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Corporate Responsibility: In the Dilemma between Fake and Trust?

The accusation of whitewashing accompanied the discussion about corporate social responsibility (CSR) since its inception the 1950s. That's not surprising. Ever since its beginnings in Scottish moral philosophy, economics did not expect the general good to be enhanced by the individual's social orientation, but rather by its self-interest, a concept less liable to disappointment, and the work of the invisible hand (Hirschman, 1977). The latter aims to promote a common goal that individuals have not intended. Following his famous text, Adam Smith (2007 [1786], p. 350) continues: 'I have never known much good done by those who affected to trade for the public good.' The 'mistrust' of the 'goodwill' of the capitalist lives on in various streams such as Marxism, (neo-)liberalism or sociological system theory, to name but a few schools of thought. Marxists do not expect societal progress any more than (neo-)liberals from benevolent capitalists who, demand more taxable profits, instead of social responsibility, in the framework of the market organization of companies. System theorists find that ethical demands are hardly transferable directly into the economy code of payment/non-payment. Although Adam Smith (2007 [1786], p. 350) shared the view that the claim of public good orientation is 'indeed, not very common among merchants', but that 'very few words need to be employed in dissuading them from it.'

However, the organization of the capitalist economy has progressed. If Adam Smith could still visualize owner-entrepreneurs, then the contemporary big enterprise is the socially dominant power factor (Berle & Means, 1967 [1932]). This not only poses problems of control and limitation of organizational power in the organization society, but also the (self-)obligation of the management to societal objectives. The control of even legal standards is (increasingly) more difficult, not only due to the asymmetry in the power relations, but also due to insufficient remedies the state has or, more precisely, the states have against corporations. However, the modern organization is not only externally controlled - and possibly to a lesser degree by the shareholder. In fact all the stakeholders of the organization - i.e., consumers, employees, social interest groups - can exercise external control (Pfeffer & Salancik, 2003 [1978]) so that the soft law gains more and more shaping force.

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Globalization is one of the driving forces behind this debate (Scherer & Palazzo, 2008). The organization of value chains around the globe reduces the power of shaping state legal systems. This is the background from which both supranational organizations such as the United Nations (UN) and the European Union (EU) as well as the national states have been focusing on soft law – from the Global Compact (United Nations, n.d.) through the AA1000 (AccountAbility, 2019) to the Green Paper of the EU Commission (2001) – promoting social and environmental responsibility for companies in the age of globalization during the last two decades. These initiatives have led to lively activities and debates both in the business world and in different scientific disciplines. But the balance sheet is somewhat sobering. Not only the recent scandals – from the ENRON case to the Diesel gate – raise questions about the effectiveness of co-operative self-commitment as well as external control. Rather, it seems that for companies, it has now become a ‘fashion’ to campaign social and ecological responsibility using the concept of CSR. This commitment has meanwhile led to the fact that CSR activities should partly contribute to value creation instead of aligning them with corporate objectives and values. Such a development leads to the loss of trust and the assumption of responsibility becomes a ‘fake’.

This discussion of organizational CSR is paralleled by the role of consumerism on the level of individual behaviour. There is great emphasis on the normative question of the responsibility for sustainable consumption. On one side, market optimists believe that although consumers accept government regulation of consumption as necessary, true changes in consumption patterns rely on responsible individual action. On the other side, market skeptics warn of a counterproductive privatization of sustainability. They argue that political failures may not be compensated by ecologically correct consumption and place the responsibility for sustainability on politicians (Menges & Beyer, 2017).

It is therefore not surprising that social and economic observers remain sceptical towards soft law and, more recently, have been advocating tougher legal norms or fiscal implications. However, the argument that legal norms demand not only enforcement but also obligation can not simply be dispelled. Standardizations often develop not only from the ‘top’ but also from the ‘bottom’, i.e. they emerge from the action routines of economic actors as emergent effects (Teubner, 2013). In addition, the hope for inter- or supranational binding regulations in times of increasing nationalisms is deceptive.

Against this background, the contributions of this special issue pose the question under which conditions CSR effectively becomes effective or fake. Which stakeholders can build legitimate power to externally control corporate responsibility? How does the concept relate with power of (external) stakeholders - i.e., workers, consumers, social groups - with CSR? How can the legitimacy of those interests be ensured? Whereas, for example, market-optimists believe that reliable changes in

consumption patterns rely on responsible individual action, more market-skeptics warn of a counterproductive 'privatization of sustainability'. Finally, it is necessary but beyond the scope of this special issue to ask whether CSR has long since become a new field of industrial policy and an influence on future developments by large organizations. In this light, this special issue presents theoretical and empirical contributions to the topic from economic, sociological, (economic) historical and legal perspectives:

The first, invited short-paper 'The Dialectics of Trust and Control: About Different Concepts in Human Resource Management and Mandatory Co-determination' by *Walther Müller-Jentsch* elaborates the differences of two function equivalent institutions that give employees a voice in the company they work for. He tries to answer the question, why (sensible) employers are not introducing co-determination via works councils voluntarily since they are advantageous for corporate governance.

The following paper 'Corporate Social Responsibility: A Fake Already According to the Theory of the Firm?' is addressing the special issue topic theoretically. *Ute Schmiel* is asking whether firms can be held responsible for theoretical reasons (already). The paper develops an extended corporate actors approach which ascribes behaviour to the firm that differs (in contrast to the contracts approach) from the firm members' behaviour.

Turning to 'Collective Corporate Social Responsibility' - i.e. multi-stakeholder initiatives or cross-sectoral partnerships to meet these responsibilities together - *Leona A. Henry* and *Guido Möllering* are conceptually assessing 'The Role of Trust as an Organising Principle' within a network of firms. The authors discuss the main challenges within horizontal cooperation between inter-organisational actors aiming to realize CSR efforts collectively.

Managerial trust as a precondition for the implementation of social and ecological activities is examined by *Jürgen Beyer*, *Simon Dabrowski*, *Florian Lottermoser*, and *Konstanze Senge* in their contribution 'Shaping or Shaking Trust in Corporate Social Responsibility Strategies: The Role of Financialization Practices'. Based on empirical data from large publicly traded companies in Germany the authors show that financing corporate responsibility actions can help to integrate the logic of social responsibility with the dominant financial logic to build managerial trust and to facilitate implementation CSR activities.

In an interview-study 'Workplace Health Promotion Inspired by Corporate Social Responsibility - Interactions Within Supply Chains and Networks' among business and industry representatives *Grit Tanner*, *Eva Bamberg*, *Carolin Baur* and *Marlies Schümann* analyse whether workplace health promotion as a CSR aspect is realised within the supply chain. The results show that the practice to ensure occupational health within supply chains that was mentioned most often was the control of sup-

pliers through, for instance, audits. They conclude, that businesses need to establish appropriate structures to successfully conduct workplace health promotion.

Not many studies have addressed the role of ‘Corporate Social Responsibility in SMEs’. *Maria Uzhegova, Lasse Torkkeli* and Sami Saarenketo are exploring this phenomenon with a special emphasis on the relationship between internationalisation and CSR development. Based on a survey study among Finnish SMEs the authors show that network competence contributes to CSR which in turn has a positive effect on the firm’s competitive advantage. Interesting is, that the not possession of network competence itself improves competitive performance; it does so only through CSR.

Thomas Hermann addresses the possible trust-or-fake of CSR with a rhetorical lens on CSR-reporting: ‘Corporate Social Responsibility in the Dock. How Persuasive Strategies Support Verbal Accounts in the Event of Loss of Trust’. In the empirical study the authors explores the CSR-reports from Deutsche Bank and identifies different phases of a verbal account strategy. The argumentations vary in those phases going from warrant-establishing to warrant-using.

Focussing on ‘Consumer Responsibility and the Transformation Process of the Electricity Market’, *Fabian Grabicki* and *Roland Menges* offer insights into an economic experiment addressing the status quo bias. Results of their choice-based conjoint analysis show that significant differences between the treatment and the control group. The preselection of an electricity contract seemed to influence the decision behaviour.

This special issue originated from discussions during a seminar held on April 3-5, 2017, at the International University Center Dubrovnik (IUC), Croatia. A large number of manuscripts have been submitted both before and after this event and its call for papers. We would like to express our sincere appreciation to all seminar participants for contributing interesting papers and comments.

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