework for the purpose of investigating corporate social responsibility within different welfare institutional settings.

Chapter 3 considers CSR conceptually. The first issue dealt with is the matter of the many co-existing but often conflicting definitions of corporate social responsibility found in the academic literature on CSR. In Chapter 3 these conceptual contradictions are explained by illustrating how the varying CSR definitions are situated within different ideological and normative discourses. These discourses differ not only in their descriptions of CSR but also in their implications for broader themes such as the appropriate relationship between business and the wider mixed economy, and the extent to which CSR should be employed as a vehicle for social change. Chapter 3 thus maps out the range of CSR discourses available to CSR practitioners and other CSR stakeholders. The following section of this chapter links these CSR discourses with different discursive approaches to social inclusion and exclusion. The final section of Chapter 3 presents an overview of CSR definitions used by people who are engaged in CSR in their working lives. The connection between these practitioners' definitions and the ideological CSR discourses will be explored. For the purpose of this exercise, findings from the interviews with English and Danish CSR practitioners will be used as examples.

Part II moves on to present an historical analysis of CSR which focuses on how CSR emerged and developed in different West European welfare states. These are England, Denmark, Sweden, Norway, France and Germany. The chapters in Part II explore the history of CSR within these mixed economies of welfare as a way of gaining an insight into why CSR takes both different and similar forms in different social contexts. The focus is on institutional developments which have influenced and shaped CSR throughout its history and which continue to affect the ways in which CSR is interpreted and applied today. As part of this historical investigation, the changing and varying links between CSR and social exclusion are also explored.

In Part III the emphasis is on the findings from the comparative case study of CSR in England and Denmark. Chapter 7 concentrates on the question of the social impacts of CSR. Drawing on respondents' accounts and views of the positive and negative social impacts of CSR, this chapter presents a detailed

