

CSR perception as a signpost for circular economy

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Abstract

Purpose – This paper aims to identify managerial implications for multinational corporations (MNCs) with regard to circular economy (CE) by using data on corporate social responsibility (CSR) perception in different types of market economies owing to diverse institutional contexts. These managerial implications can contribute to the linking of CSR and CE strategies for MNCs.

Design/methodology/approach – This is an empirical study with a mixed-methods approach using both quantitative and qualitative research elements. The varieties of capitalism (VOC) approach with its two kinds of market economies – liberal market economy (LME) and coordinated market economy (CME) – builds the theoretical foundation.

Findings – All three guiding hypotheses of the quantitative research part are confirmed, which are: there is a differing perception of CSR in the two kinds of VOC; LME corporations adopt a shareholder value perspective; and CME corporations adopt a stakeholder values perspective. Furthermore, the qualitative research part has identified several key success factors for strategically conducting CSR in nexus with CE.

Practical implications – The mentioned key success factors become managerial implications for MNCs aiming at strategically conducting CSR. Due to several crossing points between (strategic) CSR and CE, those implications are largely also eligible for CE.

Originality/value – The paper helps to propel empirical findings into a more up-to-date discourse of debate. By emphasizing that the institutional background is likely to have an effect on how CSR is perceived in different kinds of market economies, the research offers a proposition how to use CSR perception as a signpost for CE and fuel future research into this direction.

Keywords CSR, MNCs, Varieties of capitalism, Corporate social responsibility, Circular economy, Strategic CSR, Multinational corporations, VOC, Business ethics and sustainability

Paper type Research paper



1. Introduction

Within the area of sustainability and sustainable development, there has been significant progress with regard to raising awareness and becoming active in the last decade. This trend evolved on multiple levels, such as politics, companies, non-governmental organizations (NGOs) and society and customers in general.

While the concept of corporate social responsibility (CSR) emerged on the agenda at an earlier stage, evolving before all into a business-focused form of strategic CSR, circular economy (CE) dominates contemporary discussions. Under the umbrella of sustainability,

all of these aforementioned concepts have common denominators which make it possible to draw conclusions for one area from findings in another focal area.

This is basically what this paper intends to do: formulating conclusions for the subject of CE which derive from research conducted with focus on (strategic) CSR in the context of the institutional theoretical approach of VOC. Remaining in line with the dualist VOC approach, the perspective on CSR in this respect adopts the shareholder value perspective versus the stakeholder values perspective. Therefore, the work at hand aims at propelling the discourse on strategic CSR into a more up-to-date debate which CE offers at present. Hopefully, future research will intensify into the same direction. Aligned with the purpose of such discourse, the research questions driving this work correspond to:

- RQ1.* To what extent does the perspective on corporate social responsibility differ within varieties of capitalism?
- RQ2.* What are managerial implications with regard to strategic CSR in multinational corporations?
- RQ3.* In how far can managerial implications with regard to strategic CSR in MNCs be applied to CE?

The theoretical foundation and the methodological framework streamline the following sections as the fundamentals for the mixed-methods research approach which embraces both quantitative and qualitative elements. Subsequently, the findings are ultimately formulated as managerial implications for MNCs concerning their behavior with regard to tackling the topics strategic CSR and CE in different institutional contexts.

2. Theoretical framework

As discussed in the introduction, this paper touches upon concepts associated with institutional theory, the varieties of capitalism (VOC) approach, perspectives on CSR and strategic CSR. Therefore, all of them conform this theoretical framework. In Section 6 of this paper, crossing points of CE and (strategic) CSR will be presented, as well.

2.1 Institutional theory

According to institutional theorists, MNCs “face challenges in strategically locating themselves and adapting to the diversity of institutions across countries and regions” (Jackson and Deeg, 2006, p. 540). Institutions are thus influential and determinant factors for the strategic behavior of organizations (Argandoña and Hoivik, 2009; Hoskisson *et al.*, 2000; Williams and Aguilera, 2008). In the particular case of corporations, they are expected to conform to these apparent rules and requirements to increase “their legitimacy, resources and survival capabilities” (Kondra and Hinings, 1998, p. 744). This perspective is strongly supported by North (1990) who states that the influence of institutions on “the performance of economies is hardly controversial” (North, 1990, p. 3).

The term “institution” in this respect includes both formal and informal “rules of the game in a society” (North, 1990, p. 3) which can also be formulated as “institutions are humanly devised constraints that shape human interaction” (North, 1990, p. 3). Consequently, the “rules of the game” (North, 1990, p. 3) are supposed to be distinct in different economies and therefore force corporations to adapt to the institutional context which is created by the sum of existing institutions (Amann and Anger, 2006; Hansen, 1999; Narayanan and Fahey, 2005).

Institutional theory offers three different ways of interpreting institutions and their influence on companies’ behaviors with regard to making economically rational and

strategic decisions in a specific national institutional context. As offered in international business literature, institutional approaches can describe institutions as either restrictions, or distance or resources (Jackson and Deeg, 2008). In this research, institutions are seen as sources to “create opportunities” (Jackson and Deeg, 2008, p. 543) within corporations to optimally exploiting or complementing existing resources.

2.2 Varieties of capitalism approach

The VOC approach is a “dualist” one (Crouch, 2009, p. 79). It was introduced by Hall and Soskice (2001) to overcome the neglect of the impact of national institutional contexts on economic actors’ behavior in neo-classical and subsequent neoliberal theories (Hoffmann, 2003). The authors identify two distinct ideal types of market economies (liberal market economies [LMEs] and the coordinated market economies [CMEs]) by using a relational view of the firm which is based on five spheres of how corporations develop internal and external relationships:

- (1) industrial relations;
- (2) vocational training and education;
- (3) corporate governance;
- (4) inter-firm relations; and
- (5) internal structure (Hall and Soskice, 2001).

In the LMEs, competitive market arrangements and hierarchies are the primary influences of companies’ activities. Market institutions, such as the equilibrium of supply and demand in a national market, are “highly effective means for coordinating the endeavors of economic actors” (Hall and Soskice, 2001, p. 8) in national capitalist systems (labeled as “liberal”).

In CMEs, emphasis is put on the dependence of businesses on non-market relationships and information-sharing networks to be active and survive in the respective markets and to create and develop their core capabilities (Hall and Gingerich, 2004). Therefore, equilibria stemming from strategic interactions among companies and other relevant stakeholders are the primary influences of companies’ activities in CMEs (Hall and Soskice, 2001).

Among the large OECD countries, LME countries are generally all “Anglophone” (Crouch, 2009, p. 79) countries, thus Australia, Canada, Ireland, New Zealand, the UK, and the USA. CMEs are generally most Nordic and middle-European countries, such as Austria, Belgium, Denmark, Finland, Iceland, Germany, The Netherlands, Norway, Sweden and Switzerland, as well as Japan (Hall and Soskice, 2001; Kenworthy, 2009; Schneider, 2009).

Although having been criticized for its too simplistic setup, this very basic way of classifying states as either LMEs or CMEs has proven to withstand the critics by offering “a very sophisticated, holistic, and easily understandable picture of the institutional complexity of advanced capitalism” (Nölke and Vliegenthart, 2009, p. 670). Thus, the VOC approach is one element of the analytical framework of this research.

2.3 Perspectives on CSR

Esken (2011, p. 28) defines CSR as:

[...] a concept embedded in the idea of sustainable development which embraces all those actions, operations and initiatives by businesses that contribute to an improvement of social and environmental issues by voluntarily going beyond the corporations’ legal obligations. Such undertakings have to be in line with the businesses’ legal, ethical and philanthropic responsibilities, besides the given economic ones. Thereby, they have to reflect the needs and

interests of all their relevant stakeholders, including customers, employees, investors, the general community and the environment.

With the purpose of staying in line with dualist approaches, there are two perspectives of how to look at CSR and how to contextualize the CSR concept. To put it in a nutshell, the shareholder value perspective is strongly directed at generating and maximizing profit for a corporation's owners (De Wit and Meyer, 2010). This is the only given objective. However, if this goal can be achieved whilst contributing to the improvement in societal matters and taking into account other stakeholders' interests, CSR activity is wishful as well. Still, it is not a moral obligation. All in all, social responsibility is not an organizational matter, but a concern for individuals and governments (Friedman, 1970; Rappaport, 1998). Indeed, the stakeholder values perspective, as a contrasting view, sees corporations as coalitions between stakeholders aiming at generating added value for all stakeholders involved (De Wit and Meyer, 2010). This means that profitability needs to be balanced with the responsibilities towards all other stakeholders. In regarding organizations as joint ventures which aim at creating and maximizing common value to all stakeholders, Freeman (1984) noticed that the stakeholder values perspective always implies a certain extent of voluntarism, as otherwise it would not be able to be applied.

Proponents of the stakeholder values perspective regard social responsibility as both a matter on individual and on organizational level. Owing to the fact that corporations are run by people, they do not see a reason or a possibility to separate these two levels (De Wit and Meyer, 2010). Furthermore, the isolation of economic issues from societal ones "misses the mark both managerially and intellectually" (Freeman, 1984, p. 40), thereby directly contradicting sharply with the shareholder value perspective's proponents (Rappaport and Friedman). Two managerial focuses were integrated to the CSR debate here: stakeholders and shareholders perspectives. These two perspectives were explicitly considered in the hypotheses formulation because they represent standing aspects to connect the MNCs behavior regarding CSR in the LME and CME institutional settings.

2.4 Strategic CSR

Departing from the earlier introduced definition of CSR, the concept of strategic CSR shifts the main focus to the intersection of CSR with economic motivations. According to Werther and Chandler (2010, p. 86), strategic CSR represents the "intersection" of CSR and strategy. Hence, it regards the resulting interdependence between society and the corporation as a "win-win-win situation for society, businesses and customers" (Guzmán and Becker-Olsen, 2010, p. 197), as the corporation's values and strategic objectives are aligned with societal issues (Burke and Logsdon, 1996; Guzmán and Becker-Olsen, 2010). Moreover, this should also be the case vice versa (Porter and Kramer, 2006).

In principle, strategic CSR can only be established in a corporation that voluntarily makes "social impact a part of its overall business strategy" (Guzmán and Becker-Olsen, 2010, p. 202). In the long term, such integration is supposed to lead to a sustainable competitive advantage for the corporation (Nussbaum, 2008; Werther and Chandler, 2010). Therefore, strategic CSR is – in comparison to ethical and altruistic CSR – the most "admirable" (Lantos, 2001, p. 608) solution for corporations, as the corporation sustainably benefits from its CSR engagement (Husted and Allen, 2007; McWilliams *et al.*, 2006; Muruganatham, 2010).

2.5 Analytical framework and setup of the research

Figure 1 shows the foundations of the analytical framework highlighting the three main areas of focus.

As will be further shown in the Sections 3 and 4 of this paper, the quantitative research strand, which covers the first part of the analytical framework, focuses on testing three main hypotheses:

H1. There is a different perception of CSR between LMEs and CMEs.

H2a. LME companies adopt a shareholder value perspective.

H2b. CME companies adopt a stakeholder values perspective.

The second part of the analytical framework concerns the identification and articulation of managerial implications for strategic CSR in MNCs. Those will be based on both the quantitative findings and qualitative data stemming from interviews with MNC sustainability managers. Findings will be presented in Section 5 of this paper.

Section 6 ultimately shows the step in which the managerial implications for strategic CSR are applied to the field of CE in such a way that the concepts' intersections are analyzed.

The upcoming sections therefore highlight those research findings in such a way that sufficient fundamentals are built for appropriate conclusions in connection to CE.

3. Methodological framework

This paper is an empirical research which uses a mixed methods approach. Owing to the novelty of the nexus between strategic CSR and CE in the two types of VOCs contexts, this research can be classified in the exploratory category.

The research is steered by the aforementioned three connected general research questions:

RQ1. To what extent does the perspective on corporate social responsibility differ within varieties of capitalism?

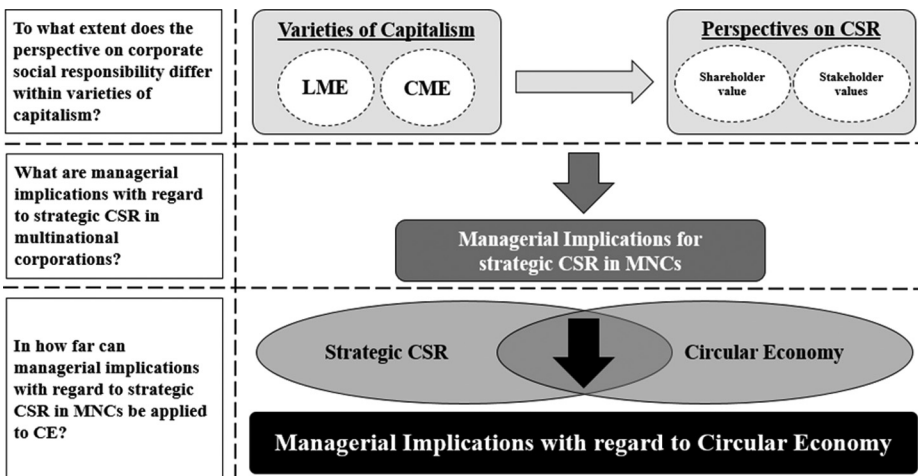


Figure 1. Analytical framework

RQ2. What are managerial implications with regard to strategic CSR in multinational corporations?

RQ3. In how far can managerial implications with regard to strategic CSR in MNCs be applied to CE?

3.1 Gathering of data

Quantitative research has been conducted by sending surveys to business master students (as representatives for the next generation of managers) in four countries: two LMEs, which are Canada and the USA, and two CMEs, Germany and The Netherlands. Quantitative primary data were collected by the means of an online survey with questions that are designed to make the values of the variables measurable. It was a self-administered survey with closed-ended questions. To have a sample that is representative for the target group, a multistage cluster sampling was used. This sampling method seemed particularly appropriate for this research, as it increases and guarantees the representativeness for samples of a huge target group.

To gain more depth, additional qualitative research has been conducted. Therefore, qualitative primary data have been collected by the means of interviews with MNC managers which are responsible for the topic of CSR in their respective corporations. The decision to focus on CSR managers has two simple reasons: first, managers who are not concerned with CSR most likely would not have been willing to spend time for an interview on the very matter; second, to gain insights in the strategic employment of CSR in MNCs, the research benefitted most when focusing on those corporations that engage extensively in strategic CSR. Here, the scope has been limited to the same four countries as for the quantitative research strand. In total, three open-ended interviews were conducted with two of the managers working at CME corporations and one being a LME corporation manager.

While *RQ1* is answered based on the findings of the quantitative data derived from the survey, *RQ2* is dealt with on the grounds of both the quantitative and the qualitative findings. *RQ3* is based upon the elaborations with regard to the managerial implications discussed during interviews with the current managers of corporations. Hereby, the intersections and similarities of the CSR and the CE concepts are analyzed to project the managerial implications in the (strategic) CSR context onto the subject of CE.

3.2 Quantitative survey

In total, 188 valid responses have been collected. The final distribution of responses divides the 188 total responses into 100 responses from CME countries (59 from Germany, 41 from The Netherlands) and 88 responses from LME countries (38 from Canada, 50 from the USA).

Based upon the analytical framework (Figure 1), three main hypotheses, presented at the end of Section 2, were tested through a survey which was set up on the grounds of six topical areas. Those areas are:

- (1) the prioritization of CSR;
- (2) the justification for CSR;
- (3) the ownership and purpose of a company;
- (4) the role of different stakeholder groups (NGOs and governments);
- (5) the global characteristic of CSR; and
- (6) the integration of CSR into a firm's strategy.

From the analytical framework in combination of the 6 topical areas, 12 sub-hypotheses emerged and are described as following:

- H3a.* In LMEs, companies prioritize social issues over environmental ones.
- H3b.* In CMEs, companies see social and environmental issues as equally relevant.
- H4a.* In LMEs, CSR measures are only justified when they bring economic benefits to the corporations.
- H4b.* In CMEs, CSR measures are a moral obligation for corporations.
- H5a.* LME corporations primarily have the purpose of profit maximization for their owners, shareholders and top managers.
- H5b.* CME corporations need to find a way to combine profit maximization with CSR practices, as shareholder interests and employee interests need to be taken into consideration.
- H6a.* In LMEs, CSR measures are regarded as a responsibility of the government, while NGOs should be concerned with shaping public policy.
- H6b.* In CMEs, corporations conduct a stakeholder management which includes continuous communication with both governments and NGOs.
- H7a.* Future managers who see CSR as a globally converging concept advise MNCs to implement one common global CSR strategy in all their subsidiaries. This global CSR approach is more prominent in LMEs.
- H7b.* Future managers who see CSR as a globally non-converging concept or as a non-global concept advise MNCs to implement different national CSR strategies in their subsidiaries. This local CSR approach is more prominent in CMEs.
- H8a.* In LMEs, CSR is not integrated into a corporation's overall strategy.
- H8b.* In CMEs, CSR is integrated into a corporation's overall strategy.

The testing of the sub-hypotheses follows a simplistic majority-based analytical pattern: if more than 50 per cent of the respective group of respondents have answered the related survey question in the way it has been presumed based on the analytical framework, the hypothesis in question can be confirmed; if it is less than 50 per cent, the respective hypothesis has to be rejected.

3.3 Qualitative interviews

Additionally to the quantitative research method deployed earlier, qualitative interviews were conducted as an approach to validate the answers given by the future managers. Owing to time restrictions of managers to respond to our questions, only three granted us the interview. Their descriptions are as follows:

Corporation 1 (hereafter C1) is an American IT services and consulting company which was represented by its Corporate Citizenship & Corporate Affairs Manager. C1 was the only response that has been received by a corporation whose headquarter is located in an LME.

For CMEs, both sample countries are represented, i.e. Germany and The Netherlands. In the case of Germany, *Corporation 2* (C2) is a Germany-based media company which has been represented by its Director Corporate Responsibility.

Having its headquarters in The Netherlands, *Corporation 3* (C3) is a Dutch electronics company which was represented by its Director of Sustainability at the moment of conducting the interview.

The interview had a broader focus than the surveys, emphasizing the strategic nature of the corporations' conducted CSR measures. For the purpose of this paper, the interview analysis is restricted to such content.

Except for the ownership question and minor differences with respect of their stakeholder managements and their perception of what roles governments and NGOs should play with regard to CSR, all of the three corporations have a similar approach to CSR. Their approaches tend to be extensive and, more importantly, strategic.

4. Future managers' perspective

In this section, the information obtained from surveying future managers (currently business administration students) has been analyzed in reference to the hypotheses and sub-hypotheses mentioned in the above section. In general, the data gathered showed that most of the sub-hypotheses were assessed as verified (*H3a, H3b, H5a, H5b, H7a, H7b, H8b*) or partially verified (*H4b, H6a, H6b*). The exceptions are sub-hypotheses *H4a* and *H8a* which were assessed as falsified. However, only the evaluation of the three main hypotheses is further presented here.

H1 reads, *There is a different perception of CSR between LMEs and CMEs*. In this matter, the quantitative results of the survey clearly present the situation of a polarized relation between LMEs and CMEs in terms of their respective perception of CSR. Owing to the fact that the pairs of sub-hypotheses take up antithetical positions, the opposite opinions of the two kinds of VOC in how to perceive the CSR concept are highlighted.

Regarding the prioritization of CSR issues, the purpose and ownership of a corporation, as well as the global characteristic of CSR, the data analysis reveals the confirmation of the sub-hypotheses. This means that the presumed differences in the CSR perception are verified as well. Hence, *H1* was confirmed through testing these aspects.

In fact, these aspects do not remain the only categories in which a different perception of CSR among LMEs and CMEs can be confirmed though.

From the variation of the data, it can be said that the two stakeholder groups, *governments* and *NGOs*, require to be reviewed separately. While the standpoint of corporations seems to be similar in respect of the need-to-be-supportive governmental role, the polarization between LMEs and CMEs concerning the role of NGOs is evident. Also the government role potentially shows different approaches in LMEs and CMEs. It is not significant enough to confirm the hypothesis that there is a different CSR mind-set regarding the role of governments in CMEs and LMEs, but the nuances still show a divergent trend. Here are some numbers to illustrate this point: whereas only 13.64 per cent of LME respondents acknowledge governments as corporations' stakeholders, 49 per cent of CME respondents accredit governments as corporations' stakeholders. On the other hand, 28.41 per cent of the LME respondents considered CSR to be mainly the issue of governments, while only 7 per cent of the CME respondents agreed with this choice. These distributions highlight that there seems to be a difference in perception as well, albeit not strong enough to fully account for confirming *H1* in this category.

Moreover, although the two sub-hypotheses relating to the justification of CSR in the two kinds of VOC both could not be fully confirmed, the distribution of responses still highlights a polarized picture of LMEs' and CMEs' perception of CSR. This is due to the fact that the majority of the respective responses is settled at the two extremes. The circumstance of no

CME student having chosen the most popular LME response underlines the existing contextual influence on CSR perception.

Looking at the total outcomes of analyzing the sub-hypotheses, it can therefore be concluded that from seven categories[1] five (and a half[2]) verify the polarized relation between LMEs and CMEs pertaining to the perception of CSR, consequently confirming *H1* that “there is indeed a different perception of CSR between LMEs and CMEs.” With the confirmation of *H1*, it is not automatically verified that in LMEs, the shareholder value perspective is apparent and that in CMEs, the stakeholder values perspective is adopted. Thus, *H2a* and *H2b* needed to be evaluated as well.

In the case of *H2a* (*LME companies adopt a shareholder value perspective*), it needed to be examined by looking at the analytical outcomes of those sub-hypotheses which target LMEs. Four of those categories were completely confirmed, the related sub-hypotheses were:

- (1) the prioritization of CSR issues;
- (2) the ownership and purpose of a corporation;
- (3) the role of NGOs; and
- (4) the global characteristic of CSR in LMEs.

With regard to the role of governments, however, LME respondents signaled that corporations need to work together with governments in the way that corporations are the agenda-setters and governments need to support and foster the company-initiated CSR measures. This contradicts with the theoretical assumption of the shareholder value perspective. Here, CSR is an issue which needs to be addressed and initiated by governments, which is primarily based on [Friedman's \(1970\)](#) elaborations on corporate responsibilities.

Another aspect that could not be confirmed is the LMEs' viewpoint concerning the justification of CSR measures. The presumed dependence on benefits in return of the companies' CSR engagement has only been chosen by 48.86 per cent of the respondents. This means that the majority rejected the sub-hypothesis implicit in those questions (although this option holds the relative majority). With 21.59 per cent of the LME respondents choosing CSR as a moral obligation to corporations and 26.14 per cent stating that CSR measures would be justified in order to achieve a “win-win-win” situation for corporation, customers and society, the LME society sent the signal that the mere focus on financial and economic facets is outdated to a certain extent. In combination with the other rejected sub-hypothesis relating to the integration of CSR into the overall strategy of a corporation, the LME respondents highlight their awareness of CSR becoming a critical factor in corporate operations which should not be underestimated.

In sum, these two rejected sub-hypotheses neither account for the shareholder value perspective nor do they reject it: rather, they should be interpreted as constituting a trend in LMEs toward a more responsible kind of the shareholder value perspective in which the economic returns and the profit maximization for the shareholders still is the primary goal. However, in contrast to the early hardliner economists accounting for the shareholder value perspective, the way in which the goal is pursued matters nowadays.

Consequently, *H2a* was confirmed as well, although with certain limitations. With the confirmation of the relevant sub-hypotheses in four of the seven categories, 57.14 per cent of the shareholder value perspective is backed by these full verifications. The rest should not be regarded as strict rejections, but instead as an evolution of the basic shareholder value perspective towards a shareholder value perspective with a responsibility-driven mind-set.

It certainly does no longer present the rigid and extreme contrast to the stakeholder values perspective, but might nevertheless still be regarded as a form of the shareholder value perspective.

The testing of *H2b* (*CME companies adopt a stakeholder values perspective*) does not necessitate broad elaborations. With the prioritization of CSR issues, the ownership and purpose of a corporation, the role of NGOs, the global characteristic of CSR and the strategic integration of CSR into the corporate overall strategy, already five of the seven categories are fully affirmative when looking at the confirmed sub-hypotheses dealing with CMEs.

In respect of the role of governments, the presumed stakeholder role of governments achieved the relative majority with 49 per cent of the CME respondents. In the earlier discussions, it has already been asserted that the role of governments in terms of CSR is a supportive one in both CMEs and LMEs due to the fact that companies would like to position themselves as agenda-setters when given the choice. Therefore, this aspect cannot be added to those sub-hypotheses verifying *H2b*.

The justification of CSR measures is the other category not being fully confirmative. With 60 per cent of all CME respondents regarding CSR as a strategic tool to achieve the “win-win-win” situation, it becomes clear that CSR is already strategically conducted in CMEs. This latter in contrast to the 21 per cent for the option of labeling CSR as a moral obligation for corporations does not symbolize the total rejection of the sub-hypothesis in question. Even further, the strategic CSR approach bases upon the moral obligation for corporations to broaden its focus from their own economic benefits to a more extensive scope also embracing as many stakeholders’ interests as possible. Consequently, the deviating outcome should not be regarded as a rejection of the moral grounds of CSR measures in CMEs, but instead it should be interpreted as a more strategic approach to morality-based actions.

In this sense, *H2b* can be confirmed on the basis of five (and a half[3]) verified categories of the total of seven categories. However, the displayed form of the stakeholder values perspective clearly shows signs of a strategic approach to conducting CSR measures.

It is important to take the above limitations and contextualizing analyses into consideration and keep them in mind at all times when addressing the evaluation of the guiding overall hypotheses. It is only in combination to those additional elaborations that all of the three main hypotheses can be contemplated confirmed.

The above elaborations set the stage for responding to *RQ1*.

First of all, there is a difference in the perception of CSR in the two different kinds of VOC. More precisely, CME corporations are supposed to adopt a strategic stakeholder values perspective in implementing CSR measures. In contrast, LME corporations are said to adopt a shareholder value perspective with a responsibility-driven mind-set.

Against the background of these quantitative findings, additional qualitative research input is presented in the upcoming section.

5. Perspective of MNC sustainability managers

All in all, the practical insights that could be gained by the interview responses can be considered very valuable in order to subsequently expose managerial implications with regard to strategically conducting CSR measures in MNCs. Nevertheless, the findings cannot be directly connected to those from the survey analysis. This is due to the fact that while C2 as a CME corporation has been the only respondent whose answers were aligned with the theoretical framework, both C1 and C3 did not confirm it. Whereas C1 follows a strong stakeholder values perspective, C3 to all appearances rather follows a shareholder value perspective.

In consideration of the lack of representativeness of the sample for the qualitative research part, it is almost impossible to analyze these deviating outcomes. Still, at least for the case of C1, there seems to be a plausible explanation which is related to the respondents' characteristics: while the quantitative research had a sample population that included all kinds of business core areas, the qualitative research focused on a more specific sample population, scilicet those corporations which distinguish themselves by being leaders in conducting CSR and sustainability measures. Therefore, C1's deviation from the majority of future business actors in LMEs is not worrisome as such. For C3, on the other hand, there is no clear explanation. As a global player listed on the stock exchange, this corporation might simply have to answer the demands of globally spread investors, thus including those in LMEs. However, this can be an argument to explain it but sufficient evidence would be required to avoid speculation. Hence, in terms of the way of strategically conducting CSR, C3 should only be considered with caution in comparison to the other two interviewed corporations.

There are several factors which emphasize the strategic nature of the three corporations' approaches to CSR. As a first factor, the CSR concept is deeply integrated into the corporations. Besides dedicating a specific department to dealing with CSR, all three interviewed corporations emphasized that CSR is an integral part in their corporations' business strategy and vision. Moreover, C1 and C3 added that they have departments at both *group and sector (business) level* in place for CSR, as well as C1 and C2 highlighting their further establishments of specialized councils and steering groups.

This deep integration of CSR into all of the three respondents' corporations can be based upon three major facets: first, in the interviewees' opinion, corporations need to contribute to the improvement of societal issues to build up or maintain their legitimacy in the society and community; second, the respondents emphasized that a lot of the popular CSR measures are simply considered good corporate conduct; third and last, these corporations believe that CSR can be a source for competitive advantage of a corporation.

To a certain extent, these three factors that seem to drive and enforce the integration of CSR into corporate structures are also entangled with one another in so far that the social license – as corporations' legitimacy in a society is called oftentimes – itself is the gateway to competitive advantage. This may be due to societies and communities supporting good corporate behavior by favoring CSR-minded companies over competitors. Thus, the corporate image seems to play a role, and as such, the image needs to be confirmed on a continuous basis by the respective corporate actions. Once the corporation stops to satisfy the expectations, there will be negative economic consequences.

Therefore, whether having an innate CSR mind-set, or whether CSR is just a tool to polish the corporate image by answering society's demand, it does not matter: the corporation may no longer undermine the bar it has set with its CSR actions for itself and its competitors. This is definitely a good development, as it forces corporations to always strive for a continuous improvement with regard to its CSR measures to not only remain competitive but rather to abide and sustain its (opportunity of a) competitive advantage.

Another factor that gives the corporations' measures the characteristic of a strategic CSR measure is its proactivity. Instead of simply reacting to market and societal developments, especially C1, for instance, aims at anticipating developments in order to be able to directly respond to them by providing suitable products or initiatives. While C3 falls short in this respect due to its conception of complying with the prevalent local regulations and legislation, C2's approach is proactive as well. By conducting a materiality analysis among stakeholders and business subsidiaries, C2 proactively shapes its prioritization of issues

that need to be addressed from the points of view of the involved groups in order to be able to respond to them in the best way possible.

The previous aspect also shows that as a further beneficial factor, an elaborative stakeholder management is necessary for corporations to be active with regard to strategic CSR. Communicating with (and not only to) its stakeholders in a fruitful and constructive way is a key element for successful strategic CSR of a corporation. If a corporation offers the opportunity to its stakeholders, or maybe even obliges them, to participate in finding problem solutions, CSR measures will become both more aware of stakeholders' needs and more adequate and of a higher value. This is due to the possibility to *tap [stakeholders'] [...] insights and agendas*, too, as C1 puts it. For C1, such procedure also includes looking for potential mutually beneficial cooperation with stakeholder groups, such as NGOs.

In all three interviewed corporations, the CSR strategy follows a two-level approach. CSR in these corporations is pursued on both the global and the local level. In the cases of C1 and C2 it has been explained (and in the case of C3 it can be assumed) that the basic corporate CSR strategy is mainly created on the global level and subsequently can be adapted by subsidiaries on the local level to the local isomorphic issues. Therefore, the corporate CSR strategies of these corporations are supposed to manifest the common values and goals of the CSR strategy for the whole corporation. At the same time, subsidiaries still have the ability, and, with regard to the notion that CSR is regarded as a source for competitive advantage, also have the obligation to adapt to the locally differing contexts in which they are situated. This approach enables these corporations to respond to both global and local CSR issues. Furthermore, this framework seems to stimulate a synergistic approach to CSR strategizing as well. This can happen by fostering the dialogue and exchange of experiences and best practices among the corporate headquarter and the different subsidiaries, especially C1 and C2 allow for synergies in their CSR strategies.

A further factor of strategic CSR that has not been emphasized to such an extent in the theoretical findings is the essential economic benefit for a corporation that conducts CSR measures. According to all of the three interviewed corporations, the economic factor of CSR engagements has to be considered at all times. This shows that any CSR engagement in practice is supposed to open out into the "win-win-win situation" which is one of the main characteristics of strategic CSR. This aspect is probably the most valuable insight this research can gain from the practically-focused qualitative research part.

The three corporations having participated in the qualitative research all showed to have similar key success factors:

- (1) they are proactive;
- (2) their CSR strategies are visible, which in this case means that based on their stakeholder management dialogue, they clearly address issues which are crucial to the corporation and their stakeholders; and
- (3) CSR is central to the corporate strategies.

6. Managerial implications of the strategic CSR in MNCs and their projections on CE

This section is dedicated to answering RQ2 *What are managerial implications with regard to strategic CSR in MNCs?* and RQ3 *In how far can managerial implications with regard to strategic CSR in MNCs be applied to circular economy (CE)?* on the basis of both the quantitative and qualitative findings. To answer them, theoretical intersections between the two concepts of (strategic) CSR and CE are presented.

6.1 Crossing points between (strategic) CSR and CE

The subject areas of strategic CSR and CE both are embraced by their umbrella term “sustainability.” Therefore, CSR and CE take an approach to the role of corporations to find a way to balance the three areas “people,” “planet” and “profit” (Elkington, 2000) which are part of the triple-bottom line model. This latter is prominent in sustainability matters. While CSR takes these three dimensions – environmental, social and economic – and tries to incorporate the former two into the latter one, CE takes an even more balanced approach to such an integrative step by systematically building an “industrial system that is restorative or regenerative by intention or design” (Ellen MacArthur Foundation, 2013a, p. 7). Hence, it is not a balancing act of co-existing dimensions, but a building of interdependencies between those dimensions. In fact, corporations need the environmental (and partly the societal) dimension in order to generate economic benefits.

Strategic CSR thus labels activities that are created on top of and incorporated into an existing business strategy that tackles a linear economic model, the so-called “take-make-dispose” model (Ellen MacArthur Foundation, 2013a, p. 22). CE is in itself a holistic and systematic business strategy and herewith goes an important step further. Instead of looking how to integrate actions which improve societal and environmental facets into the overall business strategy, CE tackles the topic systematically. As mentioned earlier, CE strategies aim at being fully restorative insofar that waste accrued during production can be recycled or reused in the further production process or supply chain. Ideally, CE would even “design out” (Ellen MacArthur Foundation, 2013a, p. 7) waste in the production process entirely.

Oftentimes, corporations’ CSR engagements begin at intensifying the use of renewable energy sources. This facet is very much in line with another of CE’s core principles. To become resilient against external shocks to the system (Ellen MacArthur Foundation, 2015a), renewable energies are required to decrease resource dependency (Ellen MacArthur Foundation, 2013a).

CE can therefore be – to some extent – regarded as a specific and more holistic form of strategic CSR. CSR actions are of strategic nature when they generate a so-called win-win-win situation for the business itself, its customers as well as for the general society by ameliorating environmental and societal facets. In the case of CE, one can even speak of a fivefold win situation: besides businesses, consumers and the general society, also economies as a whole and natural capital should call themselves winners of CE engagements (Ellen MacArthur Foundation, 2013b). Economies are supposed to reap the gains in terms of increased job opportunities, lower price volatility, improved net exports and enhanced supply security, while natural capital predominantly is supposed to win due to preserved and improved land productivity (Ellen MacArthur Foundation, 2013b; IMSA Amsterdam for Circle Economy, 2013).

The strategic and competitive advantage over competitors is another point which is shared by strategic CSR and CE. With regard to strategic CSR, the term already gives away that the prime goal of conducting such actions is achieving a competitive advantage. CE, on the other hand, does not innately focus on generating such a competitive edge. However, its benefits are supposed to be more than just operational: they are also strategic insofar that they “serve as sources of both efficiency and innovation” (Ellen MacArthur Foundation, 2013a, p. 9). Corporations are urged to act quickly, as “natural selection will likely favor the swift and agile players” (Ellen MacArthur Foundation, 2014, p. 23), and thus CE should be a source of competitive advantage as well (Corporate Citizenship, 2014).

Additionally, both concepts are united in their expressed long-term perspective. Whereas strategic CSR aims at guaranteeing a corporation’s ability to be productive and competitive

in the long run, CE has the same goal at heart. Although, in CE's case, it is the logical consequence of CE helping to sustain the long-term well-being of the planet. Besides providing "striking longer-term strategic opportunities" (Ellen MacArthur Foundation, 2013a, p. 10), CE is also supposed to generate short-term cost benefits – as long as the principles of CE are correctly applied.

All in all, the similarities between strategic CSR and CE, as well as CE's extrapolations of the strategic conduct of CSR qualify for drawing conclusions for CE based on findings in the field of the (strategic) CSR approach (Esken, 2014).

6.2 Interpreting the results with regard to managerial implications

The quantitative and qualitative findings offer a sufficient amount of insights from which managerial implications with regard to strategic CSR and CE in MNCs can be derived. These managerial implications are supposed to combine the two research strands in such a way that businesses hopefully regard them as vital and helpful for their future endeavors in their CSR measures.

As a starting point, it is crucial to conclude that CSR is perceived differently in CMEs and in LMEs, as the quantitative testing of *H1* has confirmed. Subsequently, this means that it does not seem to be wise for corporations to treat CSR as a globally standardized operative field.

Although the connections between CMEs and the stakeholder values perspective, on the one hand, and the connections between LMEs and the shareholder value perspective, on the other hand, were verified, the results clearly do not advise for the same strategic approach to CSR in the two differing kinds of capitalism. This is due to the difficulty to find a common denominator on which to base a common globally steered CSR strategy for all corporations' subsidiaries: while it is assumed that CME-based corporations tackle "explicit" CSR topics, LME-based corporations focus on "implicit" CSR topics (Matten and Moon, 2008, p. 413). The institutional theoretical approach to the differing CSR perception in different institutional contexts owing to the "role of social, cultural, political, economic, and ideological environments in the configuration of the social responsibility of businesses" (Argandoña and Høivik, 2009, p. 227) is further supported by findings from different authors (Williams and Aguilera, 2008).

With regard to the prioritization of CSR issues to be addressed by corporations, the verifications of the sub-*H3a* and *H3b* have emphasized that there is a dissimilar focus needed: whereas LME corporations assess more importance to the resolving of social issues, CME corporations weight social and environmental issues alike.

The above aspects are also important to take into consideration when discussing CE. Corporations in LMEs and CMEs find themselves in different institutional contexts and thus circumstances which surely put them into distinct situations. Whereas CMEs will find a more fruitful field to cultivate CE due to strong backing of the CE agenda by the European Commission, for instance, LMEs have a less evolved background. Moreover, CE has been strongly focusing on the environmental facet, while CMEs perceive CSR as being equally weighted on the social and the environmental dimensions. LMEs express that the social facet is more centered in CSR-related topics. Hence, CE might be a concept which does not find strong favor in LMEs due to the initial financial investment to develop CE projects and processes. While the institutional context in CMEs is thus supporting the CE emergence and evolution, LMEs seem to be strongly dependent on pioneering corporations to get CE on the agenda and increase the awareness for the concept.

The above elaborations strongly highlight that MNCs operating in both LMEs and CMEs would be ill-advised to follow a globally implemented one-size-fits-all approach with regard

to their CSR or CE strategy. Responsiveness to the national and local institutional contexts therefore seems to be the more successful solution (Muller, 2006). One possible development in the near future might therefore be an emergence of two (or more) different and adjusted forms of CE. How these will be shaped cannot be hypothesized at this point and remains to be seen, as “there is no blueprint” (IMSA Amsterdam for Circle Economy, 2013, p. 3). Nevertheless, “we are in urgent need” (Wijkman and Skanberg, 2015, p. 10, for the Club of Rome) to start the transformation process towards CE.

Such an evolution would be encouraged by the qualitative findings. Instead of making a black-or-white decision in respect of which approach to choose, a combination of global and local characteristics is possible as well for corporations’ CSR/CE strategies. If academics and practitioners can figure out a two-level setup to these strategic approaches, the respective strategies of MNCs could be divided into attributes that can be tackled globally in the same or similar fashion.

As a second step, the subsidiaries subsequently can become responsible to extend the scope of the strategy by adapting to the different national and local institutional contexts in which they operate. This kind of comprehensive approach is also supported by other authors’ empirical findings, such as Mohan (2006).

Third, this combinative set-up allows for a synergistic approach as well: by stimulating the discussion and exchange of experiences and best practices among the headquarters and the different subsidiaries, the corporation can establish a corporate environment of continuous learning and improvement. Therewith, synergies can be identified which help the corporation as a whole to commonly and continuously adapt its CSR/CE strategy, or rather strategies to respond to ever emerging new insights. Such a continuous intra-corporate exchange allows for optimally exploiting the synergistic potential of the corporate strategic CSR approach. Also with regard to CE, such synergistic potential exists, as the perspectives on the concept might be more diverse which consequently fosters innovative ways to respond to contemporary and future needs.

The next characteristic that needs to be fulfilled by a corporation and its subsidiaries to successfully conduct a strategic approach to CSR is the centrality of CSR in the overall corporate strategy. As banal as this aspect might sound at a first glance: a corporation which does not confirm their communicated promises with appropriate actions might not be able to maintain society’s and customers’ trust. Therefore, strategic CSR is supposed to be successful only when the respective corporation believes in the economic potential of CSR to be a source for (sustainable) competitive advantage and in this respect seriously commits to the corporate CSR measures. If this is the case, corporations that regard CSR as a mere tool to polish the corporate image by green-washing are doomed to fail in the long run. A proper integration of the CSR concept into the corporation – into its culture, its values, its vision and its overall strategy – might best be achieved by dedicating a specific department to CSR on both the global and the local level. This characteristic as such does not have to be emphasized for CE in such a highlighted fashion: as CE itself is central to the corporation due to it being the business strategy, there is no risk of the corporation to not behave accordingly. Nevertheless, it is equally important in the case of CE to communicate the corporation’s commitment to and necessity of CE – both internally and externally.

This is even more the case when considering that CE – as well as it is the case for strategic CSR – can only be successfully implemented when it is tackled on many different and yet interconnected levels (Ellen MacArthur Foundation, 2015a). It takes a joint venture of corporations, stakeholders and society to succeed in applying such economy-altering concepts (IMSA Amsterdam for Circle Economy, 2013). As the “transaction costs of shifting the status quo are extremely high: no single entity can make this happen on its own. A large-

scale, business-led collaboration is required” (Ellen MacArthur Foundation, 2014, p. 6). These inevitable steps – as CE proponents state – also have to influence education in this respect: alterations will only happen when the majority understands the necessity and the benefits of a shift towards CE (Ellen MacArthur Foundation, 2015b).

To sum up the essence of strategic CSR, an interviewee’s response (C1) seems to be excellently fitting the discussion here. He mentioned that it is important to “believe [that] in tackling these [societal] issues to help the company not only to be profitable today but to set the ground for the next 100 years.” Again, CE takes this aspect at least one step further. Instead of merely focusing on the corporation and its long-term well-being, CE reaches a higher level by predominantly focusing on the long-term well-being of the planet, as without this facet, there would not be a basis for corporations to function successfully in the long run.

7. Conclusions

The research article has been compiled with the intent of propelling the scientific findings concerning strategic CSR in different institutional contexts into the current discourse on CE. This is certainly possible due to various crossing points of (strategic) CSR and CE.

RQ1 (To what extent does the perspective on corporate social responsibility differ within varieties of capitalism?) was answered by the means of presenting and analyzing the scientific findings. It became clear that CSR perception indeed differs in LMEs and CMEs. In LMEs, there seems to be an evolution of the basic shareholder value perspective towards a shareholder value perspective with a responsibility-driven mindset. It certainly does no longer present the rigid and extreme contrast to the stakeholder values perspective, but should nevertheless still be regarded as a form of the shareholder value perspective. In CMEs, on the other hand, the displayed form of the stakeholder values perspective clearly shows signs of a strategic approach to conducting CSR measures.

The above findings are important to take into consideration when discussing CE because corporations in LMEs and CMEs find themselves in different institutional contexts that put them into distinct situations. Whereas CMEs provide a more fruitful field to cultivate CE, LMEs have a less evolved background. Moreover, CE is strongly focusing on the environmental facet. Such emphasis might also be more prominent in CMEs than in LMEs. While the institutional context in CMEs is thus supporting the CE emergence and evolution, LMEs seem to be strongly dependent on pioneering corporations to get CE on the agenda and increase the awareness for the concept.

With regard to *RQ2 (What are managerial implications with regard to strategic CSR in multinational corporations?)* and *RQ3 (In how far can these results be applied to CE?)* it can be retained that the identified managerial implications for strategically engaging in CSR are also largely eligible for practitioners in the CE field.

MNCs are advised to remain adaptive with regard to their CSR or CE strategies due to the reasons of always facing distinct institutional contexts. This might ultimately lead to the emergence of two (or more) different approaches to (strategic) CSR and CE respectively.

Both academics and practitioners are advised to develop a two-level approach, with which CSR/CE strategies can be divided into:

- attributes that can be tackled globally and thus comprehensively by all subsidiaries; and
- aspects for which the subsidiaries subsequently become responsible to extend the scope of the strategy by adapting to the different national and local institutional contexts in which they operate.

By fostering a continuous intra-corporate exchange of experiences and best practices, the corporation's approach to CSR/CE might be able to exploit its potential for synergies as well.

A proper communication of the corporation's commitment to and necessity of CSR/CE – both internally and externally – is another important factor for the success of implementing CSR/CE strategies. This facet holds truer when considering that both strategic CSR and especially CE are supposed to succeed only when corporations, stakeholders and society/consumers approach the concepts in a joint fashion.

All in all, this paper provides a first look at how to connect scientific findings with regard to CSR nexus CE tenets. It provides an approach to overtake certain findings concerning strategic CSR into the CE framework. Nevertheless, this paper dips the first academic toes in what still seems to be mostly unexplored and undiscovered waters of connecting CE with an institutional theoretical framework of two kinds of market economies. For future research, it will be exciting to examine if there are certain institutional drivers that shape the core areas, the extent and the general nature of CE strategies. Consequently, it will be interesting to see which and how many forms of CE will evolve from the pioneering stage in which the concept still is.

Notes

1. The role of governments and NGOs is split in this section, also including the examinations of *H2a* and *H2b*.
2. Although not significant enough to fully contribute to confirming *H1*, the results of the sub-hypotheses concerning the role of governments still hint at a difference in perception between LMEs and CMEs.
3. Although not significant enough in terms of numbers to fully contribute to confirming *H2b*, the analysis of the results of the sub-hypothesis concerning the justification of CSR measures in CME corporations can account for the support of *H2b*.

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