13. From Body of Knowledge to Ways of Thinking: Theoretical Implications of Sector-specific CR in Europe

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“Science is a way of thinking much more than it is a body of knowledge.”
(Carl Sagan, American astrophysicist)

13.1 Introduction

This book is a problem-orientated and empirically driven project that nevertheless also points to several theoretical questions and approaches in the academic debate in the field of business ethics. In the following section, we will outline selected theoretical implications that are related to and/or result from our empirical investigation. Thus, we move—to paraphrase the American astrophysicist Carl Sagan—from a body of knowledge to ways of thinking.

The main question of this final section of the book is: What theoretical lessons can we learn from sector-specific corporate responsibility in Europe? In this chapter, the empirical results of our study will be used as illustrations only, without going into much detail. Cross references are provided.

We will develop our argument in five steps: First, a perspective on cultural business ethics will be sketched that can be located between pure business perspectives, on the one hand, and pure normative perspectives on CR, on the other. Thus, cultural business ethics is characterised as a third way that emphasises the factual normative orientations of actors and the normative social dynamics in societies. Second, we will suggest a road leading from CR blueprints to culturally embedded responsibility that is based on four still very general theoretical key elements: interests and power, institutional change, negotiation and deliberation, and the new role of actors. Third, based on perspectives of the embeddedness of practices and their contextualisation, the merits of sector-specific CR will be outlined. Fourth, these merits will be analysed through the lenses of the following key dimensions: issues, actors, organizational fields, locality and modes of cooperation. Finally, we will draw attention to some shortcomings of a sectoral approach and sketch some theoretical—but also empirically applicable—perspectives for further research that stress cross-sectoral perspectives based on societal needs.
13.2 Business ethics in cultural perspectives—a theoretical framework

Modern theories in the social sciences (including economics and management) regard the cultural and social context in which actions take place as highly relevant for understanding individual or organisational actions. This at least goes back to the foundation of the academic discipline of sociology in the late 19th and early 20th centuries, when scholars—such as Max Weber, Georg Simmel, Werner Sombart and others—worked out theoretical concepts that emphasise the contextuality of actions. The development of these concepts, which would later have a major impact on a range of academic disciplines, must especially be seen against the background of the dominant stream in economics at this time. The Austrian School of Economics (Carl Menger and others) developed economic theories that were very much related to and inspired by the natural sciences. Economics was very mechanical, and the cultural contexts (in plural!) of economic actions were not taken into consideration. While there continues to be some resistance in economics to taking cultural factors into account, it can also be stated that not just social-science theorists, but also some scholars of management science have become more open to considering the relevance of contextual factors.

This “cultural turn” is also highly relevant for topics in business ethics since the main question in this field is how to bridge and link ethical orientations with concrete practices of various actors, and it is important to note here that these actual practices are always culturally embedded. It is a theoretical simplification and a myth to assume a type of actor that merely reacts mechanically to incentives (utility maximisation), as suggested by the homo economicus model, and it is also an overly simplified perspective that regards firms as pure profit-maximisers. Neither individuals nor firms can be empirically limited to just one mode of action; instead, they also have other normative orientations (beyond utility and profit-maximisation) and speak multiple language games.

A key element of this perspective is an interpretative concept (Weber 1920/1988b) whereby actors interpret and frame “social constructions of reality” (Berger and Luckmann 1966). Thus, culture is not regarded as an external contextual factor but, rather, it is based on a theory of action according to which actions are simultaneously embedded in a “web of shared meanings” (Geertz 1983; DiMaggio 1997). While traditional economics mainly focuses on contracts and transaction costs (Williamson 1975, 1985, 2000)—in other words, on bilateral relations—a cultural perspective reflects the constitution and mechanisms of network-like relations in social arenas (DiMaggio 1991, 1997). In our study, we have investigated these mechanisms in specific sectors of specific countries in a comparative manner. The regarded arenas were more precisely identified as organisational fields (DiMaggio 1991; Beschorner 2004) in which economic as well as non-economic actors matter (see below).
From CR blueprints to culturally embedded responsibility

Our study has demonstrated that there are no blueprints of corporate responsibility and that, instead, CR takes place differently in different cultural contexts. This is not merely the case when it comes to different national cultures (i.e., in different countries), as shown by Matten and Moon (2008) with their concept of implicit and explicit CR. Rather, it also refers to specific industrial cultures in different sectors. Thus, industrial sectors—similarly to national cultures—can be seen as frames for the actors (companies), which see themselves and are seen by others as belonging to a specific group with a distinct identity. As sketched above, a frame can be understood as the way individuals or organisations structure their perceptions and interpretations of the surrounding world and make sense of it. As for industrial sectors, companies—or, rather, their constituent individuals—can be expected to share certain perceptions of a wide range of things, including their products and services, competitors and peers, customers and regulators. These perceptions also include the meaning of CR within industries by determining, for example, the materiality of issues or the legitimacy of stakeholder demands. We will argue later that classifications in industrial sectors are themselves cultural artefacts.

Formal and informal institutions are concrete forms of shared meanings within a web or an organisational field. They support decision-making processes by limiting the number of possible interpretations of realities, make certain practices more likely than others and also help coordinate social interactions. Institutions are based on “ideas”, “worldviews”, “ideologies” or “guiding metaphors”, which Max Weber referred to as “Leitideen” (Weber 1920/1988a: 252). One can characterise them as a larger set of institutions that are highly institutionalised, usually widely shared and taken for granted by a great number of (important) actors in a specific period of time and/or in a specific regional context. The pre-Galileo idea that the sun orbits the Earth, the history of slavery, the history of modern capitalism and the relatively new concept of sustainable development are examples that illustrate this concept.

13.3 From CR blueprints to culturally embedded responsibility

Based on these general ideas of a cultural perspective in business ethics, we will now reflect on some further theoretical elements against the background of our empirical study. The main hypothesis is that a cultural perspective—here exemplified by a sectoral approach—allows us to analyse concrete CR practices more precisely. The insights we have gained have allowed us to learn from other possible practices (in other sectors and/or countries) and to make suggestions for tailor-made institutional arrangements for fostering CR. For the road leading from CR blueprints to culturally embedded responsibility, we
suggest four key theoretical perspectives that frame—through an additional localisation—CR practices with respect to five practical dimensions, as the following figure illustrates:

First, worldviews reflect the interests and power of certain actors (with respect to the examples above: the Catholic Church, colonial nation-states or big businesses and business associations), and so do concrete institutions. In our study, this is partly reflected in trade associations’ resistance to political regulation of CR. However, such interests are neither uniform nor fixed. For example, within the financial industry, views on binding CR requirements differ depending on whether private or savings banks are asked (see Ch. 2.2). Interests may also change, as the introduction of environmental criteria into public procurement in Spain shows. After initial resistance from the leading trade association and first sloppy implementation, Spanish construction companies eventually benefitted from a competitive advantage by meeting the requirements and now welcome the soft law initiative (see Ch. 9.2).

Second, while worldviews are highly institutionalised and do not change easily, a process of institutional change can nevertheless take place (e.g., North 1990; Tolbert and Zucker 1996). They are sometimes changed by things that challenge well-established ideas, such as new scientific insights (e.g., smoking is unhealthy), social movements (e.g., Occupy Wall Street), technological and social changes (e.g., book-printing in the late Middle Ages or communication technology in the era of globalisation) and/or facts of injustice (e.g., la-
bour conditions of workers at the beginning of industrialisation or income
distribution today). What takes place is a process of institutionalising new
ideas and—usually simultaneously—deinstitutionalising established ideas.
The results of our study clearly show efforts to institutionalise CR and sus-
tainability in the sectors and countries we examined.

However, if we focus on more concrete practices in this large field, it turns
also out that certain issues are more present in some sectors than in others.
The chemicals industry and its Responsible Care (RC) programme are a case
in point. Its main concerns have traditionally been environmental and related
to health and safety. This is confirmed by both CR experts (see Ch. 2.1) and
sector representatives (see Ch. 2.3) across Europe, although the industry is
also engaged in social dialogue. By contrast, although fair operating practices
are not considered an issue for the chemicals sector, they rank highly on the
agendas of the construction, wholesale and retail trade (WRT) and financial
services sectors (see ibid.), where the actual meaning may in turn differ (e.g.,
by referring to anti-trust or anti-bribery issues). Even a universal issue such as
human rights is considered to be of different relevance to specific sectors.
Whereas CR experts thought that it was particularly important in the WRT
sector, they deemed it less relevant in the construction, telecommunications
and chemicals sectors (see Ch. 2.1).

Third, (de-)institutionalisation occurs through a complex communication
process in which some advocates are trying to promote new ideas while the
establishment is pursuing measures to foster the status quo. We can distin-
guish two ideal types of this communication process: negotiation and delib-
eration. The first emphasises the power and strategic dimension of actors,
while the latter stresses a power-free and communicative dimension in which
the interests of individual actors play a minor role (Habermas 1981/1985,
1993).

In our study, this process is strongly reflected in a variety of multi-stake-
holder initiatives in almost all of the sectors and countries analysed. In fact,
inclusiveness of other actors is one of our evaluation criteria, as it increases
the legitimacy of any initiative (see Ch. 12.2). The criterion was not only fully
met by genuine multi-stakeholder initiatives that treat all participants as
equals, such as Forum Waschen (see Ch. 6.2). Most of our case studies also
evince active participation by other actors at least at some point, such as during
the development, monitoring or implementation of an initiative. Instead
of dealing with questions of a “great transformation”, these initiatives focus
on very specific issues and problems in their respective fields, although they
do represent important aspects of a bigger picture to a certain extent.

Fourth, traditional societal actors (e.g., businesses, political actors or
NGOs) are analysed with regard to their main function within a given societal
system (e.g., the economic system, the political system or civil society). It is
certainly true that a functional differentiation has taken place in modern so-
Societies and, for example, that businesses mainly follow the principle of profit-seeking while political actors mainly realise political regulations. At the same time, however, this “division of labour” and the traditional roles of actors are becoming less and less clear. Corporations, for instance, are increasingly engaged in social and environmental issues beyond the business case, they become political actors involved in governance to a certain degree by establishing social standards (Beschorner 2004; Wettstein 2005, 2009; Palazzo and Scherer 2007; Beschorner et al. 2012) or they forge collaborations with NGOs (Vorbohle 2010; Baur 2011; Baur and Schmitz 2012), to provide just a few examples. The same holds true for governments; not only do they set the rules of the game, they also increasingly get involved as intermediaries and communicators of societal problems (Suchman 1995; Beschorner 2004; Beschorner and Vorbohle 2007). These new roles of actors are highly reflected in our empirical study, especially in a variety of new forms of collaboration (see below).

Two of our cases regarding global supply chains in the WRT sector illustrate this case. In the Netherlands, the government has been encouraging large trading companies to improve living conditions in developing countries by co-funding corporate projects in them, such as sustainable tea farming (see Ch. 7.2). In this case, by providing public funds to private forms of economic cooperation, the government is assuming a traditional role. By contrast, the AVE Sectoral Model in Germany (see Ch. 6.2) primarily rests on business commitment. In this case, WRT companies concerned with responsible supply-chain management had developed their own code of conduct and implementation procedure before the government lent it political legitimacy, spent money and shared its technical expertise in economic cooperation. Likewise, companies defined their own objective and road map and included the government when they deemed it appropriate.

Generally speaking, governments play different roles in the co-governance processes exemplified in our case studies. They act as a lender of legitimacy to business-led initiatives since they represent wider societal interests and can be seen as “honest brokers”. Governments also engage in agenda-setting should companies fail to address an issue in their sector, as happened in the Polish and UK financial services industries when banks failed to treat their customers fairly (see Ch. 8.2 and Ch. 11.2). Over time, governments have also started to act as responsible consumers, thereby incentivising companies to produce eco-friendly products and guarantee decent labour conditions for their employees and those of their suppliers. This can be seen in the procurement-related initiatives in France (see Ch. 5.2), Germany (see Ch. 6.2), the Netherlands (see Ch. 7.2) and Spain (see Ch. 9.2).

Based on a “cultural turn”, interest and power, institutional change, processes of communication and new roles of actors represent four key perspectives for a better understanding of societal processes and structures. This
might not be a sufficient set of categories, but we assume they are crucial and necessary for analysing the field of business ethics. It is also obvious that all four elements are highly related and overlapping. Since these elements are still very abstract and might be used for a variety of empirical questions, we suggest a more concrete “localisation” as the next step of the analysis.

The locus we have chosen in this research project is a sectoral perspective on chemicals, construction, wholesale and retail trade, ICT and financial services within eight European countries: Denmark, France, Germany, the Netherlands, Poland, Spain, Switzerland and the United Kingdom.

This localisation of CR blueprints into the concrete practices of specific industrial sectors can be compared to a similar move from an abstract to a more concrete level that occurred in the debate on globalisation. One strand of thinking argued that global processes and structures connect societies all over the world and thereby determine local events. This argument, which stresses the power of the abstract and global, was countered by the idea of the local influencing the global. The term “glocalization” (Robertson 1995) underscored how globalisation eventually happens at the local level, where ideas, products, capital flows and people adjust to local conditions or (in the case of ideas and products) are developed for global export. In fact, the term “glocalization” was taken up by activists who famously demanded “Think globally, act locally”. Whether one subscribes to a term like “glocalization” or not, empirical research—such as Saskia Sassen’s work on global cities (Sassen 1991) or Pankaj Ghemawat’s take on globalisation myths (Ghemawat 2011: 23–41)—has shown how globalisation is shaped within local contexts.

The empirical evidence presented below hints at a comparable development in the CR debate, where the relevance of sectors is emerging. As we have mentioned above, within a specific sector, a web of shared meanings can be assumed. Due to the fact that actors have similar perceptions of their organisational environment (e.g., competition, regulations), it is very likely that there are also similar understandings of CR in a given industry, such as on the materiality of issues, the legitimacy of stakeholder demands and the role of governments. In addition, the merit of assuming a sectoral perspective lies in what we can call “the downscaling effect”. Within an industry context, responsibility can be substantiated and thus made clear and manageable for companies and their stakeholders.

This sectoral downscaling can be applied with respect to at least five dimensions:

Issues become more precise once they are contextualised within an industry. General and fairly abstract terms—such as “the environment” or “human rights”—can be scaled down to bread-and-butter issues that are easier both to understand and tackle. The partnering initiative “More Internships” illustrates this point. It provides internships to non-ethnic Danes in the construction sector and, in doing so, raises awareness about people who struggle to
Theoretical Implications of Sector-specific CR in Europe

obtain vocational training and therefore gain access to the labour market (see Ch. 4.2). Although nobody would link this initiative to the promotion of human rights, this is actually what “More Internships” implicitly does, even though on a small scale.

Actors can be identified and responsibilities assigned to them. In this way, unclear aggregates—such as “business” or “multinationals”—give way to concrete agents, such as the responsible trade association(s), the industry leader(s) or a given number of companies. This does not merely apply to businesses, but also to other relevant actors in the respective industry, which can be distinguished more precisely from a sectoral perspective. For example, the partnering initiative “Coalition for Child Safety on the Internet” in Poland and a similar partnership at the EU level boil down the issue to the responsible actors: telecommunication companies, cable TV companies, Internet service providers, ICT associations, NGOs and regulators (see Ch. 8.2). Another example is a Dutch platform on sustainable food that addresses companies and regulators from the WRT, agriculture and catering industries since they have a shared responsibility for food safety (see Ch. 7.2).

Within a specific sector and based on certain issues, actors (i.e., businesses and other types of organisations) constitute an “organisational field” in which concrete actions take place. This is a network-like perspective that goes beyond a stakeholder perspective since there is not just a core organisation with surrounding stakeholders (which articulate claims towards this organisation). Instead, the organisational-field perspective focuses on the interaction between a set of organisations (e.g., businesses, NGOs, government organisations and research organisations) and analyses the dynamics and the process of institutionalisation towards sustainability in a comparative manner. Organisational fields are well-illustrated by the two green building certifications discussed in this study: Minergie, in Switzerland, (see Ch. 10.2) and Effinergie, in France (see Ch. 5.2). Both standards began as initiatives launched by individual organisations, but they soon established mutual relations with other actors, such as professional organisations, construction companies, municipalities, regional governments and universities. Effinergie was taken up by the French president’s high level initiative on sustainable development (the so-called Grenelle Environnement), which used the certification for obligatory minimum standards on energy-efficient housing (see ibid.).

Using a sectoral organisational-field perspective also brings back the spatial dimension to a globalised economy. While operations, supply chains or direct investments are termed “global”, they can be pinned down to a manageable number of places. For example, the manufacturing of some products is concentrated in certain countries, regions and sometimes even cities. The latter becomes particularly clear in the case of public procurement in France. The town of Lyon started with the procurement of fair trade products and extended this policy to other local organisations by providing them with a label

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if they meet certain criteria (see ibid.). The aim is to create a “Territory of Fair Trade”, in which organisations and consumers practice various forms of sustainable production and consumption. Another example is provided by the Spanish savings banks, which are deeply rooted in their regions as a result of funding local businesses and supporting local communities (see Ch. 9.2). Within organisational fields, it is finally possible to analyse different modes of cooperation—in our research project, we singled out awareness-raising, partnering, soft law and mandating—that help determine promising modes of collaborative action. The empirical data shows clearly that, for example, industries providing goods and services to the government are more familiar with soft-law and binding requirements (e.g., public procurement guidelines and requirements), whereas consumer-oriented industries may favour awareness-raising (e.g., labels or consumer information). Sometimes the same issue in the same industry can be dealt with via different modes of cooperation. For example, the information asymmetries between banks and clients constitute an issue for the financial industry. Whereas, in the UK, scandals in retail banking triggered a mandating initiative aimed at giving customers a fair deal (see Ch. 11.2), in Poland, the issue was dealt with by instituting a non-binding code of conduct (see Ch. 8.2).

13.4 Shortcomings and further research perspectives: from sectors to societal needs

A sector-specific approach on CR in Europe provides fruitful insights and orientations for concrete institutional arrangements. Its strength can be seen in its theoretical orientation on culturally embedded responsible practices, which takes into account both different national and sectoral cultures. In addition, this empirically based approach has allowed us to demonstrate the variety of concrete CR practices that are based on the normative orientations of the actors in the respective field and a shared web of meanings. This is important for future implementation processes since it gives us the chance to connect factual orientations (of the respective actors) with normative suggestions related to sustainable development. From our perspective, it is not sufficient for a concept of business ethics to merely develop normative ideas far removed from actual business practices. Instead, we regard the real challenge in this field as lying in developing ways of thinking and concepts that allow for “facts” and “norms”—or “Faktizität und Geltung”, in the words of Habermas (1994)—to be bridged by bringing them into a fruitful interplay. This does not automatically mean adapting to “business case” rhetoric, as this book clearly demonstrates.

While a sectoral perspective on CR offers new avenues for research and new approaches to promoting CR in practice, it also has some potential draw-
backs that should not be overlooked. It is important to note that concepts of classifications in different industries are themselves (relatively young) cultural products. The classification of economic activities started in the 1930s, when Colin Clark and Jean Fourastié introduced the three-sector-hypothesis along with initial attempts to calculate national accounts (Staroske 1995). They were later elaborated and mainstreamed by international organisations, such as the United Nations and the OECD, in the postwar period and have become the standard way of thinking about economic activities today (Ward 2004). This historical background is important for decoding the following shortcomings of a sectoral perspective and, more importantly, for understanding them as cultural artefacts that also allow us to think in other, complementary directions for further research.

**First**, a sectoral perspective may still be too large an aggregating concept for small and medium-sized enterprises. These companies often struggle with formalistic and resource-intensive requirements of CR, which is viewed as a concept pertaining to large corporations rather than to smaller businesses. In fact, the majority of initiatives studied for our research project are primarily or exclusively tailored to the needs of large companies. Trade associations do not necessarily mitigate this effect since their largest participants are often the most vocal ones.

**Second**, some sectors are quite diverse and can be organised into many different subsectors. For example, the ICT sector includes manufacturing as well as services. Likewise, even large companies within the same subsector may differ considerably in terms of business models, CR issues and locality. Such sectors can use “different languages”, thereby displaying more differences than commonalities.

**Third**, defining sectors may look arbitrary and abstract at times. Most classifications were created by statisticians who wanted to structure economic activities in a manner that they deemed reasonable. In doing so, they aggregated businesses that, to some extent, do not view themselves as belonging to the same sector, such as insurance and banking, which are both part of financial intermediation. Thus, the analytical value of such highly aggregated sectors is questionable.

**Fourth**, industrial sectors were never meant to structure or assign responsibilities. In fact, there are many calls for cross-industrial cooperation since it is believed that certain issues cannot be limited to a specific industry (Accenture and U.N. Global Compact 2012; CSR Europe 2012). For example, issues related to food are not the sole responsibility of the agricultural sector but, rather, also involve the wholesale and retail trade. Indeed, a sectoral perspective may have a compartmentalising effect on responsibility by encouraging silo thinking. The reason for this possible effect is not so much the idea of having practical frames for CR but, instead, the sector definitions we are used to.
This does not mean that there is no alternative to thinking in sectoral boxes. Growing awareness of sustainable development has already led to alternative thinking about national accounts (Stiglitz et al. 2010). Grounding “the wealth of nations” on happiness and not on Gross Domestic Product are other suggestions in this context (Dixon 2006; Bruni and Porta 2007). What all the different concepts of new national accounts have in common is a modified normative basis.

Likewise, a different normative basis can help extend or perhaps even replace a sectoral approach in CR. Sectoral perspectives are very much related to products. The “automotive sector”, for example, deals with cars and trucks. One possible switch is shifting attention from products to needs (e.g., sustenance, housing, communications or mobility) and analysing certain “fields of needs” more concretely (Beschorner et al. 2005; Beschorner and Behrens 2007). If economic activities were classified according to “fields of needs”, all companies catering to a specific need would be aggregated in the same group. For example, car manufacturing, bike manufacturing, public transport and logistics would no longer constitute stand-alone industries but, rather, be subsumed under the umbrella need of “mobility”.

Note, this is not merely a methodological switch, but also a normative one. In this case, needs are the normative end and the basis unit of the analysis, whereas certain products and services are means to this end. This change in perspective might lead to important consequences for sustainable development, as the example of mobility demonstrates. Political actors would have another basis for regulatory measures, such as fostering public transportation instead of promoting the use of individual motor vehicles. Corporations such as Volkswagen, Mercedes, or Toyota might define themselves as mobility enterprises and not just automotive companies, which might even lead to new markets (e.g., car-sharing concepts). Likewise, different providers of mobility services (e.g., car manufactures, public-transportation services and rent-a-bike companies) might develop new forms of modular mobility (e.g. mobility passes). Eventually, the concept of (fields of) needs would bring back a consumer perspective and the possibility of meeting their needs (rather than of just getting them to purchase products).

The cultural perspective we have detailed above can also be useful for related future research. Given the fact that today’s needs—at least in rich countries—are less basic ones (e.g., satisfying hunger) but still very culturally marked and culturally characterised ones (e.g., fast food, slow food, candlelight dinners), an interpretative approach seems to be important for reconstructing (shared) “meanings” of (cultural) needs. Other concepts sketched above, such as contextualisation (e.g., in specific regional contexts), organisational fields (of needs) or different modes of cooperation might also be a possible theoretical source for empirical research.

We introduced this chapter with a quote, calling science a way of thinking rather than a body of knowledge. What the American astrophysicist Carl Sa-
gan said about science also holds true for business ethics and a cultural perspective. Our example of rethinking CR in terms of industrial sectors demonstrates the analytical and heuristic value of this approach. “Somewhere, something incredible is waiting to be known.” And not just in astrophysics!

References


