Firm-level Indicators of Instrumental and Political CSR Processes

– A Multiple Case Study

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ABSTRACT

Recent studies have been increasingly distinguishing between instrumental and political approaches to corporate social responsibility (CSR). However, few studies have explored the firm-level processes generating these types of CSR engagements. Using Basu and Palazzo’s (2008) proposition to model CSR as a process of sensemaking, we suggest that multinational enterprises use different processes in developing capabilities around instrumental and political CSR. Our qualitative multiple case–study analysis is based on data from 42 in-depth, semi-structured interviews with 27 senior managers from British American Tobacco, Nestlé, and Hewlett Packard. Our findings from the three cases indicate that instrumental and political CSR are characterised by different sensemaking processes. We also find evidence for overlapping of processes between instrumental and political CSR.

Keywords: Corporate Social Responsibility; Sensemaking Theory; Multinational Enterprises; International Business; Strategic Management

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1. Introduction

Extant literature has widely acknowledged the issues related to the corporate social responsibilities (CSR) of multinational enterprises (MNEs) (Arnold & Valentin, 2013; Husted & Allen, 2006). In this context, the classification of CSR activities into instrumental and political approaches (Scherer & Palazzo, 2011) is gaining momentum in the recent years. As per this classification, while instrumental CSR is looked upon as ‘strategic’, i.e. to develop the ‘business case’ for CSR (Carroll & Shabana, 2010), political CSR is looked upon as ‘deliberative’ (Scherer & Palazzo, 2007), i.e. to engage in wider global governance processes and in the provision of ‘public goods’, where local governments have been incapable of doing so (Frynas & Stephens, 2015; Scherer & Palazzo, 2011). While both types of CSR differ in various ways, recent literature recognises the resource complementarities between both types of CSR – such as by advocating for a greater cohesion between firms’ CSR and nonmarket activities (Fernández & Usero, 2010; Hond, Rehbein, Bakker, & Lankveld, 2013; Morsing & Roepstorff, 2015; Shirodkar, Beddewela, & Richter, 2016).

We suggest that less is known about ‘how’ firms develop distinct routines and processes in organising their instrumental and political CSR approaches. The lack of research on this issue is also reflected in the increasing call for studies on the micro-foundational aspects of CSR – such as leadership styles and managerial ideologies (Hafenbrädl & Waeger, 2017; Maak, Pless, & Voegtlin, 2016). In response to these calls, some recent studies have provided evidence for the processes involved in specific dimensions, such as communication (Kim, 2019) and legitimisation (Rathert, 2016) of CSR processes. Understanding different CSR processes more holistically through empirical evidence would be an important way forward in this context. We suggest that, the organisational sensemaking theory (Weick, 1995) can be an important basis to provide a holistic picture, because this theory has been
effectively applied to understand how firms develop a ‘CSR character’ (Basu & Palazzo, 2008). CSR, from a sensemaking perspective, is defined as “an interactive social process in which CSR is systematically organized by creating and recreating an internally and externally shared frame of reference in relation to CSR objectives, activities and results” (Nijhof & Jeurissen, 2006, p. 321). A major reason for scholars as well as practitioners for analysing CSR from the sensemaking lens is also because of the difficulty in interpreting CSR issues accurately, especially in the context of firms operating globally. Studies suggest that multiple and often contradictory interests of stakeholders in a variety of institutional contexts create ambiguity within global firms about the expectations associated with responsible corporate behaviour (Mitchell, Agle, & Wood, 1997; Ulmer & Sellnow, 2000). Such ambiguity might make the understanding of firms’ motivations for CSR (either political or instrumental) puzzling. The sensemaking process is viewed as a way to reduce such ambiguity by developing a common vocabulary, defining causal relationships, and thereby increasing the effectiveness of CSR (Choo, 1998; Cohan, 2002).

In Basu and Palazzo’s (2008) sensemaking model of CSR, the CSR character unfolds into three process-related dimensions: cognitive, linguistic, and conative. The first, cognitive dimension focusses on ‘how firms think’, i.e. the perception of an organisation’s responsible behaviour. Second, the linguistic dimension relates to ‘what firms say’, i.e. giving justifications of their CSR and exhibiting different levels of transparency in communicating with stakeholders (Rindova, Becerra, & Contardo, 2004). Finally, the conative dimension refers to ‘how firms behave’ – such as the posture, commitment, and consistency of CSR. The lens of sensemaking in CSR has been applied in various studies – such as in analysing multi-stakeholder dialogues (Calton & Payne, 2003), CSR communication (Green & Peloza, 2015; Morsing & Schultz, 2006), the discourse over the establishment of a facility for
disposal of hazardous waste (Welcomer, Gioia, & Kilduff, 2000), and in the processes of issue crafting (Sonenshein, 2006). In our article, we suggest that the sensemaking perspective can be applied to holistically understand the unique firm-level processes involved in instrumental and political CSR approaches. Based on the above, our key research question tries to uncover: what are the sensemaking processes that characterise firms’ instrumental and political approaches to CSR?

Our article contributes to research in various ways. First, we contribute to a greater understanding of the underlying processes that characterise instrumental and political approaches to CSR, which have been increasingly discussed in the CSR literature (Detomasi, 2007, 2008; Djelic & Etchanchu, 2017; Fooks, Gilmore, Collin, Holden, & Lee, 2013; Mäkinen & Kourula, 2012; Seele & Lock, 2015; Zhao, 2012). Also, by focussing on global firms, we contribute to a greater understanding of CSR in international business (Kolk, 2016; Lévy, 2007; Strike, Gao, & Bansal, 2006; Wiig & Kolstad, 2010), where the interpretation of instrumental and political CSR approaches can be complex (Scherer, 2018). Specifically, no study has, till date, focussed holistically on how firms develop CSR processes – although research has focussed on individual dimensions such as firms’ cognitive (Richter & Arndt, 2016) and linguistic CSR processes (Morsing & Schultz, 2006; Morsing, Schultz, & Nielsen, 2008). We focus on all three dimensions (i.e. cognitive, linguistic, and conative) of CSR processes. Our analysis is based on the case studies of three large MNEs – British American Tobacco (BAT), Nestlé, and Hewlett Packard (HP), using qualitative data consisting of 42 semi-structured in-depth interviews of 27 senior managers in these companies. Secondary data were also used to provide the necessary background for further analysis. Based on our analysis we tentatively suggest that firms adopting an instrumental approach to CSR, on the one hand, tend to follow specific combinations of cognitive, linguistic, and conative
processes, whereas those adopting a political approach, on the other hand, follow more “politically inclined” combinations of those sensemaking processes. We also discuss how MNEs straddle between instrumental towards political CSR approaches and the possible reasons why they do so. Through our findings, we narrow down on the processes that underlie an instrumental, political, or transitioning CSR-character. Since the sensemaking model (Basu & Palazzo, 2008) has several sub-dimensions that would lead to an exhaustive analysis undermining the quality of our interpretive analysis, we focus on the cognitive sub-dimensions of ‘identity orientation’ and ‘legitimacy’, the linguistic sub-dimension of ‘justifications’ and the conative sub-dimension of ‘posture’, as these would be most relevant to the context of our study.

In the following sections, we first review the literature on the prior studies on instrumental and political CSR. Following this, we develop our theory using the CSR as the sensemaking perspective on the processes relating to instrumental and political CSR. We then describe our data and findings and discuss our findings in relation to the prior literature. Finally, we conclude our article by highlighting our contributions, indicating our limitations, and suggesting worthwhile avenues for further research.

2. Instrumental and Political CSR

Scherer and Palazzo (2011) suggested that CSR can be distinguished into instrumental and political approaches. Instrumental CSR is understood as an approach, wherein firms adopt CSR as a means to achieve certain ends (McWilliams & Siegel, 2001). For example, firms may aim to achieve internal operational efficiencies (e.g. cost reduction, or improvements in productivity) by ‘caring about’ their employees; or invest in developing ‘green’ products and processes to achieve distinct competitive advantages (Scherer & Palazzo, 2007; Seele & Lock, 2015). Milton Friedman’s views on CSR as a tool to maximise the shareholder value
have been associated with instrumental CSR, i.e. firms do not need to involve in social issues unless such involvement is of direct economic benefit (Mäkinen & Kourula, 2012). The instrumental approach to CSR is reflected in studies on the relationship between CSR and financial performance (Saeidi, Sofian, Saeidi, Saeidi, & Saaeidi, 2015; Strike, et al., 2006). In sum, Scherer (2018) views instrumental CSR as a positivistic approach to CSR, wherein CSR may be undertaken by firms to gain explicit benefits, or under institutional pressures to engage in responsible practices regarded as legitimate within specific social contexts.

In contrast, the notion of political CSR dissociates itself from the aforementioned means-end perspective of CSR. It argues that the firm should be located not outside, but seen as an integral part of ‘changing societal institutions’ (Scherer & Palazzo, 2007). For example, a proactive corporation might become an “institutional entrepreneur” (DiMaggio, 1988; Fortwengel & Jackson, 2016) based on its resources and power to allow for change at local or global levels, where the use of voluntary ‘codes of conduct’ or industry standards are often misleading. Political CSR thus represents a move from the “analysis of corporate reaction to stakeholder pressure to an analysis of the corporation’s role in the overarching processes of (national and transnational) public will-formation” (Scherer & Palazzo, 2007). In practical terms, under political CSR, firms often engage in ‘corporate citizenship’ activities such as the provision of ‘public goods’ such as public education and healthcare (Matten & Crane, 2005). In this context, political CSR has been argued to be rather more relevant in a global context (Detomasi, 2007, 2008; Habermas & Habermas, 1984; Scherer & Palazzo, 2007), so that it allows MNEs to present solutions to highly complex problems (e.g. human rights, pollution) involving global supply chains and to collaborate with global political actors in a more fruitful way (Scherer, 2018; Scherer & Palazzo, 2011).
Recent studies have been debating whether the concepts of instrumental and political CSR are consistent or inconsistent in their conceptual underpinning, especially in the context of multinational firms that operate in a multitude of institutional settings. Studies suggest that large and well-resourced firms pursue both instrumental and political approaches to CSR. For example, Shirodkar et al. (2016) find that foreign firms depending on locally available resources in emerging economies were more likely to engage in political CSR to reduce uncertainties related to resource access, and Zhao (2012) finds that in China, foreign firms proactively participate in the government’s developmental agenda to gain legitimacy (or the social licence to operate). The lack of consistency among global firms’ approaches to CSR is also reflected in recent studies where political CSR is argued to have ‘an intended or unattended political impact’ (Frynas & Stephens, 2015), i.e. in influencing policymaking (Fooks, et al., 2013), and thus being instrumental for firms’ continued legitimacy and survival. Thus, the linkages between instrumental and political approaches to CSR cannot be discounted. Clearly, studies related to nonmarket strategy view firms as instrumentally engaging in the policymaking process to gain favourable outcomes (Boddewyn & Brewer, 1994). Yet, such engagements turn global firms into political actors that provide them with the opportunity to solve societal challenges without explicit gain. Subsequently, it is therefore suggested that in order to deal with the complexity of social issues in a global context, future research should be taken on interpretive perspectives and explore the sensemaking processes that could potentially distinguish between the instrumental and political approaches to CSR (Scherer, 2018).

3. Corporate social responsibility: As a Process of Sensemaking

Basu and Palazzo (2008) suggest that the ‘organisational sensemaking’ perspective (Weick, 1995) can be used to explain the processes that firms follow in adopting their own view of
what constitutes responsible corporate behaviour. They suggest that the CSR character of a firm can be sensed using three process-related dimensions: cognitive processes (how firms think), linguistic processes (what firms say), and conative processes (how firms behave). We suggest that the processes underlying firms’ instrumental and political approaches to CSR are likely to differ along these dimensions.

In Basu and Palazzo’s (2008) model, the first cognitive dimension relates to ‘how firms think’ with regard to CSR, and this includes sub-dimensions such as (1) identity orientation and (2) legitimacy. They suggest that firms may exhibit an individualistic identity orientation towards CSR, whereby firms identify themselves as a distinctive and competitive entity among stakeholders. Alternatively, firms may exhibit relational or collectivistic identity orientations, whereby they view themselves as partners in co-operative relationships, and that CSR should benefit various stakeholders. For instance, global automobile firms (e.g. Volkswagen) when operating in China in the 1990s viewed social responsibility as a way to embed in the socio-political network by training Chinese suppliers of automobile spare-parts, rather than importing spare-parts from their global supplier network (Sun, Mellahi, & Thun, 2010). Global firms may also view CSR as an institution-building process (Teegen, Doh, & Vachani, 2004), i.e. to develop industry standards (regarding product quality, environmental protection, etc.) at global (or regional) levels.

The second sub-dimension legitimacy derives influence from Suchman’s (1995) categorisation of pragmatic, cognitive, and moral legitimacy, and relates to a firm’s perception of achieving acceptance among stakeholders. Pragmatic legitimacy has been understood as a way of developing ‘reputation’ (of being perceived as a responsible actor), but also by ensuring that actions taken in this regard are rational. Such actions would primarily involve providing a case of the firm’s contributions to society such as employment
generation, contributing to the government’s revenue by paying taxes regularly, and by being a good corporate citizen by reducing waste and pollution (Herriott, Levinthal, & March, 1985; Rasche, Bakker, & Moon, 2013; Vining, Shapiro, & Borges, 2005). Such a corporate behaviour is desired based on the liberal reasoning that social welfare is simply maximised when all firms maximise their value, while the state remains the rule maker and provider of public goods. When accused of wrongdoing, firms may begin to repair their pragmatic legitimacy by blaming individual employees, external authorities, or global competition for the issue at hand (Zadek, 2004). Cognitive legitimacy, by its notion, relates to firms trying to ‘conform’ to accepted models of responsibility – such as, complying with laws, regulations, and industry standards, as well as to other informal rules laid out by the society at large (Tyler, Dienhart, & Thomas, 2008). To achieve and to maintain cognitive legitimacy firms may regularly consult legal professionals and industry experts from standard setting organisations or trade associations. Finally, moral legitimacy assumes that in certain contexts, what is legitimate (and what is not) can be debated, and therefore, one must engage in co-creation of legitimacy under situations of uncertainty (Basu & Palazzo, 2008). International disagreements about costs vs. benefits of environmental protection schemes can be a case in point. For firms, moral legitimacy could translate to actions that include engaging in a moral discourse with stakeholders or by contributing to development and sustainable business solutions by transferring knowledge, educating the population on issues, training local managers along the supply chain, giving technical assistance, and building infrastructures such as roads, schools, hospitals, or wells (Crane, Matten, & Moon, 2004; Matten & Crane, 2005; Moon, Crane, & Matten, 2003). Overall, it appears that while pragmatic and cognitive legitimacy can be largely addressed by firms themselves or by engaging with stakeholders in more confined contexts (e.g. within an industry, country, or region), moral legitimacy
building entails a broader focus on seeking and implementing morally valued actions and discourses at a more global level.

The **linguistic** dimension of CSR sensemaking is about ‘what firms say’ as regards the CSR (Basu and Palazzo, 2008), and this includes two sub-dimensions: **(1) justifications** and **(2) transparency**. Under **justifications**, firms are argued to apply ‘language games’ when communicating about corporate responsibility. Language games can be observed in firms’ public interviews, corporate documents, websites, and other forms of communication (Seele and Lock, 2015). Justifications can be distinguished into economic, legal, scientific, and ethical justifications. When using **economic** justifications, stakeholder issues are often dealt with by using economic arguments (Massey, 2001; Pearson & Clair, 1998), e.g. by communicating successful business performance as an important contribution of the firm to stakeholders and to society (Jensen, 2002). Among firms that outsource production to low–labour cost (developing) countries, the ability to reduce prices and maintain quality of their products in their home country is often used to justify the loss of home-country jobs caused due to offshore outsourcing. Alternatively, **legal** justifications imply that stakeholder issues are dealt with by using legal arguments for or against assuming corporate responsibility. For example, firms co-locating their pollution-intensive manufacturing activities to countries with lax environmental regulations often justify their actions as legal in the host-country context (Eskeland & Harrison, 2003). Third, when using **scientific** justifications, firms can be interpreted to be dealing with critical stakeholder issues using scientific or technical language. Tobacco-producing firms, for instance, often justify their campaigns against extreme regulation by citing a lack of strong scientific evidence on the linkages between tobacco and cancer (Fooks, et al., 2013). Finally, when using **ethical** justifications, critical issues are dealt with by using ethical language referring to a broader moral, for instance, by
referring to existing normative frameworks such as the UN Global Compact (Messick & Bazerman, 1996; Runhaar & Lafferty, 2009). Ethical justifications express the implicit willingness to collaborate with a variety of actors to achieve a broad range of societal goals. Under transparency, Basu and Palazzo (2008) suggest that firms often choose between taking a balanced approach to CSR communication, where they respect both favourable and unfavourable facets of their activities, or a biased approach, where they simply communicate the favourable and omit the unfavourable part. Most large and global firms rarely take a balanced approach to CSR communication due to the fear of losing their ‘license to operate’ (Basu and Palazzo, 2008).

Finally, under conative dimension of sensemaking, firms could be distinguished into taking different postures, and variations of consistency and commitment towards CSR. Basu and Palazzo (2008) suggest that CSR posture could be defensive, tentative, or open. CSR postures can be best observed when accused of wrongdoing. For example, when applying a defensive posture, firms could be seen as covering up inappropriate practices by misleading stakeholders in an attempt to shift attention from the main issues (Zadek, 2004). Under tentative or open postures firms show a greater degree of openness when dealing with criticism. In a tentative posture, firms may promise to integrate CSR into daily decision-making; however, they may not fully integrate into the business strategy. Under an open posture, however, a firm encompasses a learning approach that attributes long-term strategic importance to CSR. Such a learning approach implies collaborating with stakeholders in order to institutionalise beliefs and to co-create acceptable norms for behaviour through internal and external dialogue (Campbell, 2007). With regard to the sub-dimension of consistency, Basu and Palazzo (2008) suggest that while some firms actively embed CSR in their overall corporate strategy, certain others seek to remain strategically inconsistent.
Finally, in regard to the sub-dimension of CSR commitment, they suggest that whereas some firms pursue CSR purely due to external pressure and on tentative basis, others commit to CSR following a strong consistency with their corporate strategy.

The organisational sensemaking theory (Weick, 1995), which forms the basis of Basu and Palazzo’s (2008) ‘CSR as sensemaking’ model allows us to uncover the ambiguity between different interrelated concepts of CSR by understanding how firms and their stakeholders perceive CSR differently (Fassin & Van Rossem, 2009; Livonen & Moisander, 2015). Past studies have, for instance, drawn from the organisational sensemaking theory (Weick, 1995) in the context of CSR communication processes (Green & Peloza, 2015; Morsing & Schultz, 2006) and in analysing multi-stakeholder dialogues (Calton & Payne, 2003). However, only three recent studies have, so far, adopted Basu and Palazzo’s (2008) CSR as a sensemaking model. Štumberger and Golob (2016) use their model in examining how employees within advertising agencies make sense of CSR and the discursive approaches in legitimising CSR in the advertising industry. Likewise, Peters et al. (2014) use the CSR as sensemaking model in exploring the conceptual relationship between CSR orientation and real option reasoning by arguing that a firm's attitude, communication, and behaviour towards CSR significantly determine whether and how the firm acknowledges, receives, and manages its strategic real options. Finally, Cosenza et al. (2018) apply the model in the context of a tragedy of the collapse of a dam in Brazil to explain how Samarco, a Brazilian mining company held responsible for the tragedy, expresses its thinking, and discusses and acts to cope with the expectancy and consequences of the accident. For the purposes of our article, we suggest that taking a political approach to CSR can be differentiated from an instrumental approach to CSR along the lines of Basu and Palazzo’s
(2008) sensemaking dimensions. We also expect that MNEs may develop both CSR characters or straddle between both instrumental and political approaches.

4. Methodology

Our methodology is a multiple case study of three large MNEs, namely, BAT, Nestlé, and HP. The companies were selected, so that they allow for the analysis of both instrumental and political nature of their CSR activities. Firms from the tobacco industry have been known to engage in political CSR in past studies (Fooks, et al., 2013; Whelan, 2012). BAT, in particular, has had a history of rejecting concerns in regard to the impact of tobacco on public health and has argued that there has been insufficient scientific evidence in relation to this (Chapman & Carter, 2003). BAT also had a bad reputation based on decades of hiding and omission of information, financing of falsified research, and lobbying against anyone who would argue against smoking and its addictive effects or serious health risks. HP, in contrast, was known to be an outstanding corporate citizen, and was rated very highly by its employees to work for (Bhattacharya, Smith, & Vogel, 2004). It had been named as the World’s Most Admired Companies 2010 by Fortune Magazine and also as the world’s most ethical company in the same year. Yet, HP was also known to be less tolerant in compromising its short-term financial performance (Vogel, 2005), and has been campaigned against in more recent times in regard to electronic waste. We expected to see a good mix of political and instrumental CSR approaches in HP. Finally, Nestlé had a mixed reputation as a socially responsible MNE. While it was strongly embraced as one of the best companies to work for in the world by its employees, it had also been heavily campaigned against in the past and present, especially, in relation to its baby milk formulas, where Nestlé has taken a strongly defensive stance (Guardian, 2018). We therefore expected Nestlé to portray strong elements of instrumental CSR. Overall, the three cases were chosen such that they would help us
identify and uncover the actual manifestation of instrumental and political CSR approaches based on Scherer and Palazzo’s (2011) theorising.

Another important basis of our selection was also to focus on large and globalised companies, who have a large exposure to CSR-related debates and would also allow us to benefit from external sources of information to triangulate our interview findings. In this context, BAT, founded in 1902, is one of the biggest tobacco companies in the world and has operations in around 200 countries. In 2016, BAT reported revenues of £14.75 billion, profits of £4.6 billion, and about 90,000 contracted farmer partners. The company employs around 55,000 people worldwide. In 2017, BAT acquired 57.8% of Reynolds American, Inc. to invest in electronic cigarettes. In 2016, BAT sold 665 billion cigarettes made in 44 factories in 42 countries. For the purposes of our study, we focussed on BAT Switzerland – established in 1987 following the acquisition of F.J. Burrus by BAT. Likewise, Nestlé, founded in 1866 in Switzerland, is one of the world’s largest food and beverage MNE and possess more than 2000 brands ranging from global to local favourites. Nestlé has factories in 86 countries and sales in 191 countries. In 2016, it reported revenues of £66.5 billion, profits of £9.6 billion, and about 328,000 employees worldwide. Finally, HP is a US-based multinational electronics company founded in 1939, and is part of the information technology (IT) sector. It was founded in Palo Alto, California in the US. It had significant market positions such as being number one globally in the inkjet, all-in-one and single-function printers, mono and colour laser printers, large format printing, scanners, print servers, and ink and laser supplies.

The interview data were collected in 2006 in two rounds of face-to-face and phone interviews due to lack of geographic accessibility of the interviewees who were dispersed over four European countries (Germany, Switzerland, Denmark, and the UK). Interviews were conducted with ten senior managers at the global level (five vice presidents and five
heads of department), ten senior managers at the European level (one vice president, six heads of department, and three at management levels), and ten managers at the national level (seven heads of department and three at management levels). The functional areas represented among the corporate managers were general management, general secretariat, human resources, finance, strategy, marketing, production, research and development, technology programmes, environmental business management, corporate communications and public affairs, corporate regulatory affairs, and corporate governance. Out of the 30 interviews conducted in the first round, 27 were usable. For the second round, 15 interviews were conducted with the same managers, resulting in a total of 42 interviews for the study. Table 1 describes the sample used in the qualitative study.

*** Insert Table 1 about here ***

The semi-structured interview guide (see Appendix) consisted of a detailed set of open-ended questions, based on the methodological procedure developed by Sackmann (1992) to guarantee systematic data collection. QSR NVIVO served to process, store, and manage raw data originating from interview transcriptions and field notes. Prior to the primary data collection, a pilot study was conducted to test the interview guide and the research design. The pilot study focussed on understanding communicative processes in BAT Switzerland’s corporate practice. BAT Switzerland undertook an internal dialogue to prepare a comprehensive social reporting process including several stakeholder dialogues and the publication of a final social report. One of the authors participated as an independent observer in two internal BAT Switzerland training programmes that were scheduled by the CSR manager at the time. Extensive hand-written field notes were taken and transcribed immediately after the meetings adjourned. After the meetings, interviews and informal conversations were conducted with the participants and the group moderators. After the first
two meetings, four formal, semi-structured interviews were conducted, which allowed the author to redesign the interview guide in order to ensure meaningful questions. Primary data collection was then started while continuing to participate in the social reporting process.

Secondary data sources were used to identify discrepancies between “fact and fiction” and to gather more up-to-date information. Secondary data sources included published and unpublished documents, comprising corporate publications (i.e. annual reports, press releases, websites, internal reports), as well as publications in the media and nongovernmental organisations, and academic papers. Overall, this amounted to 656 documents. For BAT, 23 company reports and presentations, 67 documents from the corporate website, and 43 documents from independent sources were considered – totalling to 133 documents. For HP, 26 company reports and presentations, 74 documents from the corporate website, and 24 documents from independent sources were looked at, totalling to 124 documents. For Nestlé, 192 reports and presentations, 135 documents from the corporate website, 36 case studies found on the corporate website, and 36 documents from independent sources have been considered, totalling to 399 documents. All corporate reports, presentations, and case studies were publicly available and were downloaded from the respective company website. Independent sources were gathered through internet and database research and by request from critical stakeholders.

After completing the data collection, we went through the data at least four times, coding different themes and analysing code frequencies. The different dimensions of Basu and Palazzo’s (2008) sensemaking model were used in the categorisation process and were thematically analysed. For instance, the code of “scientific justifications” was attributed to phrases within the data such as “there is no scientific evidence that environmental tobacco smoke (ETS) is potentially dangerous for non-smokers”. We ensured reliability by ensuring
that a review of our themes was conducted on a regular basis. Our findings were then abstracted from our analysis as follows.

5. Findings

5.1 Case 1: BAT Switzerland

5.1.1 Indications of cognitive processes in CSR at BAT Switzerland

With regard to BAT Switzerland’s ‘identity orientation’, it was found that BAT realises that it is producing products (primarily, cigarettes) that have negative implications on health. Managers believe that influencing “non-smokers to start smoking... is just not acceptable” (Manager C, BAT Switzerland). BAT also acknowledges that a potential decline in tobacco consumption is derived from preventive measures, and that tobacco-related advertisement should only be meant to attract existing adult smokers from competition. Yet, BAT also posits that the decline in consumption is not higher in countries where advertisement has been long banned (e.g. in Italy or in the former USSR).

While BAT views itself as a competitive company in the global context, it also actively seeks to engage with its stakeholders. Managers believe that without satisfying stakeholder expectations, BAT will lose its “license to operate” (Manager G, BAT Switzerland). However, managers also suggest that “just being responsible...is a cliché” (Manager C, BAT Switzerland) and should also serve in the interests of shareholders. One manager emphasised that the company contributes to society by generating substantial government revenue since cigarettes are heavily taxed. BAT’s CSR thus seems to be oriented at aiming for a ‘sustainable business’ and the ‘right to reach out’ to consumers. The interviews indicated that BAT is trying hard to compensate for the mistakes it made in the past when “talking about tobacco”. A manager also suggested that BAT has “changed 180
degrees” (Manager F, BAT Switzerland) towards a responsible attitude through building virtues of “dialogue and responsiveness” (Manager F, BAT Switzerland).

In terms of gaining and maintaining ‘legitimacy’, BAT Switzerland emphasises the existence and strict application of its codes of conduct and other standards and principles (ranging from good corporate governance, business ethics, and mutual benefits to product stewardship). BAT Switzerland also adopts self-regulations that are based on International Marketing Standards, which represent a baseline that “raises the bar” and provide norms that are “not negotiable” (Manager C, BAT Switzerland) since “the reputation of BAT is the sum of all the reputations of all subsidiaries” (Manager H, BAT Switzerland). BAT Switzerland also has a voluntary agreement with Swiss National Manufacturers Association regarding not advertising next to schools, and not selling to minors aged below 18. Managers also suggest that BAT wants to inform the consumer by putting health warnings on its packages “even in countries where it is not set by law” (Manager I, BAT Switzerland).

Managers also underlined that BAT’s ‘responsibility’ extends to its entire supply chain and this includes the establishment of long-term contracts with farmers, guaranteed prices, training, and offering schooling to mitigate the risk of child labour. They not only want to assume responsibility “for the products [they] are selling” but also add “value to the society” by making sure that “suppliers act in a responsible way” (Manager I, BAT Switzerland). BAT is running a number of environmental initiatives such as reforestation programmes, which raise the bar of local standards of environmental protection. Finally, BAT also claims to be committed to respecting human rights wherever it operates.

5.1.2 Indications of linguistic Processes in CSR at BAT Switzerland

With regard to ‘justifications’ of responsibility, one manager suggested that “no matter what we do, we would ... [not be perceived responsible], just because the product is controversial”.
BAT Switzerland defines its responsibility procedurally, by separating the nature of the product from the way it operates: “The way we measure responsibility has nothing to do with the nature of the product we are producing” (Manager C, BAT Switzerland). The company conveys that one should “look at tobacco as a sustainable business because it’s still a legal product” (Manager G, BAT Switzerland), although they acknowledge scientific evidence linking the products to negative impacts on health.

In its response to “public smoking bans”, BAT argues that there is no scientific evidence that ETS is potentially dangerous for non-smokers. Owing to the lack of scientific evidence, BAT also posits that, ethically, smokers should not be discriminated against non-smokers. In its communications, BAT Switzerland shows concern for the well-being of non-smokers: “We know many people don’t want to breathe second-hand smoke, dislike the smell of tobacco smoke and avoid smoky places. That’s why we support restrictions on smoking in indoor public places including offices, restaurants and bars” (BAT Switzerland, 2008b).

5.1.3 Indications of conative processes in CSR at BAT Switzerland

In terms of BAT Switzerland’s ‘posture’ in relation to its CSR, we found that BAT Switzerland believes that (i) the individual freedom of where and when to smoke might be in danger since smoking will be reduced to few places outside the home of an average smoker, (ii) discrimination of smokers through a segregation from non-smokers could not be a solution, (iii) enabling consumers to make a conscious choice should be sufficient for prevention and (iv) a ban does not prevent smoking. These beliefs are indicative of a rather defensive posture on the debate on public place smoking.

However, BAT Switzerland also encourages open dialogues between smokers and non-smokers to find solutions that are convenient and respectful to both. The underlying argument is that it is wrong to assume that “because you are a non-smoker, by definition, you
disagree to be exposed to other people’s smoke” (Manager C, BAT Switzerland). Second, BAT Switzerland is in favour of sensible regulation but in the “least intrusive” way (Manager H, BAT Switzerland). According to one interviewee, this means that legislation should be “less restrictive, since the market will find a solution by its own in the long run” (Manager A, BAT Switzerland). BAT Switzerland’s posture therefore appears to be rather tentative overall.

5.2 Case 2: Nestlé

5.2.1 Indications of cognitive processes in CSR at Nestlé

Nestlé’s orientation towards being responsible has been influenced by its first products developed in the 1860s, i.e. baby food and infant formulas, which provided Nestlé with early competitive advantages. Currently, Nestlé offers a variety of food products including cereals, confectionery, beverages, dairy products, and pet-food. Managers suggest that Nestlé’s focus on food automatically gives them “a general attitude of responsibility” and to “make sure that it is [embedded] in the behaviour of people [employees]” (Manager J, Nestlé). Nestlé regards its employees as critical stakeholders and aims for the highest level of job satisfaction among its employees. One manager suggested that “it's... the energy of the people [of the company] that produces the money as such” (Manager J, Nestlé). Managers also suggest that responsibility is essential for Nestlé’s strategic competitiveness. Nestlé acknowledges its ‘collective’ responsibility in contributing to society; however, this seems to be rather based on instrumental reasoning. Media reports claim that the company frequently violates ethical marketing codes and misleads consumers about its baby milk formulas. In the 1970s, for instance, despite the World Health Organisation (WHO) banning the promotion of baby milk formulas as a replacement of breast milk, Nestlé has been accused of continuing to do so (Guardian, 2018). The company therefore mainly displays an individual identity orientation.
With regard to ‘legitimacy’, Nestlé strongly focusses on compliance with ‘local’ laws in countries where it operates. In addition, managers suggest that the United Nations Global Compact’s ten principles on human rights, labour, environment, and corruption serve as an external cognitive framework for Nestlé. In line with the principles, Nestlé claims to work with external groups such as associations and engages in public–private partnerships. Nestlé also claims to train authorities on food safety processes and argues that this raises the level of food safety in the respective country. Finally, Nestlé claims that it has been voluntarily minimising its environmental impact in areas such as energy and water consumption, waste water, air emissions, and transport. Nestlé is also involved in a number of voluntary initiatives of self-regulation, e.g. its commitment to the International Chamber of Commerce Code on Environmental Advertising, but this arguably represents a reaction to corporate scandals with regard to its corporate governance, as well as to former campaigns that run against it such as in the case of infant formula marketing. Finally, Nestlé also uses CSR tools such as quality insurance processes (which have been interpreted as soft law instruments). It thus overall displays aspects of cognitive legitimacy.

5.2.2 Indications of linguistic processes in CSR at Nestlé

With regard to ‘justifications’, Nestlé’s response to activism against its baby formulas has traditionally been by issuing lawsuits against activists, e.g. in the 1970s, when Nestlé was accused as ‘the baby killer’ (Baby Milk Action, 1974) in promoting infant milk formulas as replacement of breast milk, and this was argued to have caused infant deaths in developing countries. The court ruled in favour of Nestlé, as scientific evidence did not suggest that the infant formulas were unsafe; however, Nestlé was asked to revise its publicity campaigns significantly. More recently, Nestlé has been targeted by external stakeholders in relation to its water use. In a 2007 presentation of its “water report”, Nestlé CEO stated a number of
areas where Nestlé claims to create “shared value”, i.e. both for its shareholders as well as the society. The areas include efficient waste water treatment, water as a healthy beverage, water education, and disaster response, improving community access to clean water, influencing better water management, stakeholder engagement, increased attention to local conditions, and the scaling up of efforts in agriculture. The main ‘strategic’ advantages for Nestlé seem to be in risk and cost reduction, more efficient source management, sales growth, building relationships with potential future consumers, quality supplies from motivated, enabled farmers, knowledge sharing, and informing future strategy development of Nestlé. Our findings from interviewees also suggested that improved (food) technology is a major aspect of Nestlé’s responsibility. In particular with regard to the debate on the genetically modified food (GMO), many interviewees based their arguments on scientific justifications.

5.2.3 Indications of conative processes in CSR at Nestlé

With regard to Nestlé’s ‘posture’ on CSR, Nestlé fiercely defends its own “point of view” or “right of an opinion” (Manager D, Nestlé). While the issues of (unethical) marketing of baby milk formulas seem to be of less importance to Nestlé today, Nestlé fully acknowledges the importance of water scarcity and access to water as one of the most important issues of the 21st century. The interviewees brought forward the following arguments in defence of Nestlé’s position to own sources of sweet water and manufacture bottled water: Nestlé’s water consumption is seen as negligible in comparison to (1) the water consumption of agriculture and (2) the whole of available sweet water. According to one interviewee it amounts to 0.0009 per cent or “in other words nothing” (Manager B, Nestlé). Nestlé believes it provides an important service in those countries where the provision of water by public services fails for political reasons. Nestlé also believes that it adds value to water by extracting, bottling, packaging, and distributing it which should entitle it to own sources as a
supply for its operations. Finally, Nestlé sees itself in competition with other bottled beverages such as soft drinks but not with water from public services.

The water debate demonstrates two important aspects with regard to posture at Nestlé: first, Nestlé shows an open posture when the issue at stake may be reformulated in economic terms. As the water debate demonstrates, Nestlé has changed its communication strategy. It is now strategically addressing pressing issues by explaining how its CSR strategy of “creating shared value” plays out. Second, Nestlé is vividly opposed to topics that do not enter its logic of “creating shared value”. If a topic cannot be framed in an economic logic such as the debate on clean water supply and access, it is perceived as a “political problem” (Manager C, Nestlé). However, out of enlightened self-interest, Nestlé has started to develop strategies to deal even with those topics that seem not to create shared value as part of its risk management strategy. The overall posture therefore appears tentative at best.

5.3 Case 3: Hewlett Packard

5.3.1 Indications of cognitive processes in CSR at HP

HP’s identity orientation towards responsibility stems from its origins in the late 1930s, when its founders Bill Hewlett and Dave Packard believed that individuals are “fundamentally good” (Manager G, HP). Since HP develops and offers a variety of computer hardware equipment as well as software services, HP’s ‘responsibility’ seems to focus on its employees and shareholders – well documented in “the HP way” (Manager, A, HP). In “the HP way”, HP distinguishes itself from other companies and suggests that it does not believe in the “hire and fire” policy. At HP, employees are regarded as “the DNA” or “essence” of the company (Manager C, HP) and the company believes in providing employees with flexibility and stock options as a way to maximise productivity. HP thinks of itself as a “thought leader and a trend-setter” (Manager C, HP), wherein being responsible on an individual basis is
considered good for the overall company, e.g. by developing computer hardware products in a recycling friendly way. Thus, HP believes that responsible behaviour is good for business, which ensures long-term profitability. A gradual change in its identity orientation was observed since its merger with Compaq in 2001 and entry into the computer business. The merger added new, more individualistic values such as speed and agility to the corporate culture, which was traditionally characterised by an emphasis on trust, respect, teamwork, and integrity. Employees that did not adapt to the change in the corporate culture were laid off. Today, it appears that the company has mixed core values with regard to its identity orientation. While the value of integrity, achievement, speed, agility, and innovation rather indicate an individualistic identity orientation, teamwork, passion for customers, trust, and respect point towards a relational identity orientation.

With regard to legitimacy, HP strongly believes that it has “to align to the laws in a country” in order “to behave like a good citizen in that country”, which is understood as “social responsibility” (Manager D, HP). It is seen as “non-negotiable” or a “must” where HP has “no choice” (Manager J, HP) wherever they operate. A second important part of its framework of rules represents its standards of business conduct since, although being profit-oriented, HP wants “to make sure that we also live the corporate ethics” (Manager J, HP). In case of conflict, “the standards of business conduct and the legal requirements always take priority over achieving the business objectives” (Manager J, HP). Third, HP emphasises the importance of third party involvement. For instance, it works with major certification agencies that certify energy efficient products and also relies “very much on external audit” (Manager G, HP) to attest its responsible management. Finally, HP is constantly ranked as one of the most responsible companies worldwide in sustainability rankings and indices. The
search for external recognition and the publication of external acknowledgements may as well be interpreted as a powerful source of cognitive legitimacy.

HP, also has a very sophisticated and progressive approach towards its supply chain based on the fundamental belief that suppliers “need to live up to the same ethics, to the same values, to the same standards that we have” (Manager C, HP). When entering a new market and engaging with new suppliers, HP believes that “you need to give this country a chance” (Manager B, HP). HP is heavily involved in strategic corporate philanthropy and social investment, mainly focusing on communities and educational institutions. It emphasises that it lives up to its values concerning human rights. Under the Apartheid regime, HP disinvested from South Africa because the human rights violations were contrary to its values and codes of conduct. Managers believe that this contributed to help “South Africa in the end to get rid of the apartheid” (Manager B, HP). Finally, HP claims that through its foreign operations, knowledge and skill transfer are facilitated. The company believes that it helps countries such as India, where approximately 50,000 employees develop new software and technologies for HP, “to really make a big step forward” (Manager J, HP). Some elements of and a move towards generating moral legitimacy are therefore also observed in the company’s CSR stance.

5.3.2 Linguistic Processes in CSR Sensemaking at HP

HP uses a variety of ‘justifications’ to support its CSR activities. With regard to the e-waste debate, HP argues that the need for cost efficient processes, in the end, would have to be borne by the customer. However, throughout the interviews, it also became evident that the reputational risk associated with being accused of unethical behaviour was a major factor of motivation for its quick engagement in dialogue to solve potential issues. Interviewed managers also suggested that HP is “looking to have maximum visibility” (Manager J, HP)
via its sponsorship efforts or philanthropy projects through periodic communication of its CSR-policies in the press. Thus, on various occasions, HP sees its CSR approach as a strong sales argument, and this was particularly clear when it managed to obtain a six billion dollar government contract, which represented the biggest government deal ever and that “HP could [only] generate because we were able to satisfy the customer’s needs in the social environment fund” (Manager C, HP). HP also believes that its CSR effort “contributes strongly to employee motivation” since “it makes them proud” (Manager C, HP) to be working for a company that engages in developing social policies in Africa or Eastern Europe. Finally, HP also justifies itself engaging in proactive, systematic lobbying for regulation which “develops individual manufacturer’s responsibility” (Manager I, HP) in particular with regard to environmental policies. Such an approach also serves its financial interests because the “advantages of designing your products in the right way are no longer cost advantages for you” if the regulation is too narrow since the technological edge “will be shared with the competition” (Manager I, HP). A reliance on economic justifications therefore appears quite strong in case of HP.

5.3.3 Conative Processes in CSR Sensemaking at HP

An indicative example of HP’s posture is from the time HP was targeted in a campaign by the environmental NGO Greenpeace where Greenpeace argued that HP could not be considered a good corporate citizen as announced on their website when at the same time it was polluting the world with toxic electronic waste. Before the incident at the Geneva headquarters, the substances in the products were kept secret. However, according to HP, substances which were found by Greenpeace in HP’s products had already been identified as being dangerous and they had started to pull them out already more than 10 years prior to that. The campaign against HP and its media coverage was thus interpreted by one interview partner as a result of
a “misunderstanding” or a poor, “disconnected” communication between HP and Greenpeace (Manager B, HP). As a result of this experience, HP intensified its communication with NGOs and is now conducting regular meetings with Greenpeace in order to share HP’s environmental approach by updating them regularly on HP’s processes, environmental strategy, and programmes and, if possible, to develop common strategies. At the same time they claim that they continuously explain what they consider HP’s own responsibilities should be. HP believes that they now have a close relationship with Greenpeace in several countries. However, the Greenpeace campaign was continued (see Greenpeace, 2006b). HP’s posture after some initial defensive and tentative reactions was overall open to enter dialogue with Greenpeace and find joint solutions for the problem of electronic waste, based on its general commitment to assume its product responsibility.

5.4 Summary of cases

In summary, BAT Switzerland sees a ‘sustainable business’ in the tobacco industry, although it also acknowledges that the product it manufactures is harmful to health. Thus, in terms of ‘identity orientation’, BAT Switzerland appears to be straddling between a relational (advocating its right to ‘reach out to consumers’) and collectivistic identity orientation (acknowledging that external stakeholders provide them a ‘license to operate’) (see table 2). The interview quotes suggest a high level of corporate alignment to external stakeholder pressures, perhaps also why the company has been working towards a more relational identity orientation. With regard to ‘legitimacy’ building processes, BAT appears to be changing its view from ‘pragmatic’ (contribution to government revenue and employment via tobacco sales) to ‘cognitive’ (strictly following the law) with some elements of ‘moral’ legitimacy (see table 2). However, perhaps given the type of product that they produce, aspects of moral legitimacy manifest themselves as rather few and far between. Likewise, with regard to
processes in relation to ‘justifications’ of responsibility, BAT appears to incorporate ‘legal’ (that ‘adult tobacco smoking is legal’) and ‘scientific’ justifications, although it does appear to also be interested in engaging in a ‘moral’ debate that smokers must not be ‘discriminated’ from non-smokers. Finally, in terms of processes around its CSR ‘posture’, BAT Switzerland has been moving away from a defensive posture, towards a more tentative posture in encouraging dialogues between smokers and non-smokers.

With regard to BAT Switzerland, based on our literature on CSR (in section 2) and on our findings, it can be seen that the company certainly appears to be interested in engaging in larger political processes through their CSR with efforts in moving towards a relational identity orientation and engaging with more stakeholders in this process. BAT’s efforts also appear to lead towards cognitive legitimacy (compliance based) and they come up with legal, scientific and moral justifications for engaging in some of the activities that they perform. Overall, based on Table 2, the company shows indications of both instrumental and political CSR processes, although the company is more instrumental than political in its CSR approach, and this is also perhaps largely due to the nature of its product. The company’s CSR activity still has economic and individualistic undertones with an intention of protecting the core business. Such observations pertaining to BAT Switzerland are interestingly also consistent with prior studies conducted in the tobacco industry on political CSR (e.g. Palazzo and Richter, 2005, Fooks et al, 2012).

With regard to Nestlé, as per our analysis (Table 2), the company displays a relational ‘identity orientation’ in its CSR which focusses most on the well-being of its employees and shareholders. At the same time, it also appears to be building a collectivistic entity orientation in its emphasis on ‘shared value’ and engages in improving irrigation facilities (a public good) in developing countries, thus acknowledging its collective responsibility for
contributing to society. Nestlé also clearly views legitimacy ‘cognitively’, i.e. by developing processes to abide with laws and standards set by regulatory agencies. Yet, Nestlé is increasingly co-creating its notions of legitimacy by working with the UN Global Compact and self-regulating its activities especially on water management. Such new processes could be driven by past lessons on activism against its infant formulas. There are indications of legal and scientific justifications, while its ‘posture’ appears tentative. It has moved away from being defensive in the past (i.e. legally testing the safety of its infant formulas against activist accusations) to developing a more ‘shared value’ model, where it takes a more inclusive approach towards its external stakeholders. It however still maintains that such activities should not be economically unviable and must contribute to the company’s profitability. Nestlé’s approach to CSR is based on their relatively stable past and the fact that they operate in a business that is non-controversial as well. It therefore gives them the capacity to balance their short- and long-term CSR goals through engaging in elements of both instrumental and political CSR (see Table 2). It also belongs to a non-controversial industry sector and hence it has been able to be in a straddle position in between instrumental and political approaches to CSR.

HP also focusses its CSR activities mainly on employees and shareholders that provide the company with competitive advantages to a greater extent, thus showing traits of a relational identity orientation. However, in the past (especially prior to acquisition of Compaq), it viewed employees in a more collectivist manner, i.e. as direct contributors to company growth. In this context, it abstained from a ‘hire and fire’ policy that was pertinent among most competitors and it also provided stock options to its employees to retain and incentivise them. The interview findings suggest embodied traits of pragmatic, cognitive and moral legitimacy, where from a pragmatic sense, HP uses CSR as a way to motivate its
employees, improve its reputation, and retain excellent employees (see Table 2). Cognitively, HP uses legitimacy processes to make sure that it abides by the law and codes of conduct and morally it tries to do well for society. In relation to processes around ‘justifications’, HP provides legal and economic justifications, especially in the context of the e-waste debate. HP’s ‘posture’ displayed is open, and the company’s legitimacy building processes involve knowledge and skills transfer to developing countries, and taking up environmental initiatives. More recently, HP also developed processes to engage in ‘open’ dialogues with international NGOs such as Greenpeace on the issue of e-waste, and also engages in lobbying to justify their actions from an ethical perspective by suggesting that their approach towards environmental protection efforts go beyond the firm’s self-interest. Overall, we suggest that the company takes a largely instrumental approach to CSR but has been inching towards political CSR.

6. Discussion

Our findings provide some worthwhile implications to theory – especially on political CSR – a concept that is less understood and has often attracted both debate and discussion in academic literature (Frynas & Stephens, 2015; Scherer, 2018; Scherer & Palazzo, 2011). In this context, we generate a tentative classification of sensemaking dimensions (Basu & Palazzo, 2008) that may be categorised into clusters indicating Instrumental or Political CSR approaches, summarised in Table 3.

First, we suggest that political CSR is indicated by processes that require firms to develop a collective identity orientation, whereby firms consider themselves as part of a
wider collective. Such processes would require firms to see ‘outside in’ (Lock & Seele, 2018), i.e. to identify the external stakeholders and their social issues that would be most impacted by their products and services, and to view themselves as part of a collective to solve these problems. Under an instrumental approach however, firms may view themselves as individualistic entities – ‘distinct and separate from others’, or as having a relational identity orientation where firms view themselves as partners in stakeholder relationships (Basu and Palazzo, 2008). In our multiple case study, we could not find clear indications of an individualistic orientation in any of the firms, and hence, we exclude this orientation from our model given in Table 3; however, all three cases showed indications on relational and collective identities, as inferred from Table 2. As the three firms we investigated are all large MNEs, they are less likely to portray an individualistic orientation, as prior research would suggest (Wickert, Vaccaro, & Cornelissen, 2017). Hence, we recommend that future research can investigate an individualistic identity orientation among small and medium–sized firms to further develop whether and how this indicates an instrumental CSR approach.

Second, political CSR can be indicated by moral legitimisation processes where achieving legitimacy involves co-creating norms by keeping a broad set of actors in mind (Basu and Palazzo, 2008). Nestlé’s engagement with the UN Global Compact and educating policymakers on food safety in developing countries is a good example. Offering cognitive or pragmatic legitimisation of CSR processes such as ‘rule (or norm) following’ would be associated with an instrumental approach to CSR. As our Table 2 would suggest, all firms indicated all of these types of legitimisation processes under various situations.

Our findings from Table 2 also suggest that political CSR is likely to be associated with using ethical justifications in CSR communication, and such justifications can be facilitated by engaging in an active dialogue with multi-stakeholders (NGOs, associations,
etc.) as to why their actions benefit society, and that only the well-being of the society creates value for business (Norberg, 2018). Rather, providing economic (value-driven: as in the case of HP), legal (rule-following: as in the case of BAT), or scientific (as in the case of Nestlé) justifications of their actions in CSR communication would be important to safeguard company reputation when defending against allegations – instrumental for firms’ competitive advantage. This, however, does not mean that political CSR is devoid of economic, legal, and scientific considerations. Literature on ‘environmental stewardship’, for instance, suggests that firms engaging in taking environmental responsibilities beyond legal and scientific evidence in order to reduce pollution also make sure that their financial performance criteria are met (Guimaraes & Liska, 1995). Basu and Palazzo (2008), however, refer to justifications as the use of ‘language games’ in the context of CSR communication, and it is often found that business discourse lacks talking about ethicality and morality (use of a more normative language) to a great extent.

Finally, we suggest that political CSR is indicated to a great extent by an open posture whereby firms show a greater degree of openness when dealing with emerging ethical issues (Basu & Palazzo, 2008). In the sensemaking model, an open posture relates to being open to collaborating with stakeholders on actions that demand greater responsibility on part of firms and to co-create acceptable norms for behaviour through internal and external dialogue (Campbell, 2007). In contrast, being defensive about their actions, or being tentative is more indicative of an instrumental approach to CSR. All the three firms showed indications of a defensive posture when dealing with various situations; however, none of the firms showed indications of a tentative posture and hence we exclude this from our model given in Table 3. A tentative posture, as Basu and Palazzo (2008) suggest, might stem from a firm’s lack of clarity about the consequences of certain actions, and this might be portrayed when firms lack
experience of certain issues. The lack of indications on this posture could be attributed to our data limitations and we suggest that future research can pursue this.

7. Conclusion

Our study was motivated by the increase in corporate power and its implications to national governance mechanisms, as well as corporate activities that point towards the notion of firms as political actors, which fundamentally enlarges the responsibilities of MNEs (Palazzo & Scherer, 2006; Scherer & Palazzo, 2007, 2011). Such an increase in corporate power has occasionally resulted in NGOs and civil society organisations holding MNEs accountable for their irresponsible actions and, in cases of perceived government failures, to provide or guarantee rights of citizens as well as to address global challenges. The conditions of MNEs’ legitimacy have therefore changed towards a more complex fabric in which moral legitimacy, achieved through dialogue and communicative exchange, becomes a major component. Therefore, in the scholarly debate, two major concepts have been proposed to incorporate these new challenges into the MNEs’ social responsibilities. MNEs are therefore required to balance the direct economic (instrumental) implications of their CSR, while also integrating the interests of political actors that may indirectly have an influence on MNEs’ strategies through regulatory changes.

To this end, in our article, we have classified and grouped the different sensemaking dimensions from the Basu and Palazzo (2008) model into approaches representing instrumental and political CSR. The overall observation from this study was that there seems to be continued interest in instrumental CSR along with a move towards political CSR. However, whether it is possible for companies to balance both these approaches is based on their past practices and stances pertaining to their business operations and CSR.
Our key limitation is that, since our data are qualitative, our findings cannot be generalised to all global firms; however, we provide for a micro analysis of the process dimensions of CSR. Yet, future research could focus at a more macro level (using quantitative data) on the instrumental and political aspects of CSR. Second, our interviews were limited to managers in a few European countries, and therefore, our findings are limited with regard to the geographical scope. Thus, MNEs may have different instrumental and political CSR processes in other contexts (such as in the US or Asia). In this light, future research could benefit from a single case study that provides a richer analysis of the CSR processes of an MNE in a global (or a different specific) context. We also recognise that we do not cover all the sub-dimensions under Basu and Palazzo’s (2008) model. Owing to our interview data limitations, and in our aim to avoid an exhaustive interpretive analysis, we exclude the sub-dimension of ‘transparency’ under ‘justifications’; and the sub-dimensions ‘consistency’ and ‘commitment’ under ‘posture’. Despite these limitations, we believe that our study provides worthwhile contributions for research on CSR.

References


## TABLES

### Table 1: Final Sample for Qualitative Study

<table>
<thead>
<tr>
<th>MNE</th>
<th>First Round</th>
<th>Second Round</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>British American Tobacco</td>
<td>9</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Hewlett Packard</td>
<td>10</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>Nestlé</td>
<td>8</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27</strong></td>
<td><strong>15</strong></td>
<td><strong>42</strong></td>
</tr>
</tbody>
</table>
Table 2: CSR sensemaking processes across the three cases

<table>
<thead>
<tr>
<th>CSR Sensemaking Dimensions</th>
<th>BAT Switzerland</th>
<th>Nestlé</th>
<th>HP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cognitive</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Identity orientation</strong></td>
<td>Advocating its right to “reach out” to consumers (i.e. adult smokers).</td>
<td>Advocating that tobacco is a “sustainable business” and that stakeholders provide the company “license to operate”.</td>
<td>Emphasis on the creation of “shared value” by providing water/irrigation services in countries where public services fail for political reasons.</td>
</tr>
<tr>
<td><strong>Legitimacy</strong></td>
<td>CSR via “revenue and employment generation for governments”</td>
<td>CSR via “adding value to the society” by making sure that “suppliers act in a responsible way” and running a number of environmental initiatives such as reforestation programmes</td>
<td>CSR via “compliance with local laws” and with “standards setting agencies”.</td>
</tr>
<tr>
<td><strong>Linguistic</strong></td>
<td>Communicates that “adult”</td>
<td>Communicates that “freedom (of”</td>
<td>Communicates that “consumer”</td>
</tr>
<tr>
<td>Conative Posture</td>
<td>Defensive on the issue of public smoking bans</td>
<td>Emphasis on “dialogue” between opposing interest groups (e.g. smokers and non-smokers).</td>
<td>Defensive against activism based on baby milk formulas.</td>
</tr>
<tr>
<td>------------------</td>
<td>---------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------</td>
</tr>
</tbody>
</table>

**Note:** This table is based on inferences made about CSR dimensions, which have been informed by what managers have said about particular activities or issues during their interviews. This has also been informed by secondary data around the issues and stances that have helped support the primary data.
Table 3: A tentative classification of the sensemaking processes relating to Instrumental and Political CSR

<table>
<thead>
<tr>
<th>Sensemaking processes based on Basu and Palazzo (2008)</th>
<th>Instrumental CSR</th>
<th>Political CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive Identity Orientation</td>
<td>Relational</td>
<td>Collectivistic</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>Pragmatic,</td>
<td>Moral</td>
</tr>
<tr>
<td></td>
<td>Cognitive</td>
<td></td>
</tr>
<tr>
<td>Linguistic Justifications</td>
<td>Economic,</td>
<td>Ethical</td>
</tr>
<tr>
<td></td>
<td>Legal, Scientific</td>
<td></td>
</tr>
<tr>
<td>Conative Posture</td>
<td>Defensive</td>
<td>Open</td>
</tr>
</tbody>
</table>

APPENDIX

Semi-structured interview guide for 1st round of interviews

General questions

a. How long have you been working at this company?
b. How long have you been a manager at this company?
c. What other management experience do you have outside of this company?
d. How many people report to you? How many of them are managers as well?
e. What kinds of training regarding values and responsible behaviour have you had at this company?
f. What is your personal interest in the topic of corporate responsibility?

Questions to solicit dictionary and directory knowledge about corporate responsibility and stakeholders

a. How would you describe the responsibility of a company in general?
b. In the past, when the company was accused of not meeting its corporate responsibility, how was it dealt with by the management? Can you walk me through what happened? Can you give me some concrete examples?
c. What has been the main driver for the initial engagement in corporate responsibility issues in this company?
d. When and how did you learn about the topic of corporate responsibility and how to approach it as a manager?
e. What does corporate responsibility mean for you as a manager in the context of your daily job? Can you give me an example?
f. How did the idea of corporate responsibility change over time?
g. What is your definition of a stakeholder?
h. Who do you consider the important stakeholders of the company? In general, and in this company?

i. Can you tell me about a time when stakeholders weren’t treated by the company as they ought to be? What happened?

j. How do you, as a manager, report on corporate responsibility issues? How is it reported to you? Do you take the perspective of a manager or of the company?

k. What kinds of methods (e.g., processes, tools, or systems) do you as a manager use for measuring performance with regards to corporate responsibility?

l. How systematically do you use them?

m. What happens if an employee shows immoral or illegal behaviour that causes problems for the organization? Do you have a whistle-blowing policy?

n. Is the employee rewarded for responsible behaviour that goes beyond the required fulfilment of daily tasks? If so, how?

o. What role does communication and dialogue play for corporate responsibility and what form should it take ideally?

p. How important are civil society groups and their activities for the perception of companies? Can you give me some examples?

Questions to solicit recipe knowledge about corporate responsibility

a. What is your ideal conception of corporate responsibility and how should it be integrated into the managerial process?

b. If I were a new manager, what advice would you give me about managing responsibility issues at this company?

c. Can you give me an example of a leader who leads corporate responsibility efforts?

d. Should there be a political framework for corporate responsibility that sets standards and establishes a sanction mechanism? Why or why not?

e. What are the future trends in corporate accountability, corporate reporting, and social accounting? What do you think should change and will change?

Questions to solicit axiomatic knowledge about corporate responsibility and stakeholders

a. What do you think are the real core values of this company?

b. What differentiates your company from other companies in your industry regarding corporate responsibility issues?

c. Do you think this is a responsible company? Why do you think so (or not)?

d. If it were up to you to create a stakeholder management system, what would you want to be sure was included?

e. In your opinion, how should stakeholders be treated?

f. When the company received criticism regarding its corporate activities in the past, were any aspects of the management of stakeholders handled differently as a result? What do you think is the reason?

g. Why do you think the management of stakeholders did or did not work as you think it should in the past?

Semi-structured interview guide for 2nd round of interviews

Management related questions

a. What is the purpose, goal of corporate responsibility at this company – as you see it?

b. Responsible to whom?
c. What are the internal and external strategies for achieving this (broadly)? Can you give me an example(s) of an activity that manifested corporate responsibility?
d. Can you give me an example of a leader who leads corporate responsibility efforts?
e. To what extent is your CSR-policy driven by the global headquarters?
f. How is corporate responsibility related to the management of stakeholders?
g. Who should not be considered a stakeholder?
h. How can shareholder interest be combined with the interests of other stakeholders?
i. What opportunities and challenges do your stakeholders present to your firm?
j. What strategies or actions does the company take to best deal with stakeholder challenges and opportunities? What is provisioned for the future?
k. What is the step by step process when a new issue has been discovered?
l. What resources are needed to deal with corporate responsibility issues?
m. Should a company rather use a series of issue specific standards (e.g. on human rights, labour, environment) or a comprehensive framework for overall corporate responsibility performance? Explain.
n. How can you be sure that the standards used measuring performance with regards to corporate responsibility capture the issues that are material to the company, and to its stakeholders?

CSR related questions

a. How can a company ensure that its performance standards are applicable throughout its entire global operations and supply chain?
b. How can a company communicate its performance internally and externally in an effective way?
c. Do you think responsibility can be learned or trained in a corporate context? Can you give me an example?
d. How can you differentiate between legally correct and morally appropriate behaviour in real business situations?
e. Do you think the responsibility of a company changes in a developing country context? If so, how?
f. How does your company deal with different perceptions and expectations of corporate responsibility in different countries?
g. What is the relationship between the discussion on human rights and the debate on corporate responsibility?
h. Should a multinational company contribute to the promotion of democratic values? If so, how?
i. If a global political framework for corporate responsibility was to be developed, who should set the standards and how should they be developed?
j. What influence do the media play on the perception of corporate responsibility? Which media are most important? What is your impression of your company’s representation in the media?
k. What is the role of consumers and consumption as drivers of corporate responsibility at your company?
l. Which is the moral responsibility of your company regarding its power to influence