

Chapter 30

Balancing the Old With the New: Creating a Typology for Explicit– Implicit CSRS Interaction

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ABSTRACT

In this article the authors articulate four separate models that consider the inter-relationships between Explicit and Implicit Corporate Social Responsibility. These models suggest that the transition from a traditional and ‘quiet’ social responsibility approach to a strategic and more expressive communication is design is variable and influenced by both institutional and firm level factors. At the institutional level, market liberalization, social legacy, localization forces and cultural legitimacy may all help predict where firms exist along the Explicit-Implicit continuum. Organizationally, strategy, social significance, market size and space, and self-determinism to moderate the extent to which firm adopts or resists Explicit CSRS. By considering these models and their related factors individually, the authors present a rich framework to educate future research in social responsibility and social change.

INTRODUCTION

The study of Corporate Social Responsibility and Sustainability (CSRS) has in recent time taken a prodigious turn. As Brammer, Jackson and Matten (2012) submit, research has shifted from questions concerning the consequences of social responsiveness, to those related to the antecedents of CSRS. Specifically, as Brammer et al. (2012) note, that there has been a contemporary wave of institutional theory, both ‘neo’ and comparative, cascading over CSRS scholarship. And while the link between institutional theory and CSRS has previously been explored (c.f. Matten & Moon, 2008; Campbell, 2007; Aguilera,

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Rupp, Williams and Ganapathi, 2007; Gjølborg, 2009), the present popularity of ‘all things institutional’ suggests that this stream of research has gained significant equity with both scholars and practitioners.

This increased attractiveness of institutional theory is arguably a by-product of two realities: (1) the relative inconclusiveness of the ‘business case’ for CSRS and (2) the internationalization of business and management practices. Authors seemingly now, at least in academia, care less whether CSRS leads to improved financial performance, and more about the causes and orientation of social responsiveness across nations, industries and firms (Brammer et al. 2012). Since a rational, profit-maximization argument fails to explain heterogeneity across CSRS practices and popularity, a more social and nuanced approach to CSRS is warranted. Enter institutional theory.

Since Matten and Moon (2008) distinguished between Explicit CSRS, one that is both discretionary and marketable, and Implicit CSRS, one that is inherent and largely compliant, and tied their existences to institutional determinants, the trend towards comparative institutionalism has increased. Explicit CSRS is posited as a voluntary and intentional strategy to market and communicate social responsibility, primarily to gain some financial advantage. Conversely, Implicit CSRS is less distinct from the regular activities and approaches of the organization, and viewed as normative obligations, i.e. “essentially what we ought to do”. Thus, for the latter there is less desire or demand to communicate CSR activity to either external or internal audiences.

Researchers have attempted to both validate and extend this dichotomy (Hiss, 2009; Jackson & Apostolakou, 2010; Moon & Orlitzky, 2011) with some degree of success, as well as with some unanticipated surprises.

While contrasting institutional forces between and across regions is both interesting and important, comparative studies often fail to acknowledge intra-regional CSRS heterogeneity. Further, they view institutions and CSRS as rather stable and inert, Implicitly precluding the possibility that as regions evolve, so do their social responsibility demands.

Despite these deficiencies, studies have examined the institutional forces that motivate firms to move from Implicit to Explicit CSRS (Midtunn et al. 2006; Hiss, 2009; DeGeer, Borglund, Frostenson, 2009; Carson, Hagen & Sethi, 2015). As Matten & Moon (2008) suggest, this transformation is increasingly likely as the Western Explicit CSRS influence is transferred to traditionally Implicit CSRS regions via isomorphism (coercive, mimetic and normative and competitive) (DiMaggio & Powell, 1983).

While strides have been made in identifying and evaluating the role institutional antecedents play in this transformation, much less has been done to investigate the tentative relationship between Explicit and Implicit CSRS in particular societies and institutional environments. Matten & Moon (2008) suggest that in all societies there is some balance between the two constructs, but they are not necessarily clear on what this balance constitutes.

In fact, one major underlying assumption of their work is Explicit CSRS often occupies the space left void by lack of CSRS social embeddedness (i.e. Implicit CSRS) (Matten & Moon, 2008; Hiss, 2009; Kinderman, 2012; Jackson & Apostolaku, 2010; Gond, Kang & Moon, 2011). Midttun, Gautesen and Gjølborg, (2006) define this as the business-driven detachment hypothesis and suggest that Explicit CSRS may act counter-valent to its Implicit counterpart, or simply coexist separate from existing Implicit regulations (DeGeer et al. 2009). However, Midttun et al. (2006) propose that rather than being substitutes, Explicit and Implicit CSRS can actually be complementary and reinforcing (Gjølborg, 2009). This symmetric hypothesis was relatively supported in their study for some samples; however, they noted that these results were relatively inconclusive.

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