How to explain socially responsible corporate actions institutionally: theoretical and methodological critique

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Abstract

There has been little theoretical debate of why companies behave in socially responsible ways whilst descriptive analysis of corporate social responsibility is flourishing. As result, there have been few methodological debates on how to study both what responsible actions are and why companies act accordingly. This methodological and theoretical essay discusses how institutional social theory has been and could be used in explaining socially responsible corporate behaviour. It is explored what kinds of theoretical tools are needed in explaining this behaviour and how various tools can be integrated into one model explaining socially responsible corporate actions. It is argued that researchers should empirically focus simultaneously on normative origins and institutional environments of responsibilities, on power relations determining the particular responsibilities, and on institutional arrangement of corporate actions.

Introduction

Corporate social responsibility (hence: CSR) is among the most popular titles under which several academic debates on describing and explaining economic behaviour and collective business action, and on studying prevailing social norms concerning business, are held. Other popular title under which explanations for such phenomena have been given is economic sociology (see Granovetter, 1990).

In CSR debates, there are different kinds of priorities with different established and traditional disciplines such as business ethics among other management and organisational studies. However, whereas different disciplines are institutionalised with their own theoretical debates, the concept of CSR is far from it. As Valor (2005, 191) has noted, "[e]ven the same author uses different terms throughout his or her papers or in the same paper". Indeed, the terminology used on similar research questions and subjects is not just pluralist but often inconsistent or even confused in various theoretical debates.

There are various sources for the terminological confusion. Most significantly, different definitions used by public agencies such as European Commission do not necessarily use similar theoretical frameworks and methodological guidelines, which neither gives prospects for comparative analyses nor provides comfortable division of labour between different disciplines. Furthermore, all disciplines have their own established theoretical debates one is expected to take part in. In every case, it is always up to the researcher to decide what kind of theoretical framework of CSR she uses. This doesn't implicate, however, that one can choose any theoretical framework. Independent of divisions between disciplines, different theories and concepts (1) are indeed suitable for different research settings.

The theoretical field is equally dispersed. When looking at different kinds of theoretical debates on CSR held in several academic journals, it is striking how many articles there are just classifying and mapping the field of different CSR theories and different ways how the concept has been used by different researchers (see Garriga & Melé, 2004; Godfrey & Hatch, 2007). There is, indeed, a need for comprehensive classification because the field of CSR studies has not only been poor but very fragmented as well (e.g. Carroll, 1994, pp. 6–14; Margolis & Walsh, 2003; Garriga & Melé, 2004). Classifications are usually either general categorisations of CSR research theories – what is CSR as an object of research – or typologies within specific theory – what is CSR.

To illustrate the former, Frederick (1987, 1998) has classified theories according to the conceptual transition of CSR used in research. First the concept was used as ethical and philosophical term that later transformed into concept of action, the social responsiveness. Secondly, it developed into action-dependent normative concept including both norms and values, and lastly, into the normative framework of entire cosmos. Although this tells us how studies have evolved in terms of theoretical coverage of themes – towards seeing social responsibility as normative duty deeply embedded in social and material reality – it doesn't tell us what actions are explained with this conception and how.

As for an example of the latter, one of the leading figures in the field, Carroll (e.g. 1999) has classified the contents of the social norm of CSR in different times. The result, the famous pyramid model is now often used in conceptualising CSR in various fields of research. But the historical evolution of social norms concerning business tells us little about how the normative framework of a specific corporation is structured, and why certain responsible policies and practices are formed and conducted in this context. Taking normative social development into account is, of course, a prerequisite to contextualise any relevant empirical CSR study. Yet, it is left unanswered in which ways changing norms affect corpo-

rations.

These kinds of methods of classifications used this far give us little help in discovering how different corporate actions are explained with different traditions of social theory.

Nevertheless, something can be said of CSR: as concept, it refers to some defined specific social relations (the social), with some specific normative foundations (the responsibility), of business (the corporate) (Anttiroiko, 2004). Thus, in broad-brush terms, the research field of CSR includes at least social norms and relations related to business, corporate actions, and corporate organisation. But even with this kind of broad demarcation for CSR studies, the mainstream research within these studies has been only descriptive – there has been very little debate on why companies actually act in socially responsible ways (Margolis & Walsh, 2003; Campbell, 2006)!

In other words, there is little positive research on CSR, the analytical research on why some specified norms lead to some corporate actions. Resulting from prevailing theoretical pluralism, conceptual inconsistencies, and lack of positive research, there is little debate which theories of CSR are best in explaining not only what socially responsible behaviour is and where its origins lie but also simultaneously why companies do act in these ways. For the academic community this challenge is primarily methodological. However, the significance of the challenge is of course different in different theoretical contexts. In this essay I explore how these theoretical and methodological challenges can be tackled in institutional social theory.

The primary focus of this essay is methodological rather than theoretical. It is not discussed which specific institutions affect or determine expressions of specified actions, which interests lead to different courses of action, and so on. It is discussed where these different kinds of theories are located in institutional explanations and how they could and ought to be studied. The point of departure is to ask how institutional social theory could be used in explaining socially responsible corporate behaviour rather than, for instance, why some specific companies act in some specific socially responsible ways.

The first part of this essay briefly introduces the locus of institutional social theory in explaining corporate actions. The second critically discusses how socially responsible corporate action has been explained institutionally by Campbell (2006, 2007a). It is argued that the definition of socially responsible action is dependent on institutional configurations, which makes Campbell's (ibid.) approach incomplete. The third part has its focus on Anttiroiko's (2004) analytical process description of how social responsibility is defined. It is argued that socially responsible action can be beneficially divided into tangible institutional research objects with further methodological considerations. The fourth part of the article is dedicated to building a synthesis on institutional analysis of socially responsible action, and the conclusions section reflects on the advantages of using this model in empirical research.

Institutions, interests, and corporate actions

There are at least two very essential elements to be researched when economic actions, individual or collective, are explained in various disciplines of social sciences: interests and institutions. It can be argued that:

"interests drive people's actions but the social element -- determines what expression and direction these actions will take. Interests can be material as well as ideal --. All interests are social in the following two ways: they are part of the society into which the individual is born; and the individual has to take

other actors into account when she tries to realize her interests." (Swedberg, 2003).

Interest promotes understanding of the strength underlying action: economic interests drive the most actions of companies and various actions of individuals. Interests may especially help to explain why one route of action was taken rather than another. Idea of economic interest also brings a dynamic into the analysis, which differs from the one driven by social interaction. Economic interests are in the background of action, waiting for an opportunity to be realised. The concept of interest also establishes a link not only to the biological side of human beings but to their environment as well. (Ibid.)

Institutions, 'the social element of economic action', may equally help to explain why one route was taken rather than another but they also determine the expression of all routes. Institutions are complex social structures that have achieved a high level of stability and elasticity. According to Scott (2001), institutions can be analysed as having three pillars: regulative, normative and cultural-cognitive. The institutional social conditions for corporate action thus have regulative (rules and sanctions), normative (prevailing norms and values) and cultural-cognitive (knowledge and meaningfulness of action) elements. These structures are embedded in carriers of symbolic systems, relational systems, routines and artifacts. Institutions give the expression and direction to social actions, and they are renewed by actions. In brief, institutions constitute, enable, constrain, and give meaning to economic actions.

Institutional explanations of corporate actions are always 'incomplete'. An institutionalist would argue that:

"while economic behaviours may be embedded in, and regularized through, institutional forms, it is widely accepted that institutional structures and dynamics are not determined functionally but are relatively autonomous (i.e. they have their own 'laws of motion'). Correspondingly, patterns of economic behaviour are not exclusively determined by institutional rules, and neither can they be predictably manipulated through institutional change. From a geographical perspective, it can therefore be anticipated that institutions will routinely be associated with different (economic) effects in different places; that their forms – and certainly their effects – will be difficult to replicate; and that they are unlikely to travel well." (Peck, 2000, p. 76.)

Interests are essential if comprehensive explanations of economic behaviour are wanted. But in case of organisations, which can be interpreted as institutions or multi-institutional structures (see Scott, 2001), interests are always institutionally embedded and framed.

There are two types of institutional frames. Institutional environment refers to "the systems of informal conventions, customs, norms, and social routines (such as habitual forms of corporate behavior, consumption cultures, socialized work practices, transaction norms, and so on), and the formal (usually legally enforced) structures of rules and regulations (for example, laws relating to competition, employment, contract, trade, money flows, corporate governance, welfare provision) which constrain and control socioeconomic behavior" (Martin, 2002). Institutional arrangements denotes "the particular organizational forms (such as markets, firms, labor unions, city councils, regulatory agencies, the welfare state) which arise as a consequence of, and whose constitution and operation are governed by, the institutional environment" (ibid.).

Taken as relational and normative in nature, how could interests and institutions of CSR be studied in these institutionalist terms? Obviously, institutions are the easy part – responsibility is an institution and it belongs to the sphere of normative in-

stitutionalism. A theory of institutions broad enough includes the normative pillar, the norms and values. They can be traced both from institutional environments and arrangements. Valor's (2005) more strict criteria for concept of CSR, i.e. capabilities of causing changes in different systems, can be taken into account with concepts of institutional change and institutional interplay. This theme will be further discussed in the next sections. Interests are more difficult, however. If CSR is about social relations with normative foundations, what part do the interests play? It is possible that this question cannot be avoided if the goal is to develop a comprehensive explanation for CSR based on institutional social theory.

Garriga and Melé (2004) use structural-functional systems theoretical approach of Talcott Parsons as their point of departure in mapping theories of corporate interests explaining socially responsible actions. In this tradition, the society, as well as any individual corporation, is seen as a social system. The type of explanation here is functional – all social actions, such as socially responsible deeds, are meant to fulfil functional requirements of the system, and every such act can be explained according to this purpose. All acts are embedded in different kinds of institutions serving these purposes. In order to maintain its existence, every social system, including companies, has to fulfil four requisites: adaptation (to environment), goal attainment (to establish priorities of actions), integration (to coordinate and maintain stability of internal relationships) and latency (to preserve the core structure of the system).

In the field of adaptation, Garriga and Melé (2004) call CSR theories instrumental. All the theoretical traditions included have economic motives. There are three different instrumental traditions explaining CSR as a means to ensure system's resource provision: maximising the shareholder value, strategies for achieving competitive advantages (2) and cause-related marketing. In explaining CSR with goal attainment, theories of CSR have again three different traditions. Corporate constitutionalism implies that business has significantly power in the whole society and if business is willing to hold this power and set its agendas in the polity it has to act socially responsibly. Integrative social contract theory sees business having macro and micro level social contracts with the community on how they should use their power, and that business must thus comply with social consent. The corporate citizenship holds a view that a corporation itself is a powerful member of community, often holding more economic and social power than governments, and they are expected to act in appropriate ways concerning this position.

Third field sees CSR as a means to promote social integration. Garriga and Melé (2004) recognize various traditions in explaining CSR with necessities of social integration. These theories are issues management, public responsibilities, stakeholder management and corporate social performance. These theoretical traditions have different priorities, but the essential feature of them is to identify specific emerging social issues or relevant actors determining them, and to identify how these issues are handled by the organisation. Here, the position of corporate social performance is normative by further setting the responsiveness as indicator for appropriate responsibility. In the field of latency, theories of CSR are called ethical theories. The theoretical traditions here focused on the "ethical requirements that cement the relationship between business and society" (ibid. p. 60). These theories are normative stakeholder theory, universal rights, sustainable development and the common good approach. Basically these theories claim that business should act in certain ways based on some particular ethical standpoint.

This classification of Garriga and Melé (2004) is problematic and thoroughly flawed. In which system's maintenance CSR studies focus on – is it about requisites of the society, the whole business system or the individual company? Based on the classification given, some socially responsible actions are performing maintenance in different systems. But this choice has to be made and it has several important implications in determining what the corporate interests actually are. In this theoretical tradition, one must ask which system explains socially responsible corporate behaviour and, considering the credibility of any system-based explanation, how these systems interact. Referring to the AGIL scheme Garriga and Melé (ibid. p. 64) argue that "the concept of business and society relationship must include these four aspects or dimensions and some connection among them must exist" and that this must be reflected in every theory. Correct, but unfortunately they instead provide no theory about what kind of systems companies, business system or society are, how these systems interact, and which system explains socially responsible behaviour. (3)

Nevertheless, the lesson from Garriga and Melé (2004) or less flawed applications of structural-functional approach to CSR is that some organisation level institutions are stronger than others as such through the backing of different interests deeply embedded in societal institutions such as profit-making, which may constrain or transform socially responsible behaviour significantly. Thus it is fair to assume that in explaining corporate actions institutionally one must understand the institutional environment providing certain interests that make some corporate institutions more powerful than others. This argument obviously implies that besides studying institutional arrangement-like company case studies one always needs to look at the broader institutional environments – and the other way around.

Institutional conditions and socially responsible corporate behaviour

Campbell (2006, 2007a) has put forth several propositions about which institutions affect and promote socially responsible corporate behaviour (cf. Jones, 1999). This approach requires predefinition of socially responsible behaviour before affective mechanisms can be found. The way Campbell (2007a) defines CSR, as minimum behavioural standard, is perhaps the most intriguing part of his theory. According to this standard a company is socially responsible if it does not knowingly do anything that could harm its stakeholders, and if it does harm to them, it must rectify it whenever it is discovered and brought to its attention. The definition draws a clear line between socially irresponsible and responsible behaviour.

There are many difficulties in operationalising this definition. However, the major problem here is not so much in finding what has been considered harmful or what is the content of social norms towards a company – Campbell (2007a, p. 929) suggests discovering stakeholder-initiated lawsuits and comparative analysis across industries or countries as possible indicators – but in determining what action is considered responsible in cases when each responsible action towards one stakeholder is thought as irresponsible by another. In order to put this point firmly in its context, we must first acknowledge all Campbell's propositions.

Campbell (2007a) recognizes five institutional conditions affecting his analytical minimum standard definition of socially responsible behaviour. Two first propositions consider regulation and monitoring. Companies are more likely acting in so-

cially responsible ways if there is state regulation with effective enforcement promoting such behaviour – especially when companies have been involved in the process of establishing the regulation. This is the case with corporate self-regulation, the second proposition, as well. There is also an institutional interplay here: companies or business act more likely socially responsibly if there is a perceived threat of state intervention.

The third and the fourth proposition concern the informational mediation of social norms. Companies will more likely act in socially responsible ways if there are independent private organisations such as NGOs, social movements, press and institutional investors monitoring their behaviour and mobilize to change it. Socially responsible behaviour will also occur more likely in the environment where normative calls are institutionalised in discussions in business magazines, business schools and various other educational venues. The last proposition concerns participation and stakeholder relations. If company belongs to trade or employer association, which usually are promoting long-term development instead of short-termism, it is more likely to act in socially responsible ways. This will also happen if corporate dialogue with its stakeholders is institutionalised.

Campbell's (2007a) theory implicates that the actualisation of CSR is embedded in various mechanisms and structures beyond basic features of economic environment such as financial performance and competition – which are, nevertheless, equally highlighted by Campbell (ibid.). So, CSR is dependent on economic and regulative environment, and institutionalisation of normative calls and communication in this institutional environment. All these regulative, normative and discursive features are rather common in explaining any corporate actions with institutional theory (see Scott, 2001). The advantage of this approach is that by locating structural determinants enabling and constraining corporate action it helps to explain differences between CSR in various industries and countries, especially in cases where same kinds of motivations lead into different actions. In other words, it locates the explanation of why companies, whatever their motivation for CSR is and however it is formed, actually behave according to those norms.

The problem is that the theory is actually very limited in empirical use, which Campbell (2007a) himself recognizes well. The problem here are not the propositions – after all, they affect some corporate behaviour independent of which kind of motivation is in question – but the definition of CSR derived from relation of company and individual stakeholder group, taking neither the preconditions for such relations nor dynamics between stakeholder groups into account. Action is responsible in two different meanings: when corporate managers are not knowingly doing any harm to stakeholders, they act responsibly, and when they do harm, they can rectify their actions, and thus act responsibly. The underlying thought in is that when institutional environment provides knowledge of actions being harmful, the harmful corporate actions are irresponsible, and if action has preceded knowledge, it becomes harmful when harmfulness is acknowledged.

One problem is that in this model one can actually explain socially responsible actions only impartially: it is only explained why some actions become irresponsible and how to turn them responsible. In order to explain the whole issue of responsible behaviour, one has to set the criteria of corporate knowledge and harm a priori to actions. But there is no account of what 'harmful' and 'knowingly' are – or, what enforces responsibility of corporate actions. It is also obvious that it is not always possible to rectify actions: nuclear disasters or pollution leading to an extinction of a species cannot be rectified but only at best

merely compensated to limited amount of stakeholders, and not necessarily at all to the ones who suffered from the harmful actions. Is it so that non-rectifiable actions are not in the sphere of corporate responsibility?

In other words, in this theory, there must always be some account of what kind of norms like 'harm', 'knowingly' and 'rectifiable' are if we want to explain why they make actions responsible or irresponsible, and how they were considered in company management. Thus the definition of CSR and its relevance to action is rather an empirical question than one of predefinition. When these preconditions are defined it seems that the theory could explain corporate actions. But this is the case only when stakeholder interests are not in conflict, in cases when responsible actions are enabled (i.e. when all actions are defined responsible) through entire societal consent.

For example, let's say both owners and employees demand (i.e. set norms companies start to acknowledge) better share of company performance. This is obviously everything but exceptional in capitalist economies. Let's further assume that managers are acting knowingly because these stakeholders are stating their interests; they know that not giving this share to a stakeholder is thought as harmful in society and in stakeholder opinion; they know that their actions are rectifiable by giving more wages or dividends – but which happens only at the cost of the other. In other words, all the institutional preconditions for responsible action are fulfilled. It is obvious that the company cannot but "knowingly harm" other of these stakeholders. What are the criteria of responsibility of action in such cases then? What determines the priorities of stakeholder relations and what justifies actions that are responsible towards one stakeholder and harmful towards another? Unless this question in answered, all actions in Campbell's model are both irresponsible and responsible.

There are two possible answers to issues of definition and justification in institutional terms. Either the institutional framework justifies solution in form of laws or, for instance, binding norms such as stakeholder meeting decisions, or it is due to managers' own consideration (if they are institutionally enabled to do so). In other words, the source of responsibility is always norms or values. So it must be empirically studied how corporate actions were organised: towards whom the company was responsible and towards whom irresponsible, and how total responsibility of the action was achieved. In order to define socially responsible action, one cannot avoid studying both institutional environment and institutional arrangement of corporate actions.

Process description of socially responsible corporate action

Anttiroiko (2004) aims at developing "institutionally oriented" model of how CSR is both defined and realised in case of a single company, the subject of responsibility. This model has its primary focus on explaining and describing how the institutional environment of whole society produces framework of CSR actions instead of merely describing how CSR is produced in actions independently conducted by one firm. CSR is considered a social process in which subject of responsibility becomes the bearer of responsibility when social responsibility is realised. In this model, the action-based interaction of individual organisation and other actors in the societal context is highlighted. (Ibid, pp. 41-42.)

In context of this essay the most interesting part of the theory is the analytical process description of CSR. Before discussing

this description in detail, it should be noted that the separation of stages this process is purely analytical: there is no discussion on to what social realities these 'stages' are related in ontological terms. Anttiroiko (2004) holds the analytical view the stages both define the next stage in the process and directly relate to and affect the subject of responsibility, and it can be thought that each stage has independent properties thus being an empirical research object as such.

In the first stage, the responsibility agenda is set in different CSR discourses used in society, in which company stakeholders are agents among others. The formation of agenda refers to the process in which defining and demanding CSR starts. In several CSR debates the relation of stakeholders to broader normative framework of society has been seen problematic (Blanco & Rodriguez, 2007). Anttiroiko (2004) solves the problem by presenting stakeholders as objects of CSR but also as only one source of CSR agenda. In other words, agenda-setters are not necessarily those who determine the final content of CSR. Agendas are formed in CSR discourses, which have varying ontological, ideological and functional basis.

Anttiroiko (2004) recognizes four main CSR traditions in agenda setting. Minimum theory is based on technical norms and shareholderist ideology, and it recognizes only responsibility towards primary functions of a company (i.e. creating profit for shareholders) all other considerations being instrumental. Modern systems theory is based on societal norms beyond regulative norms. It has its ideological basis in concept of sustainability, that is, one subsystem cannot operate narrowly according to its own interests but it has to act according to norms of whole societal system as well. The main functionality here is the management of dysfunctions harmful to society. Communitarianism is ontologically based on community traditions and habits, and any organisation cannot exist without predefined societal roles. Between the two latter agendas, there is social liberalism. The basis is similar to the one of systems theory, but the functional scope is much wider. It is thought that companies have some predefined social roles based on needs of the whole society. Additionally, all these four main discursive traditions include ontological basis of morality, which can be mostly thought as the varying ability to think beyond different institutional limits and act responsibly in the same manner.

Whatever the discourses used, the agenda-setters set the contents for responsibility norms. Here, content refers to some totalities of which subjects are responsible. Six thematic areas are recognized: general humanitarian responsibility, welfare responsibility, political-juridical responsibility, economic responsibility, functional stakeholder responsibilities, and environmental responsibility. Different organisations have focus and interest in these thematic areas in different scales. In practice, the contents are presented more action-specifically than in general norm-level. Anttiroiko (ibid.) also interprets Carroll so that these contents are often used as benchmark for corporate moral maturity.

The next stage of the process is the one in which the particular responsibility of a company is formed on the basis of the contents discussed above. The formal definer is the one with actual capability, the power to define the CSR for some actor or group of them. The formal definition occurs either in the public sphere, in strongest form as regulation, or in the organisation itself, mostly as result of social pressures or of self-determination. The same variety reaching from formal to informal and finally to self-determination can be seen in the means the particular CSR is defined in this stage. Here, several schematic means with varying level of abstraction and real effect on corporate behaviour are recognized. Examples of schemes with high level of abstraction and low level of direct effect are general opinion, consumption behaviour, publicity, social activism, public pressure, and general ethical guidelines of companies and communities. Low level of abstraction and high level of direct effect is found in sanctioning measures and use of power by the authorities, court decisions, legislation, political decision-making, and bi- and multilateral contracts of different organisations.

Finally, CSR becomes actualised. A feedback loop, making CSR a dynamic process, is presented here – the realisation of CSR affects agenda setting. The realisation is internalised as orientation, present in decision-making, and it comes in effect as action, all in which the actor bears one's responsibilities to the society. There are two different types of action in this stage. The first one is preventive action, which is based in social dialogue, ethical recommendations and guidelines, and institutional settings preventing irresponsible behaviour. The second one is reaction to situations in which some responsibilities are neglected or corporate abuse has been observed. Usually these measures include conflicts, public sanctioning and use of force.

To sum up, Anttiroiko's analytical process approach to CSR as process model provides fruitful analytical tools. First, it sees CSR as society-wide normative framework, the CSR agenda having ontological, ideological and functional foundations for corporate responsibility. Secondly, it sets a framework that defines responsible actors and demarcates CSR from other responsibilities – it marks the subject of responsibility, defines the totalities of which this entity is responsible, and reveals the objects this responsibility is related to. Thirdly, it deals with the issue of institutional conditions by looking at mechanisms and actors who transform the expected contents of CSR into socially responsible actions of an individual company. Fourth, it gives an account of socially responsible action as two different types of CSR actualisation with long-term effects on CSR agenda setting.

Separating these four features analytically is, indeed, very beneficial. One can see that there are somewhat incommensurable concepts of CSR, which may explain the difficulty of CSR theory debates. It is possible to deal with the issues of contradictory interests in different stages by taking different levels of impact of different power positions to CSR actualisation into account. All norms depend both on production of knowledge in agenda and content setting, and on the power of agents channelling this knowledge to the company. In brief, the definition of CSR is an empirical question without predetermined form.

The methodological problem (4) is, however, that whereas this description could be interpreted showing the link between institutional environment (two first stages, the normative contents and their discursive production) and arrangement (third and fourth stage, organisational arrangement responsibilities and their realisation), it tells us little about how these relations are embedded and how they interact. The description also tells us in what levels of social realities social responsibilities are relevant – they are produced in society, channelled to companies, arranged as particulars, and realised as actions. But what kinds of institutions are these institutions? This question will be discussed in the last part of this essay.

There are also some shortcoming and inconsistencies in the theory that ought to be included in further analysis. The first one is that socially responsible actions are preventive or reactive only according some discourses. But they could also be positive. Especially in communitarian discourse it is essential to acknowledge that it is imperative to act directly according to some socially expected ways. The second one is that whereas some

actions are determined by the fact that stakeholders happen to have enough power in channelling contents they are interested in into particular responsibilities of a company, it does not explain why and how companies themselves decide to take some contents more seriously than others and choose some actions instead of some others.

How to explain socially responsible corporate actions: institutionalist synthesis

This far the argument goes that any valid research theory capable of explaining socially responsible corporate action must have an empirical account of what socially responsible action is, why companies ought to act accordingly, and why companies eventually act accordingly. The responsibility of actions is based on social norms prevailing in the institutional environment of companies. These norms are formed in society-wide broad discourses and they are channelled to individual companies as varying thematic totalities. Finally, these totalities are transformed into corporate actions that are in nature positive, preventive, or reactive in institutional arrangements, the organisational decision-making to which various institutional conditions and interests affect and in the organisation of activities in which roles of conducting these actions are determined.

How could this model be used in empirical research? Let's focus on an individual company: what is its responsible action and why it acts accordingly. In this context, what do we mean by saying that the institutional environment provides the responsibility norms to this company and how does this environment affect the organisation, the institutional arrangement of company actions?

What kinds of institutions are these environments and arrangements in ontological terms? First of all, institutional environments are not places or any spatially bounded areas, but rather discursive and epistemic communities, whereas institutional arrangements are political-economic institutions whose boundaries are drawn from institutional sources such as national borders or demarcations between different markets.

In case of an organisation, an institutional arrangment, Scott (2001) has proposed that institutions consist of three pillars: regulative, normative and cultural-cognitive. One cannot study institutions without studying the three pillars complementary to each other. The three pillars differ not only in their ontological terminology but also in the area of social reality they cover – they are hierarchical in their explanatory efficacy. If an action cannot be understood in terms of regulative or normative conditions, it fits the category of cultural-cognitive pillar. In other words, one classifies institutions and studies their interaction the most comprehensive pillar being the benchmark against which institutions are examined: if the institution fulfils the criteria of less comprehensive pillar, it is classified under it. It is worth noting that studying the interaction between different pillars is very case-specific because there is little general knowledge on how they interact and how this should be taken into account in integrated models (Scott, 2001, pp. 212–213).

In case of institutional environment, Heiskala (2003b) recognizes one important type of institutionalism not present in Scott's classification: habitual institutionalism. Its concept of institution is derived from the pragmatists' notion of habit. Habits are reasoned routines that don't necessarily require shared and recognised cultural frames. Whereas cultural frames require knowledge of them, habits may be only preconscious to actors themselves. Habits affect individual and collective behaviour, but may come into actor's knowledge only after researcher's intervention. Habitual institutionalism could be seen as the fourth pillar additional to Scott's three-pillar model (Gronow, 2004). It has the broadest concept of human action included in theory. In case of CSR, however, cultural-cognitive pillar is assumed sufficient in analysing socially responsible action because it relates either knowingly organised action or knowledgeable norms. Corporate actions might be affected by preconscious habits and actions might conflict with them, but this has directly little to do with corporate responsibilities as a collective matter. It is assumed that cultural-cognitive (or discursive) institutionalism is sufficient in covering essential issues in CSR questions.

The institutional pillars, in case of integrated models, are embedded in so-called carriers. In his three-pillar model of institution, Scott (2001, pp. 77-83) recognizes four types of carriers: symbolic systems, relational systems, routines and artefacts. Institutional pillars embedded in these carriers are categorised in Table 1. Carriers being otherwise quite self-explanatory, it should be noticed that especially in organisations, symbolic systems "exist not only as 'widely held beliefs' in the wider environment or as laws that organisational actors need to take into ac-

Carriers	Pillars		
	Regulative	Normative	Cultural-Cognitive
Symbolic systems	Rules, Laws	Values, Expectations	Categories, Typifications, Schema
Relational systems	Governance systems, Power systems	Regimes, Authority systems	Structural isomorphism, Identities
Routines	Protocols, Standard operating procedures	Jobs, Roles, Obedience to duties	Scripts
Artifacts	Objects complying with mandated specifications	Objects meeting conventions, Standards	Objects possessing symbolic values

Table 1. Institutional pillars and carriers (Scott, 2001, p. 77).

count, but also as ideas or values in the heads or organisational actors" (ibid. 79).

Enough said, what is the interaction between institutional environment and institutional arrangement of social responsibility, when looked from the perspective of an individual company? It is argued here that "the four stages" of CSR can be thought as

but the actions are deemed irresponsible, the irresponsibility is happens in the level of CSR contents. Jobs and roles provide more freedom for individuals, but they also bring the individual responsibilities. And they can be thoroughly irresponsible in content. Scripts, the routines without use of power, may also be deemed irresponsible if, for instance, they are not practically

CSR carriers	Institutional Pillars		
	Regulative	Normative	Cultural-Cognitive
CSR Norms embedded in	External rules and laws	Internal values, external expectations	Societal categories, typifications, and schema
Company-specific CSR Contents set in	Internal and external governance and power systems	Societal authority systems	Identities of and in companies
CSR Actions organised through	Internal protocols and standard operating procedures	Jobs, roles and obedience to duties in companies	Scripts of corporate actions and knowledge-channelling
CSR Feedback provided with	Objects complying with mandated specifications	CSR reports, standards	Objects possessing symbolic values

Table 2. The institutional arrangement of corporate social responsibility

carriers and all pillars with special features concerning the internality or externality of institutions, as illustrated in Table 2.

In these terms, the norms determining CSR in the most abstracted level belong to the sphere of symbolic systems. Companies have to obey rules and laws set by the society. These and other expectations are the one side of CSR norms. The other side are the values of companies and their own sanction-backed rules. Both types of symbolic elements demand specific kind of behaviour from companies. What makes these demands CSR demands are either explicit arguments or they imply some totalities that companies "owe to society", "are supposed to take care of", or are in other normative terms demanded to be arranged by the companies. Both kinds of norms, internal and external, are based on categories, typifications and schema, which are the sphere of CSR agendas in the external field and knowledgeability in the internal level.

The company-specific CSR contents are set in relational systems, again internal and external ones. They are CSR contents when they are linked to the CSR norms, and other relational institutions when not linked. Companies make their own decisions in their governance and power systems, but they might also be intervened by public authorities. Corporations have important roles in social regimes and authority systems, and they have their own similar systems. But they are simultaneously objects of the social spheres and regimes. Stakeholders, social movements, labour unions and other agents may contest corporate decisions and actions with their varying level of authority. Companies may share similar CSR norms and authority since they are isomorphic. They might give different meanings to CSR norms and decisions due to different identities despite relational systems being similar.

Socially responsible corporate behaviour is initiated by relational systems, but they are embedded in routines determining positive, reactive, or preventive action of CSR contents. Routines determine which individuals are responsible for what responsibilities, and which responsibilities belong to the collective sphere. The formal routines, such as protocols, give individuals the permission to act in certain ways, and detaches them from individual responsibility – if one acts according to protocol,

inclusive in flows of information.

All these elements – norms, contents, and action organisation – are present in corporate artefacts such as CSR reports. Whereas all previous institutions are reproduced and renewed in collective and individual actions of companies, they also have the possibility to affect the whole agenda setting through not only their actions but also with their dedicated public relations. Artefacts and signals such as awards or reports may be especially powerful signals to customers. The artefacts are independent institutions so that they need not to correspond with or represent corporate actions and practices, and still have effects to the societal sphere. They are one category of individual actions that can be organised through routines.

The implications of this model are manifold. It implies that CSR norms may be conflicted, dispersed, fragmented and paradoxal, and there might not be any homogenous account of social responsibility available – even actions may be responsible towards others and more irresponsible towards others. But at the same time it implies that we can understand these features and compare them commensurably in different societal contexts. It implies that CSR contents are a matter of power, and quite often authority intervention may be the only way to affect companies. After all, all (internal) institutional arrangements are based on the societal context and its relational systems. This might help to understand, say, the difficulty of understanding why globalisation has been such a major topic in some social norms with often quite little effects to demarcations of totalities individual firms are regarding as being responsible of. It also implies that socially responsible actions are organised acts with procedurally fixed interests rather than just random corporate acts.

Among the most important implications is bringing the institutional interplays and hierarchies in explanation. For example, let's assume that in a society where there is, beside weak environmental law, universally accepted practice that majority of votes determines decisions in the social spheres. If 99 per cent of people asked think that a company should not damage the environment even if it happens according to law, then the voice of 1 per cent – that happens to consist of all the shareholders of this company – cannot intuitively make environmental dam-

age irresponsible. But they can, if at the same time the majority of people asked think that shareholders should decide how business is run if the action is legal, and law enables damaging actions. Thus damaging the environment would not be socially irresponsible.

The most important benefit of the model is the possibility to use new vocabularies. In the previous example, the study reveals relative material responsibility deficiencies rather than institutionally bounded irresponsibility. This concept is beneficial in various questions. For example, if all companies are globally expected to pay a certain share of taxes to promote social welfare and development, one can say that most multinational companies have severe deficiencies due to global tax minimisation. In a local level, a company may stop giving free health care to its workers due to cost cuts, whereas health care provision is broadly expected from the company instead of the public sphere. However, whilst these companies intuitively could be called irresponsible as agents since they don't fulfil the expected contents, it is impossible to say that actions related to these would be irresponsible as such. Whereas the tax avoidance requires ultimately strong institutional arrangement and could be called irresponsible, the case of health care non-provision necessarily couldn't. If the deficiency is accepted through relational systems, this company action is responsible.

How about the issue of conflicting stakeholder interests, the main reason for critique towards Campbell? Interests may be the reason why some CSR contents are given priority in relational systems. Financial performance may be considered an obstacle to human relations in a company, sustainability obstacle to short-termism, strong information on home market development obstacle to exports orientation and so on. But there are also internal conflicts of interests, some based on stakeholder claims. Let's assume shareholders and workers want to have a bigger share of company profits, and both claims are deemed legitimate in the societal context. There is obviously a permanent relative deficiency towards both parties. Whatever the company does, there will be deficiencies. These deficiencies can be classified as tolerable and intolerable. If employees will go to strike – a means assumed legitimate in this societal sphere – the responsibly deficiency towards has been taken into the sphere of responsibility in the power relations. The problem is that if the employees are integrated into the decision-making, they also become integrated as the responsible subject. Thus it is essential to bear in mind that in the relational systems one should not only study what one is responsible of, but also to study who exactly are the responsible stakeholders and to whom they exactly are responsible of. These questions are case-specific and empirical in nature.

Conclusions

In this essay it is argued that corporate social responsibility can be studied as institutional construct with an integrative institutional model defining the contents of social responsibilities and explaining the expression of socially responsible behaviour. With this method the researcher is able to capture both the context of action and action itself. All the essential features – what CSR is, why one ought to act accordingly, which mechanisms affect accordingly and how action is organised – of the CSR phenomenon can be studied with institutional model without falling into determinism. There are persisting expectations on business behaviour, persistent mechanisms affecting decisions, persisting routines creating action, all of which affect behaviour but none of which determines it. How much CSR institution,

among other institutions, affects corporate behaviour is, after all, a matter of empirical research.

Further theoretical and methodological discussions should be focused on methods with which to use the model, and on understanding how CSR agendas are formed in the society and how they are channelled into CSR norms, different institutional mediations. It should also be empirically studied how corporate actions reproduce CSR institutions.

This institutionalist model of CSR research provides a convenient division of labour between different disciplines. For instance, in legal studies and political sciences it is easy to address rules, laws, governance systems and power systems. Governance, power and authority systems and regimes are present in public policy and sociological studies, as for the latter are values, expectations, jobs, roles and scripts as well. Organisational studies are able to handle various issues, especially routines. Cultural studies and sociology have expertise on cultural-cognitive pillar and artefacts in general. And of course, the task for geography and business studies is to perform comparative analysis of various kinds with the entire model. All these pieces add up into one single research agenda.

The purpose of this article is to provide critical tools in shifting the focus of CSR studies from descriptive and normative studies of CSR to more analytical and empirically-driven approaches explaining corporate behaviour, especially the socially responsible kind. However, the CSR researcher never works in normative vacuum – researchers are perhaps among the most important agenda-setters. Thus one must ask, not only in methodological but also from normative viewpoint: why should corporate behaviour be explained through this model? Firstly, it provides an account of expected behaviour and tools for organisational development for single companies. In the same time company-level theory helps stakeholders to understand why some CSR claims are, for instance, more effective and which ones less so. It helps the society to see what kinds of roles it gives to companies and how and it thus provides tools for everyone concerned with understanding corporate behaviour. It reveals deficiencies and irresponsibilities of corporate actions.

More generally, the institutionalist model helps to see where and why CSR theory and practice meets or doesn't, which is one important feature of any comprehensive CSR research theory in studying the practice of the day (Haigh & Jones, 2007). It also critically imposes that the theory of how companies ought to act has little significance if companies do not act accordingly, thus the notions of deficiencies and (ir)responsibility. But the same applies to other direction as well: it is of little importance of studying case-analyses of how companies organise CSR practices without looking at why and how they are socially enabled to do it. After all, "the social reality includes actors' perception of it" (Crouch, 2007, p. 530). Companies do know something about what is actually expected of them and it can be studied the expectations are channelled into motivation for action. This is the second reason, the necessity for simultaneous empirical analysis in more fields than one.

There are also analytical reasons. If CSR is regarded as a normative concept capable of changes in the system or of the system, one must have an account how this change occurs. One can address the issue of institutional change in case of all pillars. The institutional change can be initiated by changes in regulation, in social norms and values, in cultural and cognitive frameworks, or in reasoned habits, and confirmed by change in corporate action through so-called bricolage and translation. The approach to institutionalism in this article only scratches the surface and is not meant to address lively debates on institutionalist approaches in

social sciences (see Crouch, 2007, Streeck, 2007, Whitley, 2007, and Campbell, 2007). The sole purpose is to show that CSR research would benefit methodologically from highly developed institutional analysis. This background could provide research agendas that could fill the role of required academic leadership postulated by Haigh and Jones (2007).

(1) For instance, looking at the essence of only two popular concepts often considered synonyms in today's debates, corporate social responsibility and corporate citizenship, Valor (2005) discovered significant differences in their use. Of these two, CSR considers responsibility having normative foundations and capabilities of making changes in social systems as business, whereas corporate citizenship is merely a description of different established corporate deeds without normative foundations or capabilities for change. These differences are all but merely terminological. Having different views on social foundations of responsible corporate behaviour, they also have different objects of research and provide different kind of information to academic community. The differences are far from being merely terminological.

(2) Strategies to achieve competitive advantages by CSR are divided into social investments, resource and capabilities enhancement, and focusing products to the bottom of the economic pyramid.

(3) There is an obvious reason for the confusion with different systems. Garriga and Melé (2004) claim, referring to thoughts of Donati, that the four functions "have to be understood as four interconnected dimensions present in every social phenomenon" (ibid. p.64, emphasis added). This might be too generalised an interpretation. The branch of Parsonsian theory in question is structural-functional theory, a systems theory. The AGIL scheme is not meant to explain all social phenomena but only ones related to needs of social systems. It has been left unclear to which systems this categorisation of CSR theories actually points and what the systems are like. So, there is no theory in which social relations CSR is embedded. Before using the AGIL scheme models in context of CSR, one must have a theory of systems and their interaction. In fact, Parsonsian theory is in its most useful in discovering different systems – or, to be exact, new systems, established systems and collapsing systems. Perhaps the most intrinsic value of Parsonsian theory is the capability to focus social scientists' view on relevant systems, but not necessarily any specific phenomena. In Parsonsian framework, an essential method of discovering the system is looking at its border-maintenance, which cannot be done but empirically. (See e.g. Heiskala, 2003a.)

(4) The major challenge here is the obscurity of relations between stages. Why should agendas be thought as something turning into thematic contents and not, for instance, as directly related to individual company's responsibilities and actions? The answer to this question is that the process is neither chronological nor causal in nature; it is purely analytical. In fact, the argument of Anttiroiko (2004) does not imply that socially responsible actions are processes – all the 'stages' might affect action simultaneously. They are preventive or reactive actions that have their origins in ordinary usage of power in an organisation. It is just the specific contents and discourses used in them, and the channelling of these contents into corporate actions that are interesting. These are all institutional types that do not require any kind of process description in conducting empirical research. But they require an ontological account of institutions and if they are to be studied and if analytical 'stages' are to be used, their ontological relation to these institutions ought to be clarified.

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