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The government of self-regulation: on the comparative dynamics of corporate social responsibility

Jean-Pascal Gond, Nahee Kang and Jeremy Moon

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Abstract

This paper explores the relationship between corporate social responsibility (CSR) and government. CSR is often viewed as self-regulation, devoid of government. We attribute the scholarly neglect of the variety of CSR-government relations to the inadequate attention paid to the important differences in the way in which CSR has 'travelled' (or diffused), and has been mediated by the national governance systems, and the insufficient emphasis given to the role of the government (or government agency) in the CSR domain. We go on to identify a number of different types of CSR-government configurations, and by following empirically the CSR development trajectories in Western Europe and East Asia in a comparative historical perspective, we derive a set of propositions on the changing dynamics of CSR-government configurations. In particular, we highlight the varied role that the governments can play in order to promote CSR in the context of the wider national governance systems.

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Keywords: corporate social responsibility; government; national governance system; translation; path dependency.

Introduction

This paper explores the relationship between government and corporate social responsibility (CSR). CSR, as a field of corporate discourse and practice, has recently been described as a new form of self-regulation (Vogel, 2010) which enhances the 'economization of the political' (Shamir, 2008, pp. 1–4), and as that which could free corporations from governmental pressures under a *façade* of morality (Banerjee, 2008; Shamir 2004a). Yet, the CSR movement raises broader governance issues with globalization (Gibbon and Ponte, 2008; Scherer and Palazzo, 2011; Thompson, 2008), and it is associated with new forms of both business involvement in new governance (Moon, 2002) and market politicization (Micheletti, 2003; Michelleti, Føllesdal & Stolle, 2004). These latter trends create new opportunities for governments to regulate corporate behaviours through CSR as well as to deploy CSR for governance purposes. Hence, governments' interest in CSR grows, shaped by a range of motivations and contexts, including the welfare state crisis (Midttun, 2005), the relational state and new governance (Moon, 2002), new social demands (Kjaergaard & Westphalen, 2001), national competitiveness (Hodge, 2006) and sustainable development (European Commission, 2002). Despite the growing evidence of government agency in relation to CSR, both historically and comparatively, the government-CSR relationship is counter-intuitive to many, and therefore remains largely overlooked, particularly in theoretical and conceptual terms.

In exploring CSR-government relationships we refute two common assumptions about CSR. The first is that CSR is exclusively about what government policy or regulation does not require of business or that which occurs beyond the requirements of government and the law (McGuire, 1963; McWilliams & Siegel, 2001, 2011). The second assumption we address is that CSR is simply a smokescreen for deregulation (Shamir, 2004a, 2004b, 2005, 2008) and thus, to mix our metaphors, window-dressing for irresponsible behaviour (Jones, 1996; Shamir, 2004a, 2004b, 2008; Banerjee, 2008). In demonstrating that both of these assumptions misrepresent the empirical reality of CSR with serious consequences for policy (e.g. undermining of the ability of governments to engage in CSR or denying the governments' deliberate use of CSR to enhance regulation through market pressures), we offer a typology of the relationship between CSR and government that accounts for their multiple configurations of interaction.

Building on insights from political science, economic sociology, legal studies and organization theory, we propose a typology that maps a wide range of CSR-government configurations and that recognizes the central role of government agency in this relationship. Thus we explore CSR not only as

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self-government (voluntary and non-enforceable) or as an alternative form of government (substitute for government), but also as self-regulation which is facilitated by government, coordinated in partnerships with government, and mandated – either directly or indirectly – by government.

We then use this framework as a conceptual tool with which to explore empirically the variety of ways in which governments engage with CSR in a comparative historical perspective. Here, we focus on Western Europe and East Asia. The choice of the two regions is based on the fact that their national governance systems, often described as either 'organized' or 'coordinated', differ from the more 'liberal' system of governance associated with the US (Dore, 2000; Hall & Soskice, 2001), and therefore can shed light on CSR-government relationships not limited to the conventional notion of 'CSR as self-government', which originates from the US. Moreover, the two regions allow a valid comparison with the US as they have relatively well-developed and stable systems of governance (albeit to varying degrees). The choice of national case studies within the two regions is not meant to be representative but indicative of the common and varying CSR-government relationships.

We attribute the neglected variety of CSR-government configurations to two main factors that have been downplayed in the extant studies on CSR. First, inadequate attention has been paid to the important differences in the way in which CSR has 'travelled' (or diffused) and has been mediated by the national governance systems, and, second, there has been insufficient emphasis placed on the role of the government (or government agency) in the CSR domain. Our empirical analysis suggests that in the CSR domain, as in other areas, 'market-building is state-building' (Fligstein, 1996). Governments can and do mobilize corporations purposively and strategically through CSR, either for liberalizing specific areas of social and political life (Shamir, 2004a, 2008) or for enhancing indirectly market and civil society pressures on corporations to behave in a socially responsible manner (McBarnet, 2007; Vogel, 2010; Zerk, 2006). Finally, we discuss how the typology of CSR-government relationships we propose can help further our understanding of socio-economic hybridization at the intersection of the business, political and society spheres, and in uncovering processes that govern the so-called 'self-regulation' that have been overlooked in prior debates.

Our paper takes the following path. We begin by discussing the concept of CSR as conventionally understood, pointing to the fact that much of the extant CSR literature does not allow sufficient room for government and, as consequence, for regulation and public policy in relation to CSR. We go on to explain our conceptual framework for CSR-government configurations. We then apply this framework to selected countries in Western Europe and East Asia in a comparative historical perspective. In so doing we compare and contrast the national directions of change in CSR-government relationships as well as the key drivers and issues of CSR in the respective countries. Hence, we are able to specify a set of possible shifts from one CSR-government configuration to another. We proceed to explain these findings with respect

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to the way CSR has travelled to the different national governance systems, the path-dependent change from one configuration to another, as well as the strategies of government policies therein. Finally, we conclude with a discussion on the findings, presenting CSR as neither a matter of self-regulation nor an acceptable face of deregulation. Instead, we present it as a more nuanced regulatory phenomenon which is reflective of a multi-national or even global (as opposed to US specific) concept, enacted in national settings of governance and as a feature of wider regulatory strategies. We finally discuss how our conceptualization of the CSR-government relationships can inform future research on the government of self-regulation.

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Conventional views of CSR

CSR refers to corporate actions that focus on enhancing stakeholder relations while aiming at enhancing social welfare (McBarnet, 2007). Crouch recently proposed to define CSR more specifically as 'corporate externality recognition', that is, 'behaviour by firms that voluntarily takes account of the externalities produced by their market behaviour, externalities being defined as results of market transactions that are not themselves embodied in such transactions' (2006, p. 1534). Such an approach overlaps the widely diffused definition by the European Commission of CSR as 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis' (European Commission, 2001, p. 6).

At an empirical and descriptive level, CSR has been approached as a set of corporate practices and discourses shaped by a range of actors in the organizational field (Shamir, 2005, 2008). At a theoretical and analytical level, CSR is a more controversial concept (Crane, Matten, McWilliams, Moon & Siegel, 2008; Gond & Moon, 2011a) that has been subject to scrutiny and debates since the term emerged in the early 1950s (Bowen, 1953; Heald, 1970).

The conventional views of CSR are dominated by two key assumptions perpetuated by both CSR advocates and their critics. The first common assumption, associated with the critics of CSR and more broadly of neo-liberalism, is that CSR is a smokescreen for deregulation (Hanlon, 2008; Shamir, 2005) and, possibly, a window-dressing for irresponsible behaviour (Banerjee, 2008; Gond, Palazzo & Basu, 2009; Jones, 1996). According to this view, corporations actively shape the CSR organizational field in order to 'de-radicalize' CSR and ultimately to undermine its potential for social reform (Banerjee, 2008; Shamir, 2004a). Corporations do so by co-opting, supporting or creating 'market-friendly' NGOs that frame the notion of CSR in ways that are amenable to business interests (Shamir, 2004a, 2005). Such corporate reframing of CSR also involves a 'commodification' process whereby social responsibilities are addressed only to the extent to which they support the development of new market opportunities (Shamir, 2008). Hence, it would be

wrong to consider CSR as an 'emancipatory social project' or a 'counter hegemonic force' to the dominant neo-liberalism (Santos, 2002, p. 146). Rather, social responsibility is a subtle and yet an effective response from the capitalist system to the threat of further governmental regulations. As noted by Shamir, corporate CSR discourse and practice fit neatly with an approach to neo-liberalism that focuses on 'responsibilization' and stresses new modes of governance through 'market-embedded morality' (2008, p. 1). CSR can thus be regarded as an illustration of the capitalist system's capacity to 'recycle' its own critique and to find new moral justifications of its perpetuation (Boltanski & Chiapello, 2005 [1999], pp. 7–12). It represents one of the last 'complex effects of domination' created by management to hide its increasing control over social life (Boltanski, 2009, pp. 190–3), and some would go even further to suggest that CSR could be the 'brand new spirit of capitalism' (Kazmi, Leca & Naccache, 2008). By this reasoning, the current development and diffusion of CSR would achieve a 'silent takeover' by corporations of political and social spheres (Hertz, 2002), which was a concern shared by the earlier CSR thinkers (Bowen, 1953; Chamberlain, 1973; Levitt, 1958).[1]

The second assumption, firmly underpinned by neo-liberalism and central to many definitions of CSR influenced by the US experience, is that CSR is what government policy or regulation does not require of business or that which occurs beyond the requirements of government and the law (McGuire, 1963; McWilliams & Siegel, 2001, 2011). This view has been termed the 'dichotomous view of CSR and government', in which corporations undertake social responsibilities entirely on a voluntary basis and governments administer public policy (Moon & Vogel, 2008, pp. 304–7). This notion of the separation between markets and politics echoes Milton Friedman's (1970) dictum that hired professional managers are responsible for running businesses (on behalf of their owners) and that elected politicians and public officials are accountable for, experienced in and trained for government. Friedman's view of business is that it lacks both accountability and capacity to address matters beyond economic interests. This perspective, endorsed by the mainstream economics and management studies literatures, considers CSR to be either a form of philanthropy that has ethical and normative dimensions or business strategy that has an instrumental dimension (Porter & Kramer, 2006). In both cases, CSR is conceptualized as a form of self-government which exists alongside government and the public system of governance (Margolis & Walsh, 2003; McBarnet, 2007, pp. 13–27). Thus, government and CSR coexist, but have no obvious relationship. This view leaves no room for the role of government in CSR.

Missing in discussions on CSR is the fact that, both historically and comparatively, national governments have always had a relationship with CSR and continue to have influence on CSR. This is because markets and politics cannot be neatly separated in reality (Chang, 2002; Dahl & Lindblom, 1992 [1953]; Fligstein, 1996), and as such government agency becomes important as it allows room to contemplate strategic engagement

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with neo-liberalism through CSR. The reliance on market mechanisms for governing corporate behaviour – for instance through the diffusion of the 'shareholder model' of corporate governance in the US since the 1980s (Fligstein & Markowitz, 1993) – does not equate to a retreat by the state but rather an active engagement by government to define the rules and mechanisms shaping the new mode of governance (Fligstein, 1996, 2001). In the case of CSR, scholars of legal studies have noted that the reliance on market mechanisms through CSR is a way to enhance market pressures on corporations, and thus to complement rather than supplant the legal framework by moving beyond the 'command and control' approach to legislation (McBarnet, 2007; Zerk, 2006).

By and large, works on CSR that build on the two aforementioned assumptions have failed to acknowledge the institutional embeddedness of market mechanisms within broader systems of governance that reflect social relations as well as the national legal and political governance systems (Chang, 2002; Granovetter, 1985; Polanyi, 1957, 2001 [1944]). In so doing, they share a common blind spot: both miss the underlying yet crucial role of the government in CSR, exercised both indirectly through the mobilization of market mechanisms and directly through the legal and regulatory shaping of private CSR initiatives.

We, therefore, propose a different and competing view of CSR by challenging the strict boundaries between market (private business) and state (public) responsibilities prevalent in extant CSR literature, and in turn open a realm in which the relationship between CSR and government can be explored (Kallio, 2007, pp. 170–1). We draw on the national governance systems literature (Boyer, 2005; Hollingsworth & Boyer, 1997) – under whose rubric we include the 'national business systems' (Whitley, 1992, 1999) and the 'varieties of capitalism' approach (Amable, 2003; Hall & Soskice, 2001; Streeck & Yamamura, 2001; Yamamura & Streeck, 2003) – to give attention to the national institutional frameworks within which corporations operate (Crouch, 2006; Kang & Moon, 2010; Matten & Moon, 2008; Moon & Vogel, 2008; Vogel, 2010). Without going into the debate on 'agency versus structure', these works are useful in that they view corporations as actors, but ones which are constrained (and enabled) by the broader institutional settings in which they operate (Crouch, 2006; Deeg & Jackson, 2007), and therefore, embedded in their respective national governance systems. CSR is seen as reflecting (and serving) the broader patterns of social responsibility of businesses within these systems (Jackson & Apostolakou, 2009; Kang & Moon, 2010; Matten & Moon, 2008). Such a perspective allows more room to investigate CSR in relation to the varied modes of governance and the roles of government.

Configuring CSR-government relations

We propose a repertoire of configurations of the CSR-government relationships to investigate the various ways in which government can influence and

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strategically promote CSR. Theoretically, our repertoire is informed by prior works on the relationships between law and CSR (McBarnet, 2007; Zerk, 2006), those on the private regulation of corporate conduct (Vogel, 2005, Vogel, 2010), and on the studies that explore the role of government in CSR (Albareda, Lozano, & Ysa, 2007; Fox, Ward, & Howard, 2002; Moon, 2002; Moon & Vogel, 2008; Steurer, 2010). Empirically, our analysis relies on comparative case studies of national CSR. We build on these conceptual resources and empirical evidences to theorize CSR-government relationships as reflecting different balances of governmental and business responsibilities embedded in divergent national governance systems.

Table 1 presents the outcome of our analysis and distinguishes five distinct modes of coordination between corporations and government over the content and process of CSR initiatives: (1) CSR as self-government, (2) CSR as facilitated by government, (3) CSR as partnership with government, (4) CSR as mandated by government and, finally, (5) CSR as a form of government. In what follows, we specify each configuration by describing the coordination mode underpinning the relationship as well as the locus of power over the content and process of CSR within each configuration, which is related to the degree to which the CSR initiatives are legally binding and enforceable.

In reality, some government policies and some CSR initiatives will often reflect several of these relationships as do national stages of CSR-government development. Moreover, the relationships that we posit often underpin or overlie one another. Most obviously, CSR as self-government (or self-regulation) is fundamental and is the base to all the relationships. This holds even, paradoxically, where CSR is mandated directly or indirectly by government, as corporations can always elect to disregard government incentives and partnership obligations and even regulations.

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CSR as self-government

CSR as a form of self-government operates alongside government, and conforms to a traditional, philanthropic view of CSR in which business makes discretionary contributions to society quite independently of government (Heald, 1970). These contributions often reflect more societal business than governmental business relationships, and thus the contributions of business are akin to those of citizens providing mutual support (Carroll, 2008; Moon *et al.*, 2005). Within this configuration, CSR initiatives are defined and designed at the discretion of corporations. These initiatives are by nature 'extra legal' (McGuire, 1963; McWilliams & Siegel, 2001, 2011) and correspond to what McBarnet has described as 'CSR beyond the law' (2007, pp. 13–31). Yet, they may complement governmental actions by filling institutional and legal voids in an 'implicit' understanding of what is required for business social legitimacy (Matten & Moon, 2008), but not as a result of coordination of the two actors (Vogel, 2010, pp. 81–3).

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Table 1 Five CSR-government configurations

Relationship type	Description	Mechanism of coordination	Influence of corporations	Influence of the legal framework	Illustrations
1. CSR as self-government	Corporate discretion independent of but alongside government	Absence of coordination, disconnection or coincidence of private and public initiatives	*Strong* Little state interference in CSR initiatives	*Weak* Typical case of 'CSR beyond law'	Philanthropic contributions to society, strategic CSR
2. CSR as facilitated by government	Governments provide incentives for CSR or encourage CSR through rhetoric	*Ex ante* governmental influence through the design of incentive systems and *ex post* encouragement through rhetoric	*Strong – medium* Governments contribute to CSR but it is mainly driven by corporations	*Medium* CSR indirectly shaped by legal intervention Indirect form of 'CSR through law'	Governmental subsidies, tax expenditures, imprimatur; socially responsible public procurement
3. CSR as a partnership with government	Governments and business organizations (and often civil society) combine their resources and objectives	Various modes of coordination and interaction of government and business resources and strategies	*Strong – medium* State likely to influence weakly the content and strongly the process of CSR initiatives	*Medium* Indirect mobilization of the legal framework for shaping CSR	Multi-actor institutions to deliver social goods or norms/codes using some governmental resources (as above)
4. CSR as mandated by government	Governments regulate for CSR	*Ex ante* governmental framing of CSR initiatives through the control of outcomes or disclosure	*Medium – weak* State likely to influence strongly the content of corporate CSR initiatives	*Strong* CSR shaped by the legal framework; direct form of 'CSR through law'	French law on social reporting (NRE); UK Companies Act amendment

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Table 1 (*Continued*)

Relationship type	Description	Mechanism of coordination	Influence of corporations	Influence of the legal framework	Illustrations
5. CSR as a form of government	Firms act as if they were governments where there are government deficits	Firm level or through stakeholder processes/ institutions	*Strong* State power vacuum, delegation or substitution by CSR	*Weak* Corporations act as government 'CSR for law'	CSR in pre-welfare state; post-privatization; global governance; new/ 'wicked' issues

Source: Adapted from Fox *et al.* (2002) and McBarnet (2007) with authors' additions.

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CSR as facilitated by government

Governments can go further and facilitate CSR through endorsement in the forms of speeches and other means of giving their imprimatur to business contributions to society (e.g. awards, kitemarks). The Australian and Danish governments introduced peak business leaders' forums to enable government to engage business concerning topics of their responsibility (Fox *et al*., 2004). Such modes of facilitation do not necessarily rely on any form of legal development.

However, facilitation can also refer partially to what has been described as 'CSR through law' (McBarnet, 2007) as found in public procurement policies (McCrudden, 2007a, 2007b; Zerk, 2006, pp. 38–9), which encourage business responsibility through rules about access to public-sector markets (e.g. through product requirements, ethnic/gender make-up of the workforce and sourcing of materials). In so doing, government shapes CSR initiatives indirectly by selecting *ex post* specific CSR initiatives regarded as valuable. *Ex ante*, governments can also facilitate CSR through subsidies to businesses (e.g. for voluntary participation in public employment or training policies) or to business associations which advocate, advance and implement CSR (Moon & Richardson, 1985). Government can even play a role in encouraging the formation of business associations for CSR (e.g. Business in the Community [BITC] UK: Moore, Richardson & Moon, 1989, p. 50).

The support of BITC in the UK is a case of such indirect stimulation of CSR through the creation of an intermediary organization that would subsequently support CSR initiatives. Another common form of endorsement is through tax incentives for corporate charitable giving. In these cases, the government exercises an *ex ante* control over corporate resource allocations in CSR initiatives.

CSR as partnership with government

Governments can also shape CSR further through partnerships (Moon and Willoughby, 1990; Moore *et al.,* 1985, 1989). Fox *et al.* (2002) and Ward (2004) report several illustrations of such partnerships, especially in developing countries and often in the extractive sectors, such as the Philippines' mining industry or the oil industry in Angola. Partnerships between government and CSR can occur with individual companies or with business associations. There is often a mix of complementary resources that the two bring into the partnership; for instance, governments often bring fiscal and regulatory capacity whereas companies bring their networks, employees and knowledge to bear in addressing problems (Fox *et al*., 2002). The partnership often also involves civil society organizations representing communities, religious or labour organizations or the environment. Civil society organizations bring their close understanding of social expectations and of social problems as well

as legitimatization to the partnerships. Partnerships can be developed to address local issues (e.g. local economic partnerships), national issues (e.g. the UK's CSR Academy to improve SMEs' understanding of CSR) and even global issues (e.g. the US Apparel Industry Partnership, the UK Ethical Trade Initiative). Through their various modes of coordination, partnerships reflect a range of possible power balances between government and corporations. Partnerships provide governments with more opportunity to frame CSR policy and its deployment than simple facilitation.

CSR as mandated by government

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Although the idea of governmental mandate of CSR is counter-intuitive as it appears to obviate corporate discretion, there are a number of reasons to include this relationship that overlaps with 'CSR through law' (McBarnet, 2007, pp. 31–45). First, governments have used 'soft law' to encourage CSR, often as a means of experimenting with new approaches to business responsibility. As noted by Ayres and Braithwaite (1992), regulation can be used in a variety of ways which fall short of coercion and punishment. For example, a number of governments have required companies to report their social, environmental and ethical impacts without specifying the particular behaviour they deem responsible (Berthoin-Antal & Sobzack, 2007). Specifically, the UK government has used disclosure as a tool in enacting legislation 'which not only encouraged, but in practical terms necessitates, the adoption of CSR policies by major companies' (McBarnet, 2007, p. 32).[2]

Second, a number of governments have underpinned various regulations with the rhetoric of CSR in order to legitimatize these regulations. The French government's introduction of an obligation on companies to make a 'bilan social' or social statement in 1977 was a means of providing information about employment conditions and industrial relations broadly defined (Igalens & Nioche, 1977). In 2006, the Chinese Communist Party at its sixth plenum of the Sixteenth Party Central Committee set the definitive requirements for companies to implement CSR as part of a general reinforcement to its Building Harmonious Society policy of 2004.

Third, legal frameworks have been mobilized proactively by NGOs in ways that turn initially 'voluntary' CSR initiatives or code of conducts into legally binding obligations. As a result, 'CSR as self-government' has sometimes ultimately been turned into 'CSR as mandated by government'. For instance, private litigation has transformed what was initially seen as CSR as a public relations stunt into a legally binding commitment in the case of *Kasky vs. Nike*. Nike's initial claim in its CSR report that its suppliers adhered to its code of conduct which did not permit sweated labour was judged false and misleading and thus in violation of California's legislation on unfair competition and false advertising (see Parker, 2007 for an in-depth discussion). Also, a 2005 European Directive included, under restrictive circumstances, non-compliance

by a company with its code of conduct as an instance of misleading commercial practice (McBarnet, 2007, p. 41). Legal interventions in other CSR-related domains such as contractual law (McBarnet & Kurkchiyan, 2007), international law (Zerk, 2006) and criminal law (Voiculescu, 2007) have the potential to reinforce such a consolidation of CSR as 'soft law', as the voices of suppliers, intergovernmental and international organizations or domestic governmental bodies are brought into the legal process.

Within such a configuration the locus of control over CSR initiatives lies principally with government although corporate cooperation with the law and NGOs can also be a factor.

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CSR as a form of government

CSR as an (alternative) form of government reflects a dichotomous relationship between business and government. Within this configuration, business initiatives do not necessarily complement government's action but are a functional substitute for this action. Corporations, through CSR, can substitute for government in terms both of social roles and over the definition and control of their own activities (Crane, Matten & Moon, 2008, ch. 3). From a legal perspective, this corresponds to what has been described as 'CSR for law' (McBarnet, 2007, pp. 44–54), although it can also be regarded as 'CSR instead of law'. This substitution may refer to inherent limits of the 'command and control' approach in the law. Yet, this is often negatively regarded by those both on the right (Friedman, 1970; Levitt, 1958) and on the left (Hertz, 2002; Monbiot, 2001), as a usurpation of the proper responsibilities of government and as undermining democratic accountability.

However, companies can act in government-like ways which are not necessarily malign (Melé, 2008). Corporations can provide social benefits (e.g. recreation opportunities, library and education facilities for workers, their families and communities), as was the case in the UK prior to the emergence of the welfare state in the nineteenth century (Moon, 2005). In modern times, and less developed parts of the world, corporations provide such social benefits where there are serious governance deficits (e.g. withdrawal of government services in Kenya [Muthuri, Moon & Chapple, 2009], as well as in the transitional economies of Eastern Europe [Strange, 1996]). The international arena is another sphere in which companies have taken to self-regulation to cover environmental and social conditions in their supply chain (Scherer and Palazzo, 2008, 2011) where governments, national or international, have proved unwilling or unable to regulate cross-border activities. The most obvious example of a joint initiative by international corporations is the UN Global Compact which is 'principle-led' but other initiatives involve closer forms of self and social regulation of supply chains (e.g. Ethical Trade Initiative, Marine Stewardship Council). Businesses can also act like

governments in the way they address a host of new issues for which regulation may be premature or too blunt an instrument.

Each configuration reflects a specific mode of coordination between corporations and government over the content and process of CSR, related to the degree of legal binding and of the enforceability of CSR initiatives. Taken as a whole they represent a continuum ranging from situations within which government dominates CSR (CSR as mandated by government), through situations of mixed powers (CSR as facilitated and partnered by government), to situations where corporations are more likely directly or indirectly to shape CSR (either CSR as self-government or CSR as a form of government).

These five configurations can be regarded as 'ideal-types' of CSR–government relationships in the Weberian sense, as they are based on 'the one-sided accentuation of one or more points of view and by the synthesis of a great many diverse, more or less present and occasionally absent concrete individual phenomena' (Weber, 1949, p. 90). According to Weber, an ideal type is not a 'hypothesis' but one that 'offers guidance to the construction of hypotheses' (Weber, 1949, p. 90). Typologies such as the above have been proved useful to theory-building in organization studies (Doty & Glick, 1994; Fiss, 2007, Fiss, 2011; Mintzberg, 1983), and so in what follows we rely on them to illuminate empirically the variety of possible CSR-government relationships across space and time in order to theorize the dynamic processes whereby these relationships are formed in national contexts. In particular, we explore empirically how CSR-government relations differ within and across Western Europe and East Asian countries, how these countries have seen shifts from one configuration to another in recent years. The purpose here is to highlight these configurations and their dynamics rather than to derive new findings on CSR in the countries of the two regions.

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Exploring CSR-government configurations in Western Europe and East Asia

Western Europe

There were some nineteenth-century patterns of industrial paternalism and philanthropy (CSR as self-government) shared by the US and Western European countries, particularly where industrialization preceded the welfare state, as in the cases of the UK (Marinetto, 1999; Moon, 2005), the Netherlands (Cramer, 2005) and France (Beaujolin & Capron, 2005). They were often associated with the religious convictions of business leaders (Acquier, Gond & Igalens, 2011), and reflected some of the imperatives of industrialization, such as maintaining a loyal and well-functioning workforce (Rowlinson & Hassard, 1993). The divergence between Western Europe and the US occurred with the advent of the European welfare state from the late

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nineteenth to mid-twentieth century, but particularly after the Second World War, as the European welfare state replaced philanthropic provision, shifting the configuration from 'CSR as self-government' to 'CSR as mandated by the government'. Interestingly, where industrialization tended to parallel or follow the growth of the welfare state (e.g. Germany, Scandinavia), there was little evidence of corporate philanthropy; rather, the responsibilities of business were driven or framed by governments in a style more reminiscent of the New Deal period in the US.

The divergent trajectories of twentieth-century business responsibility can be understood with reference to the respective national governance systems. The Western European governance systems, which are embedded in the organized (or coordinated) model of capitalism, have tended to be characterized by more concentrated financial systems, more regulated education and labour systems, and cultural systems more sceptical about business and confident about government than in the liberal market model of capitalism (Hall & Soskice, 2001; Amable, 2003; Boyer, 2005). As such, their governance systems reflect varying balances of neo-corporatist and state forces. This has informed the nature of businesses and their responsibilities have been implied, supported and reinforced by the negotiated outcomes of neo-corporatist processes and state engagement. These have covered many of the areas which in the US have been subject to corporate discretion such as health insurance, training, higher education, arts or community services (Matten & Moon, 2008).

Since the last quarter of the last century, 'CSR as self-government' has gradually been supplemented by 'CSR as mandated by government', albeit at different rates and from different starting points. As Table 2 shows, these differences reflect distinctive European features and motivations (Habisch *et al.*, 2005; Maignan & Ralston, 2002; Matten & Moon, 2008). As argued by Matten and Moon (2008), this change can be attributed partly to the organizational challenges (or isomorphic pressures) associated with the imperatives of managing businesses in a highly globalized environment (DiMaggio & Powell, 1983; Meyer, 2000; Meyer, Boli, Thomas & Tamirez, 1999). European businesses have become subject to numerous 'coercive isomorphisms' in the form of soft-, social- and self-regulation, including various inter-governmental initiatives (e.g. the OECD Guidelines for Multi-National Companies, the UN Global Compact), collective business initiatives (e.g. the Global Reporting Initiative) and new socially responsible investment criteria (e.g. Dow Jones Sustainability Index, Domini Social Index, FTSE4-Good). They are also the subject of 'mimetic processes' whereby European businesses join business associations for CSR, sign up to new principles, codes and standards (e.g. Business in the Community, UK or CSR Europe). Finally, new 'normative pressures' have emerged with such issues as sustainable development and labour standards in supply chains, which are not in the remit of traditional welfare states. These new normative expectations are not only highlighted by sometimes critical media which have enhanced consumer

Table 2 The changing social responsibility doctrine in Western Europe

Period	Stage of development	Key concept	Corporate legitimacy	Main motivations
1880–1900	Spread of industrialization; philanthropy	Self-government: philanthropy/paternalism alongside regulatory state	Context of labour movements, industrial regulation	Mixed: religious, legitimacy, productivity
1900–1945	Growth of welfare state; narrowing of business SR	Self-government: philanthropy/paternalism alongside various state forms	Contested by labour/socialist movements/governments; incorporated in fascist systems	Legitimacy (often linked with nationalism)
1945–1980	Consolidation of welfare state; expansion of industrial state; growth of neo-corporatism; narrowing of business SR	Implicit role in enabling and mandating government/modest self-government in philanthropy	Incorporation in mixed economy/welfarism	Legitimized in Social Democracy/Christian Democracy/Liberalism/Conservatism. Marginal values-led motivation
1980–present	Liberalization/privatization/new governance; globalization yields wider corporate discretion	Explicit CSR: community, market, workplace, environment	Global citizenship; focus on individual firm (as opposed to business in general or collectively)	Legitimacy, stakeholder approval, business strategy

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awareness, but are also addressed by business and professional associations, business schools, business media and non-government and government organizations with whom companies interact (Vogel, 2010). In fact, isomorphic pressures have been exerted and the changes carried out by so-called 'CSR entrepreneurs' aiming either at reforming local institutions (Boxenbaum, 2006; Boxenbaum & Battilana, 2005) or at building new CSR products and markets (Boxenbaum & Gond, 2006) based on the notion of CSR as self-government.

The pressures for change in CSR at an organizational level have been further complemented by the structural and institutional shifts in the broad national governance systems from an organized to a liberal market model of

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capitalism (Kang and Moon, 2010; Moon, 2002). With the advent of neo-liberalism, neo-corporatist institutions and state power have come under pressure. Labour unions are less able to secure nation-wide employee protection and remuneration, and neo-corporatist policy-making systems have become less hierarchical and consensual, affording more business discretion and self-regulation (Molina and Rhodes, 2002). At the same time, over the last quarter century the roles of governments have tended not only to decline in terms of the share of the economy accounted for by public sectors, but also to change in terms of mode where the prevailing trend towards de-regulation has encouraged governments to rely less on their authority and more on markets and networks (McBarnet, 2007; Moon, 2002).

Notwithstanding pressures for change at various levels of the economy and society and, as a consequence, elements of convergence between CSR in Western Europe and the US, some differences persist, as change is often an incremental and path-dependent process (Streeck & Thelen, 2005). Despite the shift in the national governance system as noted above, remnants of neo-corporatist and state traditions prevail (Matten & Moon, 2008). CSR in Europe is more closely organized with and through business associations, be they national or even European (e.g. CSR Europe). European CSR is also much more closely aligned with government policies, both as facilitated by various forms of endorsement and as in partnership with government (Habisch *et al.*, 2005). For instance, Albareda *et al.* (2007, pp. 395–6) conclude that fifteen of the European governments' policies for CSR are 'relational' in that they were designed to improve collaboration between governments and business and civil society stakeholders.

This reference to the EU reminds us that engagement with CSR is not simply the purview of national government. Indeed there is some interaction between these different levels, as illustrated by the impact of the EU Commission's directive on sustainable public procurement which appears to have been adopted by most member states (Steurer, 2010, p. 64). As Grodzins (1966) observed, federal systems are less about strict differentiation of levels of government, more about mutual contagion, much as in a marble (as opposed to a layer) cake. This is clearly also true of the EU which balances elements of supra-national with inter-governmental power. Thus, while a characterization of the EU CSR system is beyond the reach of this paper, we assume that it is infused by multiple national CSR systems. In addition, sub-national governments have also been able to employ the range of instruments we have noted above for national governments. For example, as McCrudden (2007a) has noted, the Northern Ireland government has encouraged a specific form of responsible business behaviour particularly by using their considerable powers of public procurement.

Naturally, there are also variations in the way national governments engage with CSR within Europe. The UK is regarded as leading in European (and global) CSR (Vogel, 2005), and also as having the most advanced public policies for CSR (Aaronson, 2003; Stiftung-GTZ, 2007). The UK combines 'CSR as

self-government' with a wide range of government policies designed to facilitate CSR in the combined forms of endorsement, partnerships and mandate (Moon, 2004), emphasizing the CSR contribution not only to international responsibilities and reputations of UK companies (e.g. by the Ethical Trade Initiative), but also, and increasingly, to national competitiveness (Hodge, 2006). Reflecting their state traditions and industrial relations, the Scandinavian countries generally place greater emphasis on co-responsibility for an inclusive society and dynamic labour market, and as such CSR reflects partnership relations with government. For instance, in Denmark, a major CSR threshold was the government-business partnership to address labour market problems in the 1990s, which remains a key focus of CSR (Morsing, 2005). Meanwhile, Germany, like France (Berthoin-Antal & Sobzack, 2007), is a relatively late enthusiast for CSR as self-government and remains a relatively statist one, preferring CSR as mandate and introducing numerous labour, social affairs and governance laws.

While differences within Europe persist, this is expected to narrow with time, certainly for the EU member states, given the prevalence of the EU as the supra-national regulatory body and its interest in CSR. Since the Lisbon Summit in 2000, the EU has looked to business, and specifically CSR, to fill the gap between the objective of economic competitiveness and the goal of increased social and economic standards. This broad goal has informed various uses of CSR including the global positioning of the EU as an 'ethical power'. Perhaps reflecting the changes undergone by the member states due both to the organizational and structural-institutional pressures discussed earlier, there has been a shift since the initial EU emphasis on 'CSR as mandate' to a greater emphasis on less restrictive and binding CSR-government configurations. For instance, the EU Commission (2006) has sought to facilitate CSR through the publication of Green Papers and supporting discussions (e.g. the Multi-Stakeholder Forum on CSR in 2004).

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East Asia

The kind of industrial paternalism and philanthropy shared by Western Europe and the US in the nineteenth century can also be found in East Asian businesses (in Japan, South Korea and, more recently, China) in the twentieth century as industrialization preceded the welfare state. After all, the East Asian governance systems share some similarities with those of Western Europe, conforming more closely to organized rather than liberal market models of capitalism (Dore, 2000; Streeck & Yamamura, 2001). For instance, as in Western Europe, East Asian governance systems can be characterized by more concentrated financial systems, more regulated education and labour systems, and cultural systems more sceptical about business and confident about government (Whitley, 1992, 1997).

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Despite sharing similar features, there is a subtle but critical difference between the two governance systems: there is an absence of strong neo-corporatist institutions, or a tradition of voluntary association between organized interests, in East Asian governance systems. This makes their governance systems more statist than those of Western Europe (Kang, 2010; Orrù, Biggart & Hamilton, 1997), whether this be through strong 'administrative guidance' (Japan and South Korea) (Amsden, 1989; Evans, 1995; Johnson, 1982) or through state ownership and control (China). This feature has informed the nature of East Asian corporations and the state-oriented nature of their responsibilities. Large flagship businesses were either public entities (SOEs) or perceived to be pseudo-public entities even when private property rights were respected (e.g. the *chaebol* in South Korea) (Kang and Moon, 2010; Kim, 1997; Mafune, 1988) and as such it has long been a common practice for business leaders to proclaim their responsibility for national growth (You & Chang, 1993).

There was a strong sense of industrial paternalism, reflecting the imperatives of the importance of workers being regarded as human capital and of maintaining industrial peace in 'catch-up' development. CSR consisted of the provision of social and economic infrastructure for workers and their families, such as housing, education and medical facilities, not dissimilar to those found in the nineteenth-century US and Western Europe. However, what differed is that philanthropy was not driven by the religious convictions of the business leaders (CSR as self-government), but rather by government initiatives (CSR as mandate), as CSR became a way of substituting for the absence and late emergence of the welfare state. Therefore, CSR in Japan and South Korea went further to include social protection measures for the core workforce, ranging from long-term employment to legal sanctioning of the priority of wage claims over creditors in case of bankruptcy (You & Chang, 1993). CSR in the form of corporate welfare schemes tied workers' interests to those of businesses. Notwithstanding certain 'pathologies' associated with the quality of employment and work-life balance (e.g. long working hours) (Fukukawa & Moon, 2004; Welford, 2004), and weak representation rights within the firm, large businesses in Japan and South Korea shared welfare responsibilities that in other national governance systems would be seen as belonging to government.

East Asian businesses have not been immune to the organizational and institutional challenges described above in relation to Western Europe. In fact, these pressures have been magnified in the cases of South Korea and China due to further democratization and transition to a more market-based economy, respectively. Where organizational pressures are concerned, as corporations grow and go global, they have become subject to similar isomorphic pressures. However, the kind of 'CSR entrepreneurialism' aiming at either reforming local institutions or building new CSR products and markets based on the notion of CSR as self-government is at a very early stage, although this is expected to grow with rising consumer awareness (on China, see Garner and Chan, 2005; Gerth, 2010).

Again, similarly to in Western Europe, there have been structural and institutional pressures for change in CSR, as policies of liberalization, deregulation and privatization challenge the traditional interventionist role of the state. What differs from Western Europe is that the absence of strong neo-corporatist institutions amid the shrinking realm of the state has generally meant a more fundamental shift towards more 'liberal' governance systems; for example, South Korea in the post-1997 period (Kang, 2010; Pirie, 2005), but also to a smaller degree China where there has been a rise of a new generation of private entrepreneurs (Tsai, 2005, 2006).

However, as discussed above, change is a path-dependent process, and, while governments in East Asia are becoming less interventionist in their approach to the market, the remnants of strong state exist (Kang, 2010; Tiberghien, 2007; Woo-Cumings, 1999). As a consequence, the notion of CSR as mandate still prevails but there is also evidence of other configurations emerging in order to tackle new CSR-related problems. For example, in response to the growing concerns regarding Chinese business activity in Africa, China has embarked on a partnership with a more 'experienced' partner, Britain's Department for International Development (DFID), with the intent of monitoring and controlling the social and environmental impact of Chinese investments in the region.

While CSR continues to be largely mandated, what has changed is that the key CSR issues of interest to the government have diversified to go beyond human capital and employment relations to encompass a broader set of issues reflecting the times. These include 'good' corporate governance, especially after the Asian and global financial crises (Gourevitch & Shinn, 2005; Walter, 2008), sustainable development, in response to the growing international and regional concerns for climate change, and the status of East Asia as a large carbon emitter. For a diverse mix of CSR-government configurations to emerge, the role of civil society is likely to be vital (Vogel, 2010). As it stands, civil society remains relatively weak in South Korea and Japan in comparison to their Western European counterparts, and closely bound to the state, and has been conspicuously absent as a driver of CSR in China.

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Explaining the varying trajectories: national governance systems, path-dependency and government agency

National framing of CSR-government configurations

Western Europe and East Asia demonstrate important differences in the way in which CSR has 'travelled' (or been diffused), mediated by the national governance systems of the two regions. While CSR has become a global management concept, CSR at the national level is in fact implemented differently to reflect variations in national governance systems. The CSR development trajectories of the two regions suggest that national governance

systems are likely to have influenced the CSR-government configuration when CSR emerges within, or is imported to, a given country. For instance, contrary to the US where CSR as self-government as been the dominant form of CSR-government configuration, reflecting its 'liberal' governance system, that in Western European countries reflects governance systems underpinned by traditions of neo-corporatism and state engagement. In East Asian countries, the CSR-government configuration has been mandated, reflecting their statist governance systems. Future empirical research can generalize these findings and evaluate systematically the likelihood of specific configurations' emergence within a variety of national governance systems.

Proposition 1: National governance systems shape the emergence of specific CSR-government configurations during the process of CSR diffusion.

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Path dependence in CSR-government configuration shifts

Once a given configuration of CSR-government has emerged in a country, the shift to another configuration seems to be path dependent. Our empirical analysis of successive configuration shifts in Western Europe and East Asia highlights these trends. For instance, the UK – a country which, by European standards, had relatively strong CSR as a form of self-government – has evolved indirectly but progressively towards more government-led forms of CSR. In the late 1990s and the 2000s, these relationships were further complemented by CSR as mandated by government (e.g. pension fund and company reporting) (Moon, 2004). In contrast, numerous continental European countries adopted a reverse move, from more to less government-controlled approaches to CSR. Hence, several countries with *a priori* divergent national governance systems (e.g. UK vs. Germany or France) converged progressively on specific configurations that represent a more balanced equilibrium between government and corporation (e.g. CSR as a partnership or CSR as facilitated by government). This move holds true increasingly for the relatively more democratic and liberal countries of East Asia (e.g. Japan and South Korea vs. China) as the government becomes less interventionist and civil society becomes more empowered.

Proposition 2: Once a CSR-government configuration has been adopted to reflect the national governance system, the shifts to other configurations are likely to be path dependent.

Government agency in CSR-government configuration shifts

One factor explaining the neglected variety of CSR-government relationships is the inadequate attention paid to the role of the government in prior CSR research. Although governments themselves figure in accounts of national

governance systems, their role is mostly passive. This is because governments are not considered as key actors in the CSR organizational field, but rather as arenas where different interests are played out.

However, in the context of government policies for CSR (rather than CSR *per se*), we find that state tradition and government agency play a critical role. In particular this is reflected in choices about the nature of the CSR-government relationships, but also, and more fundamentally, about the uses of CSR. Thus specific government strategies inform the extent to which CSR is used either as a means of supplementing and complementing governance of social and environmental issues or as a means of regulating business itself. In line with prior works highlighting the role of government bodies in the import of managerial practices (Djelic & Quack, 2003; Djelic & Sahlin-Anderson, 2006; Frenkel, 2005), our analysis suggests that governments play an active and crucial role in shaping the adoption of a specific CSR-government configuration as well as in governing the shift from one configuration to another. Hence, governments can strategically mobilize CSR either to enhance or to retract their support from private initiatives aimed at managing social and environmental issues. This is most clearly observable in China where government agency is noticeably strong, and where, as discussed earlier, the government has mandated CSR policies to control the private sector.

Proposition 3: Governments themselves play a crucial role in shaping the shifts of CSR-government configurations during the process of CSR diffusion by using CSR strategically either to enhance or to weaken their involvement in social and environmental issues.

Implications and discussion

Variety of CSR across governance systems

The three propositions generalize the CSR development trajectories of the two regions. These propositions are intended to lend support to future investigations on complexities of government-CSR configurations across diverse contexts. They can be tested at different levels, from the local, through national and regional, to global levels. They can also be used to uncover the path dependency of CSR development and its relationship to broader shifts in national or regional governance systems. The European context presents an especially attractive case for studying these propositions, as CSR practices are advanced and have been shaped through a variety of initiatives at the national as well as regional (EU) levels through government agency.

Although we have broadly defined CSR and thus treat this concept as an homogeneous entity, arguably CSR is a complex organizational and institutional phenomenon that encompasses several dimensions (Crouch, 2006; Gond & Crane, 2010) that are not all susceptible to being shaped in the same manner

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by the government or the national governance systems (Campbell, 2007). Some authors have proposed approaching CSR as 'corporate stakeholder responsibility' and suggest studying how corporations address the needs and claims of their various stakeholders (Barnett, 2007; Freeman, Harrison & Wicks, 2007; Jamali, 2008). This perspective could be used in future research to refine our propositions; for instance, in considering how national governance systems and governments shape CSR investments toward specific stakeholders. In addition, Basu and Palazzo (2008) have distinguished discursive, cognitive and behavioural components to CSR. The repertoire of CSR-government relationships we have proposed can be instrumental in identifying which relationships are likely to influence CSR in its discursive, cognitive or behavioural facets.

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The government of CSR

Our study demonstrates that CSR is emerging not only as a global management concept, but also as systems of government and governance, emphasizing that the association of CSR with government should no longer be counter-intuitive. We have highlighted the extensive range of CSR-government relationships (Table 1). CSR as self-government conventionally sits alongside a functioning system of liberal market governance, although it also underpins other CSR-government relationships. Beyond that there are more interventionist government policies, from encouraging (through facilitation and partnering) to mandating in the forms of 'soft' and 'hard' regulations. There is also the manifestation of CSR as government, where corporations act as if they were governments. This is mainly associated with underdeveloped governance systems and issues 'between' the developed and the developing worlds in MNC supply chains. Future research could investigate whether developing countries are more likely to see this specific configuration emerge as a primary form of CSR. It could also explore evolutions from this configuration to other possible configurations and contrast these paths with what has been observed in East Asia and Western Europe.

Notwithstanding the common themes, there are considerable national differences. Although the US could have been considered the cradle of explicit CSR, in Western Europe there has been the clearest development from CSR as implicit to CSR as self-government which is strongly encouraged, facilitated and partnered by government. In East Asia, there has been a relatively recent growth of CSR as self-government, and where governments have encouraged CSR there has been a strong emphasis on mandate-type policies.

CSR has emerged as a feature of the variety of 'new governances', confirming Moon's conclusion (with reference to the UK) that CSR had 'moved from the margins of governance to occupy a more mainstream position, entailing partnerships with government and non-profit organisations' (2002,

p. 406). But national configurations of CSR and their differing relationships to national governments are increasingly connected to the emerging global systems of governance. Thus, national companies, business associations, NGOs and governments are connected through international institutions, commitments to global standards, the adoption of global practices and participation in these new governance entities (Moon & Vogel, 2008; Scherer & Palazzo, 2008, 2011).

There is a paradox here. On the one hand, CSR is part and parcel of a more liberalized environment emphasizing autonomy and 'bottom-up' and problem-oriented, multi-sector governance instruments. On the other hand, in contrast to the US model of CSR as self-regulation, other governments are more conspicuous in exploiting CSR for their own purposes. We characterize these developments as a maturation of CSR in which, from the perspective of business, there is a shift from the relative isolation of CSR as self-government to a contribution to governance which is more engaged and socially regulated and, albeit to varying extents, governmentally regulated.

Looking briefly to future research agendas, first, there is a clear need for greater evaluation of contribution of CSR to governance and of the role of government policies therein (Gendron, Lapointe & Turcotte, 2004). How does CSR improve society? Do government policies stimulate improvements in business social performance or do they simply mimic that which business is already adopting? Second, there is also a clear need for comparative research into the compatibility, convergence, difference or divergence of government policies for CSR. This is important for businesses whose activities straddle national boundaries as well as for policy-makers to better understand the effectiveness of their policies. This is especially important at the international level in which global, regional, national and sectoral policies coexist.

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Reconsidering socio-economic hybridization through CSR

In considering government as central to the analysis of CSR, our study introduces a crucial yet missing component in the contemporary discussions of the socio-economic hybridization process that seems to characterize contemporary institutionalization of CSR. Prior accounts of this process have given focus to the 'corporatization of civil society' (Shamir, 2004a, pp. 681–5) or the 'economization of the political' (Shamir, 2008, pp. 1–4), but have failed to identify the 'visible hand' of government in the CSR markets that grow at the intersections of the market and civil society. Hence, they miss the process of 'politicization of the economic' (or 'market politicization') that are also constitutive of socio-economic hybridization through CSR, thereby overlooking the fact that 'socially responsible' market-building also involves governmental and legal intervention (Fligstein, 1990). Yet, for CSR markets, as in the case of other markets, 'an increase in economic exchange causes actors to push for more rule making and more state capacity to govern' (Fligstein &

Sweet, 2002, p. 1208). This paper has proposed tools to investigate government agency in socio-economic hybridization through CSR and calls for uncovering the processes whereby governments shape this hybridization. Recognizing the presence and influence of government in CSR opens new avenues for research. For instance, this invites future studies to examine the politics of market-building through CSR, evaluating how governments influence the construction of CSR initiatives (e.g. fair trade), and how non-corporate actors might engage with governments to create platforms that support their CSR agendas.

Conclusion

In this paper, our goal was to revisit the relationship between CSR and government which has been sidelined in prior economic sociology discussions of social responsibility. We critically reviewed prior assumptions on the CSR-government relation and contributed to the emerging literature on political CSR in four ways. First, we reintegrated government as a distinctive actor in institutional dynamics surrounding CSR. Second, we proposed the variety of capitalism perspective to conceptualize the role of government in CSR. Third, we developed a theoretically grounded typology of CSR-government relations and showed how it can be used empirically as an analytical tool to investigate the role of government across time and space. Fourth and finally, we explained how the reintegration of government in CSR analysis calls for a reconsideration of the idea that CSR refers unilaterally to a process of society's commodification, corporatization or de-politicization. In contrast to this view, we offer an approach to CSR as an opportunity for market re-politicization and the development of new modes of governance.

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Notes

1 Several of these early testimonies on CSR can be found in the first volume of Gond and Moon (2011b).

2 The UK government did so in adopting legislation according to which UK pension funds had to disclose whether or not they were taking into account social, environmental and ethical decisions. Although UK pension funds had no obligation to report on the CSR policies of the companies they invested in, they all decided to do so for reputational reasons. This in return produced a cascading effect on corporations that were pushed to report on extra-financial information in order to satisfy institutional investors' requests for CSR information (McBarnet, 2007).

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