

Perceptions and Understandings of the Roles of Businesses  
as Corporate Citizens in a Post-Conflict Society: The Bosnia  
and Herzegovina Case

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## **Abstract**

This research seeks to expand the field of Corporate Social Responsibility and Corporate Citizenship by investigating the expected social roles of companies in Bosnian and Herzegovina, and what context specific conditions have helped shape these expectations. Traditional investigations within this field of study have largely focused on the roles that corporations undertake in relatively stable contexts. By challenging these boundaries, academics and practitioners can start to develop a clearer view of the expected social roles of companies and the factors that affect these expectations.

This research uses a case study strategy, using Bosnia and Herzegovina as the case boundary, informed by semi-structured interviews with actors of various responsibility levels in different sectors. These interviewees were selected due to their level of interaction with the phenomenon of corporate social responsibility and to triangulate data from different sectors in the society. Field notes of social observations and CSR networking meetings were also compiled in the data set. The data were analysed using a template analysis coding method.

This research found that that instability in the Bosnian society has impacted expectations of the social roles of businesses. These impacts come from the transition from socialism to free market capitalism, the ethnic tensions and distrust, the damaged physical and economic infrastructures, the political modus operandi, and the lack of pressure for actors to be socially responsible. Companies in Bosnia and Herzegovina generally follow an ad hoc approach, and they are only beginning to incorporate strategy into their CSR activities. This is opposed to the ‘western’ expectations that CSR should be a strategic approach. Stakeholder participation is still limited, providing few chances for dialogue on expectations and defining corporate social citizenship. This research has helped highlight how abandoning the assumption of stability in a society can affect the understandings of development and expectations of corporate social roles. The factors impacting these expectations can change the fundamental premises of the business social contract in ways that are not accounted for in extant literature.

**Key Words:** corporate social responsibility, citizenship, post-conflict, Bosnia and Herzegovina

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# **Chapter 1 Introduction**

## **1.1 Introduction**

This thesis explores the roles of businesses in a post-conflict, transition economy through the lenses of corporate social responsibility (CSR) and corporate citizenship. This research seeks to expand the business-in-society field of study by investigating the expected social roles of companies in Bosnia and Herzegovina (BiH), and the context specific conditions which have helped shape these expectations. Traditional investigations within this field of study have largely focused on the roles that corporations undertake in Western and relatively stable contexts. There is less understanding of CSR and notions of corporate citizenship outside of these contexts, and how a lack of stability may affect local views of corporate social responsibilities. This thesis challenges traditional studies by looking at BiH, a relatively unstable environment, and the perceptions of the social roles of corporations in Bosnian society. By challenging the assumption of stability, a clearer view of the expected social roles of companies and the factors that affect these expectations, in a broader sense, can be developed, recognising the heterogeneity of different contexts.

This chapter introduces the research topic and provides a summary of the development of the research. The chapter is divided into five sections focusing on: contextualising BiH; the research rationale; the research objectives and questions; an overview of the method of data collection and analysis followed in this research; and the structure of the thesis.

## **1.2 Research Context**

This section introduces the context within which this research takes place. For many people, the word “Bosnia” conjures images of a humanitarian crisis in the 1990s. BiH remains a country with complex political, social and economic conditions that impact everyday life, businesses and expected social responsibilities for all persons. Scrutinising this context helps highlight the complexities faced by members of BiH society and how they have shaped the current situation. Understanding the complex context assists in providing insight into the nature and development of the notions of CSR and corporate citizenship. This section will consider three historical periods that are referred to by interviewees: the former Yugoslavia (SFRY), the Bosnian war and the post-war periods.

The economic model practised by the former SFRY was based on a command driven economic system. According to official rhetoric (Lynn et al., 2002; Petričević and Danis, 2007), the power over economic production was decentralised from the state government, with the decision making centred on the workers in a self-management system. Each adult, it was claimed, was granted director-level input in their company and community. Several towns were focused on a single industry, and the support and maintenance of that town were left in the hands of the company<sup>1</sup> (Lynn et al., 2002; Petričević and Danis, 2007). This situation gave the state-owned enterprises significant and specific responsibilities toward the workers and the society, such as maintaining infrastructure, providing essential goods (e.g. housing), providing health care, and providing centres for child care. Workers were given jobs for life; in return, workers were expected to be loyal to their employer and community, and to work to the best of their abilities (Petričević and Danis, 2007). Also during this time, the president Marshall Josip Tito, forbade expressions of culture and nationality, such as religion and ethnicity in order to maintain a Yugoslavian identity for all citizens. These expressions of national distinction served to divide the groups in the former SFRY region (Petričević and Danis, 2007) and were also the foci of divisions during the Bosnian War (Ali and Lifschultz, 1994).

Following Croatia and Slovenia, BiH declared independence from the former SFRY in 1992. The BiH declaration of independence was a catalyst for the Bosnian War, fought by three primary factions: (1) the Yugoslav People's Army (under the authority of Slobodan Milošević and supported by modern day Serbia) and the Army of the Republika Srpska (supporting the ethnic Serbs), (2) the Army of the Republic of Bosnia and Herzegovina (largely composed of Bosniaks but with the goal of maintaining independence for BiH), and (3) the Croatian Defence Council (supported by Croatia) (Jeffrey, 2007). According to Ali and Lifschultz (1994), the aim of the Bosnian War was to separate the three primary nationalities (Bosniak, Serb and Croat) and create regions of homogeneous national identities based on claims for historic territories. During this war period much of the economy and infrastructure in BiH was damaged or destroyed. An estimated 102,000 persons were reported missing or assumed dead and 1.3 million people were displaced from

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<sup>1</sup> Petričević and Danis (2007) also note that advancement in the company was usually linked to party loyalty, giving the government effective control over the major companies.

their homes. The war was officially ended in 1995 with the Dayton Peace Agreement Accords, also called the Dayton Accord (U.S. State Department, 2012; Kondylis, 2010).

The Dayton Accord partitioned BiH into three separate areas – Federation of Bosnia and Herzegovina (FBiH), Republic Sprska (RS) and Brčko District. The government of BiH is monitored by the Office of the High Representative (OHR), an international oversight position that ensures parties follow the spirit of the Dayton Accord. The OHR can overturn government decisions that do not conform to the Dayton Accord (Kondylis, 2010; OHR, 2011). The Dayton Accord effectively created a state composed of two independent (though legally and internationally recognised as united) entities<sup>2</sup>, with a common central government. The entities are allowed to (and often do) create their own laws dealing with commerce, economics, infrastructure (telecommunications, electricity, etc.) and taxation. The entities essentially maintain the nationality divisions brought about in the war; the FBiH is composed mostly of Bosniaks and Croats while the RS is populated predominantly by Serbs (Kondylis, 2010; Petričević and Danis, 2007). Brčko District is a multi-ethnic area with an ethnic population distribution of approximately 40% Bosniak, 40% Serb and 20% Croat (OHR, 2011). These divisions have affected the general Bosnian perception of its society, national loyalties and expected social roles of actors (as will be demonstrated in the discussion). The legal divisions between the entities can create problems for companies wishing to operate in both entities (Petričević and Danis, 2007). This can include following the different laws that companies need to adhere to while operating in each entity (such as how to form the company legally), coordination of corporate activities between branches, and the political fights between parties and individuals that use the companies' activities as pawns in their power plays as will be argued (see Chapter Four).

Several of the former SFRY countries have experienced similar problems to each other with transitioning their economies and privatising their national companies. Private, and often foreign, interests have made significant investments in the once state-owned enterprises (OECD, 2006). The transfer of ownership has also left the companies marred by accusations of corruption where shares were purchased from the government by political elites at a fraction of their value and later sold to international investors for a large profit

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<sup>2</sup> Brčko District is not considered a separate entity, officially. It is an autonomous region, which belongs to neither the FBiH nor the RS.

(OHR, 2011). The transfer of ownership created confusion in the priorities and roles of the managers. Managers now work towards goals that align with shareholders' interests and not those of the former owners – the workers or the community. This has resulted in the companies allocating fewer resources to CSR activities, compared to the socialist system, which helped foster and develop the local communities (Hollinshead and Maclean, 2007; OHR, 2011).

It has been argued that managers and workers are disoriented as they try to understand their 'new' roles in a market-oriented economy (Hollinshead and Maclean, 2007). The new role for managers include focusing on profit generating strategies and responding to market forces instead of the requests from the self-governing workers' councils. The workers no longer have the same level of input into company operations as well as not having jobs for life with their company as before (Hollinshead and Maclean, 2007; Petričević and Danis, 2007). These new roles have affected perceptions of the acceptable roles of the companies in the social and economic forums, as will be demonstrated in the discussion of this thesis.

While foreign investment has been substantial, the international investors have not sought to understand the Balkan culture and the impact that the sudden transition has had on the socio-economic environment or the workers (McMahon, 2004). Consequently, foreign based NGO and aid organisations have not accommodated for the desire for well-defined hierarchy (the government distributing funds and edicts on what projects need to be undertaken), the corruption (where people working to distribute aid resources have funnelled the money and materials to friends and family) or the expectations for how individual needs would be met (ibid.).

Despite the current success of most of the other former command economies in Central and Eastern Europe (OECD, 2006), BiH has not fully graduated from a transition economy to a market economy (U.S. State Department, 2012). The lack of success has been associated with the difficulties resulting from the war (Martin, 2007; Petričević and Danis, 2007). Because of the war, BiH has been the recipient of substantial amounts of international aid, tied to donor interests. However, the inflow of international aid has been reduced substantially in the past few years, highlighting gaps in the government's abilities to

function efficiently without it (Martin, 2007; OHR, 2011). Further, the government has set aside a small proportion of the international aid for developing civil society (McMahon, 2004).

The foci of these resources have also been contentious as there are still significant differences in priorities between the three main Bosnian groups and also between Bosnian and international groups. The politicians for the three main nationalities try to direct the international aid to groups that will promote their national interests (and thus personal power) or as payoff as part of corrupt practices (OHR, 2011). The development of the Bosnian state by the international community focuses on a rigid model that is not shared by the Bosnian political parties and politicians. The international community's model is focused on a unified BiH while the Dayton Accord has virtually guaranteed an ethnically divided BiH due to power structures and nationalistic divisions in the government (Hayden, 2007; McMahon, 2004).

The circumstances that BiH has endured on its recent history have impacted its perceptions and expectations for social actors, including corporations. Rapid changes to the country's economic system have affected the way companies interact with the community. The war has redefined the way the communities imagine themselves as homogeneous groups (see Anderson, 2006). These two situations, and the implication they have had on the Bosnian society, have created different social, political and economic environments from what is expected in stable Western societies, altering the assumptions for how businesses operate and relate to the local society.

### **1.3 Research Rationale**

The idea that businesses owe some duties to society is a relatively new idea (Kotler and Lee, 2001). Initially, this idea was framed through the individual business-person who has extra social power within the community and thus appropriate responsibility associated with their power (Davis, 1960). Over time, societies began to associate social responsibilities with companies in the case of large successful companies, rather than individual persons. The responsibilities were based on the impact that the companies had on the societies and the companies' available resources (Chiu and Sharfman, 2008). This change in the locus of responsibility (from owner-agents to the company) created debates

that covered the extent to which companies owed social responsibilities, what the responsibilities were and to whom they were owed (Carroll, 1999). These debates were carried out in practitioner and academic forums, primarily in Anglo-North America and Western Europe. As such, they reflected the conditions that were present in these societies (Sharfman et al., 2000).

Research and discussion about the social responsibilities of companies are starting to branch into other environments, especially the BRICS<sup>3</sup> countries. However, there remain relatively few studies that focus on contexts outside of the developed economies and BRICS (Adewuyi and Olowookere, 2010). The limited attention given to local understandings of CSR raises questions about the validity of the generic criterion typically being utilised to explore and measure social responsibility (Warhurst, 2005).

The theories and measuring tools which are developed from research on CSR and corporate citizenship in stable, Western contexts may not be applicable to research in this field of study, which investigates the roles of business in society in non-Western societies. The implicit assumption underpinning current models is that the society is organised in such a way as to allow for the practice of CSR. Research has devoted less attention to contexts where social, political and economic infrastructures are severely lacking (Feil, 2008; Werther and Chandler, 2006) and where CSR may not be as developed or welcomed.

Political and citizenship literature can be used to highlight the potential problems of not incorporating information about the local social context into CSR and corporate citizenship studies. Different societies derive different roles for social actors, which are based in part on the surrounding environment (Frasier and Gordon, 1994; Ivison, 1998), including, where applicable, expectations for corporate social responsibility. For example, in a stable and secure environment, the infrastructure is in place and is maintained by the legitimate authority (e.g. the government) but in countries where infrastructure is not stable or secure, individuals and companies may be expected to undertake roles related to infrastructure (re-)development and support (Bier, 2003). Additionally, the historical context of the country can impact the expectations held of social responsibilities.

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<sup>3</sup> Brazil, Russia, India, China and South Africa.

The former communist and socialist countries of Eastern Europe exemplify this with the historic roles of (state-owned) enterprises as tools of society. The state-owned enterprises were saddled with the responsibilities to provide for and maintain the well-being of the surrounding society. Such experiences can influence the expectations for CSR and how it is applied in contemporary, post-socialist society, even after dissolving the command-driven economic system. (Szczepański et al., 2009). The events that have helped shape expectations of CSR and the potential differences between societies (stable and unstable) are the motivations behind this research.

#### **1.4 Research Objectives and Questions**

The purpose of this research is to increase the understanding of the roles of businesses in society, beyond acting ‘as a business’. Specifically, this research explores these social roles within the boundaries of BiH – a post-conflict society that is transitioning towards a free market system. This situation is being investigated in order to examine concerns and challenges not sufficiently addressed in the extant literature exploring the societal roles of business. The literature review presented in Chapter Two reveals that CSR roles are typically viewed as universal guides for businesses and researchers primarily reflecting Anglo-American and Western European ideas. The roles of business are generally explored in relation to Anglo-American and Western European ideas, regardless of the cultural society in which the businesses operate. The literature review also highlights the notion that the context of the socio-political community affects the way members view social roles. This identifies a gap in knowledge concerning corporate social responsibilities, particularly in relation to post-conflict and transition societies. This research seeks to fill in this gap as it relates the expectations and understandings of CSR to BiH, a post-conflict, transition economy.

Following the purpose and gaps listed above, this research focuses on two primary objectives:

1. To investigate the contextual elements which have influenced the understanding of corporate social roles in BiH.

2. To examine the espoused and enacted societal roles of business in a post-conflict society (using BiH as a specific example) contrasting with prevailing models and accounts.

To address the first objective, the following research question has been formulated:

Have context specific events (e.g. the Bosnian War and the economic transition) had an impact on the expected CSR roles of companies in BiH? If so, how have these been demonstrated?

This question allows for the exploration and understanding of how context specific events have impacted notions of CSR and corporate citizenship in Bosnia.

The second objective is addressed through the following question:

How are the notions of corporate citizenship and CSR understood and practised in BiH? How do practices in BiH compare and contrast with representations and assumptions of these ideas in the literature?

In this research, the concepts of corporate citizenship and CSR are used to help frame the societal roles of business (see Chapter Two). Differences between the academic models and the reality faced in BiH (and perhaps similar contexts) can carry implications for both the practice of CSR and the study of the role of business in society, not least because there are many current conflict zones and post-conflict zones in the world today.

## 1.5 Method

This thesis investigates the societal roles of business in a specific context focusing on notions of CSR and corporate citizenship. Contemporary CSR studies often involve empirical research, which investigates the application of specific CSR practices or theories. Researchers tend to look at nation states outside of familiar contexts (i.e. Western societies) to see how they conform to pre-existing notions of CSR. What is often ignored is what CSR means in these societies and what the expected roles are for companies in an exploration of these contexts. Pre-determined notions of CSR and corporate citizenship may be applied with untested assumptions. Consequently, there is a dearth of robust data on how these complex contexts can or do affect such perceptions of CSR and corporate citizenship.

With this in mind, this research uses an approach that allows for the incorporation of context specific elements in order to understand CSR. By using a case study strategy in this study, the empirical research focuses on gaining a deeper understanding of the study site than is presently available (Karlsson, 2009; Yin, 2003). In order to explore the perceptions of the locals but still relate the data to broader themes of CSR and corporate citizenship, semi-structured interviews are utilised to collect data (Miller and Glassner, 2004). Personal interviews may be regarded as an interpretation of how a person who experiences the studied phenomenon in the context has come to regard it, and how the phenomenon fits into their perception of reality (Yin, 2003). The interviewees are people who are actively involved in CSR in the business, NGO and business association sectors. There are a total of 31 interviews with 35 people representing 27 organisations. The data is analysed using King's (2004) template analysis method in order to analyse the themes that emerge from the data and relate them to themes from the literature.

## **1.6 Structure**

The need to present a clear analysis and allow for the logical presentation of arguments is the overriding consideration that guides the layout of this thesis. In order to accomplish this goal, this thesis is presented in six chapters.

After Chapter One (the introduction), the CSR and corporate citizenship literature is reviewed in Chapter Two. This review includes exploring the roles of business in society from the lenses of CSR and corporate citizenship as well as using the idea of social citizenship to help critique contemporary views of CSR. Gaps in the research are identified for exploration in this research.

Chapter Three describes the methodological choices that have guided this research. This process includes relating the gaps identified in Chapter Two to the objectives of this research. Detailed information about the execution of the empirical phase of the research is presented. Additionally, lessons learned from the field are also included in order to help guide any future researchers who may not be familiar with the research context.

Chapter Four presents the findings and data analysis. Emerging themes are developed using a qualitative analytic approach. The interviewees' own words are utilised to give depth and rigour to the analysis.

Chapter Five develops the analysis by relating it to the research questions and objectives. Four main themes are drawn out of the data for deeper discussion. These themes answer the research questions in a way that will help progress knowledge about the societal roles of companies.

Chapter Six concludes the research, highlighting implications from the findings for practitioners and academics alike. The limitations of the research are also reflected upon as well as potential avenues for future research. Final remarks are given in order to encourage the exploration of these new frontiers for CSR in a way that keeps the spirit of corporate citizenship, mutual benefit and social acceptance of the companies' activities.

## **Chapter 2 On Corporations and Citizenship**

### **2.1 Introduction**

This chapter examines the roles of a business in society. The views presented in this chapter will use political understandings of citizenship that can affect the perspectives of corporate citizenship, in particular a notion of social citizenship. These perspectives will be used to help inform and critique how the business-in-society field of study has defined and used the notions of corporate social responsibility and corporate citizenship. Specifically, the importance of contextualisation in establishing social citizenship will be brought out. This factor will be used to advance the argument that once the social roles of corporations are examined outside the familiar context of ‘Western society’, they should be adjusted in order to suit the society. The current literature is only starting to explore what CSR and corporate citizenship mean in the BRICS countries, and have not ventured into other developing economies.

In order to understand CSR and corporate citizenship, the current perspectives on these concepts are explored and related to their root. This chapter will also investigate how the terms have diverged in meaning. The final section in this chapter highlights the problems noted in the limited extant literature on CSR in post-conflict and transition economies. These problems deal with the direct application of classical CSR roles in these contexts. By the end of this chapter, the reader should have an appreciation for the importance of context to CSR and corporate citizenship.

### **2.2 On Corporate Social Responsibility**

Davis (1960) describes CSR as an ideology for managing social imbalances related to power and competition derived from the market. These imbalances result from the normal functioning of a corporation in the public sphere. Power in this case refers to social power. This is exemplified by comparing how a company and individuals can exert pressure on a society in order to assert their particular political will. Rousseau (1762 [1978]) warns that any concentration of power through groups (e.g. corporations) should be balanced in order to maintain the free standing of citizens. Balancing these power differences through social responsibilities can help legitimise companies as actors in the social sphere in line with the concept of corporate citizenship (Davis, 1960).

The connection between CSR and corporate citizenship comes from corporate citizenship's background in and relationship to CSR. Several authors (e.g. Hamann, 2007; Matten et al., 2003; Torres-Baumgarten and Yucetepe, 2009) have maintained this link between the two terms, CSR and corporate citizenship, in their publications. CSR has been used as a framework to describe activities within the sphere of corporate citizenship in empirical studies. Both terms focus on treating stakeholders of the corporation in a responsible and ethical manner. The widespread use of CSR has been linked to the high degree of recognisability of the concept in academic and business-practitioner groups (Feil, 2008). The use of corporate citizenship has been less popular due to its subjective nature. The issue of subjectivity in corporate citizenship is detailed in section 2.6.1.

### *2.2.1 On the Development of Social Responsibility for Corporations*

Carroll (1991) notes that one of the earliest uses of the concept linking companies and citizenship (i.e. acting out the social responsibilities) is in an article by Keith Davis (see above). Davis proposed that business-persons assume certain "socio-human responsibilities" as well as economic ones. Davis (1960: 75) describes this as the responsibility "to fulfil the human dignity, creativity, and potential of free men". By this, he means using companies to help develop mankind in two ways:

1. Enabling new (social and business) goals to be conceived.
2. Improving the overall economic status of the society in the process.

This development, he argues, should be carried out by the business practitioners in their role as agents of the company. This is one of the first steps to assigning social duties to corporations – via their agents. No specific duties are listed, only broad suggestions to help advance a society by enabling the company agents to contribute more than those with less social power. Ideally, businesses could be used to help foster the potential for the personal development of individuals in society at large. In Davis' view the perception of the managers' roles are changed from that of an individual member of the community in their public and private roles to assuming a public role both as a corporate agent and an individual community member. That is, the managers ought to execute their public individual roles in the public sphere as well as those roles required by their position as an agent of a company. Their individual private roles are kept separate from this process by virtue of their being outside of the scope of the public sphere (Biggart and Castanias, 2001).

The moral obligation of the agents in their private role and the extensive company resources become the impetus for undertaking CSR.

Kotler and Lee (2005) note that the relationship between corporations and society evolved into a form where companies, in the 1970s and '80s, relied on philanthropy to fulfil their social responsibilities. The inexperience of companies in participating in activities outside of their normal business activities and their orientation towards profit meant that outside help was necessary if corporations were to be successful in adopting meaningful social responsibilities. Corporations initially began this task by working with external foundations (e.g. NGOs, local community interests groups, government aid organisations) to build relationships in the public sphere. According to Kotler and Lee, this approach allows corporations to delegate a portion of their relationship building to external sources while focusing on their core competencies. The companies, via their agents, learn about their roles in the society through active dialogue with external foundations (Jones et al., 2009). This approach to CSR parallels ideas from social citizenship, starting to relate corporations and their potential recognition as social citizens. In particular, there is a focus on building personal relationships between the political organisation and its members (Rawls, 2001) through active participation and reflecting on one's own actions as well as the actions of others (Oommen, 1997; van Steenberg, 1994).

Mele and Paladino (2008) note that philanthropy is an important first step towards working with the community in a responsible manner while building social capital. Here, social capital refers to the goodwill between social entities which helps form a sense of solidarity. Debeljak et al. (2011) state that all actors within a society need to be knowledgeable about acceptable corporate social responsibilities in order to create an authentic corporate citizenship experience. Debeljak et al. agree with Mele and Paladino that philanthropy and donations are a useful stepping stone for building this knowledge. However, the use of corporate resources in supporting philanthropy has been questioned by academics under legal and ethical grounds. The main focus of CSR and the debates is on the use of company resources, which ultimately are owned by the shareholders, for philanthropic activities that helped support socio-human responsibilities (Carroll, 1991; Friedman, 1970). These debates resulted in confusion of what to include in the range of corporate social

responsibilities and disagreement over which socially responsible activities were desirable and acceptable.

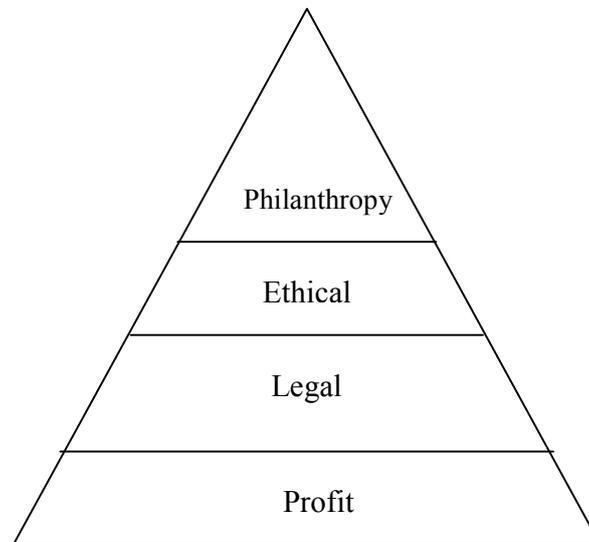
The debate regarding the use of company resources for philanthropic activities was compounded by societies demanding that corporations adopt more responsibilities compared to the past, while corporations were arguing for their need to ensure profits. In response to the confusion brought about during the debates on the social responsibilities of business (in a western society), Carroll (1991) attempted to clarify and order the importance of corporate responsibilities. He outlined a hierarchy of a company's duties. As evidence of a change in society's expectations, Carroll pointed to the introduction of laws which recognised the environment, employees and consumers as valid stakeholders. These laws were introduced in response to social movements which tried to direct corporate attention towards valid stakeholders<sup>4</sup>. The laws were designed to ensure that profits were sought within the boundaries of a specific set of rules and ethical norms. Carroll's pyramid (representation depicted below) visually demonstrates this. He designed it with the following order of responsibilities for companies:

1. To create profits
2. To follow the laws
3. To perform according to the prevailing ethics
4. To contribute to philanthropic opportunities (Carroll, 1991).

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<sup>4</sup> It is important to note that Carroll's study reflected condition in 'western' states at that time, especially focusing on the U.S.A.

**Figure 2.1 - Carroll's Pyramid of CSR (1991: 42)**



### *2.2.2 Strategic CSR*

Academic literature of the 1990s highlights corporations increasing their strategic approach towards the understanding and application of CSR. By using this approach, corporations demonstrate a willingness to engage in social responsibilities which fit their values and incorporate their core competencies, compared to previous methods (Kotler and Lee, 2005). By increasing the frequency of a strategic approach, corporations can seek actions that boost their public image, while not distracting them from their business operations. Corporations can undertake activities which incorporate their strengths, but these acts are not always expected by the societies or the corporations' main stakeholders (Dentchev, 2009). The corporations can be seen as 'going above and beyond' what is socially required of them and publicising to what degree they believe they are meeting and exceeding their corporate social responsibilities.

A strategic approach to CSR also provides the drive to measure these activities. Boyle and Boguslaw (2007) suggest that this is inspired by the adage that what cannot be measured, cannot be managed. If CSR is going to be incorporated into the company's strategy, managers need a way to quantify potential outputs of the actions. Also, stakeholders expect announcements that list what activities have been undertaken. This drives the companies to find a way to focus their efforts and to clarify how they understand their social responsibilities (Boyle and Boguslaw, 2007).

Around the start of the new millennium, there was an increase in the number and range of CSR evaluation methods used by both corporations and the external organisations that monitored them. Both groups made an effort to quantify actions and results for how much 'good' the companies were (not) doing for their communities (Kotler and Lee, 2005). Changing to focus on measuring CSR introduces a different understanding of this concept from the one in Carroll's pyramid model.

This new perception of CSR expands it beyond corporate philanthropy (Norman and Neron, 2008). This expansionist view is similar to Wood's (1991) response to the order of Carroll's four principles of CSR. Wood suggests that valid actors in the society should view the concept of corporate social performance as part of the base of a corporation's motives for being considered legitimate. This view can guide the practical output of corporate social responsibilities. She suggests that corporate social performance (the execution of corporate social responsibilities) leads to good performance and eventually to profits. Carroll (1999) agrees that the focus on performance is necessary in the discussion about corporate social responsibilities. Mitchell et al. (1997) note that improved performance comes with recognition of the corporation's legitimacy across multiple levels of the society. These improved performances come from other factors, such as enhanced reputation and attracting better employees. Other studies (e.g. Ioannou and Serafeim, 2010; Sharfman et al. 2000) produced inconclusive results when investigating the link between CSR and financial performance of companies (see also section 2.6.4 and 2.7.1). The results supporting Wood's position imply that the performances are related to the society in which they are performed. This implication becomes important as this chapter considers CSR in areas outside of the normal contexts from extant studies. Relating CSR to aspects of social citizenship requires that activities are related to roles of the person within their community (Cammaerts and van Audenhove, 2005; Turner, 1994).

By integrating corporate social responsibilities into performance, managers can also fulfil some of their personal social duties. This comes from the managers' dual role as agents and individuals in the public sphere. Social responsibilities are required from all individuals to keep a society functioning (Hopkins, 2003). This view of responsibility highlights an idea that there are responsibilities beyond legal and economic ones for the agents of the

corporations. Taking up the social responsibilities on behalf of the corporations allows the individuals-as-agents (as opposed to their personal role) to fulfil part of the corporation's conditions of being a legitimate member of a society through active participation (Marsden and Andriof, 1998). This approach to CSR becomes more important when discussing the transfer from CSR as isolated events to being a part of corporate citizenship.

### **2.3 Corporate Citizenship**

The notion of social citizenship and imagined communities can be used to help define corporate citizenship and how a corporation can attempt to fit as a legitimate community member (Urry, 2000). This view positions corporate citizenship as an active engagement with a society in order to be recognised as part of that society. Even if the term corporate citizenship is not taken literally (i.e. including the legal aspect of citizenship), it evokes a sense of community comparable to Anderson's (2006) imagined communities. This sense of shared oneness has implications for the relationships between citizens, corporations and society. In order to understand what implications this relationship has for the roles of a corporation in society, it is prudent to examine this idea of a corporate citizen from multiple angles. This examination includes relating ideas taken from citizenship to interpretations of corporate citizenship used in the business-in-society literature.

According to Waddock (2004) the likely origin of corporate citizenship derives from a theoretical underpinning which describes the motivation for performing corporate social responsibilities, focusing primarily on the relationships with stakeholders. This can be related to the notion of active participation by citizens in their society proposed by the notion of social citizenship (Heywood, 2003; Turner, 1994). However, this does not account for why the motivation exists or why a company would want to be considered a corporate citizen, or a citizen-like entity. The sense of shared identity mentioned above is important to understanding how members of a group are able to imagine themselves as a single group (nation in Anderson's terms), despite the potential and real differences of individual members (Anderson, 2006). When considering the case of legal persons, Waddock (2004) does not establish the source of this shared identity as experienced by the corporation. Without identifying this source, it is difficult to understand the motivations for corporations to become involved in social citizenship from either the society's or the corporation's point of view. Nonetheless, the terms from citizenship have been imported to

the business-in-society field of study in order to help describe the motivations related to CSR.

According to van Oosterhout (2008), political literature has been used in discussions about corporate citizenship in the business-in-society field of study, focusing on the use and definition of the word citizenship. This trend helps illuminate the difference between the theoretical and the practical sides of the business-in-society field of study (Waddock, 2004). According to Blowfield (2005), the difference between the theoretical and practical sides highlights the questions of:

- What is the nature of a company?
- How has this understanding influenced the role of business in society?

Hodapp (1990) states that defining the nature of a company (as a commercial enterprise) is important to understanding the foundation and terms of a business social contract. This view of a business social contract aligns with Hill's (1995) notion that it is a tool to offer guidance for how a person (e.g. legal person or company) can act as a social citizen in a specific society, not Jeurissen's (2004) social contract that describes a hypothetical yet possible set of agreements based on observations of a society. By making the business social contract a viable 'thing' (as opposed to an abstraction) Hodapp creates an opportunity for a specific set of standards that members of a society can hope to expect from a company. This, in turn, allows for specific (yet ideally adaptable (Roche, 1992)) roles, rights and responsibilities for a corporation operating within a society.

Bishop (2008) notes one should follow similar steps when examining and outlining these two forms of a social contract. In order to appreciate the roles of a company, one first has to comprehend its 'pre-legal'<sup>5</sup> status. A company, being a product of the laws of the society it is formed in, can be called a social creation. This means that different social contexts could result in variations of the nature of this social creation.

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<sup>5</sup> This is similar to the pre-social existence postulated in social contract theories. The pre-social existence is used by contractarians to postulate what natural rights humans had before they formed societies (Locke, 1690 [1978]). However, companies require a society to exist first. The society may not have all necessary laws in place before a company can be conceptualised. This allows postulation of a pre-legal status.

Deriving from that description, the next step would be to investigate *how* the social creation (i.e. a company) can change in different contexts. Different societies emphasise different responsibilities and values for companies. These are expressed through the laws the society enacts about the establishment of a company. A company that is established in one society under one set of rules may have to adapt when operating in a different society with its own set of laws detailing the establishment and maintenance of a company (Bishop, 2008). The way members of a society view the nature of a company operating within that society influences the rights and duties a society places on a company. The society can open or restrict social citizenship status (with corresponding roles) derived from what it believes is important for the creation to function ‘properly’. This is consistent with Habermas’ (1994) view of citizenship as a received membership which grants a certain legal status (i.e. the ability to bear rights) within a political organisation. This explains a one-way relationship of granting rights, but it does not clarify the motivation for why a company would want to participate as a citizen or why citizens would want to accept a company as a fellow member of the society. To gain a better understanding, this thesis examines active participation in the context of corporate citizenship. There are two views about how restricted or active participation of corporations in a society should be.

### *2.3.1 A Restricted View of Corporate Citizenship*

In a restricted view of corporate social roles, companies cannot be citizens nor can companies be likened to citizenship. Companies and citizens are classified differently (Wood and Logsdon, 2001). The base assumption here is that citizenship is seen through a legal lens but not a social one. Discounting the social aspect of citizenship can create several problems when considering corporate citizenship. While companies are able to adopt some social responsibilities, they cannot be held fully responsible for their actions. The reason they are not attributed full responsibility is due to their employees. The employees have their own agency and are independently responsible for their own actions. Having the employees undertake decisions and actions for the companies implies some (if not all) of the responsibility resides with the employees (Palacios, 2004; Woller, 1996).

From this perspective of corporate citizenship, a company is a collection of humans who think, decide and act on behalf of the company. The issue of a company being composed of

multiple agents highlights two important differences between natural persons and corporations in terms of participating in the social sphere:

1. As a collection of natural persons, any corporate contribution to the political philosophy of the community reflects the personal views of select persons within the company (Palacios, 2004). Rousseau (1762 [1978]) warned about such abuses of power, stating that it corrupts the practice of citizenship by making different classes of citizens.
2. Corporations possess disproportionate power in the community compared to a natural person. This arises from being a collective and the scale of their resources. That is, a corporation's power is based on the synergy of individuals' power within the corporation and their ability to focus more resources towards a goal. Due to this power imbalance, corporations are able to gain disproportionate influence in both economic and political matters. This can include lobbying for specific ideologies of corporate interests (Bergström and Deidrich, 2011; Warren, 2003). Here, power is the ability to influence the laws and political direction of a society. Because of the power imbalance, corporations are compared to other powerful actors in the society (e.g. NGOs, unions, etc.) which have similar traits (Moon et al., 2003). Boyle and Boguslaw (2007) suggest that, due to this power imbalance, it is not in the interests of either the corporations or the society to associate corporations with civil, social or political responsibilities. However, companies are not precluded from practising a limited range of socially beneficial activities.

A restricted view portrays corporations as something similar to a denizen (see Stewart, 1995). As denizens, the companies are allowed some rights that enable them to function according to their charter and to seek profits. Applying Stewart's ideas, these rights are determined by the society, not the company. Because the companies are not a natural and inherent part of the society (i.e. a company requires the pre-existence of a society with rules governing commercial association), society does not have to bestow corporations with all of the rights and duties given to natural persons (Stewart, 1995). Natural persons receive a privileged position as they created the society as well as the rules that govern its functioning and future associations within the society. This is opposed to the idea that humans can (theoretically) exist as a singular entity without a society. Due to their actual

social power, companies are able to extend their participation beyond the denizen level. Taking a restricted view of corporate citizenship may not be practical.

Despite the oppositions presented in the restricted view, relating corporate citizenship to citizenship can increase the understanding about expectations placed on a company in terms of their social responsibilities as viewed by the surrounding society (Crane et al., 2008). Adjusting to a citizen like role involves a company participating actively in a dynamic (business) social contract. This is based on the idea that a natural person engages with their citizenship role(s) lest they be rejected as members of the society (Baubock, 2000; Eriksen and Weigard, 2000). Understanding a natural or legal person's social responsibilities as a citizen involves engaging with the role-granting society. In order to maintain the citizenship standing, corporations are required to be active in following certain social responsibilities, as determined by the society. Following certain responsibilities means participating 'correctly' within the public sphere (Jones et al., 2009), which implies developing a relationship with the members of the society in order to learn and understand how to participate correctly.

### *2.3.2 An Open View of Corporate Citizenship*

In an open view of corporate citizenship, the dynamics of the relationships between a company and the members and groups in the society are important (Marsden and Andriof, 1998). Not all rights or responsibilities associated with citizenship are shared with companies. Therefore, using corporate citizenship to describe how the company interacts with its host society as a social citizen and why it undertakes certain social roles can be more meaningful than directly relating it to full citizenship (Dentchev, 2009). Supporters of this open view advocate using citizenship as a metaphor to describe the roles of business in society (Crane et al., 2008). Declaring citizenship as a metaphorical description of corporations accomplishes two things:

1. It lets corporations assume an identity as a valid actor in the society (ibid.).
2. It acknowledges that corporations cannot be legal citizens. This limits the scope of rights and responsibilities for a corporation. It also establishes a social hierarchy, emphasising the importance of natural persons over legal ones (ibid.). The importance of this hierarchy is discussed in section 2.4.2.

The degree to which companies are successful in creating social citizenship identities depends on how well they adopt the shared element of society (Wood and Logsdon, 2001) mentioned in Anderson's work on imagined communities.

According to Carroll (1991), the duties of a corporate citizen are to obey the laws and to let ethics guide their profit-seeking activities. This perspective can be used to relate human citizens and 'corporate citizens'. Both are expected to be legally and ethically responsible, and encouraged to act in a philanthropic manner when it is possible to do so (de George, 2008). Jessop (2007) refers to these expectations as a part of civil living within a society. They are not indicative of citizenly actions. A social (or corporate) citizen can be recognised by active participation aimed at advancing the position of citizenship roles and engaging with their responsibilities according to their personal abilities (Turner, 1994). Carroll's definition of a corporate citizen does not engage with the willingly active aspect of social citizenship but it is based on the connection to and dependency on the society.

According to Dickson and Hargie (2006), recognising the potential for corporate citizenship can come from an organisation's inability to operate independently from and also its ability to impact the surrounding society. Harribey (2011) notes that recognising the link between social and economic challenges contributes to the popularity of this society-corporate connection. This dependency allows actors to identify the company as a member of their community. As corporations are increasingly considered valid actors in the social sphere, their potential for social responsibility expands. Extrapolating from Anderson's imagined communities concept, one can view the interdependency of social and economic conditions that affect both the corporations and humans as a shared common factor. This allows the people to imagine a status for the companies comparable to that of a social citizen and allows members of the society to envision a potential business social contract. This imagining has to be done by a majority of the members as a group, not individually, in order to extend the position of social citizen to companies (Creed, 2004). Recognising the potential for responsible corporate citizens through social contract terms can help explain how corporations help build social capital.

From the corporation's point of view, the connotation of a 'citizen' is much friendlier than a 'business'. It draws attention to the communal relationships and away from the operational practices (Crane et al., 2008). By building an identity as a social citizen, companies are given a voice in the public forum which allows them to help shape expected social roles and help form the evolving relationships between business and society (Palacios, 2004). These changes can affect the potential expectations for the social roles of corporations. If these potential expectations are not satisfied, the balance can work against the company (Norman and Neron, 2008).

By actively engaging with a society, a company can consider how its subsequent actions affect its relationships with the society, which can contribute to a better operating environment. However, corporate citizenship programs can be used as a form of marketing or PR, the content of these programs can reflect a balance between establishing legitimacy and differentiation from competitors (Gardberg and Fombrun, 2006). As corporate citizenship concepts are introduced to emerging markets, it is often touted as a means to achieving a higher level of competitiveness (Filosof and Hollinshead, 2012; Šteta and Janković, 2008). The process of actively engaging with a host society requires practice and maintaining informed interaction with the society (Marshall, 1964). Understanding this process has enabled members of both corporations and societies to recognise two distinct characteristics of corporations:

1. They exist to make a profit for their owners (Malan, 2005).
2. They are required to be fair and considerate to stakeholders (ibid.).

The local society should be an important factor when defining what is considered 'fair and considerate' in a particular context<sup>6</sup> in order to fit the different moral goals, interests and desires of the society (David Hume Institute, 1998).

Developing a meaningful link between citizenship and corporations involves corporations adapting to the role of a political actor (Scherer and Palazzo, 2007). By political actors, Scherer and Palazzo mean actors who are actively engaged in forming democratically established governance processes, not just addressees of regulations. Scherer and Palazzo argue this has been accomplished to varying degrees. However, they also note that before

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<sup>6</sup> Balancing inputs from different stakeholders will be discussed later in this chapter.

corporations can fully embody the role of a political actor, societies need to form the means and rules to guide companies' behaviours in the political sphere. According to Bishop (2008) these rules need to be carefully developed so that they neither unnecessarily restrict a corporation's ability to make a profit nor do they underplay a company's social responsibilities. Understanding this balance is the key to considering the degree to which a corporation can be thought of as a citizen. As noted above, this can be critical to envisioning a potential social contract that includes corporations and what form such a contract would take.

### *2.3.3 Corporations and Citizenship*

Moon et al. (2003) offer that the concept of corporate citizenship is inherently an appraisal which offers a reflection of citizenship-like behaviour. Citizenship is at least a partially socially constructed phenomenon (van Steenbergen, 1994). This attribute makes both corporate citizenship and citizenship complex concepts, of which the minutiae of an individual's understandings of (corporate) citizenly behaviour are influenced by personal biases. Individuals must assume what proper social behaviour is for a company without guidance from an absolute authority on the topic (Moon et al., 2003). The individuals within a society have to reach a compromise between their personal ideas and implementing the resultant compromises as a set of actions for a company. However, unlike the case for most individuals, if a corporation deviates from expectations, their extra social power makes it difficult for the society to reprimand the corporation's behaviour and bring it back in line with expectations. Also, by treating the corporation as a social citizen, the society is also granting the company's owners a partial voice in a society the owners may not normally have a voice in.

The process of discussion and compromise mentioned above is continual. The process is based on continuing education, trial and error and observation of others (Jeurissen, 2004). Each action and decision affects perceptions of appropriate rights and responsibilities for persons to bear or undertake. This process can be due to changes in the environment as well as gaining a better understanding of knock-on effects from each action. Also, actions done as part of corporate citizenship are judged by the individuals and the society as a whole, all of whom can possess different views of the 'correct' relationships between the society and

the company. Personal understanding of these relationships is derived from each actor's experiences (Dentchev, 2009).

## **2.4 Business and Social Contracts**

A business social contract describes what can be considered responsible conduct by the companies in the same way a social contract describes potential social responsibility practices by humans in the society (see Bishop, 2008; Carroll, 1991; Jeurissen, 2004). Following the business social contract can help grant legitimacy to the company as a social actor (Gardberg and Fombrun, 2006). This is what Windsor (2001) termed a social license to operate. The social licence to operate reflects the company's perceived level of responsibility by the community (Sundstrom and Hyder, 2008). This characteristic allows a debate to exist regarding the details that should be included in a business social contract (Waddock and McIntosh, 2009).

Van Oosterhout (2008) questions if the use of a business social contract is a valid concept; or if it is overly burdensome to the intent and purpose of business. He notes that the intent of business means seeking profits legally and ethically, but does not include companies assuming civil, political or social roles. Yet, with the degree of interaction between the social, political, legal and economic dimensions of a society, this position may be hard to maintain (see Bier, 2003; Biggart and Castanias, 2001; Charney, 1999). This integration of dimensions gives credence to the possibility of a sense of co-dependence between businesses and society that can lead towards a social contract.

Based on the existence of extra support for the possibility of a business social contract, one can start to examine what a business social contract can be and how it differs from the hypothetical nature of a social contract. An important part of the business social contract concept involves how it is formed, which incorporates active engagement with and management of key stakeholders in the society with which the company interacts (Waddock, 2004; Warhurst, 2005).

### *2.4.1 The Business Social Contract Learning Process*

The business social contract is formed through a repetitive learning process involving the companies and the community (Jeurissen, 2004). Representatives from both groups are

expected to interact with each other, providing feedback about activities and open discussions, with the goal of coming to an agreement on participation in and by the society (van Steenberg, 1994). An example is when a stakeholder (or group of stakeholders) addresses a company for either commendable behaviour or in an effort to shame. The community is invited to comment on the stakeholder's appraisal of company actions through public discussion (e.g. commentary on the news, town hall meetings, etc.). This multi-party learning process is used to help form the business social contract (Heywood, 2003). For meaningful participation, all active stakeholders in this process, including the companies, need to possess a sufficient level of knowledge about the society. As with the case for humans, such knowledge makes corporate social roles more authentic and relevant to the society in which they occur compared to uninformed attempts at participation (Debeljak et al., 2011). This knowledge relates to the concepts of civil living (i.e. following the laws and trying to adhere to important social practices) and learning, something expected of all persons within the society (Stewart, 1995). By actively participating in the society, both natural and legal persons can understand which roles are important and desired and which are not. This is important if a person follows the social contract and wishes to be considered a legitimate actor in the society.

According to Koričan and Jelavić (2008), learning about the business social contract occurs at four different levels:

1. The government, which provides legal and infrastructure-based support to encourage socially responsible companies. Without this basic support, the individuals and the organisations are unlikely to participate in the process as there are no guidelines and/or more urgent issues.
2. The civil society sector, which sets up expectations of social responsibilities, derived from input by valid, reasonable and rational stakeholders. Community stakeholders are invited to contribute via civil discourse, similar to the learning process described at the beginning of this subsection.
3. The companies, which protect their interests from being overridden by responsibilities that do not match their abilities<sup>7</sup>.

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<sup>7</sup> Crittenden et al. (2011) recommends that there should be a specific post within the company that deals with this issue. The person would be charged with understanding the company's view, the view of the society and

4. The individuals in the society, who encourage the proper understanding of corporate social responsibilities in a specific society through their actions. Examples of these actions include: buying from responsible companies or customers voicing their concerns.

In recent times, the civil society sector plays an increasingly important role in defining the business social contract and identifying the broader scope of responsibilities. This is due to the civil society sector being the most recognisable recipient of corporate social activities as well as being the forum through which the social contract is discussed (Ruggie Report, 2008; Schouten, 2007).

Failure (by the business or its agents) to learn about the guidelines in the business social contract can be seen as disregard for the society. Disregard can result in the community attempting to retract or reduce the social licence to operate (Zinkin, 2004). Hamman et al. (2005) state a company needs to understand the stakeholders' interests as well as their own in order to form a mutually beneficial business social contract. Therefore, learning about the limitations of their abilities becomes as important as expectations of the community for the corporations.

However, it is not always clear how corporations ought to undertake the learning process (Wry, 2009). According to Jeurissen (2004), similar social processes are reached by trial and error and continuous learning through participation. Yet, when applied to a corporation, this form of learning is not always practical due to the potentially large social impacts that a corporation can have. Therefore, actors should act in a way such that *according to the society's present knowledge* harm to the society or its members is minimised or avoided (Jeurissen, 2004). When a solution cannot be reached, actors should attempt to work towards a reasonable disagreement (Rawls, 2005). This means that stakeholders can outline terms of what to exclude from the social contract as long as negotiations do not exclude primary claims. (Primary claims are the fundamental rights which the society recognises for its members, discussed below). This follows Marshall's (1964) evolution of rights. This evolution effectively creates an over-dampened system that controls the transgression of primary rights. According to Marshall, societies begin with the primary (i.e. natural) rights

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how these views are related. This assists in transferring knowledge about the social contract to the company as an actor from the individual agents within it.

intact. Other rights (civil, political and social) are added over time, but they are not always perfectly accessible to all members of the society. To fix this, societies add rights and duties that make the important 'other' rights more accessible to additional members in the society. These additions are made as the society learns how to relate the rights to evolving understandings of the relationships and impacts various actors have on each other and the society. An example of this is the implementation of universal suffrage. With a system in place for acknowledging the build-up of rights and duties within the business social contract, this chapter can now turn to better understanding these elements and the roles they can play in the business social contract.

#### *2.4.2 Understanding Rights and Duties in the Business Social Contract*

The previous section mentions that socially developed rights should not transgress what Rawls (2005) calls the primary claims one can make against a society as part of being a member. Primary claims are the claims that a valid member of a society has, entitling them to access the common goods of the society (e.g. access to land, labour, etc.). However, the level of access to and definition of the set of common goods is determined by the local society and enforced by the local authorities (Rawls, 2005; Rousseau, 1762[1978]). Primary claims involve the idea that making a claim for a share of the common goods produces a counter-claim. The counter-claim includes a requirement that the users (corporations in this case) contribute towards the future sustainability of the common goods (Jeurissen, 2004). In this view, CSR becomes a moral duty owed to the society. Corporations (as well as other actors) have a responsibility to ensure the sustainability of common goods (Debeljak et al., 2011) and society. However, the problem remains of how this moral duty is assigned to the corporations and to what extent such duties can be expected from companies.

Davis' (1960) contention that business-persons (and by extension, companies) have economic and socio-human responsibilities is one example of how these moral duties can be realised. Through the socio-human responsibilities Davis envisions a direct link between businesses and activities which help develop individuals and the society. Economic responsibilities suggest a duty to increase the overall economic health of the affected communities. Davis recommends sustaining the productive capability of the economic, social and human resources. Through sustaining these common goods, both the companies and their employees can fulfil their moral duties of meeting primary claims (see Jeurissen,

2004). Davis' requirement to meet the socio-human and economic responsibilities can be used to guide companies in maintaining a social license to operate. However, Davis does not propose a way to limit the responsibilities of corporations.

Limiting social responsibilities can help maintain balance in the business social contract. The United Nations Global Compact (2000: Principles One and Two) specifies that corporations should act as a protector of human rights "within their sphere of influence". The 'sphere of influence' limit advises corporations about whom they owe duties to and under which circumstances they should follow these duties. That is, stakeholders who can be affected by a corporation's actions, directly or indirectly (e.g. suppliers filling requests), are within the sphere of influence. For those stakeholders within the sphere of influence, the corporations' extra social power should be balanced by reasonable responsibilities.

Similar to the UN Global Compact, the OECD (2006) has stated that an aim of corporations, especially multinational corporations, is to promote positive contributions towards economic, environmental and social progress. Again, there is a call for corporations to be actively involved in the society. To be considered legitimate actors in the social sphere, corporations ought to have a constructive impact upon the economic, environmental and social progress of a society. Undoubtedly, the OECD has specifically implied ideas for the terms 'progress' and 'constructive impact', but these are never made explicit. Also, the call for active involvement in the society implies that corporations engage in dialogue in order to build a business social contract through the process of civil discourse. The active involvement in society allows the companies and the society to co-create the expectation for responsibilities and limitations. These responsibilities (according to the OECD) are not limited to a fixed sphere of influence (OECD, 2006). The companies are asked to consider the potential and actual impacts when exploring their responsibilities related to the specific national and local context (Ruggie Report, 2008).

In both of the CSR guides listed above there is an assumption that the potential for extra social power (as noted in Davis, 1960) leads to the belief that companies are one of the caretakers of human and social development. This highlights the idea that corporations have a responsibility not to infringe upon human rights. Further, corporations are not

entitled to the same rights as humans. This reflects two ideas from the political literature. First, basic (natural) rights of humans are superior to social rights of corporations (Hampsher-Monk, 1992). The basic rights of the corporations are socially derived, requiring something like a society before a corporation (as it is currently understood) can exist. Therefore, a company's rights come from the desires of a society and not a pre-social existence (Bishop, 2008). Second, the corporations are not subject to human frailties such as finite life and susceptibility to physical, emotional and psychological injury which need to be accounted for in social rights (Urry, 2000). Because these social rights do not preserve the physical health of a corporation, they are deemed as inferior to those of natural persons (Heywood, 2003; Matten and Crane, 2003). This hierarchy may not extend to the social rights that account for more than human frailties. By understanding that societies were established to increase the likelihood of human survival by working in groups (Hobbes, 1651[1978]), one can see that rights that do not specially relate to human frailties are of negotiable importance (Hampshire-Monk, 1992, Marshall, 1964; Rousseau, 1762 [1978]). That is, rights which support comfort within the society are able to be assigned importance based on the society's overall consensus of their relative importance as related to other rights. This deliberation is done by civil participation in the political society (Froese, 2001). There is also an implicit assumption in these perspectives: the public interests of the community are more important than the private interests of corporations (Pies et al., 2009). (See also: Avishai, 1994; de Oliveira, 2006; Palmer, 2001; Ronald, 2004.) In order to maintain the balance of the relative importance of rights, there is a need to encourage active dialogue. This active dialogue benefits the companies and the society via building up social capital through the social citizenship concept (Hampshire-Monk, 1992; Marshall, 1964).

#### *2.4.3 Towards a Static Business Social Contract*

Scherer and Palazzo (2007) note that many of the guides for corporate social responsibilities, which help form the responsibilities for companies in a business social contracts, do not consider the adverse effects of these responsibilities on the companies. They attribute this to a lack of understanding of the dynamics involved in a sustainable balance between corporate and social desires. They note that most current models of business social contracts are static, similar to legal contracts. The contracts do not

continually adapt to changes in the context.<sup>8</sup> Changing the business social contract updates what is considered a success or failure when evaluating compliance with social responsibilities (Jones et al., 2009). Provided that the business social contract remains an adaptable and negotiable agreement, it can be a useful tool, capable of adjusting to changing context(s). The adaptability of the business social contract is an attribute ascribed to it by virtue of it being the result of continuous negotiations based on the multi-party learning of what is socially acceptable. Bear in mind that ‘what is acceptable’ is based upon social values, improved understandings from experiences and reactions to changes in the environment (Haas, 1986). Therefore, this adaptability allows for changes in social desires for what is acceptable social behaviour (David Hume Institute, 1998). This diverges from social contracts as these business social contracts contain real discussions. Instead of outlining plausible agreements that could have been made, the business social contract reflects tacit discussions that are potentially enforceable by different actors.

This process also enables societies to form useful and relevant guidelines on expected social roles. Stating that companies exist to benefit society, while not elaborating on the meaning of the term “benefit” does not help form a useful business social contract (Dentchev, 2009). Business social contracts which try to hold a corporation accountable for social responsibilities, do not always consider the company’s abilities and business functions. Also, these social contracts do not necessarily account for local social desires (Carroll, 1991; Dentchev, 2009). The prevalence of a predominant set of cultural perspectives in research regarding corporate social responsibilities (i.e. ‘Western’ cultural perspectives) may have influenced ideas about forming business social contracts. This is based on the idea that, until recently, the extant research and best practices are based on Western companies and societies, their interactions and the business social contracts that have been formed to fit the conditions that are particular to these contexts (i.e. developed economies with relatively high stability) (Feil, 2008; Werther and Chandler, 2006).

## **2.5 Researching CSR and Corporate Citizenship**

As mentioned above, trying to measure the output from corporate citizenship activities has only been in vogue in western countries since approximately the year 2000 as evidenced in Maignan and Ferrell’s (2000) study detailing the lack of measurements prior to this time

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<sup>8</sup> These are exemplified in corporate documents like CSR reports, corporate citizenship statements, etc.

frame. During this time, researchers have encountered problems when evaluating the quality and quantity of social capital built by companies. Waddock (2004) suggests that one reason for the difficulties encountered is that there are academics and practitioners who hold a view that corporate citizenship exists in the theoretical realm but has little real applicability. This may be a symptom of not having an authoritative definition as well as the difficulty in establishing a means to implement standards-based corporate policies for corporate citizenship in a practical manner. Both of these conditions have their roots within the framework of 'being a citizen' as an experience in a specific context. Realising this problem supports Crane et al.'s (2008) position that corporate citizenship is a metaphor which can be used to help describe the motives of why corporations assume social responsibilities.

A metaphorical position links corporate citizenship and the idea of social citizenship. This means the ability to assign a value to social capital is critical to measuring corporate citizenship. Building social capital helps form the relationships that allow for social citizenship. Social capital, however, is not a tangible asset and measuring it suggests theoretical debates rather than use of scientific methods (Boutilier, 2007; Charney, 1999; La Porta et al., 1997). Adler and Kwon (2002) suggest that social capital is a resource that is not owned by any actor. Social capital is something that only exists in the connection between actors. It follows logically that establishing standard, quantifiable metrics for corporate citizenship is highly improbable. Based on Ivison's (2000) notion that there is no definitive rule on what constitutes a good citizen, this problem is expected. The actions of citizens, carried out as part of citizenship, are the important factors (Turner, 1994). This makes citizenship something that is measured differently between different societies and by individuals. This situation also allows for different expressions of practising citizenship (Oommen, 1997). Participation is what allows a person to understand good citizenly behaviour and build social capital (van Steenbergen, 1994).

Therefore, the metric of citizenship becomes a subjective interpretation, not conducive to standardisation. This allows various views of the meaning of corporate citizenship and its relationship to social responsibilities (Baubock, 2000). Different groups and studies use different metrics to test levels of corporate citizenship based on their assumptions of what

should be included or stressed as a company's role in society (Boyle and Boguslaw, 2007). The authors' preconceptions can be derived from a different context and presumed social contract from the one being investigated. Understanding how specific contexts relate to understanding corporate social responsibilities is left as a gap in the current knowledge. The following paragraphs point out how the extant notions are being applied to a limited range of new context to measure CSR activity, but not relationships. Feil (2008) and Werther and Chandler (2006) support the claim that studies are based on the understandings of CSR and corporate citizenship from the 'Western' world as applied to developing economies. Academic conferences (e.g. Academy for Business in Society and International Academy for Business in Society, European Group for Organisational Behaviour) have noticed this as well, with calls for papers that involve developing countries. Yet the papers have not shifted their foci to include local perceptions of CSR, only application of extant measurements and definitions.

Another reason for the difficulties in evaluating corporate citizenship is that there are no means to force companies to assume social responsibilities if they are not codified into enforceable laws<sup>9</sup>. Evaluating a company's citizenship efforts increases in difficulty if the findings are not likely to be in the interest of the corporation. For example, data can be withheld or participation can be limited (Matten et al., 2003). Schwartz and Carroll (2003) also highlight potential complications in obtaining relevant and useful data from companies. Sensitive or controlled information, which may play an important part in the research, may be limited in availability or restricted in its use. The condition described by Schwartz and Carroll influences the list of potentially useful metrics to understanding how a company (or set of companies) views and executes their social responsibilities. This condition also affects the notion of willingly active participation as a condition of social citizenship.

Veitch (2007) also suggests a factor for selecting industries or specific companies to study lies in the nature of the products or services they provide. The more heavily the companies are normally involved in supplying utility-based goods and needs (e.g. electricity or sewerage), the less likely they are to be examined. Veitch contends that it is only when

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<sup>9</sup> The issue of voluntary and regulated corporate social responsibilities will be discussed in section 2.6.4.

certain rules (based on the industry and regulations) are broken that the society views these types of companies as irresponsible. If these companies are believed to be operating 'within the rules,' the society does not give them much active thought and allows them to continue operations without extensive scrutiny as the companies are fulfilling their primary responsibilities. This can be related to Ivison's (2000) notion that a person is not corrected if they meet the accepted mode of expressing membership within their community. Ivison notes that a community will only seek to correct a member if they do not meet their obligations or behave in a deviant manner. Those that meet the minimum requirements (without superseding expectations to a point worthy of laud) are given little active attention.

Academics are not the only group interested in researching the citizenly activities of corporations. Industry research groups have also formulated independent metrics. Kinder, Lydenberg and Domini (KLD), Fortune Magazine's Most Admired Companies, and the Corporate Giving Directory are a few examples of industry-based evaluations of CSR. These groups have different objectives for the data they present about the companies. The research groups use the data either as supplemental information for investments in sustainable companies (e.g. FTSE4Good) or for third party evaluation purposes. The analysis is typically based upon categories which are important to the target audience(s) and relevant to the current world environment. The importance associated with the different categories changes over time. The research groups have added and deleted categories as interests in issues wax and wane (Chiu and Sharfman, 2008; Gardberg and Fombrun, 2006; KLD, 2009). By following trends, the instruments either may be tracking fads instead of significant concerns or they may be responding to legitimate changes in social attitudes. The drawback of these instruments is that they are presented for specific audiences. The audience members' concerns introduce a bias on what the instruments are designed to measure. The majority of the target audiences are not situated in developing economies with low levels of stability, leaving this gap in knowledge unexplored.

What is noticeable about the empirical research is that there is a focus on maintaining the evaluation criteria across the study as opposed to the actual impacts on the community (Hamann, 2007). By focusing on maintaining the evaluation criteria, the research instruments can lose the connection to the context of the study. The interpretations of the

data gathered by these instruments may not capture the full extent of the impact a company's actions have on a society (Warhurst, 2005). Warhurst continues that the impacts of CSR activities on society are designed to increase social capital between the company and the community. The desires of the local society for a social contract are what are important in the political literature (Jeurissen, 2004) as well as explaining corporate desires for wanting to participate in certain roles (Fraser and Gordon, 1994). The result of imposing conditions from external business social contracts on local business-community relationships would be ambiguity concerning the role(s) of a company and its expected practice of social citizenship.

## **2.6 From Socially Responsible to a Corporate Citizen**

The historical connection between corporate citizenship and CSR helps focus corporate citizenship on the legal and ethical execution of corporate functions. Focusing on corporate functions helps illuminate why some authors want to disregard the political implications of citizenship for corporate citizenship and restrict corporations from participating as something akin to a citizen. By focusing on the functions, one can note that corporations are designed to create a profit for their owners and not be socially active unless that generates higher profits (Marsden and Andriof, 1998; Waddock, 2004). Van Oosterhout (2008) notes that there exists neither a consensus on 'what CSR is' nor is there an absolute metric for identifying actions that are done correctly. This can be expected if the social context is used to inform corporate citizenship and social responsibilities. CSR practices are often documented as being voluntary with a diverse range of activities, giving little common platform to negotiate their integration across different contexts. Fukuyama (2004) reminds researchers that further complications arise from the reality that the context influences acceptable boundaries of the social roles for different actors. This can make specific corporate social responsibilities difficult to convey across cultures.

These deviations in the terms suggest that corporate citizenship and CSR are not synonymous. The history of these two ideas has allowed for variations and alternative terminology to develop between them (Hopkins, 2003). These differences and how they influence the diverse views and objectives of researchers in the business-in-society field of study are important to recognise. Varying underlying assumptions about what is important

to cover in studies examining CSR can result in different discussions and conclusions about the topics (Weyzig, 2009).

The relationships between the companies and the society form the basis of the contemporary views of corporate citizenship and CSR. CSR actions are ideally linked to the main business activities of the companies in order to make efficient use of resources spent on CSR projects and produce a meaningful impact. Also, these actions are explicitly meant to avoid causing harm to the society and to promote the well-being of stakeholders (Peinado-Vara, 2006; Werther and Chandler, 2006). Peinado-Vara also suggests that CSR activities are intended to comply with and *voluntarily* go beyond the letter of the law. This view of CSR starts to incorporate Turner's (1994) and Delanty's (2000) ideas that social citizenship is something that is willingly done by the person to be included in the society as a valid member.

This strategic view of CSR requires that a company plans its actions to be ethical and socially responsible before putting the plans into practice. This contrasts reactionary or opportunistic corporate social performances – which are usually enacted without due diligence or extensive consideration of consequences (Marsden and Andriof, 1998). In older views of CSR, the focus was to investigate reactive CSR, as opposed to proactive or active activities (Hopkins, 2003). With CSR being viewed as proactive and strategic, the focus becomes examining how the social context influences the desired socially responsible actions for a company. It also helps to manage how a corporation responds to social incidents (Dentchev, 2009; Maignan and Ferrell, 2000). These planned activities, if implemented correctly as part of a CSR strategy, should encourage sustainability in “economic welfare, social equality and environmental preservation with respect to current and future generations” (Dentchev, 2009: 20). Malan (2005) supports this view in suggesting that in addition to being profitable, corporations are intended to treat the members of the community in a fair and equal manner. Maintaining fairness includes allowing the company to be financially viable and to meet the reasonable demands of society. In order to achieve this fairness, societies would need to adopt a strategy to enable corporate citizens to be socially responsible as opposed to declaring it a necessary activity with no guidance on how to practise it (Matten and Crane, 2003).

### 2.6.1 *Considerations for Internalising CSR Projects*

Kotler and Lee (2005) suggest that when a company is considering potential social responsibility projects, the employees involved in the decision making ought to consider the impacts on both the company and the external actors that are impacted by the actions. Marsden and Andriof (1998) agree with this position. They also go on to suggest how to extend the CSR approach beyond a company-centric one. They posit that managers need to strive to understand the view of the external social environment regarding CSR. This means accounting for the pressures from society for or against different projects and understanding the underlying ethics used in a community to determine good business practices. However, these factors are difficult to evaluate as they are subject to change over time, and they are not precisely defined (Carroll, 1991). In other words, there is no universally accepted idea of a 'good' or 'bad' CSR project<sup>10</sup>. The 'goodness' of a project is based on the social context in which the project occurs in much the same way that a 'good citizen' is identified via the values of the society (David Hume Institute, 1998).

Vidaver-Cohen and Bronn (2008) note the importance of context when evaluating *if* a project should be enacted and *what* projects a company may wish to undertake in order to be considered a good corporate citizen. Considering the importance of cultural context, it is interesting that the majority of the ideas about CSR and citizenship have been formulated in developed economies. Also, an overwhelming majority of investigations have taken place in similar contexts (i.e. Anglo-North American and Western European countries). Researchers have devoted less attention to the relationships between companies and communities in states which are still defining their economies or which have undergone violent disruptions to their societies (Feil, 2008; Werther and Chandler, 2006).

### 2.6.2 *Engaging with Society*

Before assessing the goals for potential corporate social responsibilities, a company should consider options as to how to engage with stakeholders. Van Tulder and van der Zwart (2006) have stated that there are four main approaches to stakeholder relations:

1. Inactive – An inactive approach does not attempt to be socially responsible, opting instead to focus corporate objectives on the generation of profits and core

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<sup>10</sup> This position assumes the companies design these projects to be recognised as corporate citizens. Such factors call into doubt if a successfully executed project will automatically lead to being labelled a 'good corporate citizen'.

efficiencies of the company in order to achieve maximum competitiveness in the market. Any corporate socially responsible actions are a by-product of the normal operations and likely to be recognised by the society before the company realises it is being socially responsible.

2. Reactive – In a reactive approach, a company responds to criticism of its impacts on society and recognises these criticisms through post-hoc dialogue. This approach attempts to rectify a negative situation. This form of CSR is primarily associated with reputation mending. It is used by corporations that feel a sudden pressure to be socially responsible.
3. Active – An active approach is used if a company tries to be an ethical member of society. Here, ethical relates to the idea of doing well by doing good. A company seeks to minimise what it considers negative externalities and increase positive ones. These methods do not always relate to the problems perceived by a company's stakeholders. Instead, the focus is on how a company thinks it should fulfil any social roles which it might believe it has.
4. Pro-/interactive – A pro-/interactive approach is similar to an active approach. The difference is that the pro-/interactive approach uses dialogue with stakeholders to anticipate stakeholder desires and to avoid being labelled as socially irresponsible. This approach incorporates the views of stakeholders when defining a company's social duties.

The methods which a corporation chooses to use can reveal their philosophy towards public engagement and the importance the corporation places on stakeholder involvement. The more attention a company places on willingly working with the community, the more likely it is to be associated with being a corporate citizen. This is from both the company and societal points of view (Matten and Crane, 2003).

It is also important to notice that the last three points above highlight learning about acceptable social behaviour (i.e. what the social contract includes) as an issue. Mele and Paladino (2008) note this type of learning is a shared process that involves all social actors (see also: Jeurissen, 2004; Oommen, 1997). In the case of reactive approaches to corporate citizenship, learning happens as a corrective measure designed to align the public and private interests of a person (see van Oenen, 2002). In the active approach, a corporate

citizen applies what they have learned in an attempt to conform to social norms for responsible behaviour. The person is expected to apply their knowledge to determine their social responsibilities towards the community without external coercion. In the pro-/interactive approach, the actions are intended to have some benefit for the society as well as the company. This requires the company actively learn about what its potential expected social roles are before acting on them.

If a company can understand the potential social impacts of its actions, it can work towards managing its relationships. Properly managing its relationships allows a company to promote its self-interests and maximise long-term social responsibility results (Matten and Crane, 2003) at the same time as working towards being recognised as a corporate citizen.

Matten and Crane state that long-term results are prescribed to reassure stakeholders that the actions are not a series of quick fixes with diminishing returns. Chiu and Sharfman (2008) suggest that the amount of visibility a company seeks and the stakeholders' perception of the company are linked to past actions of the company and to its (perceived) available resources. Some corporations focus on activities which are visible to a larger proportion of the public. These corporations attempt to produce a stronger reputation through improving social capital (Gardberg and Fombrun, 2006; Vidaver-Cohen and Bronn, 2008). This can increase their standing as a corporate citizen and perceived social responsibility in a particular community. The ethicality of reputation management is a possible concern for this approach. However, from the perspective of citizenship, the society's members are also responsible for monitoring the activities to see if they align with the requirements of social citizenship (Jeurissen, 2004). Assuming that Matten and Crane's (2003) long-term results guideline is used in conjunction with (re-)defining acceptable social roles (Hooghiemstra, 2000); there is a recognisable attempt to follow the requirements for social citizenship. If actions are sporadic or short-term oriented, the company can be seen to be unreasonable (see Rawls, 2005) and thus not fitting the aspects of citizenship and potentially not socially responsible, depending on the result of the action.

Besides attracting the attention of the society, corporations can direct their social performances to affect their relationships with governments. Behaviours directed towards

government audiences are focused on creating a “stable social, environmental and political environment” to ensure profit (Matten and Crane, 2003: 4). The stable environments contribute to clear circumstances that the corporation can account for and respond to with minimal difficulties. The stability created is often an attempt to pre-empt regulatory laws by self-regulating. The proactive, self-imposed regulations can help establish governance structures which improve investment perspectives and cut operational costs (Wolf et al., 2007). The strategic aspect of the above situation is straight-forward, but the social aspect is not as clear. In order to be considered socially responsible, the actions also have to fit society’s expectations (Calton, 2006; Zinkin, 2004). Self-imposed regulations by any company or industry which do not meet the standards of social responsibility can still be considered deviant behaviour (McKinnon and Hampsher-Monk, 2000).

An attitude of incorporating a proactive approach and a willingness to undertake different corporate social responsibilities is intended to help a company adapt to changes in the social sphere. Properly applying this attitude can help to offset legal ramifications which could hinder both social and financial performance (Overbeek et al., 2007; Werther and Chandler, 2006). Scherer and Palazzo (2007) recommend that a company should examine how its decisions and actions are received by the society and by the legitimate authorities. Understanding how other actors within the society will likely respond to proposed actions which can impact the society can be a key advantage for designing CSR projects (Noland and Philips, 2010). This understanding can aid a company when identifying meaningful objectives and target audiences for its efforts. This is similar to notions that citizens can perform certain actions based on if they are operating in the public or private sphere, with actions curtailed to the appropriate audience and the society’s political philosophy (see Eriksen and Weigard, 2000; Habermas, 1989; van Oenen, 2002).

Questions about the ethicality of not going beyond minimalistic legal requirements in a corporate citizenship context can be addressed by returning to the basic notion of how this thesis has defined corporate citizenship in relation to citizenship. Since corporate citizenship has been defined as a metaphor that is related to the idea of social citizenship Anderson’s (2006) ideas of ‘imagined communities’ can be used to gain a basic insight into this quandary. According to Anderson, the social bond that allows for members of a

community to recognise their homogeneity, and thus social identity as citizens, resides at a level other than the geo-political state. Thus, if a corporation wishes to be seen as a corporate citizen, they have to conform to society's reasonable expectations which have not yet been enacted into law. Further addressing this topic involves examining the legitimacy of stakeholders (who can participate in developing the business social contract) and the limits of legal regulations on CSR. Both of these topics will be discussed in the following two sections, respectively.

### 2.6.3 Stakeholders

Companies engaging in CSR are encouraged to consider the goals of the activity and how it will relate to their standing as corporate citizens. Waddock (2001) states that companies should act according to social citizenship ideals and inform these decisions via:

1. Engaging in dialogue with stakeholders to understand their positions on desired corporate social responsibilities better.
2. Considering how the stakeholders' positions may or may not relate to the position of the company. Waddock notes that the goals of all parties may not always align, so it is important to understand how this will affect the perceptions of social responsibility.

Both of Waddock's suggestions above relate corporate citizenship with stakeholders.

The expanded views of corporate citizenship (see section 2.3.2) involve incorporating the use of stakeholders. The company can try to identify *potential* stakeholders by social movements or third party interest groups. However, not all potential stakeholders represent the legitimate interests of the surrounding community (Hooghiemstra, 2000). Each stakeholder has varied interests which can cover issues in the environment, the workplace, the community and/or the marketplace (Andriof and McIntosh, 2001). This makes applying stakeholder theory to validate CSR activities contentious.

Wheeler et al. (2002) highlight that a system which incorporates stakeholders as the primary focus has the potential to undergo a process of legitimising and de-legitimising different stakeholder groups. Legitimate stakeholders are important because they function as the links between a company and the society. The way a company interacts with its legitimate stakeholders can help or hinder attaining acceptance as a corporate citizen or being labelled socially responsible (Hopkins, 2003).

According to Wheeler et al. (2002), reclassifying stakeholders' legitimacy can cast doubt on the sincerity of the company and their projects. In application, one has to accept the assumption that continued legitimacy of a stakeholder is determined by a negotiation process. As this is a process with multiple inputs, the overall agreed status of a stakeholder (legitimate or not) can change. If a stakeholder group, which has been reclassified, disagrees with their new status, they can work to reduce the social capital of the company. Wheeler et al. continue, a stakeholder group whose legitimacy has been reclassified may be less reasonable in future interactions with the company. That is, the stakeholder group may not be willing to work towards a mutually agreeable position with the company. Take for example: Company A engages in active or pro-active CSR activities. Company A has dialogue with stakeholder groups X and Y. Initially, Company A holds group X as one of its legitimate stakeholders due to the relationship between their cause and the impacts Company A has on the society. Company A maintains dialogue with both groups X and Y in order to understand what their positions are and how they relate to Company A's positions. At a later date, Company A believes (based on the dialogue) that it no longer needs to interact with group X due to a change in A's externalities or CSR goals. Company A also starts to realise that the interests of group Y are of valid concern and related to their CSR goals. Because X has been delegitimized, it may work to decrease the social capital of Company A.

Another potentially large problem for companies using stakeholder theory is if a company does not understand their stakeholder assessment criteria. The company's agents can potentially label all stakeholders as legitimate. This problem has a basis in two areas: there are no definitive criteria for assessment, and assessments can be based on changing or ill-defined CSR strategies within the company. This error in judgement can quickly expand to encompass the entire global population on certain issues (e.g. environmental issues) (Wheeler et al., 2002).

These potential problems (legitimacy cycles and stakeholder set size) raise a question of how to define the limitations on which stakeholders are owed corporate social responsibilities. Waddock (2004) suggests that managing the nature of stakeholder

relationships is the primary concern of corporate citizenship, i.e. allows a company to be considered a potential social citizen within the host society. Managing these relationships allows the company to build social capital, yet the relationship management is a difficult process. Choosing to acknowledge the interests of certain stakeholders over others can create negative consequences. The wrong balance within the relationships can lead to undertaking extreme measures if radical interests are prioritised too highly (Calton, 2006; Hopkins, 2003). There is no agreed method for selecting the correct stakeholders as legitimate. To help demonstrate this point, two popular methods are described below.

One method for managing stakeholder relationships involves comparing the values of stakeholders with those of the company (Sharfman et al., 2000). This reflects Waddock's (2001) point about how to manage with wisdom and integrity. The ability to interpret the issues and their value for the company is an important tool for determining who or what the company should consider a legitimate stakeholder for each social concern. The companies ought to account for the positions of the different stakeholders when they consider the stakeholder's proposition for social responsibilities (Sharfman et al., 2000). This method implies that a corporation is not beholden to all of society so long as it is participating as a responsible person acting within the spirit of its legitimate social responsibilities. The company-community relationships and the activities determine the acceptable level of responsibility (Maignan and Ferrell, 2000). This method has the potential to exclude legitimate stakeholders if the corporation is unaware of what the society holds as important social responsibilities (Mele and Paladino, 2008).

Wolf et al. (2007) suggest another method to assess stakeholder legitimacy, one that is based on the relative network-distance between the stakeholder group and the company. This network-distance includes the probability of interaction between the company and the stakeholder. The correlation is based on an assumption that legitimate stakeholders have a higher probability of interacting with the company in the social sphere. As an example: assume there are two stakeholders, A and B. If the network-distance from the company to A is less than that to B, A should have more influence as a gatekeeper between the company and society and as an opinion-former on corporate social activities. In addition to the probability of interaction, potential impact on the stakeholder is also considered an

important factor. Activities which impinge on social equality decisions can give more prominence to a stakeholder's claims than issues which address inconveniences (Sundstrom and Hyder, 2008). This method resembles Habermas' (1989) notion about private issues impacting the public sphere. Since the private issues of the corporation affect the public concerns of stakeholders, the stakeholders are allowed to make claims for responsibilities against the corporation (and vice versa). These claims become more important if the actions affect the common goods or primary rights of stakeholders.

There is also an argument that it is impossible to assign an objective value to the relative importance of each stakeholder for management decisions. Argenti (1997) questions how a person is able to measure the fair distribution of 'rights' of stakeholders; however, he firmly situates rights as ownership rights of corporate assets. There is no link in Argenti's argument about 'rights' to a political sense of rights.

Campbell (1997) argues against Argenti's point. Campbell notes that this problem can be overcome by properly planning the purpose(s) of the CSR exercises for the company and the potential impact on the stakeholders (including the shareholders). Having a clear understanding of the reasons for undertaking these activities can help inform stakeholders' potential expectations. Informing stakeholders can aid in determining legitimate actions as well as refining realistic expectations for CSR.

Nonetheless, Campbell (1997) fails to account for the personal attachments that stakeholders can develop for their viewpoints. Any such attachments by either the company or the stakeholder(s) can negatively impact the negotiations regarding social responsibility expectations. The idea of personal attachment also breaks Rawls' (2005) reasonable clause. This breakdown highlights how the political assumptions can be impractical when applied to actual problems, which exemplifies how the business social contract, as a means of describing the expected corporate social responsibilities, is different from the political thought experiments from which its name is derived. In order to be useful, the business social contract has to reflect an active, real social negotiation focused on a specific society.

By using stakeholder theory one can start to form a social citizenship-based idea of social interaction by recognising rights that extend beyond the legal use of a corporation's assets, including primary and social rights of all persons in the society. Related to corporate (i.e. social) citizenship, stakeholders are the social actors who actively judge if companies are being 'good' citizens or not, and they present these judgements with evidence to the rest of society. Their assessments are based on their biases and interpretations of 'good'. This situation makes finding an authoritative method for defining a good corporate citizen impossible, a conclusion that is similar to the problem of objectively defining a 'good' citizen (Norman and Neron, 2008).

#### *2.6.4 Limits on 'Legally Required' Social Responsibilities*

Choosing which stakeholders to work with is not the only contentious issue when it comes to implementing CSR. There is also a debate about how far a company should go beyond legal obligations, if at all. Hopkins (2003) suggests that CSR should not exceed legal requirements, rather CSR would benefit from codification or government regulation. By following Hopkins' advice, corporate social responsibilities become clearly defined activities for the companies. Murray (2003) provides some assumptions from which one can derive Hopkins position.

Murray (2003) notes that companies which participate in CSR activities can be put at an unfair competitive disadvantage (knowingly or not) compared to those that do not participate. Extant research which investigates if such an approach causes competitive disadvantages, due to extra restrictions or inefficient use of company resources, or not, is inconclusive (for examples, see Carroll and Shabana, 2010; Gardberg and Fombrun, 2006; Hamann, 2007; Vidaver-Cohen and Bronn, 2008). However, this assumption raises two points that can be examined through the lens of business social contracts. First, engaging in these practices can be a distraction from the main functions and competencies of the company. This is why corporations are advised to make CSR participation a strategic choice. Second, companies can put unnecessary, competitive restrictions on themselves which rivals can ignore (Murray, 2003).

Murray (2003) also suggests that, if implemented incorrectly, the corporate social activities may result in a net balance of negative externalities, creating more social harm than good.

This assumption is based on the idea that companies and their agents do not know what is best for a community. Companies – representing only part of the society within the community – are better equipped to consider issues related to their self-preservation. Companies can choose the wrong causes to champion that relate to only a small part of the society but ignore the responsibilities desired from a full corporate citizen. Also, companies are not subject to the same frailty issues as humans (finite life and susceptibility to injuries), which their actions can affect. If the best choice of action for the company does not align with that of the community, then the chance for harm increases due to the agents potentially prioritising activities in favour of what is best for the company (Murray, 2003). In brief, companies, trying to act as responsible corporate citizens, can accidentally cause more harm than good because of the scope of effects they can have in the public sphere and a desire for self preservation. However, this approach does not align with the notion of corporate citizenship. A society expects more from a person accepted as a citizen than simply following the laws (see Stewart, 1995), the society expects the person to understand other important aspects and voluntarily go beyond the basic requirements of civil living. In other words, the person is expected to contribute to the society in a positive manner, consistent with their understanding as learned from various experiences within that society (Jeurissen, 2004). Understanding expectations for CSR as a corporate citizen also includes learning what reasonable limits exist due to corporate self-preservation and negative externalities.

According to Schouten (2007), legal regulations of CSR generally are presented as an option of last resort. Governments introduce legal measure when alternative forms of implementing desired social responsibilities prove insufficient in causing a change in companies' social responsibilities. The use of legal measures follows changes in the social desires of a community. The community may see a need to renegotiate the roles of business to reflect the values of society (Fairbrass, 2011; Warren, 2003). These processes require a critical momentum before they can be used to instigate a change in political direction. The legal frameworks which have been developed out of corporate social responsibilities (e.g. equal employment opportunity or environmental laws) have lagged the situations and circumstances which necessitated their legislation. They have been composed of compromises with corporations which did not implement the activities when they were voluntary measures. The compromises were formed to balance the intentions of the social

desires with the claims for what hamper the viability of the companies (Carroll, 2001; Keeley, 1995). Creating legal statutes can disassociate the laws from the situation that the law addresses - which may make the statutes irrelevant over time.

Also, these laws do not restrict the limits of the potential for engagement; they set minimum standards (Marens, 2007). This approach allows corporations that value CSR to do more than their counterparts, while ensuring that other corporations will be held to minimum social standards (Murray, 2003). Using minimum standards also allows some of the essential relationships between business and society to form naturally. Here, 'naturally' refers to a process that is unaided or influenced by forces external to the relationship, including but not limited to laws and government regulations. These roles are related to building social capital and forming a sense of solidarity between involved persons. The process allows companies to assume a sense of social citizenship if they desire but does not force it (Veitch, 2007). Willing participation is essential to the concept of social citizenship (Turner, 1994) and therefore being a corporate citizen.

Veitch (2007) continues that the relationships between companies and society can become constrained by legal regulations. The legal regulations are an attempt to compensate for a deficiency in social capital. The company-community relationships may be more fluid and dynamic than what is allowed for by laws (Veitch, 2007). This is due in part to the inability of legislators to predict and account for all possible circumstances that can be encountered. Using a purely legal basis for defining CSR requires the certainty that all aspects of the company-stakeholder relationships are accounted for (Jones et al., 2009).

There is also another consideration when discussing limiting CSR to legal requirements – not every socio-political community has the necessary resources or political will to enforce their laws. A number of developing states have a weak legal infrastructure, and part of normal operations includes tolerating relatively high levels of corruption (Charney, 1999; Malesevic, 2008; Veitch, 2007). This combination allows companies to circumvent the legal system with relative ease if they so desire. Unless a group or organisation has the ability to enforce the laws, following unfavourable laws (as opposed to bribery or disregard as means of evasion) is equivalent to a voluntary act (van Tulder and van der Zwart, 2006).

Corruption indices have ranked several post-conflict zones as having a high degree of corruption (Global Integrity, 2008; Transparency International, 2008) though limited research has been conducted on CSR in post-conflict zones with high levels of corruption.

## **2.7 Recontextualising CSR**

Up to now, this chapter has examined how the context is important for corporate citizenship and social responsibility. It has also considered how the importance of the context has slowly been lost due to a desire to standardise the practices and evaluations associated with being socially responsible. In an attempt to re-situate this study in context, this section reviews how CSR has been investigated in environments comparable to those of this research. This is done in order to gain a better appreciation for the study's context. It also helps focus this research by illuminating the research gaps in these environments.

The notion of CSR is well known in developed economies. Concepts of sustainability and social performance have been used for over a decade in such countries. Such ideas, however, are limited by the contextual surroundings in which they are discussed (Carroll and Shabana, 2010). Recently, there has been an interest in studying CSR in the BRICS countries. This is evident in academic conferences that are increasing their focus on these contexts during session themes (e.g. The Academy for Business in Society, Social Responsibility Research Network, and International Academy for Business in Society). However, there are still relatively few studies which focus on developing countries which are not in the BRICS group (Adewuyi and Olowookere, 2010).

Further exploration in developing and emerging economies should be considered with the goal of advancing the field of CSR (Ioannou and Serafeim, 2010). Questioning if a country's infrastructure, economy and social cohesion are operating effectively ought to be considered in CSR studies. The validity of these assumptions can significantly alter the expected or desired roles of persons within a society (Bier, 2003). For example, countries changing from socialism to capitalism can be left with gaps in their social support systems. Also, previously state-owned enterprises may not be ready to sacrifice new-found profits for social (or environmental) responsibilities (Babić-Hodović et al., 2008b; Szczepański et al., 2009). This mode of operating resembles van Tulder and van der Zwart's (2006) inactive approach mentioned earlier and Carroll's (1991) understanding of early notions of

CSR adoption. Altering the assumptions listed above can lead to questioning how corporate citizenship and CSR are conceptualised in these countries.

### *2.7.1 On Corporate Social Responsibilities in an Emerging Economy*

While the term CSR may be new to developing and post-conflict countries, the concept may potentially be related to practices in their past. For the Eastern European states, the particulars of CSR bear a resemblance to some socialist notions about the roles of the state-owned enterprises and their role in the society (Szczepański et al., 2009). In developing states, ideas of CSR are imported with other globalisation effects. Multinational organisations are starting to import ideas about the potential social roles of businesses and expand local understandings about these ideas (Adewuyi and Olowookere, 2010; Šteta and Janković, 2008). Šteta and Janković continue that the extant literature does not present evidence that many companies are starting to undertake CSR activities in these contexts in the same way they do in developed economies. The majority of the companies in developing economies that report participating in CSR are operationally stable and financially secure.

CSR remains a relatively abstract concept through this importation process. Given the general lack of consensus on the definition of CSR (Moon et al., 2003), this is not a surprising phenomenon. In an attempt to create a concrete view of CSR, the UN Global Compact (UNGC) presents a usable and coherent CSR guide, similar to a business social contract, for behaving as a responsible business in several developing economies. The United Nations Industrial Development Organisation (UNIDO), the primary sponsor for the UNGC, promotes CSR and corporate citizenship as tools for creating a competitive advantage (Šteta and Janković, 2008). According to the UNIDO, (properly executed) CSR can create benefits for both the society and the corporation. This can lead to sustainable business practices and ultimately to profit generation (see also Wood, 1991). UNIDO emphasises that businesses ought to minimise adverse impacts and socially irresponsible behaviour while increasing their socially beneficial activities (Babić-Hodović et al., 2007; Janković, 2009). Also, UNIDO promotes CSR as a tool to help create a stable operating environment and infrastructure. They note that establishing this condition can take time and for companies not to become discouraged at short-term setbacks in this process (Adewuyi and Olowookere, 2010). While this measure is presented as a voluntary one (see

Cammaerts and van Audenhove, 2005) it does not explicate how to be a corporate citizen. The notion of being socially accepted by the local society as well as mutual reflection upon actions of other citizens (see Oommen, 1997) remains unaddressed.

Extant studies of these contexts reveal very few categories of socially responsible activities compared to practices in developed economies. The majority of CSR activities relate to philanthropy and charitable donations (Adewuyi and Olowookere, 2010; Babić-Hodović et al., 2007; Janković, 2009). Other notable responses include environmental (green) clean-up projects, paying taxes and employee health and safety (Babić-Hodović et al., 2008b; Feil, 2008; Šteta and Janković, 2008). The studies do not investigate the contextual conditions which have helped influence the understanding of corporate social roles.

### *2.7.2 Factors Influencing CSR*

What is noticeable about these studies is what is missing. Extant studies do not cover the drives or motivations for being a good corporate citizen or for CSR participation in general. However, these studies start to explore some of the reasons hindering the adoption of CSR (as seen from the dominant paradigms).

The awareness of CSR and its potential benefits and responsibilities are not widespread (Šteta and Janković, 2008). The companies do not have formal positions to deal with the magnitude of complexities involved in undertaking CSR (Babić-Hodović et al., 2008a; Ruggie, 2008). Crittenden et al. (2011) claim it is important if a company is to manage its social responsibilities properly. Paul and Barbato (1985) concur that managers need to have a way to recognise the complexity of their company's effects if they wish to be seen as corporate citizens. Stakeholder engagement is not a common practice nor is it readily discussed in these societies (Debeljak et al., 2011). Knowledge of CSR is not widespread throughout the population (Adewuyi and Olowookere, 2010) and the media agencies are not employed to disseminate information about CSR (Šteta and Janković, 2008). These conditions are not discussed in the extant literature addressing corporate citizenship (see: Bishop, 2008; Crittenden et al., 2011; Feil, 2008).

Another of the hindrances to corporate citizenship and CSR is instability within key sectors (Šteta and Janković, 2008). Instability is found within the political transition processes, the

economy, the legal system and the society (Ruggie Report, 2008). The dysfunctions arising from instability of these key sectors are related to each other and that the socio-political sphere is still being re-established. This degree of instability is not present or typical in extant studies of CSR.

In unstable political transition processes, rival factions rarely display the will to establish the capacity for CSR (Adewuyi and Olowookere, 2010; Janković, 2009). There is often political and social conflict directed at preserving the separate identities of each rival group within the overall society (van Oenen, 2002). Political and social engagement that can help create a business social contract can also be related to polarisation of rival groups. By forming an alliance with a company to fulfil specific social roles, groups can work to the detriment of the other groups in the society. This can be a concern if the groups are hostile towards each other as many post-conflict groups can be (Dowley and Silver, 2002). The social citizenship identity of a person (including a corporation) within either their sub-state group or the overall polity is a secondary concern to that of the potential of other citizens to participate in the exercise of their personal roles as active citizens (Tully, 2000). Maintaining peace between the rival groups in the society is a higher priority for the government than encouraging socially responsible activities (Caspersen, 2004). Because of this hostile rivalry, CSR efforts have to be balanced between the competing (e.g. ethnic, national, political or social) factions so as not to give the appearance of favouritism (Gitsham, 2007; Schouten, 2007). The need to appear balanced and fair can hinder forming partnerships with stakeholders (Charney, 1999). Without the appearance of balance, distrust of motives behind the corporations' actions can arise and retard progress of state recovery as well as undermining CSR efforts (Graham, 1998).

During conflict situations the economy suffers severe setbacks due to prolonged shut-down of industry sectors. This reduces the capacity of the companies (Janković, 2009). Also, the shut-down hinders the economy's ability to support building the necessary infrastructure for initiating elaborate CSR activities (Babić-Hodović et al., 2008a; Bier, 2003; Šteta and Janković, 2008). The majority of extant studies in the CSR field of study do not have to contend with the need for basic infrastructure (social, economic, political or physical) because the contexts in which the studies are executed (i.e. primarily 'Western') enjoy

relatively stable, long-established infrastructure systems. Further, these contexts have been stable for a number of decades. The CSR activities do not have to be adjusted for deficiencies in the support systems that impact the surrounding environment.

The legal system typically presents a challenge to CSR efforts in these contexts (van Tulder and van der Zwart, 2006). The laws are not updated to support socially responsible companies, e.g. tax exemptions for donations creating potential disadvantages to CSR, and punitive laws are not always enforceable due to corruption (Adewuyi and Olowookere, 2010; Ioannou and Serafeim, 2010; Murray, 2003). Also, the high levels of corruption allow individual social irresponsibility to become commonplace. Individual irresponsibility (potentially including corporate agents) encourages corporate irresponsibility (Koričan and Jelavić, 2008; section 2.4.2.). These actors behave differently from assumptions in extant CSR studies in typical contexts. However, in post-conflict and transition contexts, these behaviours are not atypical.

The limited extant studies incorporating these contexts suggest that corporations usually do not have a dedicated person to monitor and coordinate their CSR. Also, socially responsible practices are often done ad hoc. CSR activities are not aligned with company goals, they are not tracked for resource consumption, and they typically are not planned in partnership with stakeholders with a long term commitment in mind (Crittenden et al., 2011; Šteta and Janković, 2008). These are all important factors in strategic corporate social responsibilities (Werther and Chandler, 2006; Windsor, 2001; see also section 2.6.3). These properties can make the activities seem random or purely a public relations show by the companies.

There is evidence to suggest that the NGOs do not make significant contributions to enabling social responsibility. Instead of taking a holistic approach, they often work independently of each other, even excluding other NGOs with similar foci (Janković, 2009; Šteta and Janković, 2008). NGOs form a critical part of redeveloping a post-conflict zone to a point where corporations can act as citizens instead of only economic actors (Mbabazi et al., 2002). Also, usually NGOs are accountable to the desires of donors whose interests do not always align with those of the host country. This can create objectives that further harm the society (Newell, 2005). This can be further complicated by weak governments. Weak

governments do not encourage a political environment which welcomes petitioning for establishing the capacity and support of CSR.

Also, the limited studies in these contexts have suggested that customers do not encourage socially responsible companies. While many customers claim that they want to support socially responsible companies, their actions do not support that stance. Not supporting responsible companies, via purchasing their products or services, does not enable the companies to continue their attempts at being socially responsible (Babić-Hodović et al., 2008a; Šteta and Janković, 2008). Bier (2003) notes this is an important step to recovering the economic capacity and, by extension, the capacity to support socially responsible companies.

The factors listed above not only retard socially responsible behaviour, they make (corporate) social citizenship in the society difficult to define. Even implementing CSR in these new contexts is more difficult than in the 'Western' environments. Various situations, which are alien to researchers and current active CSR practitioners, accentuate differences in the abilities and desires of actors. This shows gaps in existing knowledge about CSR and corporate citizenship. The gaps are related to: how these aforementioned societies understand CSR and define the societal roles of companies differently; how the conditions within the context have helped shape CSR and corporate citizenship; and how the conditions also affect the abilities of different actors to engage effectively in CSR related activities.

## **2.8 Conclusion**

In order to help explain how members of a society could expect cohesion and responsible behaviour that benefited the overall society from a corporation, this research had to explore using the social aspect of being a citizen (as opposed to the legal definition) and how that inspired a willingness to assume certain social responsibilities. Recognising the importance of a social aspect of citizenship was important for considering what to look for in both a post-conflict context and corporate social responsibilities because it provided a framework for how corporations could be accepted as viable members in the community.

This chapter shows that the social context is important to understanding how actors, including corporations, are assigned social responsibilities and accepted as social citizens. By showing the importance of contexts for corporate citizenship and CSR, this chapter demonstrates that there is still a need to explore the potential roles of corporations in different societies with different understanding of social citizenship. This demonstration is underscored by two primary problems. The first problem relates to how to classify a corporation within citizenship. While reviewing the concept of social citizenship, this chapter discussed how it can be used to assist in understanding the way that the members of a society accept or reject a legal person (as opposed to a natural person, i.e. a human) as a member of the community. A second issue relates to the distinction between public and private identities of a person relative to the society and being a citizen. With no distinction between public and private identities, companies may be subjected to different expectations of how to interact with a society.

While examining the extant research with the aid of a political lens, gaps in the knowledge were identified. The main gap was that there was little research done outside the context of developed economies or BRIC countries. This is important if the argument that corporate citizenship can be related to social citizenship and that socially responsible roles are derived from the specific societies is accepted. This idea of contextualisation points to another gap. Ideas for CSR have been promoted as nearly universal. There has been some adaptation to different contexts, but the assumption of social and political stability has not been accounted for or questioned. Researchers have yet to identify how these other societies define and understand the social responsibilities of corporations or how they can be related to the current knowledge on the topic. In a country where laws are lax or the official view of business (by government and the society) is focused on developing the economy, traditional motives for CSR may not be enough to explain why companies would want to participate in such activities.

## **Chapter 3 Methodology**

### **3.1 Introduction**

This chapter examines the research approaches considered in this thesis. The overall purpose for the proposed study is presented along with theoretical and practical aspects of research methods. In order to create a well-designed study, the overall goals of the research need to be thoroughly understood (Yin, 2003). This includes understanding the research purpose and objectives. Having explored the extant literature, this study can now derive research objectives to help expand upon current knowledge, as well as a strategy for data collection and analysis.

After deriving the research objectives, this chapter reviews the process used for selecting the operational positioning of this study. The positioning is then utilised to help inform the research design and methods of data collection. While considering which methods to undertake, a review of reliability and validity of these methods are also presented. Ethical considerations are introduced in this chapter<sup>11</sup>.

### **3.2 Research Purpose and Objectives**

#### *Purpose*

The purpose of this research is to increase the understanding of the roles of a business in society, beyond acting ‘as a business’. This research explores these social roles within the boundaries of a specific context – a post-conflict society that is transitioning towards a free market system. This situation is being investigated in order to examine concerns and challenges not sufficiently addressed in the extant literature exploring the societal roles of business.

The research is focused on the following objectives:

1. To examine the espoused and enacted societal roles of business in a post-conflict society (using BiH as a specific example) in relation to the academic literature.
2. To investigate the influences on the understanding of corporate social roles in BiH as presented by local accounts.

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<sup>11</sup> A detailed account of the ethics considerations is given in Appendix A, the Ethical Approval Form for the business school.

### 3.3 Positioning the Study

The operational positioning adopted in this research project is an important factor in selecting the research methods (Maykut and Morehouse, 1994; Remenyi et al., 1998). Rabinow (1998) recommends that researchers decide on the system or paradigm used to define the research by asking: how data and information will be sought, from or by whom this will happen, and by what means knowledge will be disseminated at the end. These three questions help formulate what type of data is needed as well as considering its relevance in the overall research. Yin (2003) cautions researchers to come to a full understanding of the nature of the research questions before adopting a positivist or a phenomenological position. Flyvbjerg's (2006) advice is similar – a well thought out study derives the method from the problem. This advice is aimed at the potential problem of picking a trendy or personally interesting method and trying to fit the questions and aims around the method.

Positivism, according to Lincoln and Guba (1985) and Buttery and Buttery (1991), focuses on coherent and testable hypotheses. Researchers who utilise this paradigm for their research assume there is a single and external reality where knowledge is independent from those that can know it. 'Truth' is arrived at through deductive logic and follows from hypothesis testing and modifying extant theory, according to results from testing (Robson, 2002). There is a clear distinction between facts and value-based judgements (Gummesson, 2000). Using this approach requires the researcher to establish parameters to define what the problem is in order to investigate its structural relationships (Buttery and Buttery, 1991).

Phenomenology, on the other hand, posits that truth is something that is context relevant and formed from multiple subjective realities: the knower and the known interact with each other (Lincoln and Guba, 1985). Unlike positivism, phenomenology is not concerned with generalisability and theory testing based on independently verifiable and measurable data. A phenomenological approach requires interpreting the words and meanings that actors relate to the researcher (Avis, 2003). Some researchers see this as a potential weakness as it allows the researcher to introduce personal bias, yet Creswell (2007) disagrees. He notes that the key to overcoming this potential weakness is in how the researcher treats the data.

The data must be presented accurately and possible interpretations must be given fair consideration (see section 3.7 for details). The strength of phenomenology is that it takes account of actors' agency and perspective and tries to connect with their world in order to discover patterns (Maykut and Morehouse, 1994). Phenomenological research is concerned with and tries to explore the meaning that people give to their world and experiences (Buttery and Buttery, 1991). By investigating the individual beliefs, cultural norms and social rules of actors, phenomenological research assists in making the beliefs and values of other cultures intelligible. The openness of this approach (i.e. exploring, not testing hypotheses) allows the researcher the flexibility to react to and explore emerging findings (Avis, 2003).

Determining the methodological design of this research project can be decided after carefully considering the research purpose and questions. The research questions and purpose are designed to re-examine the concept of corporate citizenship as a means to help understand the social roles of a company. By undertaking this study in a post-conflict context with a developing economy, this research explores a potentially different understanding of the expected corporate social responsibilities which emerge from a hitherto unexplored surrounding environment.

Taking advice from Maykut and Morehouse (1994) and Alvesson and Deetz (2000), this exploratory approach suggested a strategy focused on qualitative analysis instead of a quantitative analysis. The research questions concentrated on the discovery of emerging patterns in a socially-constructed reality.

Creswell (2007) elaborates further on when to focus on qualitative or quantitative methods. He states that quantitative methods are better when focusing on hypothesis testing and asking why something is occurring. Research which addresses exploration of or presenting a detailed view of a phenomenon is better served by qualitative methods. A qualitative approach is able to help bring out rich and deep meanings behind the nature of a phenomenon or how it occurs. This approach is a close fit with the intentions of this research. That is, this research involves investigating the socially constructed reality of the roles of a business in a particular society.

Before a paradigm choice could be finalised, the fit between the research purpose and its usefulness in investigating the phenomenon from the point of view of the studied group had to be checked. The phenomena of CSR and corporate citizenship had to be accessible to all participants (Creswell, 2007; Winch, 1964). That is, all participants had to have the opportunity to engage with developing the expectations for corporate social roles, regardless of what terms might have been used to describe the phenomena. Unless they satisfied this condition, these concepts would not have been fully transferable across the culture, rendering them useless as tools. The UN Global Compact (UNGC), the International Finance Corporation (IFC) and at least two local NGOs were promoting the idea of CSR, satisfying the condition listed above. This presence showed potential access to the concepts. By using CSR and corporate citizenship, this study could investigate the potential roles of businesses (i.e. the phenomenon) and the meanings assigned to these roles in the BiH society.

This research aimed to present new methods and meanings associated with the phenomena of CSR and corporate citizenship (Winch, 1964). The meaning of a concept as portrayed within a culture was important to understanding the concept (Kim, 2000). This study tried to maintain a distinction between what could be real in the current study context (Bosnian society) with what was considered 'real' in previously studied contexts ('Western' societies). This was done by seeking rich descriptions from actors and leaving questions open for their interpretations. This followed advice from Remenyi et al. (1998) about studying a phenomenon by not prejudicing the current study's findings with what is known about the phenomenon in other contexts.

### **3.4 Research Design**

Yin (2003) reminds researchers that the method involved in looking for the information needs to relate to the purpose of the research. He also suggests four considerations to help guide a researcher towards an appropriate and effective method.

1. Consider the type of question asked (see section 1.4).
2. Consider the amount of control that the researcher can exercise during the study.
3. Assess whether the research focus is in terms of historic or contemporary phenomena.

4. Lastly, Yin suggests that researchers carefully consider the unit of analysis proposed for the study.

### *3.4.1 Case Study Design*

Based on the above recommendations, a case study approach was determined to be an appropriate method. Reviewing the research questions, this study involved observing a contemporary, social phenomenon in its native environment. Therefore, there was little to no control over the social actors. This required the researcher to remain open to what was present over what was assumed to be present (Flyvbjerg, 2006).

In order to help meet Flyvbjerg's (2006) advice about remaining open to what is present, this research included travel to the field site instead of distance research. By immersing in the context, the researcher was able to gain a deep understanding of the context as it related to the roles of business in BiH society. This deep understanding helped highlight assumptions about the society and explore the meaning-making processes related to the phenomenon being studied (Karlsson, 2009). Travelling to the field site also increased access to knowledgeable participants who could help the researcher understand the links between the phenomenon and the society (Flyvbjerg, 2006).

This research was an in-depth investigation of a particular object of study (Flyvbjerg, 2006). This focus on depth was used to help the researcher understand the underlying interplay of factors within the situation being studied (Flyvbjerg, 2006; Halinen and Tornroos, 2005). This research included objectives which attempted to go beyond the general assumptions of corporate social responsibility in previously studied contexts via an in-depth examination of CSR within the context of BiH. An extreme case, such as BiH had the potential to reveal more about the topic than a case which did not deviate from the extant studies. Recognising this possibility during the design of the study was important as it could impact the analysis and results (Flyvbjerg, 2006), such that the data discussion was informed by, but not limited by, the extant literature.

Case studies are described as tools which help the researcher explore context-based knowledge, allowing for ascension from rules based learning (Flyvbjerg, 2006). This process of learning entails understanding how the case goes beyond established, generalised

rules. A case study design is used to help expand the understanding of current theories by examining if and how generalisations are supported by specific instances (Yin, 2003). By understanding when and how generalisations are not applicable, researchers can better understand the limits of theories and potentially how to improve the theories.

In order to find the limits of generalizable theories, Eisenhardt (1989) offers advice about selecting cases. She states that cases should be based on theoretical sampling, not random samples that can be extrapolated to fit larger populations. The purpose of theoretical sampling (see section 3.7.2.2) is to find specific instances that investigate the limits of the theory when it is applied to an actual case. In the case of phenomenological research, the case is also used to explore how or why the phenomenon relates to a social context and the members that experience the phenomenon. This approach allows the assimilation of new knowledge into the collective body of knowledge and for old knowledge to be questioned and reconsidered (Flyvbjerg, 2006). Since this research includes examining accepted notions of the social responsibilities of companies in a specific, unexplored context, the use of a case study is supported.

This research used the case study approach as a design strategy (Creswell, 2007; Yin, 2003). As a case study, the primary concern was constructing the boundaries of the case (Yin, 2003). Since the cultural context and the study of companies' social roles were not easily separable in this research, the boundaries had to include the socio-political background as a primary concern (Hartley, 2004). The validity of this approach was supported by instances of research into conflict and post-conflict situations where the studies defined the case boundaries in relation to the country or region of study (Wood, 2006).

### *3.4.2 Implementing the Design*

This research project included two field trips to BiH. The first trip lasted four months, and the second lasted five weeks. The second trip was used to follow-up on lines of inquiry that were not fully addressed in the first field trip. After an in-depth analysis of the data in a neutral context (see Canniford, 2005), additional interview questions and topics were devised to incorporate topics that seemed important after the initial analysis. The time limits were initially selected as they appeared adequate for the participation required to gain

insight into the local way of life while remaining within budgetary restraints. Travel to BiH was compared with a distance correspondence approach (such as phone and e-mail interviews). The assumption was that gaining a more complete cultural picture of the Bosnian society would help in better understanding the social conditions. Experience of these conditions could be used to enhance an appreciation for notions of corporate citizenship and the roles of businesses in this society (Creswell, 2007).

### **3.5 Data Collection**

Given the positioning and research design for this project, a number of methods of collecting data could be employed. Two primary methods were utilised:

1. Conducting semi-structured interviews
2. Taking field notes.

Additionally, the official CSR documents from several MNCs operating in BiH were also examined. This was done to help understand espoused corporate values regarding companies' social roles and to prioritise companies to contact for interviews. The prioritisation was based on if they had any statements suggesting potential understanding of or engagement with corporate social responsibilities/roles.

#### *3.5.1 Interviews*

Interviews are one of the means of data collection considered in this research. This matches common practices in qualitative, phenomenological research. Miller and Glassner (2004) note interviews are appropriate when exploring the social reality claimed by the subject. However as with all other aspects of research, the benefits and demerits of the method should be investigated before settling on its use.

Interviewing contains some inherent challenges that ought to be recognised and addressed. One of the challenges of interviews is that each interview provides only a partial reflection of the phenomenon being studied, not a complete picture of 'reality' (Miller and Glassner, 2004). This is not necessarily a negative feature in qualitative research which assumes that 'reality' is socially constructed by multiple actors. Interview questions are designed to gather and explore the meaning that people assign to their experiences. Interviewing different sources can help re-create a holistic view of how the phenomenon is constructed within its context (Fontana, 2002; Miller and Glassner, 2004; Warren, 2002). Further,

respondents may provide more meaningful data to open questions instead of closed ones. Therefore, a tool is needed which elicits open replies to allow for this possibility, as opposed to choosing from a list of pre-set answers that may not relate to the local actors' perceptions (Lee and Hassard, 1999).

A second challenge to interviews is related to the act of communication. This challenge can be broken down into two issues. First is the potential for misdirection by the interviewee. The misdirection can be either intentional or unintentional (Fontana, 2002; Miller and Glassner, 2004). Miller and Glassner suggest that intentional misdirection can be related to a lack of trust or rapport. Unintentional misdirection can be more difficult to address. Holstein and Gubrium (2004) counsel that interviews should attempt to probe for rich descriptions that help explore the interviewee's world (Warren, 2002). The second issue is miscommunication. This issue can manifest itself through the parties not necessarily understanding the meanings behind the terms each party uses, including the translations between English and Bosnian (Ryen, 2002).

To overcome this challenge, the researcher took time to establish a relationship with interviewees and asked questions that functioned as a way to verify previous responses. If the answers suggested that the interviewee was potentially misdirecting the researcher, detailed and rich explanations were sought in order to understand the meaning of the descriptions. This allowed for clarification as well as not damaging rapport by questioning the interviewee's honesty or understanding (Wood, 2006). The researcher employed probing for thick and rich descriptions from interviewees in order to clarify meanings of terms (Miller and Glassner, 2004; Ryen, 2002).

A third challenge to interviews concerned the potential for loss of control over the topics (Riessman, 2002). This research sought to gather stories that could potentially challenge dominant views about corporate social roles, which meant that interviewees would have to have some freedom to lead the interview topics away from aspects that did not fit with their understandings (Miller and Glassner, 2004). However, the data collection process had to be controlled to some extent so that they remained relevant in terms of the research objectives.

This was addressed by the use of semi-structured interviews (discussed below) as well as careful monitoring of responses to ensure topical relevance.

#### *3.5.1.1 Type of Interview*

Interviews can take three main forms: structured, semi-structured or unstructured. The primary differences between them are the degree of formality of the questions, with unstructured interviews being the least formal (Brewer, 2000). Given the potential differences in conceptions of important aspects of corporate social responsibilities, a flexible approach capable of incorporating the information from respondents is advised. Semi-structured interview questions can adopt new information as necessary without restructuring the entire interview. Semi-structured interviews can provide a means for ensuring certain key elements from the literature remain present while incorporating relevant, newly gained information (Remenyi et al., 1998).

Semi-structured interviews were used because they helped maintain a common format (related to the literature) when doing research across different sites. They also allowed respondents to interject their own perceptions about CSR and corporate citizenship in BiH (Gillham, 2000).

Another issue to be considered was the use of single or group interviews. Tran and Blackman (2006) and Milena et al. (2008) note a potential issue with group interviews is that the conversation may be dominated by one or two individuals. They also claim that participants may discuss their views in a way that conforms to the expectations of the groups. In BiH, meeting the expectations of the interview group was related to more than conforming to the group's discourse. Interviewees also had to consider their connection to their ethnic and political groups and division from 'other' groups, all of which pervaded everyday life in the post-conflict context of BiH. Interviewees could react to questions differently based on how they thought they 'should' be seen as a member of their group by other interviewees. For these reasons, individual interviews were sought where possible.

However, there were four organisations that requested small group interviews (details discussed below). The researcher recognised the importance of maintaining control over the group. This included both control over the topic and encouraging all members to participate

(Morgan, 2002). Maintaining an environment where interviewees felt relaxed and valued was important. This helped interviewees participate and express deep, meaningful thoughts about the subject (Milena et al., 2008). To this end, the researcher ensured that all parties were included in discussion of the topics, specifically addressing different questions to each interviewee and then inviting others to comment. Interviewees needed little encouragement to remain 'on topic'. The researcher maintained control over the discussion, allowing interviewees to present critiques of each other in turn. This involved taking notes about the critique (to help remind the interviewees of the topic) while asking the interrupting interviewee to wait for a pause by the first person to explain their views. The interrupting interviewee was asked to present their contribution to the discussion after the initial speaker had finished their point.

#### 3.5.1.2 Language Considerations

The first language consideration dealt with the technical language employed in the literature versus the lay language of the interviewees. Using overly technical terms can serve to alienate the participants from the researcher (Mraovic, 2008). Because of this, the questions presented to the participants were not always the same as those the study sought to address. Several interview questions that address an aim or objective were used instead of trying to hone-in on a specific research question through one interview question (Yin, 2003). Interviewees were asked to define technical terms before proceeding with their answer. Interviewees were given the chance to expand on topics before being prompted with suggestions or having definitions explained to them. If the interviewee had difficulty defining the term, attempts were made to describe the concept using neutral (non-leading) descriptions. In cases when explanations were provided, interviewees were asked follow-up questions to bring out their understanding of how the terms they were using related to their understanding of corporate social roles in BiH.

The second language consideration deals with the differences in spoken language. The primary language spoken in BiH is classified as a dialect of Serbo-Croatian (hereafter, Bosnian) and is similar to Serbian and Croatian dialects, with some minor differences in spellings and pronunciations. Most adult Bosnians are aware of these differences and are happy to point them out to foreigners (e.g. if the researcher said or spelled a word in Croatian instead of Bosnian). Because of the dialect differences, there is the possibility of

translator issues by bringing a bias based on their accent and perceived ethnic group (Wood, 2006).

Two translators (see also section 3.5.4) were used to help overcome aspects of the language problem. An interview schedule was written up and translated to Bosnian, then translated back to English by a second translator. They were asked to explain the meaning behind the questions to help ensure the general ideas were captured and transferable across the languages (Maignan and Ferrell, 2000).

To help with the bias of ethnic accents, interviews were sought in English, but interviewees were given the option of having a translator present at the interviews. There were only two instances where a translator was used.

1. One interview was conducted with the aid of a translator as two interviewees did not feel they had a sufficient grasp of the English to articulate themselves properly. As these interviewees were recommended by a personal contact, their 'version' of Bosnian was known ahead of time and accounted for with the translator. This interview was recorded, and a second translator verified the recording.
2. The UN Global Compact Network meeting was conducted in Bosnian. An interpreter translated all information in real time. Hand notes were taken as there were some participants who were not comfortable with the idea of being recorded.

All other interviewees were proficient in English and politely rejected the offer of a translator.

### *3.5.2 Interviewee Selection*

The socio-political situation presented some potential difficulties to this research. These difficulties were related (but not limited) to the social divisions between the ethnic groups, the hostile political rivalry, potential social mistrust due to war atrocities suffered by people, and the economic depression. These conditions could bias interviewees in terms of if they participated and their understanding of social reality.

Wood (2006) proposes four key points in respect to this concern:

1. In the presence of biased data sources, the strategy should include trying to find a wide array of respondents for a holistic account of the local situation.

2. Due to the social situation, it is possible informants would not be forthcoming, especially those representing the community. Wood (2006) and Dickson and Hargie (2006) both advocate making contact with and building up networks through respected community members to help alleviate these tensions.
3. Any affiliations could affect the ability to utilize future informants. Because the political and ethnic affiliations of people or groups plays an important role in how they are seen by different factions within the society, researchers should be aware of whom they are associated with. One easily accessible potential situation is in regards to who introduces the researcher to an informant (see the second point above). Less obvious is the case of who has been interviewed. If the sample population is viewed with a bias by others, this can distort who will be willing to participate in the future (Wood, 2006).
4. According to Wood (2006), questions which can appear as politically charged can drive away interviewees. In light of this, questions should be formed so as to remain politically neutral (i.e. not endorsing or discrediting a political point of view).

To address Wood's (2006) first point, interviews were sought with several different organisations and with people of varying backgrounds (e.g. age, citizenship, position in organisation). This produced narratives from several different points of view and with different biases regarding the topics. Wood's point about difficulties in recruiting informants (also iterated by Dickson and Hargie (2006)) was a reality in BiH. Trusted community members in this context proved to be those who were active with associations that helped businesses (e.g. chambers of commerce) or agents of businesses that serviced other businesses (e.g. consulting organisations). The interview topics were carefully designed and reviewed by the researcher with the help from an experienced academic researcher to ensure they did not present a political bias to address the concern about politically charged interview questions (Wood's fourth point of concern). During the interviews, the interviewees appeared comfortable with all of the interview topics and none of the interviewees declined or stopped an interview. This also addressed Warren's (2002) concern about knowledgeable informants.

Warren (2002) notes, researchers should consider that informants of convenience are not always the best place to start. Informants should have inside knowledge of the social setting or the phenomenon under consideration. Another concern Warren mentions is about the sample size. While there are some prescriptions for minimum numbers for quantitative studies, qualitative studies are not concerned with generalisability. The number of participants is not as important as the quality of their input. Maykut and Morehouse (1994) advise sample sizes should not be pre-set, but rather, they should be based upon when the researcher has reached a saturation point. The saturation point is the point where no new data brings any meaningful information and the learning curve reaches an asymptote. Recognising when this point is reached requires constant evaluation of the data during the collection process (Maykut and Morehouse, 1994).

However, there were still limitations to the interviewee selection process. Government officials were not involved due to a lack of access. Accessing government officials and their perceptions on the social roles of companies would have helped provide a more holistic view than was gained only through companies, NGOs and CSR network groups. Further, it was possible that some potential interviewees were hesitant due to language barriers and assumptions that the interviews would involve the war, which many foreign researchers focused on.

#### 3.5.2.1 Overview of Interviewees

A total of 31 interviews were completed with 35 people representing 27 organisations. Interviews 10, 22, 24 and 31 were small group interviews, done at the request of the interviewees. In all 4 instances, interviewees asked the researcher if they could interview as a small group in order to accommodate their busy schedules. Interview 10 had 4 persons present while the other group interviews had 3 persons each. The alphanumeric code for interviewee designation is composed of 3 or 4 parts. The first part designated the sex: M/F; the second part designated if the interviewee is either local (L) or an expatriate (E); the third part was related to the interview number (1-31). In cases of multiple persons in the interview, a lowercase letter (a, b or c) was also added. Example: FL10c is a female of local national origin and the third person to speak in the 10<sup>th</sup> interview. The optional hyphenated part represented which organisation they were from if their assigned number did not match the organisation number, example: FL13-O2. If the interviewee code did not have the

option fourth part, the interview number was the same as the organisation, example: ML2 is from O2. The details of each interviewee are listed in Table 3.1.

Interviewees ML2, FL3, ME6, FL12, FL13-O2, FL19 and FL20 were interviewed twice. After analysing the transcripts from the first set of interviews, the researcher believed these interviewees still had deeper, valuable insights that had not been fully explored. In addition to the potential insights, these interviewees were also important gatekeepers to networks. A supplementary reason for the second interview with these persons was done to re-establish the network connection to them. These interviewees were able to help the researcher successfully contact several of the other interviewees during the second field trip. Some of the interviewees were interviewed a second time for additional reasons. FL3's first interview was not particularly successful. The researcher believed that this was due to FL3 only beginning to learn about CSR related activities and may not have been able to articulate herself fully. The researcher hoped that giving her the time to gain more experience and knowledge about the topic, and by rephrasing the questions based on new knowledge gained in subsequent interviews, FL3 would be able to discuss the social roles of companies in more depth than in the first interview. The second interview with FL3 remained at a very basic (in terms of knowledge) and superficial level. The significance of this was noted and included in the data analysis. FL19 and FL20 both were working on CSR related projects that had seen significant developments between the two field visits. The second interviews were intended to capture additional data that they had learned during the course of their projects. Their second interviews yielded additional valuable and interesting data.

The majority of respondents were of local origin – a person born in the former Yugoslav Republics, including BiH. Most participants were high level management (e.g. country director or head of PR department) and/or associated with public relations. There were five interviewees who did not hold a management level position, but were actively involved in their organisation's CSR activities. No junior level managers participated in interviews. Usually, a corporate social responsibility office was associated with public relations as the number of office staff was small (and each person held multiple duties). Interviewees explained that in most cases companies did not have the resources (human or financial) to justify having a separate, dedicated CSR representative in their BiH office. Several of the

companies were unwilling to invest significant resources in CSR – an activity that they did not fully understand. Further, some companies officially viewed CSR as a subset of PR or marketing.

Also, there was a breadth of respondents, but not depth in any one organisation. There were two factors that contributed to the use of breadth over depth. First, the objectives of this research state that a goal was to explore the Bosnian story about CSR. By focusing on a limited number of organisations, this objective would not have been reached. This study was not intended to be generalizable across BiH, it was only meant to investigate the knowledge gaps created in the business-in-society body of knowledge regarding the expectations for social responsibilities of companies in a post-conflict and transition economy environment. In order to gather enough data to answer the research questions, a breadth of interviewees from different types of organisations and sectors was sought. Second, the organisations did not grant access to many members of their staff for interviews. This was done because they believed that it would not be a productive use of workers' time (i.e. not many workers were familiar with CSR and they had other pressing duties) (see also Wood, 2006). A similar approach was recommended by Wood (2006) and Russell (2010).

**Table 1 - Interviewees**

Code	Position					Organisation
	Owner	Director/ Country Mgr.	Manager	PR <sup>12</sup>	Other <sup>13</sup>	
ME1	x	x				O1
ML2		x				O2
FL3		x		x		O3
ML4		x				O4
ML5		x				O5
ME6			x			O6
ML7		x		x		O7
ML8		x				O8
FL9			x	x		O9
FL10a				x	x	O10
FL10b			x			O10
FL10c					x	O10
FL11			x	x		O11
FL12		x		x		O12
FL13-O2			x			O2
FL14			x	x		O14
FL15		x				O15
FL16			x	x		O16
ME17	x	x				O17
FL18					x	O18
FL19			x			O16
FL20			x			O20
ME21	x	x				O21
ML22-O2					x	O2
FL23-O6			x			O6
ML24a		x				O24
FL24b			x	x		O24
FL25			x	x		O25
FL26			x	x		O26
FL27			x	x		O27
FL28		x				O28
ME29			x			O29
FL30			x	x		O30
FL31a			x	x		O31
FL31b				x	x	O31

A variety of background questions was asked including: where interviewees were from; what their role in the company was; how long they had been living in BiH; what their age range was; and if they had any memories of living and/or working in Yugoslavia. Respondents were reluctant to give out details concerning their age. The age of

<sup>12</sup> PR stands for Public Relations.

<sup>13</sup> Others were general employees/workers with no special title. They were interviewed because they had some experience with CSR related activities within their organisation.

interviewees was important in this research to the extent that they were familiar with potential historical influences on CSR and corporate citizenship, in particular the war and the socialist system. All respondents were old enough to have remembered the Bosnian war (1992 - 1995). However, not all interviewees were old enough to remember details of the socialist Yugoslavian system from a worker's point of view. This factor could help explain interviewees' perceptions of the expected social roles of companies and the way interviewees were able to compare modern notions of CSR and corporate citizenship to similar practices under a socialist system.

### 3.5.2.2 Overview of Organisations

A total of 27 organisations were represented in this study – 16 commercial and 11 non-profit organisations. The coding was broken down into 2 parts: O designates that it was an organisation; the number relates to the order in which an agent of that organisation was interviewed (e.g. there is no O13 because FL13-O2 was from O2). The origin of the organisation was listed by geo-political region in order to give some basic background on the organisation; including potential influences the organisation might be working with from their headquarters. In some cases, the specific countries were not listed because it would have revealed the identity of the organisation. These details are listed in Table 3.2.

The majority of the companies were multinational companies (11 of 16) while the majority of the NGOs were locally based (7 of 11). Also notable, most of the organisations had small local offices (18 of 27), usually comprised of less than 20 people. This factor affected the potential depth of interviewees within a company. It also might have impacted the methods and forms by which the organisations could participate as socially responsible actors.

**Table 2 - Organisations**

Code	Origin		Size (Local Branch)			Organisation Type	
	Local	Foreign	Small	Medium	Large	Commercial	Non-profit
O1	x		x			x	
O2		USA	x			x	
O3	x		x				x
O4		EU UK	x			x	
O5	x		x				x
O6		USA		x		x	
O7	x		x				x
O8		EU Non-UK			x	x	
O9		USA	x			x	
O10	x		x				x
O11		USA		x		x	
O12		USA	x				x
O14		EU Non-UK		x		x	
O15		EU Non-UK	x			x	
O16		USA	x				x
O17	x		x			x	
O18	x				x		x
O20	x		x				x
O21	x		x			x	
O24		EU Non-UK		x		x	
O25		Asia - BRICS			x	x	
O26	x				x	x	
O27		USA		x			x
O28	x		x				x
O29		EU Non-UK			x		x
O30		EU UK	x			x	
O31	x				x	x	

The majority of the MNCs were headquartered in western societies. This factor allowed for contrasting notions of CSR within the local corporate culture. Therefore, any dictums from the headquarters on CSR would have to be considered alongside the local expectations. The majority of NGOs were founded with tight links to Bosnian and Balkan societal values. They were selected for this study in order to ensure that local views would be represented.

### 3.5.2.3 Establishing Contact

During the first field trip, 43 organisations were contacted. These were the only organisations for which the researcher had contact information (i.e. phone, e-mail, personal networks) and met the research criteria (i.e. not small or family businesses with low social

impact). Interviews were conducted within 18 of them. There were 3 instances where a mutually agreeable time could not be reached. This was primarily due to either extended holiday plans or work related travel. The remaining 22 entities either did not respond to invitations or would perpetually reschedule until the meeting was cancelled. Multiple attempts were made at contacting the companies and rescheduling appointments. During the second field trip, 19 companies and organisations were contacted. Interviews were conducted within 14 of them.

Several interviewees (ML7, FL10a, FL11, and FL18) noted that having a *local* contact method was critical to negotiating access. This could be a phone number or e-mail address. FL18 mentioned that people would likely see that as a sign of commitment as well as a lower financial cost in the case of a local mobile number. They theorised that because the Informed Consent Form had all UK based numbers and e-mail addresses on it, some of the respondents might have been hesitant to reply. Business cards were amended with a ‘pen-and-ink’ change to include a local Bosnian mobile number after it was attained. Amending the Informed Consent Forms was more difficult as some of the contact information was for persons who were based in the UK. The result of these changes was a higher response rate (In the first trip after a local contact number was attained, only 8 organisations did not respond to solicitations for interviews; in the second trip, only 1 organisation did not respond).

Talking to researchers who were experienced with research in the Balkans revealed that personal connections played a significant role. This applied to gaining access to interviewees as well as the information they were willing to share. Before travelling to BiH, information about popular expatriate meeting sites (e.g. pubs, cafes, social events, etc.) was sought. This was done with the explicit purpose of finding out where to go to build up potential contacts for accessing networks and gaining valuable insights about important elements of the local culture. Frequently, meetings at these networking hubs led to building connections with potential interviewees through friends and family (e.g. to ME6 and ME17). Also, interviewees often offered to contact somebody they knew in another organisation and then pass on the contact information after gaining the potential participant’s permission.

### *3.5.3 Field Notes*

Experienced researchers (e.g. Brewer, 2000; Canniford, 2005; Creswell, 2007; Yin, 2003) recommend the importance of keeping field notes. The notes provide the material to expose 'bias' and enable reflexivity. The field notes can also be used to help identify when the saturation point (section 3.5.2) has been reached by supplying highlights from the data which show a convergence in the responses given by interviewees. The field notes can be broken down into two groups: those pertaining to the interviews and meetings and those taken on the everyday observations of Bosnian society. Reflection upon the notes helped reveal insights about observed social interactions, attitudes towards CSR and expectations regarding companies being socially responsible. These subtle cues can help meet the research objective of investigating contextual elements that have influenced CSR in BiH as well as helping better understand interview responses particularly when analysing them in a different cultural context (i.e. in the UK) (Brewer, 2000; van Maanen, 1988).

The notes provided reminders of the diversity of reactions to interview questions concerning the expected social roles of companies as well as details which were useful in comparing and contrasting the findings with the prevalent modes of explanation (Clifford, 1990; Kates, 2002). The accounts helped describe the wider political, social and personal contexts encountered in the Bosnian society which contributed to shaping the expectations of corporate social responsibilities (Baszanger and Dodier, 2004). This process assisted in reframing current knowledge to account for views which extant research marginalises (Canniford, 2005).

### *3.5.4 Interview Lessons Learned*

The more technical aspects of the interview data collection process were not as straightforward as suggested above. The original intent of the interviews was to gain in-depth data from two or three companies and to try and gather a range of perspectives from corporations and organisations representing civil society. The in-depth approach was more difficult than anticipated. Companies were willing to participate, but they usually would provide access to only one participant within the company, usually a high level manager or the PR/Marketing (CSR) manager. This meant expanding the number of organisations incorporated in the study (see Wood, 2006). There were exceptions such as one interview leading to the interview of a colleague (e.g. FL23-O6 and ME6), and where more than one

person in the organization was working on CSR (O24 and O31). The researcher had initially hoped that the companies had more personnel involved with CSR activities or were knowledgeable about such activities in the company. The researcher had hoped to talk to employees involved with budgeting for CSR activities as well as those involved in planning and executing the events. While this is a potential limitation of the research, focusing on a breadth of organisations ensured that the research objectives were attained.

Interviewing more than one person from the non-corporate organisations was often complicated. NGOs appeared to be understaffed, so gaining an audience was difficult and flexible strategies, such as interviewing at lunch breaks or out of hours, were necessary. Each person was usually highly specialised in what they understood about the organisation, and usually only one person was deemed qualified to discuss the information according to the organisations.

A second, unpredicted aspect of the interviews was the view that employees took towards their parent company. Several people explained that the Bosnian laws required the officially registered head of the company to be a Bosnian citizen<sup>14</sup> or a former Yugoslavian. Because of this, several of the companies saw themselves as a separate yet affiliated company to the parent company. This made it difficult at times when relating questions about home office differences or global initiatives by ‘the company’ as opposed to how it related to the local office. Interviewees often expressed views that the home office was a separate organisation which offered little to no support to the local office in terms of social responsibility.

A third notable event in the interview process was the degree of trust-building required before undertaking the formal interview. When interviewees were recommended by a trusted third-party, the response was much quicker and the person was more amenable to scheduling an interview. There was also a difference between Bosnians and expatriates. Interviews with Bosnians often took much longer (and included talk of family and thoughts on the Bosnian scenery) and always involved at least one cup of coffee or tea. Expatriate were focused on the interview topics.

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<sup>14</sup> This is, by itself, an interesting concept in that a ‘Bosnian citizen’ does not always seem to exist in the minds of locals. This will be explored deeper in the data analysis.

There was significance to the offer of a drink as well. Not accepting such an offer appeared to be taboo. When this was turned down another effort was made. For example:

*Field Notes, 12 May 2010: ML2 was shocked when the offer of coffee was politely refused, but asking for water instead because of the heat. ML2 then suggested that maybe a cup of coffee would be better after the water and there was a chance to cool down some. This second offer was gratefully received, as something in their demeanour suggested that it would have been somehow insulting or against the rules of hospitality to refuse an offer of a drink from the host.*

Talking with people about this revealed that accepting only water was seen as slightly rude. This gesture by the guest implied that the guest believed they would create a financial burden on the host. One of the expatriates shared a similar story. He suggested that if that case came up again; ask for a juice or a water and tea or coffee (typically the first drink offered).

A further note about interviews involved locations. Before leaving for BiH, the researcher was advised that using cafes and bars for interview locations was considered within the cultural norm. Twelve of the interviews were executed at either a café or a bar. This was done at the request of the interviewees. There was always an area that had few customers and was away from the main thoroughfare and its noise. Despite initial concerns about privacy, these interviews were as open and informative as those done in offices.

A final note about the interview process: there was a complication with the term ‘corporate citizen.’ This was resolved after talking through the concept with the translators to come up with a better descriptor of the term. The complication was that the direct translation from the Bosnian word, građanin, to English deals with a city/town dweller and is therefore limited to natural persons. This was rectified by using a longer description to depict how the agency of a company could render it as an entity which was situated in a city as an active social actor. This was re-verified through cross translations. This was only an issue with the one interview that involved a translator. Also, most Bosnians, when asked about corporate citizens, took a moment to consider what the term meant. Interviewees usually related the term to the workers being citizens within the company and the society. It was often necessary to suggest the idea of a company as a citizen before the interviewee considered that meaning.

## 3.6 Data Analysis

The data analysis is presented in the next chapter. Analysis of the data gathered from the interviews consisted of identifying themes in the individual interviews. This process was used to help identify how members of the society defined important aspects of corporate social roles and events that demonstrated these roles. The analysis included reflecting on the coded interviews with the aid of the field notes. This section details the method that was used to analyse the data and the rationale for undertaking the chosen method.

### 3.6.1 *Consideration for Data Analysis*

Potter (2004) recommends that there should be a goal for data analysis. This goal is derived from the research questions and purpose. The researcher should have a clear understanding of what the research goals are before starting the data analysis and should keep the goals in mind while performing the analysis. This approach can help ensure that the analysis addresses the research goals and does not lead to an interesting but unrelated tangent (better covered by a different research goal or study). However, the goals should not be so stringently defined as to limit the knowledge that the researcher can gain from the data. The researcher has to be open to the potential for discovery of new and unexpected information. Flyvbjerg (2006) contends that researchers should not lose the lesson gained from the research, even if it is not the one which is initially sought. This process helps refine the overall process to describe what is observed as opposed to fitting the data to existing biases (Yin, 2003). Personal biases and prejudices, if not given proper consideration, can unfairly influence the analysis (Caughey, 1982; Lee and Hassard, 1999), and they have to be acknowledged and accounted for.

In order to adhere to Potter's (2004) advice, the majority of the data analysis was performed after returning from BiH to the UK, where the researcher could reflect on the data during the analysis process. Precursory data analysis was done in BiH to monitor for new, important themes arising in the interviews (to incorporate in future interviews) and to help recognise when the saturation point was reached (see section 3.5.2). Details of the data analysis process which ensured that the research goals were addressed in the analysis are covered in section 3.6.2.

Further, the method of analysis had to fit the data collection tools – in this case, interviews and field notes. An analysis of these sources would seek to identify themes in the stories. The themes that emerged gave insights into corporate social roles and relationships within the society (Baker, 2004).

Before beginning the analysis process, the depth at which the analysis would be performed had to be considered. Depth, in this sense, referred to how deep into the mechanics of the sentence structures the analysis should go. Several of the interviewees were not native English speakers; therefore pauses, ‘backtracking’, and other cues may have revealed more about their thought process of speaking in a foreign language than speaking about the topic. Therefore these communication cues were ignored in the analysis (Potter, 2004; Riessman, 2002).

When performing the data analysis, the data was re-read several times, not just once or twice. This was done for two reasons. First, it allowed themes that emerged after a transcript was analysed to be incorporated into the earlier transcripts. This allowed for a consistent application of themes across all of the data. Second, this process allowed the researcher to understand not only the words that were present but also the ideas hidden within the context of each story (Canniford, 2005; King, 2004; Maykut and Morehouse, 1994). To highlight potential personal bias, data was marked for if (and how) it related to the researcher’s expectations. Also, the analysis included marking expectations and repeated patterns in the data and reviewing iterations to ensure these were not the only themes presented. Remenyi et al. (1998) advise researchers to maintain a holistic view in order to map out observed events and processes. They also warn researchers not to assume an all-knowing perspective (Flyvbjerg, 2006).

### 3.6.2 *Data Coding*

A common approach to analysing interview and field note data is the use of thematic coding. The coding process is meant to help explore what interviewees are saying about topics in terms of the research framework (Baker, 2004). This process can occur on two primary levels: *a priori* and constant comparison.

*A priori* is a useful strategy for finding themes from the literature in the dialogues. This involves using codes based on themes and ideas presented in the literature. This method of coding is useful when explaining theories in terms of observations. However, this may not cover all of the themes that are important within the data sets (Creswell, 2007).

Constant comparison, a method of analysis developed from Grounded Theory, involves letting themes emerge from the data and comparing these themes as the analysis progresses. This method allows the data to be organised by themes which are not predetermined. Also, this method permits the researcher to be confident that the codes fit and are appropriate for the data throughout the analysis process (Maykut and Morehouse, 1994).

The actual coding process involved both of these means (*a priori* and constant comparison). This was consistent with what King (2004) presents as template analysis. Template analysis allowed for a flexible link to the literature and the discovery of new codes as they emerged from the data. The template codes were developed from the literature and used in the first iterations. As reading continued through iterations, new themes emerged and older codes were allowed to evolve to reflect the specifics of what was found in the data better. This form of analysis used hierarchical structures to organise the codes and better relate them to broader themes in understanding the data. A hierarchical structure meant that there are at least two levels of themes and coding. Specific themes were coded at lower levels (e.g. a specific CSR activity). Broader themes that encompass groups of specific themes were coded at a higher level in the hierarchy (e.g. CSR activities in general). Coding could be broken into as many levels as was useful to understanding and exploring the themes in the interviews. Chapter Four provides details of the codes and the hierarchies as part of the findings. Appendix D is a copy of the code book used during the data analysis process.

### 3.6.3 *Data Analysis Lessons Learned*

Initially, the intention was to use the QSR International's NVivo version 8.0 for all data coding and sorting. This program was considered for three main reasons:

1. NVivo allowed for the information to be easily stored in a central location.
2. NVivo was able to sort out the different coded areas much quicker than doing the same task by hand after the coding had taken place.

3. NVivo allowed for different analysis functions which were more efficiently done with the aid of a computer than by hand.

However, this program was soon relegated to a secondary tool as coding in NVivo proved more difficult than anticipated. The process of setting up the 'nodes' (representing the codes) focused too much on the details of the coding process rather than attending to the over-arching themes. An example of this was from the parent node of 'CSR Actions'. The individual activities, such as philanthropy or volunteering, were identified but not related to other actions within the parent node. With the way NVivo stored the nodes, passages had to be coded to both the parent node and the lower level node; therefore, searching for all passages contained within 'CSR Actions' produced zero results. Coding to multiple nodes at once proved to be too distracting in terms of understanding and discovering emerging themes. This made exploring the broader themes in the transcripts difficult.

In light of these difficulties, coding was then done by hand. The first iteration of coding highlighted the broader themes in the transcripts. The second iteration involved establishing more specific themes which could be grouped under the major themes (King, 2004). Subsequent iterations were used to verify that the codes were applied consistently to all of the data and verify the themes had been thoroughly investigated. A code book was kept in order to maintain consistency with naming and descriptions of codes used throughout the analysis process (Appendix D). After the data were coded by hand, they were imported into NVivo. This was done so as to make use of the program's advantages listed above. Specific information about codes is presented in the next chapter.

### **3.7 Reliability and Validity**

Reliability and validity are common benchmarks of good research. Parkhe (1993) explains their importance in describing both 'hard' and 'soft' methodological approaches. He notes that in order to undertake good theory development, the theory generation and testing must be based on rigorous practices. This section describes the steps that are taken in order to ensure this research incorporate reliability and validity in order to produce rigorous results.

### *3.7.1 Reliability*

Reliability deals with the confidence in the repeatability of a study (Karlsson, 2009; Yin 2003). In order to meet this standard, a researcher should keep notes detailing: questions used in the interviews, interviewee data, data on participant organisations, analysis codes, etc. (Parkhe, 1993; Yin, 2003). These notes:

1. Help the researcher carry out the research in a consistent manner, which can be followed by other researchers who are interested in the work (Karlsson, 2009).
2. Provide records so that the coding can be checked for inter-rater reliability to ensure that themes are applied consistently throughout the analysis process (Fereday and Muir-Cochrane, 2006; Samaddar and Kadiyala, 2006).

In order to ensure reliability, detailed notes about the data collection and analysis (as suggested above) were kept throughout this study. An interview schedule, with revisions, was maintained throughout this study as well as exact transcripts. The interview schedule was reviewed before each interview to remind the researcher of the topics that needed to be discussed. At the end of every interview, the researcher reviewed the schedule to ensure that all topics had been covered. Also, a copy of the schedule was used in each interview to guide questions, and ensure discussions remained on topic. The researcher took notes in order to capture new ideas and thoughts from the respondents. These notes were used to help inform the researcher of important topics to explore in future interviews. A reviewer checked a sample of the coded interviews to ensure that the codes were used consistently.

### *3.7.2 Validity*

Validity depends on ensuring that the research instrument measures what it is intended to measure. In qualitative investigations the researcher who gathers the data is the instrument. Therefore, the validity of the research depends on the competence, rigour and skill of the researcher (Patton, 1990). According to Parkhe (1993), high quality research displays evidence of construct validity, external validity and internal validity.

#### *3.7.2.1 Construct Validity*

Construct validity relates to establishing a chain of evidence between the data and the conclusions (Karlsson, 2009; Parkhe, 1993). This aspect of validity is often addressed through triangulation of data and carefully monitoring the decisions that lead to

conclusions. According to Eisenhardt (1989) and Perry (1998), triangulation can be achieved through the use of different data sources and methods.

In this research, triangulation was achieved through the use of multiple data sources. Interviews were conducted with persons involved in different sectors, namely the corporate sector, non-profit/civil society sector and business associations (e.g. chambers of commerce and investment councils). Accounts from these different sources were compared and contrasted. In addition to the three different interview sources, observations captured in field notes were used as part of the data triangulation. This process helped with recognition of patterns in the data. The patterns could be used to explore which of the meanings that were attributed to CSR were personal to the interviewees, the companies they worked for and the sectors they worked in, and which were potentially shared across the Bosnian society. Further, the patterns were used to support conclusions from this research which did not agree with conclusions from extent research. Showing these patterns was important as it provided evidence for the decisions that led to the research conclusions (Karlsson, 2009).

#### 3.7.2.2 External Validity

Generalisability does not align well with the goals of a case study, which is to look at specific instances or cases of a phenomenon. Eisenhardt (1989), Parkhe (1993) and Yin (2003) offer advice about external validity in case studies. These authors note that generalisability is based on ideas from statistical analysis and random sampling. However, in case studies theoretical sampling is desired over random sampling. The sample cases are selected in order to fill conceptual categories which replicate or extend extant theories. By focusing on cases which can be used to understand the applicability of extant theories better, case studies fulfil requirements of external validity. This research made use of theoretical sampling (section 3.4.1) in order to address the issue of external validity.

#### 3.7.2.3 Internal Validity

Internal validity focuses on the relationship between the data and the conclusions (Parkhe, 1993). Internal validity relates to reasons that explain the underlying relationships between the data and the conclusions (Eisenhardt, 1989).

In this research, a rigorous examination of the conclusions was performed in light of multiple potential explanations (see section 3.4.1). Alternative conclusions were developed and compared to the data. The data was used to explain why the rejected conclusions were less likely than the accepted ones (Parkhe, 1993).

### 3.8 Ethical considerations

The more complex and alien the situation is for the researcher, the higher the chance for ethical concerns to arise which are not covered by outlines and guides. Situation assessment and critical judgment of the researcher is the best mix for helping to resolve the issues that may be faced (Wood, 2006). Bryman and Bell (2007) also make note of this point, arguing management researchers need to be cognisant of ethical factors specific to their research context.

Before undertaking the field research, time was taken to consider possible ethical concerns, as advised by Bhattacharya (2007). The Statement of Ethical Practice for the British Sociological Association (2004) was the primary reference for ethical guidelines for this research. Ethics concerns were addressed in a formal process. The **Ethical Approval Form** (see Appendix A) was filled out and reviewed by the school's ethics officer. The ethics officer reviewed the information and a meeting was conducted to discuss the issues and duties of a researcher.

#### 3.8.1 *Potential for Harm*

According to the British Sociological Association guidelines (2004), researchers need to be aware of the physical, social and psychological well-being of participants and themselves. Concerns for interviewees' well-being have the potential to become an issue due to the post-conflict context of this research. Conflict survivors can experience psychological issues relating to the conflict if emotionally painful memories are brought up (Wood, 2006).

The interviews were designed to ask about the pre-war Yugoslavia period and the post-war to present period, focusing on ideas related to CSR. The interview schedule was written so that questions did not imply positive or negative connotations about the social groups, and it did not specifically ask about the conflict or their experiences.

To help protect the researcher, a check-in system was implemented. Meeting information (time, place, expected duration) was reported to a trusted personal contact prior to conducting interviews. After completion of the interview, the same source was contacted to report that the researcher was safe.

### *3.8.2 Informed Consent*

In accordance with the University of Exeter ethics policy (2007) and the British Sociological Association (2004), participants in the research were asked for their informed consent. (A copy of the informed consent form can be found in Appendix B.) The informed consent form included information about the risks and benefits for the participant, as well as the actual knowledge and understandings of what the voluntary process involved. That is, interviewees were told that their information would be included in a research project related to CSR and the roles of businesses in the Bosnian society, how their interviews were going to be used in this research, that they were free to choose if they wished to participate in this research, and that they could withdraw their consent as participants at any time without prejudice (see Wood, 2006). The researcher also described the nature of the research project and asked permission to record the interviews. Participants were asked to sign an informed consent form.

Woods (2006) cautions that having signed paperwork may not be in accord with conditions of anonymity or cultural norms. The point about cultural norms was also raised by a few of the local contacts. Expectations in BiH about signed paperwork implied a far more formal setting than non-signed forms. There was warning given by Woods about interviewees being uncomfortable with signing the informed consent form (and indeed a few cases did arise). This was resolved by explaining that the signature was not needed, but this was common practice for Anglo-American research projects. Interviewees were told that oral consent would be considered equally valid. The protocol was changed for the second field trip. The same forms were sent but as an information sheet without space for the signatures. These were better received than the version that asked for a signature.

### 3.8.3 *Translation Issues*

Creswell (2007) suggests using a method of member-checking, when it is possible. Member-checking involves letting the interviewees check their own transcripts in order to verify the translations of the words they spoke and to clarify their points. This can help ensure an accurate portrayal of the proceedings and can help sustain the relationship with the participants (Remenyi et al., 1998).

In this research, this method involved sending a copy of the transcript back to the interviewee, provided they were fluent in English, to let them appraise the language used. Given that English was not always the interviewee's first language, member-checking was employed to help them express themselves and clarify their points (Creswell, 2007; Wood, 2006). Original copies of the transcripts were retained and checked against the feedback. No material changes were requested by interviewees (as might have been anticipated – see Creswell, 2007). Changes were limited to adding articles<sup>15</sup> and subject-verb agreement<sup>16</sup>.

## 3.9 **Conclusion**

This chapter has sought to bring out the theoretical and practical considerations which were used in deriving the methods for this research. Extra information about the actual data collection and analysis were included in order to help future researchers who may operate in similar settings. Undertaking research about CSR in an area of the world where the concept is not as developed or well understood as in the 'Western world' created some additional difficulties. Also, in a situation where the social cohesion was essentially destroyed by a war and is still in the process of being re-established, extra care and consideration had to be given for how social interactions were conducted. These extra concerns form part of the contribution of this research project to future academic research.

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<sup>15</sup> In the Bosnian language, the articles ("a", "an" and "the") do not exist as separate words. As such, Bosnians do not always include these words when speaking in English.

<sup>16</sup> E.g. "Our projects has good results [...]" could have referred to a single project (indicated by the verb) or multiple projects. The number of projects was not always clear from the context in the transcripts.

## Chapter 4 Data Analysis

### 4.1 Introduction

This chapter presents the main findings from the empirical research. The data show how CSR and the roles of business in society are portrayed within the case country of BiH. This chapter demonstrates that understandings of CSR was not as fully developed as or different from that typically found in other countries nor are the roles of business in the society as well defined, compared with what is presented in the extant literature. Specific conditions in the country have influenced the way that CSR is conceptualised. These conditions can be related to the war and nationality divisions within the population, ongoing social and physical infrastructure reconstruction, a young government, and previous understandings of the roles of a company in a socialist system.

Before proceeding, it is important to recall the meaning of a corporate citizen and social citizenship from Chapter Two. Corporate citizenship is defined as a metaphor which describes the state of a company's willing and active participation in a society as a socially responsible actor. Corporate citizenship is related to the notion of 'social citizenship'. A social citizen is a person who is socially accepted as part of the community – a pseudo-citizen<sup>17</sup>. Their actions are in accordance with the political philosophy of the society, and they willingly act in ways that promote social responsibility and the society.

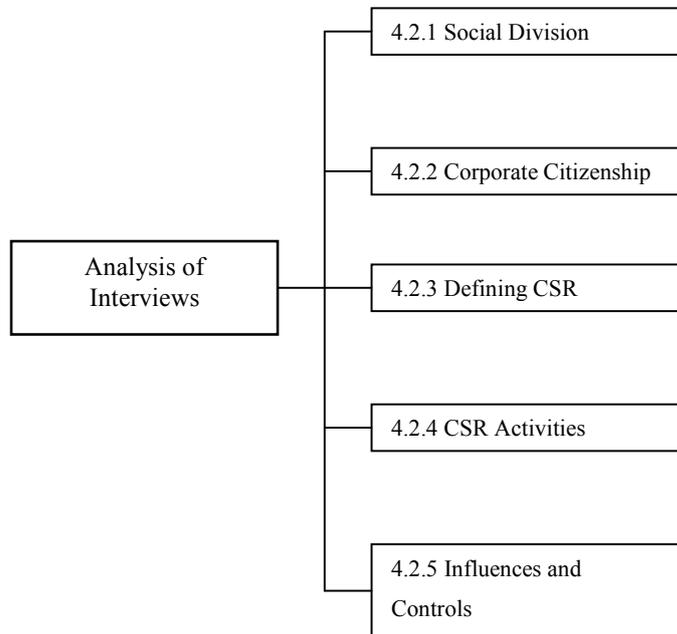
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<sup>17</sup> Pseudo-citizen is used here because the person is not always legally considered a citizen.

## 4.2 Interview Findings

The findings are presented as shown in Figure 4.1. Initially, the data were categorised under five broad themes.

**Figure 4.1 - Broad Themes from Interviews**



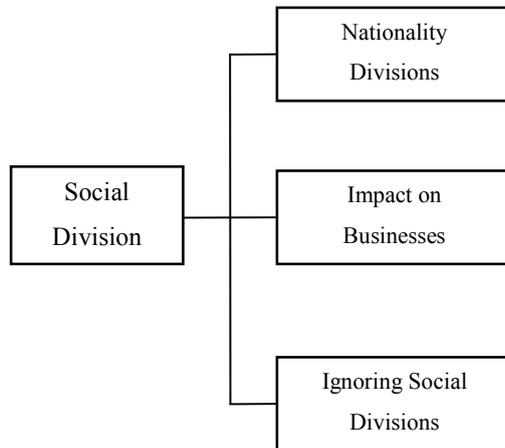
The first four themes (4.2.1 – 4.2.4) were developed from the literature. The last parent code – Influences and Controls – emerged after several readings of the interviews.

The following subsections discuss the themes (also referred to as parent codes) in light of the findings. Sections 4.2.1 and 4.2.5 have a section on ‘other findings’. Data presented in ‘other findings’ covers findings that are not easily categorised into the primary themes but are defined by a division within the interviewee classifications (i.e. locals and expatriates).

### 4.2.1 Social Division

The social division theme is divided into three sub-themes: nationality divisions, impact on businesses and ignoring social divisions (figure 4.2).

**Figure 4.2 - Social Division Code**



The social division code is intended to examine how being a corporate citizen in a country that does not have a firm definition of a social citizen (on the state level, i.e. Bosnian) complicates the process of understanding a company’s role in society. This code is related to several of the problems mentioned in the literature about contextualising CSR (section 2.7). This code looks at how divisive nationalist issues impact companies and their roles in society. This theme helps demonstrate some of the extra difficulties of operating as a socially aware and responsible company in a post-conflict zone. FL18’s statement that “people don’t appreciate their country [BiH]” may be the simplest way of expressing this code’s importance.

#### 4.2.1.1 Nationality Divisions

The first theme, ‘nationality divisions’, incorporates the nature and impact of the divisions between nationalities. Given the literature and understanding of the context, this theme was developed in order to explore the likelihood of the data containing references to divisions between the ethnic nationalities.

Ethnic identity is differentiated between the three main nationalities (Bosniak, Croat and Serb) and a label of ‘others’<sup>18</sup>. The political situation reinforces the ethnic divisions. This political division is especially visible between the two main entities and is maintained between the ethnic groups. The language used by interviewees suggests that maintaining these divisions retards the social capital building process. There are several comments made by both interviewees and local informants<sup>19</sup> discussing the state of BiH and that people are expecting another war to start. The Republic Srpska (RS) and Federation of Bosnia and Herzegovina (FBiH) are divided between the Serbs, and the Croats and Bosniaks as the majority occupants, respectively.

*They [politicians] are totally bereft of a forward thinking agenda. What they are doing is they use the old antagonisms to keep the communities, the various bits of the community polarised on certain topics and they are always pressing buttons. So to them, there is an acceptable level of inter-constituency tension. [ME29]*

This particular passage reflects how the political system is perceived to work and how that affects the social fabric of the country. It is widely considered that the goal of the politicians is to maintain a sense of fear of other groups in order to maintain personal power. Several interviewees noted that there is an attitude amongst the general population that the politicians are “lousy, but at least they are their lousy Serbian, Croat or Bosniak Muslim politician” (ME29).

*So in general, I don't want to talk about government, it's totally not responsible – the government – and it is a much better situation on the local level. When you go higher, it is less responsible. [...]I have a vision that they are not aware of that [effects of speech on social responsibility], so they are talking too much about divisions, separations about problems, about, you know, they even use hate speech, so you know. I believe that they, if they are responsible, they will really be careful what they are talking. Because you know, you influence on people's minds. So it is repeating something about what you came from. You have to be careful what you are repeating. So it's low level of responsibility of the general people. [FL20]*

Interviewees portrayed these divisions as a hindrance in terms of social responsibilities owed by any person to the state instead of to a national group. As these division issues are present in the discourse, it is possible to examine how they affect corporations and

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<sup>18</sup> The label of others is meant to describe anybody not identifying with the three main groups. This can include, but is not limited to, Bosnians (i.e. those who are Bosniak/Croat/Serb but do not identify as such), Roma, and Jewish persons.

<sup>19</sup> The meetings with local informants were pre-planned with specific objectives related to the research. Local informants were highly knowledgeable persons with specific insights about Bosnia, the local culture and other important aspects. These meetings were arranged according to advice from Wood (2006) and Dickson and Hargie (2006).

corporate citizenship. The social tensions can present a problem for the companies who want to establish a social connection with the state-based community.

#### 4.2.1.2 Impact on Businesses

This theme focuses on how division can impact businesses. Interviewees discussed how national divisions, especially between the two major entities, influence business practice as well as the way that social responsibilities are affected by these divisions. The FBiH and the RS have their own set of laws and “each of them have their own constitution” (ML2). An individual’s nationality-based (as opposed to a Bosnian) ‘citizenship’ is re-enforced, even in official paperwork. One of the local university students<sup>20</sup> told a story about the depth of nationality division. She mentioned that she had recently filled out some paperwork for the university that asked for her nationality, to which she filled in “Bosnian”. She received a call later in the week to ask about a discrepancy with the form, and she was informed that Bosnian was not a valid response. She was expected to fill in “Bosniak, Croat, Serb or Other”.

The difficulties of working within the context of these divisions are also noted in the interviews. Interviewees described several instances of social aid being directed to assist one ethnic group but not others.

*And also, maybe it was €60,000,000 given by the government to [the] NGO sector, every year. And that’s much more than the whole international community together. But the problem is that it is mostly given to veteran associations or religious organisations. [FL20]*

The support for religious and veteran associations is important due to the links they have to the division issue (i.e. Bosniak-Muslim, Croat-Catholic and Serb-Orthodox). Each group seeks to take care of their own group members, according to most interviewees. This separation can discourage trust building between the groups as all efforts are intended to benefit only one group. In more extreme situations, the benefit one group receives comes at a cost to either one or both of the two other major groups.

The legal separation of the two entities compounds the difficulties for organisations that try to work across the borders. Organisations reported that operating in both entities (RS and

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<sup>20</sup> This university student was related to the researcher’s landlady in BiH. She would often relay messages from the landlady or practice her conversational English skills with the researcher.

FBiH) is extremely difficult due to the different laws in place. Further complicating this issue, interviewees reported that the laws that allow for cross-border operations were only recently enacted.

*And as well, we wait[ed] 2 years, we waited to register [O12] in Bosnia and Herzegovina until the law on association was approved, so that we can be one organisation on the state level. [FL12 later continued] It [the legal differences between the entities] is so difficult. That is the main problem for all companies who operate here in Bosnia and Herzegovina, because the entities are too complicated. [FL12]*

Since only some of the laws were recently revised and aligned with each other, cross-entity ventures (business or social responsibilities) are still difficult. This view is echoed by FL9 having to get approval from “ministries of education in both entities” to do a CSR project which helped educate children about mine fields, since the laws and structures for presenting material in a school are different. The current social and legal separations have had an impact not only on business transactions but also on the ability of organisations (businesses and NGOs) to be socially responsible on the state level. This limits the ability of businesses to act as corporate citizens and to be in touch with the entire community or to develop a business social contract with the whole of BiH.

#### 4.2.1.3 Ignoring Social Divisions

The third theme in this code relates to ignoring the social divisions. Passages coded with this theme show that interviewees expressed a desire for projects that ignore the socio-political divisions. Interviewees mentioned that they try to ensure the projects reach all areas in which they have a presence as long as it makes logistical sense.

*We take care that we are, in terms of CSR activities, present in every part of our market. [FL11]*

*We have also worked on, for 2 years, another project that is about poverty reconciliation in Herzegovina area, where we connected three municipalities, basically to have this, like... which were fighting during the war, one against each other. [FL16]*

Examining the interviews under this theme reveals an omission in the discussions: none of the interviewees discuss projects that include catering to national divisions. Interviewees often stated they are against such projects and want to support BiH, not just their local entity or ethnic group. All of their examples focus on providing help to the broader society or a local community that they impact. To help explain this some interviewees mentioned

that they work in all parts where they have a market presence. This occurrence can signal that business motivations are involved in these projects.

#### 4.2.1.4 Other Findings

When coding by interviewee type, a distinction between expatriates and local respondents became clear. The expatriates only presented the social division theme as something they were aware of. They expanded upon this theme in reference to the past (e.g. the war or Srebrenica). The local interviewees were more forthcoming with additional information about the divisions in society as related to the present. This finding suggests that expatriates may not be aware of the depth of the social divisions still present (or their foreignness means that they are unable to fully grasp or identify with it) between the different ethnic groups.

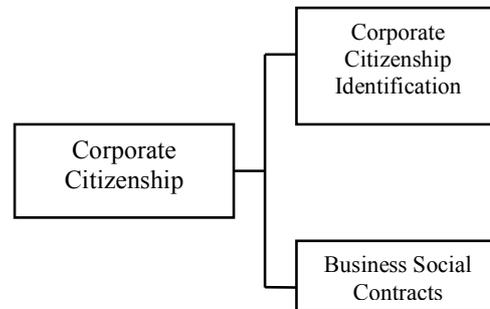
#### 4.2.1.5 Summary of Analysis of Social Divisions

Analysis of the themes in this section gives insight to some of the abnormal social conditions in BiH that can affect corporate citizenship and CSR efforts. Legal and social separations between the three major groups can affect how businesses relate to each group and the society as a whole. The legal separation, i.e. differences in the entities' laws, makes operating in both entities of the country difficult. Regarding the social divisions, the companies have to choose to either bias their actions in favour of one or two stakeholders, or constantly change stakeholders, potentially disenfranchising their stakeholders in the process. Most companies have elected to follow an *ad hoc* approach for the CSR projects they undertake. This approach allows them to appear responsible to all potential sectors of the market.

### 4.3 Corporate Citizenship

The corporate citizenship theme is divided into two sub-themes: corporate citizenship identification and business social contracts (figure 4.3).

Figure 4.3 – Social Division Code



The ‘corporate citizenship’ code examines if and how companies are seen and act as corporate citizens. Essentially, does a corporate citizen exist in BiH and how is it identified (i.e. what are the expected roles of a business in BiH)? This code focuses on ideas using open views of corporate citizenship (section 2.3.2) and imagined communities (section 2.3).

#### 4.3.1.1 Corporate Citizenship Identification

The idea of corporate citizenship is related to the idea of social citizenship. The literature review highlights the idea that an important aspect in achieving this form of citizenship is that the person has to be able to identify themselves as a social citizen. Identifying oneself as a social citizen does not mean simply declaring oneself as such. It requires the person to recognise what being an active participant in the society means and reasonably fulfilling their socially expected roles. Within this theme three topics emerge which express how corporate citizenship is viewed:

1. Corporations cannot be and are not viewed as citizens (see Wood and Logsdon, 2001).
2. Corporations can be or are viewed as citizens (see Crane et al., 2008).
3. Corporations can be but are not viewed as citizens (ibid.).

These three topics portray that within a society, the definition of a social citizen is not universal (see section 2.3). Further, these positions reflect the discord in the CSR literature and the differences between the restricted and open views of corporate citizenship.

Some interviewees mentioned that corporations are not perceived as corporate citizens, or they do not view themselves as corporate citizens. The opinions about why the companies

are not seen as corporate citizens can be listed in two categories. First, companies are not something that can be classified as a citizen. This view is not expressed often, but two interviewees (ML4 and FL15) stated that their employers are not able to be classified as a corporate citizen. Both O4 and O15 are involved in utility-type work. Veitch (2007) suggests that utility companies are viewed differently in regards to corporate citizenship. He notes that the more a company is involved in supplying utility based goods, the less likely they are to be examined unless certain rules are broken by the company (see section 2.6). Second, a few interviewees relate the potential for corporate citizenship to the owner(s).<sup>21</sup> In cases where the owner is an expatriate and also one of the main faces of the company, such as with O1 and O17, the interviewees (ME1 and ME17) note that their company is not seen as a corporate citizen. They noted that the company is seen as foreign because the owners are foreign. The company is not able to be viewed as a corporate citizen because the owner is not capable of expressing citizenship in the BiH context.

The majority of interviewees expressed the view that they can identify companies as corporate citizens or that they can accept corporate citizenship as a possibility. The level at which this acceptance occurs varies. Interviewees were able to identify corporate citizens as members of the local community or as part of the broader community, i.e. the state. Typically, people stated that they are able to see companies as good corporate citizens who participate as members of the community. FL11 commented that:

*We do not spend lots of money to say we are doing things, to put our name on banners. But I think we are seen as good corporate citizens. [...] We are invited to participate in community projects, but also we invite our business partners to join us in community activities we partner with. So yes, we are part of the community – we see ourselves as part of the community and [the] community perceives us as a company that cares about [the] community. [FL11]*

This comment shows that by working with the community O11 can be seen as a corporate citizen. Their actions not the announcement of participation allows O11's admittance to the community. As a corporate citizen, O11 is invited to participate in the community as a fellow member (this is similar to a point by Hooghiemstra, 2000). They also invite their partners to participate and build social capital.

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<sup>21</sup> According to law, as it was explained by several different people, the 'legal' head of the company had to be Bosnian or former Yugoslavian. The 'working' head of the company could have any citizenship.

After realising that there is potential for a corporate citizenship identity, gaining an understanding of what a corporate citizen can look like is important. While levels of engagement are, in most cases, not explicitly mentioned, it is clear from the interviewees' descriptions that the examples of actions imply the broader society, i.e. the state. Typically, interviewees defined a corporate citizen in similar terms to a human, such as companies which pay their taxes, follow the laws and try to be generally socially responsible. The image of a corporate citizen is also one that is active in the community, constantly reminding the society why the company should maintain their corporate citizenship status.

*So it [the company] is already [...] put[ting] a face on, to be considered as a unit. Can it become humanised as a unit? Well that actually depends a lot on their social responsibility. If they are always engaged in [a] socially responsible project, and active in society, they can probably get accepted and recognized as an active citizen. They have to be active to be recognized as a citizen. So it is a step that needs your, that needs a company's constant work. You have to constantly remind others that you are [a corporate citizen], so that they can ... Because in the civil society, you as an individual never lose the status of a citizen. But maybe to have it in this corporate sense, have it as a company, maybe you have to try more. [FL13]*

*First one [a company] that respects its employees and business partners and, you know, suppliers. And one that pays its employees fairly. One that does not jeopardise their business partners because of maximising profit and uh, hmm... one that respects the environment in their business, as much as possible. And one that pays all their dues to the state through taxes and other means, so one that is not avoiding taxes. And then, there must be more... One who is actively looking for opportunities to do some positive impact with its work or to decrease its negative impact. [ML2]*

In the descriptions of a corporate citizen, interviewees express actions that correspond to early descriptions of corporate citizenship, similar to Carroll's (1991) pyramid. These actions include paying taxes, following laws, and conforming to the local ethical norms. This is noticed when interviewees imply that corporate citizenship can be recognised as membership in BiH (as opposed to the local community). There is also a focus on social capital building, comparable to positions stated by Kotler and Lee (2005), and Matten and Crane (2003). Recognition as a corporate citizen is described as something that has to be worked for continuously, not a position to achieve once. The interviewees that referenced local level engagement emphasised the relationship and getting the local community to recognise their legitimacy as responsible citizen-like actors.

Of the interviewees that stated their organisations are seen as corporate citizens, either by themselves or through society, all are part of MNCs. Small private companies, which do not have a large impact on the social sphere, do not associate themselves with corporate citizenship. The size of the company, and more importantly the potential impact, affects the identification of corporate citizenship.

*They [large companies] know what they can do and they, from my opinion, they are obliged to do more. They are earning money from this country so this needs to go both ways. [FL14]*

Several other interviewees repeat this theme in their interviews. Throughout the literature review chapter the relationship between the potential impact on the social sphere and the company is a recurring theme. The less impact the company has on the social sphere, the more the company is ignored in terms of corporate citizenship. Also, larger companies with bigger impact are expected to undertake more corporate social responsibilities, reflecting what Windsor (2001) terms a social licence to operate. In exchange for being allowed to operate in BiH, the companies are obliged to give back to the country.

The definitions of corporate citizenship used by interviewees come from a mix of external sources (such as the Dobro Award<sup>22</sup> or following the UNGC) and corporate directives related to corporate citizenship. O12 was the only small organisation that associated itself with being a corporate citizen, but they are accustomed to dealing with large MNCs and are supported by a large, interconnected, multinational network. This evidence suggested that being recognised as a corporate citizen might relate not only to actions (e.g. relationship building) but also to connections with larger organisations.

Interviewees also implied that corporate citizenship, similar to citizenship, is not just a dichotomous condition – i.e. there are degrees of good and bad corporate citizenship, not just a condition of ‘is’ or ‘is not’ a corporate citizen. Being recognised as corporate citizens involves meeting expectations by the society and being a part of the society. This view is also noted by Moon et al. (2003) and Dentchev (2009). The interviewees who mention this theme typically alluded that the title of citizen can be maintained, despite misbehaviour, so long as the company has an overall positive balance of being socially responsible.

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<sup>22</sup> The Dobro Award is a CSR award in BiH that has run from 2008 to 2011. Dobro literally translates to “good”.

*Yeah, companies are supposed to, should behave as, as a decent citizen, and respect [their] neighbours and the local community and society as a whole. [...] Obviously to ... but it's hard because there [are] all sorts of citizens [...] There are citizens that are destructive and behave badly. So it's hard to generalise, but it should be an active and positive member of the society. [ML2]*

A further theme that is noticed in this theme relates to what *should* be considered the attributes of a corporate citizen. This theme depicts how the roles and relationships of companies are different from legacies of the past. Interviewees of larger companies relate stories of how communities sometimes look at the companies as still owned by the community and that the companies have a responsibility to it. FL25 gave a short history of O25, focusing on how the role of the company has changed since the command economy and what social roles and responsibilities O25 had now.

*It's not like how it should be, especially since how the company before the war meant everything to the town. Now the situation is of course different, and now we have a market system, not a system like it used to be. So we, somehow, needed to explain to the people that some, it is some other way of doing things, but in the same way we are part of the local community and we are very interested in being a responsible citizen. [FL25]*

This quote helps demonstrate how the terms of the business social contract can change according to the social and economic context, a point also noted by van Steenbergen (1994).

#### 4.3.1.2 Education and Expectations of Social Roles of Companies

Another primary theme that emerges from the interviews, related to corporate citizenship, is one that deals with education about businesses' expected roles in the society. Interviewees express the view that there is a general lack of understanding of corporate citizenship in the Bosnian society. The interviews typically express the view that the community, its members, and the companies need to learn how they impact each other in the public and private spheres. Similarly, it was also felt that there is also not sufficient communication between the different sectors of society (e.g. business, NGO, government and international community) about expected social responsibilities. Mele and Paladino (2008) mention an important step towards a wide-spread practice of CSR involves education about CSR across multiple sectors of the society. Typically, interviewees pointed out that multiple elements of society need to be educated about CSR and companies need to be educated on what they can do as part of their CSR and social citizenship.

*Education yeah for ... of the community that a certain company operates in, and vice versa. I mean, education has to be in both directions. The company can learn a lot from the community, from how it is functioning and what their needs are, and what the community wants. In the future, what are the plans, what are the visions for development, etc. etc? But those of the community can learn and can get the best practices from the clients in the community it operates in. So it has to be kind of really joining. [FL30]*

Additionally, several interviews communicated the idea that the society is still developing a Bosnian citizenship identity (section 4.2.5.c) and that corporate citizenship is necessarily lagging. Some of the interviewees viewed this retardation as a partial failure by the international community to appreciate the complexity of the relationships between the three ethnic groups or the problem with the different countries teaching the same concepts in completely different ways as the country was rebuilt.

*But I think if you take it all the way back, Dayton is a problem. The absence of constitutional change is a problem, because it allows this ... political approach that I have described, this embedded fixed in time, it allows it to persist. And unless they take that on board, and of course it is very difficult to take on board constitutional change if you see that the animosity between the Federation and the RS, and the RS is driven to destroy the state and secede. It is difficult to accept constitutional change because that hard-wiring of the state in 1995 actually plays to their advantage because they can say this doesn't work. We need to break away, we need to do what Montenegro did, we need to do you know XYZ. You cannot distance corporate responsibility from social responsibility and political responsibility. It is impossible. There are no checks and balances to make it function, and there is no spirit of change because it suits the 2 entities, this adversarial relationship suits both parties. The international community is stuck in the middle of this jam. [ME29]*

*Expectations are that in those areas where it [the international community] is putting in funding or resources to bring people on to an international standard, they expect immediate acquiesces, immediate practice and long term practice of the standard. Which is not going to happen. I had one conversation with a Bosnian who said, look the Brits have trained me, the Germans have trained me and the Americans have trained me; and you have each trained me to do the same thing in a completely different way. So what am I gonna do, I am going to do it in the Bosnian way. And I'll put this again right back to a lack of ... strategic consent as to what we are gonna do in Bosnia Herzegovina at any level, using any of the national resources of diplomacy or information, military or economic means. We have not had a joined up strategy for Bosnia Herzegovina, and still don't. [ME17]*

#### 4.3.1.3 Summary Analysis of Corporate Citizenship

Analysis of the Corporate Citizenship theme reveals a limited understanding of what a corporate citizen is in BiH and some of the expected social roles for businesses. Findings suggest that there is a potential to recognise and label companies as corporate citizens, yet

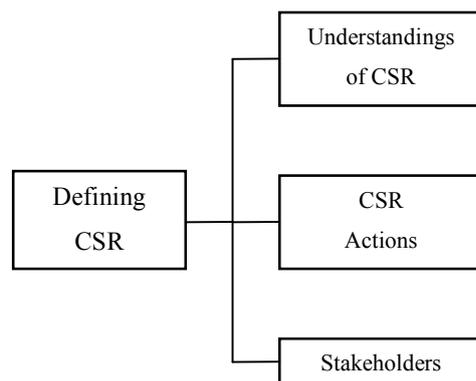
this status is contingent upon three primary factors. These factors are: the size of the company, the potential impact the company can have on the society and the country of origin of the owners (expatriate or local).

Interviewees also suggested that there is disagreement over what the role of a corporate citizen should be. They noted that the balance between making a profit and providing for the community is the crux of the problem. They related this problem to a clash of ideas between capitalism and socialism, something all interviewees were able to recall during their lifetime.

#### 4.3.2 *Defining CSR*

The social division theme is divided into three sub-themes: understandings of CSR, CSR actions and stakeholders (figure 4.4).

**Figure 4.4 - Defining CSR Code Tree**



This code is designed to cover discourse about how interviewees define CSR. It helps illuminate some of the ideas of what CSR is to those participating either as recipients or providers of such actions. The Defining CSR code focuses on what was known about CSR and how this understanding was shaped and influenced.

##### 4.3.2.1 Understandings of CSR

The first theme associated with defining CSR highlights the sources interviewees use when defining CSR. Interviewees mention three primary sources for defining CSR: historical context, foreign MNCs importing CSR activities, and external standards and CSR guidelines.

Historical knowledge of CSR was related to the pre-war Yugoslavian state-owned enterprise system. All local interviewees were able to recall memories from this former system as either older children or as a part of their working life. They recalled that, during that time, companies were expected to help take care of the local workers and community. Generally, interviewees also discussed differences in the roles of companies during the socialist era of Yugoslavia and the changes in these roles as the country adopted a free market system.

*Well, you know, we are all confused with this new system because, before the war, you know [there was] a lot of social responsibility in companies. And, it was usual that companies [would] take care of their employees and their families, the area where it [was] operating. They [were] making bridges or making roads. [FL20]*

An attitude that is attributed to the Yugoslavian system is about how the companies, or at least their heads in BiH, look to the government for directions on social roles.

*Some research that we have done, that I've been involved in, sorry, I have noticed that companies, what they really want, maybe this is the state of mind that we have from previous system, we really want the government to push the whole thing. [FL19]*

With the government's central command system, there was little cause to have to devise social initiatives. Interviewees alleged that CSR activities under socialism were highly efficient, and they had the full backing of the state. These imposed CSR measures were based on confirmed needs of the state and communities. The attitudes presented by interviewees agree with arguments by Hopkins (2003) and Murray (2003) about legally mandated CSR. This approach of government mandated CSR was mentioned at the UNGC Network meeting, discussing how the network could enable a more wide-spread and effective (in terms of resolving major social problems) practice of CSR than is currently in place.

A few of the expatriate interviewees claimed that, similar to warnings from Veitch (2007), such an approach can be excessively burdensome.

*Because the rules and regulations for doing business in Bosnia Herzegovina are so heavy and dominant that flexibility and initiative is often tied. [ME17]*

Several of the interviewees also explicitly state that aspects of CSR (e.g. philanthropy), were regularly practised under the Yugoslavian system. This similarity caused confusion about the expected roles of for-profit companies. The confusion arose out of ideas that practices under socialism should be abandoned and that companies should operate with the

intent to maximise profits. However, CSR practices were also recommended by MNCs and external groups as part of business practices. CSR actions reminded several of the interviewees of socialist practices and goals for the companies. The difference in the economic systems appears to play a major role in the environment for CSR and how people view corporate citizenship. In the old system, companies were a tool of the system (and by extension, the citizens); in the new system, corporations are something different, an entity that still has to find its place in society.

Interviewees reported that MNCs and expatriates importing CSR ideas are the main contributors to defining CSR. Interviewees usually express this importing of knowledge in a positive fashion.

*So thank God that we had the enormous entrance of such large multinational companies that came immediately after the war and raised or start to raise our awareness [of CSR] ...You know, human being existence, how can you exist if you don't recognise some needs, your neighbours, your local community, your wider area? So they came with their regulations and their standards and guidelines, [so] that we can put them in and compare. [FL14]*

Several interviewees commented that international companies should teach local companies about CSR.

*Well I think that they should positively influence our companies, to give them an example, to show them how they do it in foreign countries. To make them work better, to give them examples from the international community. [FL10b]*

Large companies (implying an abundance of resources) are a key feature. This theme is noticed in other interviews and may be significant for understanding CSR in BiH. Interviewees who had negative comments about importing knowledge about CSR stated that importing the knowledge is good, but the activities need to be implemented at the pace that fits the Bosnian society. Some interviewees presented beliefs that companies are simply copying without understanding what CSR (and its equivalents) entails. The overall ideas are well intentioned, but implementation of CSR has not been entirely successful.

*I believe that here, we have, I call it a problem but that is my personal opinion, it's that we are trying to copy everything from the west, which is not always good. So, uhm, because corporate social responsibility is kind of a trend, it's a business trend, so like, let's become part of a trend. So most of the time, people don't understand, why they are actually doing that. [FL18]*

Trying to implement CSR too quickly would be like “shock therapy” (ME6).

A third source of knowledge is from international CSR standards and guidelines. Interviewees noted that EU CSR guidelines play a role in changes to laws in BiH, as BiH is seeking accession. Two other major sources of understanding of CSR come from the UNGC Network and the Dobro Awards. Several interviewees participate in both the network and the awards. The Dobro Awards criteria are based on the UNGC and the IFC's corporate governance best practices (Mašta, 2011). These sources are a starting point for creating CSR metrics or for planning possible CSR activities, neither of which is common practice.

#### 4.3.2.2 CSR Actions

Related to the previous theme, interviewees also stated what they believe to be desired or practised CSR activities. Several of the same ideas found in the extant literature are also found in the interviews, including:

- Philanthropy
- Environmentalism<sup>23</sup>
- A duty to employees and disadvantaged persons
- Enabling others to contribute to society
- Contributing to cultural events
- Compete in a fair manner to make a profit and help boost the BiH economy
- Following the law.

While there were several similarities between the interviews and extant literature, this theme focuses on the differences in understandings of CSR.

Volunteering is discussed as part of CSR, but respondents view volunteering differently from how it is presented in extant literature. Interviewees presented volunteering as arising from a different motivation. The Bosnian notion of volunteering is presented as more about survival (of self and neighbours) than just helping out, and it was hyper-present during the war.

*But they [the majority of Bosnians] have the understanding [of volunteering] and they don't perceive it as a voluntary work when they are helping out their*

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<sup>23</sup> While this topic was known, few companies professed to practice "being green". Being green in BiH meant reducing pollution output and not dumping harmful materials into the natural environment. Only ML8 and FL11 mentioned recycling or changing business practices to incorporate more environmentally friendly practices.

*neighbours, for example, to move the furniture or their neighbour who is an elderly person so they everyday bring them bread and milk because this person is elderly, or make a lunch for that person. We [Bosnians] don't have this tradition in volunteering work in our own environment and call it volunteer work. But we have this kind of willingness and kindness to help out other people. [FL16]*

For the interviewees that recognised volunteering as part of their CSR, it is associated with CSR recommendations from the headquarters.

*Another thing [one of the CSR activities] is what I manage, is something that comes from the global office part of our strategy [title of program]. And some countries are encouraged to participate in them [the three branches of the program]. And, uhm, in ... recent, actually last 2 years, it has been deployed through the volunteer day programs. [ML24a]*

*Actually it is called the Volunteer week – the C24 Volunteer week. And each country, during that week, each country can chose one day [for a] volunteering activity, and then we have to report back what each country did during that week. [FL24b]*

Most respondents, however, did not link volunteering work with CSR unless the topic of volunteering was brought up in the interview. Once this trend was noticed, the topic of volunteering was deliberately brought up in interviews.

The tourism board<sup>24</sup> and UN Mine Action Services (UNMAS)<sup>25</sup>, two groups which keep records of safe and potentially dangerous areas, raised the issue of unexploded war ordnance as a major problem, especially in rural areas of BiH. Interviewees discussed the topic of live landmines in their dialogue. The interviewees mentioned two different means by which CSR practices contribute to reducing this problem. The primary way is by donating at events which purchase demining equipment and hire specialists. These events are usually co-run by business associations and embassies. Companies are invited to donate to these events as part of their philanthropy activities. The second method interviewees mentioned is helping to set up markers for safe passages in wilderness areas.

*So my idea was to do something at least close to Sarajevo. The majority of our mountains are scattered with mines. We are the worst country in the world for that it seems. So I really had a nice project last year, which I put together with the municipality and canton level, and also with the mine centre. We have the demining centre you know. [...] I have been in touch with the municipality centre to get the map where we can find the mine fields, and we made guide posts, so people can be safe. [FL14]*

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<sup>24</sup> This information was relayed to the researcher when visiting the tourism board office in Sarajevo. The researcher was enquiring about travel around the country (related to visiting interviewees) and the tourism board employee shared the information about landmines, unsolicited.

<sup>25</sup> The UNMAS website was referenced to corroborate the information from the tourism office on landmines and unexploded war ordnance.

Minefields are a problem that is readily present in the minds of most Bosnians and threatens human survival as well as some business operations that are in rural areas. Contributing to marking and clearing mine fields carries benefits for both the companies and the society.

Another theme that defined CSR in BiH involves corruption. All interviewees acknowledged that corruption is a major issue in BiH faced by organisations. The main theme in one interviewee's (ME29) discourse involved how corruption affects the society and its sense of social responsibility. Interviewees emphasised that avoiding corrupt practices is important to being socially responsible and mentioned the UNGC (Principle 10) as one of the main supports for anti-corruption stances while being a corporate citizen. Most interviewees noted that they try to avoid corruption but did not give details about how this is achieved.

*I never faced it [corruption] like that [open and obvious corruption]. Uh. One of our, uh, mechanisms, we are ... using is that whenever we have some project in the local community, there is a very specific form of contract. [The] beneficiary has to sign ... and us as well. And within that contract there is a special chapter on corruption. [FL25]*

ME1, ML7 and FL23 iterated how business can be made difficult (e.g. filing paperwork to: open branches or comply with regulations) if one does not participate in corrupt practices.

*It does [corruption impacts business], it does. And a lot of small-medium size businesses are faced with that corruption thing. We'll help you get rolling if you slip something to us. [ME1]*

This passage implies that not participating is an important social responsibility, aimed at decreasing the level of corruption and helping to stabilise the socio-political spheres. Organisations can easily see that being socially responsible includes not participating in corruption; however, this is not always realistic in practice if the business wants to survive. This situation exemplifies a point made by Charney (1999) and Malesevic (2008) regarding the social toleration of corruption in some countries and the impact that has on CSR.

A few interviewees expressed a desire for companies to incorporate a form of protectionism as part of corporate social responsibilities. Interviewees who mentioned this theme viewed it as a duty owed to the society (jobs) as well as local economy (taxes and supporting local companies). This issue was typified as an activity that can help create a sense of stability.

*Although it is not easy to put an exact figure on the value, the cascading effect in terms of contributing to society, and to the economy is significant.*

*By purchasing ingredients locally we bring money into the economy that would otherwise be spent on imports. By expanding its business, the supplier increases its profits and therefore the level of taxes paid to the government.*

*Having business expanded, the supplier is in a better position to provide employment to more people. By adding to a workforce, there are more people in a position to contribute taxes. By helping local companies to develop their business, other related businesses also benefit through their own network of partners and suppliers – and these also contribute to further developing the economy and community. And, finally conducting our business in a socially responsible way we promote principles of social responsibility and contribute to building a CSR culture in BiH, which is a precondition for sustainability and the prosperity of our community. [FL11]*

Other interviewees also expressed similar ideas, whereby companies should engage in a form of protectionism by either buying locally or by signposting when something was sourced internationally.

Interviewees were able to give some insight on expected social roles for businesses. The expectations are categorised by the prevailing theme that they portray. Table 4.1 displays the list of themes that are used to describe expected corporate social responsibilities found in the interviews.

**Table 3 - Expected CSR Terms**

<b>Terms listing expected CSR found in interviews:</b>
Give back to the society for being allowed to operate locally (social licence to operate)
Being actively aware of expectations for social responsibilities (see section 2.6.2)
Respect society and neighbours
Follow laws
Respect employees
Pay taxes
Be sensitive to local needs arising from weaknesses in the social and political systems
Ensure business partners within the company's sphere of influence follow the laws
Help create responsible citizens
Respect human rights
Do not participate in corruption
Help with high social priorities (i.e. mines, disaster relief)
Work state-wide and for Bosnian culture
Boost the economy
Contribute to the wellbeing of the community
Donate according to ability
Comply with the rules of the market and economy
Be mindful of and respect the environment (ecologically)
Make a profit
Promote Bosnian goods where applicable

#### 4.3.2.3 Stakeholders

During the interviews, respondents were asked about which groups they focused their CSR activities on. Usually, they did not name specific groups they worked with, but they often revealed general sectors in their interviews. The main groups companies focused on were:

- NGOs
- Government
- Employees
- Minorities and disadvantaged persons.

Moreover, interviewees emphasised helping socially disadvantaged persons including displaced persons, persons with disabling injuries obtained during the war, persons who obtained disabling injuries from unexploded war ordinance, and families who lost their primary means of support as a result of the war.

What may be more significant about this theme is how interviewees discussed their approach to interacting with stakeholders and assigning assets for use in CSR activities. A

majority of corporate interviewees note that their companies do not plan how they engage with stakeholder requests, nor do they assign specific funds or funding criteria for their CSR activities in advance. Interviewees said this is a problem when discussing the sustainability of CSR projects or receiving a positive view of the activities. These problems are also discussed throughout the literature review (e.g. Wheeler et al., 2002). Interviewees reported problems of being overwhelmed by requests and stakeholders complaining about not having an outline of criteria for applying for aid. A small number of the interviewees discussed plans to incorporate some form of planning for their CSR activities.

*And what we are really looking for is to finish maybe in early spring, some draft of the [CSR] strategy for our company. And also, uhm, ... a direction, how to report on CSR, and how to collect information, and how to, how to somehow hmm, ... ... find a way, what to do, which precise activities we need to do in order to report about CSR. [FL31a]*

The consultancy-based companies noted that they tried to recommend planning CSR activities to their clients.

*That is why we are suggesting to our large clients that they make an annual plan, to make a public announcement for CSR with some rules and some neutral jury which will give points to the request to formalise the thing. Otherwise their management and middle management is overwhelmed with requests. As we have been explaining, you know. [ML2]*

However, planning was still a rare practice for companies operating in BiH.

#### 4.3.2.4 Summary Analysis of Defining CSR

Analysis of the definitions of CSR used in BiH help develop an understanding of what being a socially responsible company means to interviewees. First, interviewees are able to share what general areas CSR can cover (e.g. philanthropy and environmentalism) and that these actions require working with a set of stakeholders. Second, they are able to discuss where these expectations come from, and with which authorities their understanding of CSR agree.

Regarding the scope of general CSR activities, interviewees were able to list common topics found in extant literature. More interestingly, they viewed certain activities and the emphasis companies put on specific actions as (not) important as CSR. The activities that were emphasised could be associated with creating a sense of stability in the public sphere and satisfying a sense of security. These activities include fighting corruption, removing unexploded war ordinance and helping to stabilise the economy. Those activities

considered less important include environmentalism (being green), donating non-financial assets (time and material) and pressuring business partners to be socially responsible.

Regarding where interviewees claimed to get their knowledge of CSR from, there were two primary sources: their national socialist history, and international organisations importing CSR definitions. Interviewees noted that the differences between the two sources' definitions cause confusion when defining what CSR is supposed to accomplish. Under the socialist system, CSR-like activities were directed by the government in order to supply what the surrounding population needed (infrastructure, jobs, housing, etc.). After the transition, CSR is meant to accomplish specific goals of the companies, not be directed by the government.

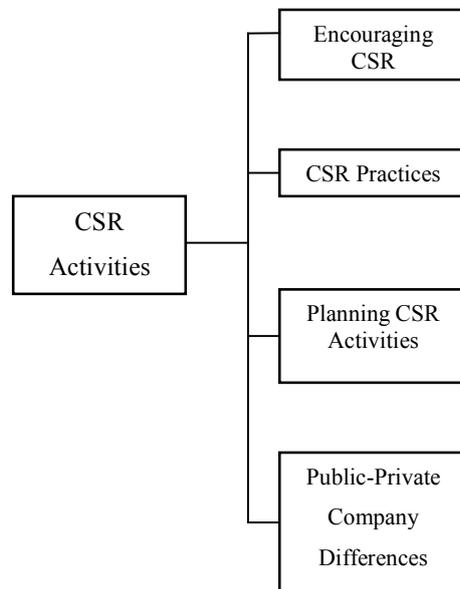
As local actors have started to discuss what CSR means, they have been able to reconcile some of the differences regarding the goals of CSR. This process is evidenced by the topical agendas from the UNGC network meetings and establishing the Dobro Awards. These mediums use best practices from international organisations combined with local considerations to develop the discourse about how to define CSR as an activity in BiH.

Typically, interviewees said that companies are expected to interact with the society in a generally responsible manner. The details of these social responsibilities are not yet fully formed. Interviewees listed some specific responsibilities (see Table 4.1), most of which are applicable in any society and some of which are specifically related to the local context. Also noticeable in the list of expected responsibilities is the emphasis put on some of the generic duties (e.g. follow the law) that take on a stronger significance in the socio-political context enveloping BiH.

### 4.3.3 CSR Actions

The social division theme is divided into four sub-themes: encouraging CSR, activities, planning CSR activities and public-private company differences (figure 4.3).

Figure 4.5 - CSR Actions Code Tree



This code is designed to identify practised corporate social responsibilities. This code can be compared directly to what is found as social responsibility (re-)actions in the extant studies (Van Tudler and van der Zwart, 2006). This code helps inform what is unique to the case (i.e. linked to local corporate citizenship) and what is generically tied to CSR. Also, important idiosyncrasies linked to the conflict or transitions in the social-political arena are highlighted.

#### 4.3.3.1 Encouraging CSR

Passages coded with this theme highlight what is being done to encourage CSR in BiH. As CSR is a nascent concept in BiH, encouraging active CSR is an important action when establishing the meaning and practice for local actors. Analysis reveals two main methods to help encourage CSR: the Dobro Awards and discussing CSR during the UNGC Network events. These two areas not only show that the businesses are actively learning about CSR (related to section 4.2.3.a) but also sharing that knowledge with each other and with other actors in the society in order to encourage further participation. The more that organisations participate in these activities, the more socially accepted CSR becomes. Certain activities are encouraged (or discouraged) by participants and organisers of these two events in an

effort to develop the meaning of CSR in BiH. This is similar to a major theme presented in the literature review – that CSR involves a learning process by relevant social actors.

The Dobro Awards are mentioned by several of the interviewees as a positive influence on CSR and a method of encouraging its practice. Interviewees who are familiar with the award noted that there were over 150 nominations for 2011. This number has grown from approximately 30 in the first awards, 4 years ago. This growth fits with one of the main goals of the award: to increase the understanding and practice of CSR in BiH. But the growth is not only about quantity, it also includes more meaningful CSR actions.

*It is progress, but uhm ... it's ... visible progress in uhm, procedures, in their practices. It's much more important than, than quantity of the companies. Companies who decide that it's important to talk about CSR practices, to implement it, uhm ... are getting better and better through the years. It's really important. [FL28]*

Interviewees also reported that they were unaware that some of their activities are considered part of CSR until they read the Dobro application forms. Further, the application process helped them define what was not considered CSR (e.g. sponsorships<sup>26</sup>). Interviewees from companies said that this award has encouraged their participation in CSR, by helping to define CSR and establish a friendly competition focused on CSR.

The other means of encouragement – UNGC Network promoted activities – also contributes to building a strategic approach to CSR. The network has sponsored one-day conferences to discuss different CSR aspects and how to implement them. There are also regular meetings to discuss: the status of CSR in BiH, strategies for implementing it as a state-based business strategy, how companies can better use their resources for different aspects, and other relevant topics.

*Field Notes, UNGC Network meeting, November 2012: After a keynote speech pledging support from U.S. Ambassador Moon, participants quickly broke into discussions of how to increase visibility of CSR and gain the support from different social actors (e.g. media and government), how to communicate their work, and what CSR meant to the members of the network. The break-out sessions were run by representatives from state-owned enterprises, private businesses and NGOs, respectively. Participants noted that this was typical for how the meetings were executed. There were over 30 organisations represented at the meeting from NGOs,*

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<sup>26</sup> Dobro did not consider sponsorships as part of CSR as these activities were view as part of marketing and often only done at popular events (e.g. Sarajevo Film Festival, the national basketball and football matches).

*CSOs, SMEs and large MNCs. Most representatives participated in spirited debates throughout the different panel and break-out sessions.*

#### 4.3.3.2 Activities

A second theme highlights the actual activities that are done by companies. Section 4.2.3 pointed out that most of the CSR activities are typical activities found in the extant literature. The activities that interviewees highlighted include: volunteering, donations (in-kind, material and money), environmental activities, work related to a company's field, strategic approaches, sports sponsorship, supporting major cultural events, obeying the law, including CSR as part of normal work and a duty to employees. The execution, however, does not always follow the descriptions from the extant literature.

The attitude towards donations is a notable theme in the interviews. The NGO interviewees appreciated the material or in-kind donations, but they discussed desiring and expecting monetary donations. Interviewees from the companies also noted the tendency by NGOs to seek money over other forms of philanthropic help. Some interviewees posited that the society and NGOs need to be educated on how to increase the efficient use of the donated materials.

*We get sometimes, uhm, information to donate a certain amount of money. Not just us, I'm sure that all other companies are asked to donate so much money and that's it. Uhm, I believe that there should also be other alternatives. Ok, you [the recipient] get the money and you would go and buy this and this. Why not the other way around? ... Let's say, painting of schools – find the donor for the paint, but find another company's staff to go and paint the classrooms. But they would say no, no, no, no, give us so much money and we will take care of it. [FL24b]*

The perception of philanthropy is slowly evolving from one of monetary donations to include in-kind or service donations. The initial model (money based) can be derived from the international aid efforts. Several international organisations had given large sums of money to organisations with the intention that the money would be used for reconstruction. The donation of materials was not as common. This approach can bias expectations of NGOs towards monetary assistance over in-kind donations.

The theme of obeying the law also emerged as a theme. Interviewees reported that following the laws was often seen as a part of being socially responsible as a corporate and social citizen. They were quick to point out that they followed the laws; however, they were familiar with cases where other companies would either break the law or bribe officials to relax penalties for infringements.

*Some people already do that, so there are, there are pharmaceutical companies that use a special kind of leaching methods that doesn't go into the river, and that is fine. But if you have Sarajevo Brewery that, you know, that wants to go out very strategically at night and [then] dumps raw sewerage into the river here...[ME21]*

By recognising that circumventing the law is easy, this condition sets up being a law-abiding company as a socially responsible company (see also van Tudler & van der Zwart, 2006).

Actions directly related to the social problems resulting from the war were also discussed. Also, problems associated with displaced persons receive common mention from both NGOs and companies. These problems include supporting no income families due to the death/incapacitation of the primary wage earner, mental health problems, working with groups like UN High Commissioner for Refugees and International Commission on Missing Persons. These problems were often related to respecting human rights and human dignity (see Davis (1960), the Ruggie Report (2008) and the OECD's Risk Assessment Tool (2006)).

#### 4.3.3.3 Planning CSR Activities

Few company interviewees discussed any means of planning their CSR activities. FL11, FL14 and FL25 noted that they are required to share their CSR actions with other branches of their companies. All three stated that they are asked by their corporation's head office to share their plans as well as the results of their activities. This sharing is reportedly done so the head office is aware of company-wide CSR activity levels and output. Only two other respondents reported that their companies are developing their CSR-related criteria. ME21 told how C21 is working on a plan with the International Finance Corporation to develop corporate governance measures. FL31a discussed how C31 is working with a consultant to develop and implement a CSR strategy. Most interviewees noted that they do not have criteria or plans for their CSR projects. This lack of planning has impacted the companies' abilities to execute their intentions to carry out CSR.

*I asked them [a client company] "Do you have criteria [for choosing stakeholders to work with]?" "No, we don't." "But how do you decide?" "It's difficult to decide." [FL20]*

The view of CSR presented by most interviewees is that their approach is *ad hoc*<sup>27</sup>. This

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<sup>27</sup> All interviewees admitted that at least some of their events were done *ad hoc* and that this was the general approach. Some companies had obligations to meet from their headquarters, which were planned, but this was rare and usually related to one-off events.

situation makes responsibilities seem random to external (and sometimes internal) observers (see section 2.7.2).

According to the pamphlet for the Dobro Award, the issue of CSR being *ad hoc* was an important factor in its development. Several interviewees discussed how the Dobro awards are structured and help the companies form a more systematic approach to CSR and accounting for their activities. The award gives the companies an incentive to plan and track their CSR activities. Respondents stated how awareness and acceptance of CSR has increased in BiH following the introduction of the award. This approach has made CSR a more socially acceptable company activity, greeted with less scepticism of corporate motives. After the transition to a free market economy, CSR was seen as something akin to socialism – a practice that BiH had abandoned. People in BiH, who did not view CSR as part of old socialist practices, viewed it as a corporate image enhancing gimmick without any substance. This view is likely related to the “wild west” (ME6) style of capitalism that was mentioned by several interviewees.

This progression towards more planned CSR follows the development of CSR in the extant literature.

#### 4.3.3.4 Public-Private Company Differences

An unexpected finding was the differences in perceptions of appropriate social responsibilities between the public and private companies. This difference highlights an area that is not encountered in current CSR literature. BiH has been working towards privatising all publicly owned companies, but a few major state-owned enterprises still exist (e.g. EnergoInvest and BHTelecom). Interviewees who mentioned state-owned companies and CSR all noted that the rules are different from those governing CSR of private companies.

[Explaining how O12 approached public companies for donations] *But the state companies, [...] they also have a procedure, how to explain this. Because they can't give us money as a donation, we need to be a part of a tender, so [...] marketing or something like that. It is a law on ... I don't know how to translate that. They can't make a donation, it is forbidden for them to give a donation. [FL12]*

FL26 and ME29, interviewees who are well versed in this issue, confirmed that the public companies are not allowed to give out donations. Certain financial goals have to be met

before any donations can be considered<sup>28</sup>. Also, the tender process is well defined. These restrictions limit the amount and type of help given by state-owned enterprises. Their restrictions can have knock-on effects for private company CSR activities, similar to the way the historical context (section 4.2.3.a) has. These state-owned companies are large and relatively successful companies which smaller companies look to for best practices. Also, because of the link to government, these companies have closer connections to officials and thus a high degree of influence over political opinions and interactions with the economic sphere. This influence can translate to the government issuing laws and regulations regarding CSR. Further, these state-owned companies are active in the various CSR networks (e.g. UNGC and Dobro Awards), which can increase the potential for their restrictions to become standardised practices. A representative from BHTelecom (which is still a majority state-owned enterprise) contributed to the discussion in the UNGC meeting, and she was successful in influencing other participants to consider seeking more state control over CSR through laws and standards.

The restrictions on CSR are not intended to be or are necessarily viewed as a negative. The main reason interviewees gave for these restrictions are that the public companies do not technically have a profit. Any profit belongs to the country and is used to help rebuild national infrastructure and other critical projects. FL26 stated that while donations from O26 are limited, employees are allowed to use inventive means to perform CSR in the name of the company. These means included ideas such as forming groups to collect money from the employees and donating it in the name of the company.

#### 4.3.3.5 Summary Analysis of CSR Activities

Analysis of the CSR Activities shows the depth of understanding that interviewees have of CSR. Similar to the definitions of CSR, the activities that are reported can be classified as typical CSR activities. The key differences arise from how the various actors relate to these activities. The peculiarities are mentioned by interviewees from both the corporate and NGO sectors. For instance, NGOs noted that they would rather take cash donations over material donations.

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<sup>28</sup> This is mandated by the OHR. Interviewees expressed that this was a positive restriction in terms of helping rebuild the country and regaining stability.

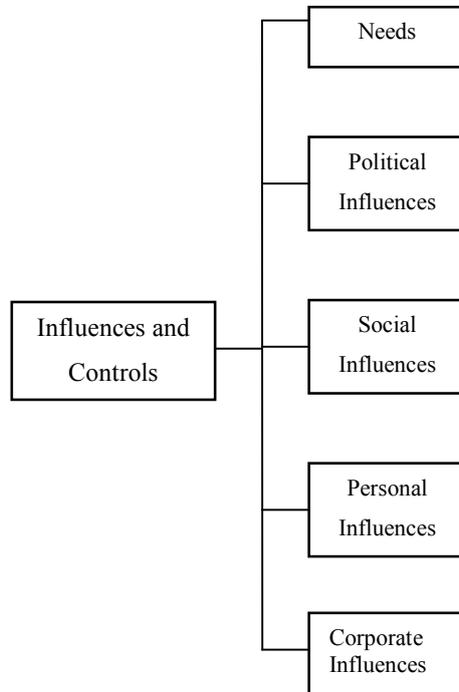
Furthermore, interviewees reported that planning CSR activities as part of corporate operations is not the norm. This lack of planning suggests that companies generally view CSR as something that is unrelated to operations. The lack of planning has created difficulties for how the corporate interviewees relate to stakeholders. This evidence suggests that companies have only progressed to viewing CSR as a reactive or occasionally an active engagement with stakeholders. Not planning for how CSR activities will impact company resources has made participation erratic and less effective, a point of concern made by van Tudler and van der Zwart (2006) outlining the four approaches to stakeholder relations. Interviewees reported that this is slowly changing, but not all decision making members in the company have accepted that they need to plan CSR efforts if they want their actions to be meaningful.

The state owned companies have different rules for participating in CSR. These different rules can potentially limit the scope of CSR options, depending on the input that state-owned companies have in influencing the development of the concept. This comes from the companies only being allowed to donate based on strict rules and the fact that they need approval from the government before finalising the donations. Representatives from the state-owned companies include their restrictions in discussions about developing CSR in BiH. Including these restrictions in the discussions can potentially limit the scope of CSR options companies are willing to consider, depending on the input that the state-owned companies have in influencing the development of the concept.

#### 4.3.4 Influences and Controls

The social division theme is divided into five sub-themes: needs, political influences, social influences, personal influences, and corporate influences (figure 4.6).

**Figure 4.6 - Influences and Controls Code Tree**



Unlike the other parent codes, Influences and Controls was added *post hoc*.

Initially, these themes were coded within the other themes. After reviewing the coded material and realising the usefulness and abundance of these themes, they were separated from the other data for analysis.

This code helps to explore the various influences and controls guiding (in-)action of corporate social responsibilities. This theme highlights the forces that help, hinder and motivate corporations to act as corporate citizens. These forces come from political, social, personal and corporate sources. These forces, combined with the quantity and severity of social needs, are the primary influences of CSR actions mentioned in the interviews.

##### 4.3.4.1 Needs

In order to help contextualise the social environment, the theme of needs is the first influence addressed.

The first significant finding is the number of needs in BiH society that exist and remain unaddressed. Interviewees often expressed this thought explicitly and noted that the problems can be related to CSR actions.

*There are so many things to focus on, nothing [CSR action] is really wrong. [FL11]* She commented that because of the huge number of needs, the members of the society and the government are not at a point where they can worry about if a company was being socially responsible or not. The people and government are still concerned with satisfying what they consider basic needs (such as rebuilding the infrastructure, developing a functional society and fixing the economy). Some, but not all, of the interviewees referred to the members of the society as being socially irresponsible. They posited that CSR would remain restricted as long as the society and social attitude remained underdeveloped.

*CSR is not something which you can disconnect from the, from the level of development of the society, the level of development of democracy of the open society and media and everything. You cannot say it is going to develop regardless of all these other factors. It won't. [FL31a]*

In addition to the number of problems, the scale of the problems is also a major concern. Interviewees often commented that there are more important and pressing issues than CSR (as mentioned above). The priority given to CSR is still, by necessity, relatively low.

*Listen, they've got bigger fish to fry first. [ME1]*

*People here have much [bigger] problems than to think about that [...] there is a crisis and economic situation and so on. [ML8]*

The capacity of the society is not at a level to give full support to CSR as a major issue. For example, interviewees mentioned how minefields are still a present danger (FL12 and FL14), the economy still has not recovered from the transition (FL23), there are still physical and psychological effects from the war (ME1, ML2 and ML7), and social divisions still are actively dividing the population (FL20). The usefulness of CSR is not self-evident to the society, the government and several companies. Further, if executed incorrectly, CSR can be detrimental to the society. By seeking to address problems which the society is not equipped to resolve, well-intentioned activities can shock the social and economic spheres and retard progress. Also, the companies may seek to advance their position in the market and accidentally cause more harm by directing essential resources from resolving significant problems (see Murray, 2003). This portrayal of CSR and BiH society is similar to findings by Šteta and Janković (2008).

#### 4.3.4.2 Political Influences

Political influences are mentioned in all of the interviews, almost exclusively as a limiting factor. It also covers a variety of different obstacles related to political activities and jurisdictions. There are four main topics covered within this theme:

- Corruption
- Instability
- The government
- Laws.

According to Transparency International, BiH was ranked at 91<sup>st</sup> in the 2010 Corruption Perceptions Index listings with a score of 3.2 (2010), hence the issue was anticipated. Most of the interviewees discussed corruption and the effects it has on individuals, and how this can impact CSR (corresponding to observations by Koričan and Jelavić, 2008). In order to help contextualise the degree to which corruption permeated Bosnian society, ME29 detailed O29's investigations into corruption.

*So it's [corruption], it's, I would say it is ingenious, pervasive, persistent ... very hard to root out. So that's, that's the situation that we have. And it doesn't just apply to the economy, it applies to everything. [ME29]*

Other interviewees describe a similar situation where corruption is seen as something firmly entrenched in the culture. They all mentioned how corruption can affect potential CSR issues. Several interviewees pointed to corruption as a hindering influence. They mentioned corruption's effect on the ability of the government to lead by example in areas of social responsibility and the ability to create a CSR-friendly environment. Other actors in the political sphere are also blamed for corrupt practices that influence CSR.

*In [a survey of] around 80 companies in Bosnia, almost 100% of them [survey respondents], they said that the main problem and burning issue is corruption. And it's hard to be responsible in a corrupted environment. [FL19]*

The problem with such high levels of corruption is that it not only makes corrupt practices socially acceptable, but also a few of the interviewees implied that businesspersons can feel that corrupt practices are necessary in some cases.

Issues of political instability also are highlighted as a hindering factor by interviewees. Despite the end of most of the external missions by other governments and super-governmental organisations (i.e. the UN, NATO, and European Union Force) in BiH,

political and social stability have not entirely returned. According to interviewees, the instability is actively maintained. Some of the interviewees compared the current levels of social and political stability to those before the war. Before the war, when the country was stable, ‘corporate’ and personal social responsibility was common. This changed after the war as politicians have actively maintained political (and social) instability.

*Because, today in Bosnia, even though it is 15 years after the war, because of all the political tension, [...] no one really relaxed. [FL13]*

Maintaining the instability levels affects companies’ willingness to engage with CSR, which impacts the amount of resources (personnel, time and money) companies are willing to devote to CSR and the scope of issues that are brought up in discussions. The decrease in capacity to perform CSR due to instability matches the findings from Šteta and Janković (2008).

Interviewees also view the government (and gaps within the government systems) as an encumbrance to developing CSR. Several local interviewees stated that the government should, but did not, provide legal and infrastructure support for CSR-like efforts. Several interviewees sympathised with the idea that “the political end had fallen down” (ME1). Most local respondents and participants at the UNGC Network meeting believe that it is important to incorporate the state into questions of how the market should function and how the state as an institution impacts the spread of CSR.

*The government is supposed to do things to ensure some kind of system for businesses to implement [CSR practices]. That’s a huge problem in our country. [...] They [the government] don’t even know a lot about CSR. They just heard about it, but they don’t care about it. [FL28]*

This quote helps point out that there are gaps in the government’s functionality as well as CSR knowledge. Several interviewees also offered a reminder that the government is still a young government. It is still trying to get up to 100% capacity. But this reduced capacity does not excuse all of the government’s shortcomings. ML2 related the government’s dysfunction to the attention government officials pay to society. He commented that the government is not working to take care of the needs of the society. This view is echoed in several interviews.<sup>29</sup> These issues are present in the state government and affected co-operation between officials.

*Field Notes: National elections were held during the time of this research project.*

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<sup>29</sup> Data about the political infighting due to nationality differences is presented in section 4.2.4.a.

*After the elections, the government did not reconvene for approximately a year. News sources reported a conflict between some representatives who wanted co-operation with other nationalist parties and those with more extreme views for nationalist protectionism.*

Interviewees also noted that the legal system affects CSR and corporate citizenship practices. There are two central topics within this theme:

- Laws that do not encourage CSR
- Lack of legal strength (related to corruption).

Several interviewees discussed the first topic in relation to the differences between the socialist (highly controlled) and free market systems. They mentioned that under the socialist system the government officials would regulate what actions companies could and would do and how those actions would be carried out in order to help the society best (similar to Hopkins' (2003) suggestion). Interviewees noted that these types of regulations no longer exist and that can be a source of confusion for organisations considering CSR. The regulations helped to direct the company's actions so that the CSR activities were useful and in the interests of the society. The regulations also made the actions worthwhile for the companies as they incentivised the companies with rewards from the government and increased the predictability of what the companies operating practices included. This desire for government control is consistent with what Lynn et al. (2002) note about several former Yugoslavian republics.

*A lot of companies, when you go and talk to them, will probably say that they are trying to do something, but there is no regulation for that, so they cannot do that, even if they want to do some good things. [FL18]*

Interviewees also expressed confusion about the tax laws related to donations, a key activity for CSR in BiH. The majority of the interviewees are unaware of any tax deductions or laws that promote CSR for private companies. Only organisations that were involved in consulting on tax laws were able to help clarify this issue. FL20 mentioned how in the past O20 had worked with the government to amend the tax laws. The government never reached a consensus on how to structure the laws and in the end, the measure was abandoned.

These accounts suggest that donations are generally not encouraged (politically). Many of the interviewees said that they would be more active if the laws were written in a manner

that promoted donations. Interviewees discussed other laws that are lacking (e.g. environmental), but they did not feature prominently in the interviews.

In addition to the general corruption issues, the strength of the legal system was also discussed. Several of the interviewees noted that the regulations are either not in place to encourage social responsibility (e.g. regarding pollution), the penalties in force are not a strong disincentive, or that bribing officials is not uncommon. Two interviewees explicitly mentioned that paying-off officials is the norm for BiH when infractions are discovered.

*We had an inspection made by a local environmental inspector or auditor from the government. This guy was speechless after our presentation. How do we keep all the documents about our waste management and confirmation and about how do we do our oil waste and grease materials, everything. Even the batteries, you know they are, yeah [hazardous], and the glass and the way how we save energy with our heating system and sunlight and insulation and other things. They were speechless. We invested a lot in our objectives and our plan and everything for this. So no pressures, just when they come. This is not typical in Bosnia, many just pay a fine or yeah [bribery]. [ML8]*

*It's easier to just pay to some official rather than invest in some filters or cleaners or something [in reference to select corporations polluting with hazardous chemicals]. [FL20]*

These findings provide argument against a purely legal code enforcing CSR. The view that CSR should be limited to legal requirements is questionable in BiH if laws do not exist or are not respected, and the political environment is not stable enough to support CSR or a corporate social citizenship identity.

#### 4.3.4.3 Social Influences

The social influences are similar to the political influences. Four topics surface as foremost in the interviews as social based influences:

- Lack of awareness
- The media
- Sense of entitlement
- Social distance.

The lack of awareness is brought forth in two different ways. First, interviewees said that CSR activities are not well-advertised or known. They expressed an opinion that “CSR awareness is rising” (FL11) but suggest that it is still fairly low. Generally, they felt that the

companies' and NGOs' awareness of what can be done is limited. Interviewees included statements that communication between the different actors such as the government, companies (SMEs and MNCs), NGOs and development agencies, is limited, and that this contributed to why some companies do not have an evolved understanding of CSR, despite the abundance of opportunity and NGOs that address several different issues. A second way this theme is brought out is that actors lack the knowledge of how to define CSR.

*I think that people [employees] should first be educated on what the concept is, to start using it. [FL16]*

Interviewees claim that companies do not always report their activities, and the media limits the amount of information that gets disseminated; these factors influence what the general public is exposed to and aware of, regarding CSR.

*So, in that context, we are talking about awareness and those kind of things, that is also a problem. The public ... doesn't really understand what the concept of CSR is ...the impact on their lives. [FL28]*

These findings suggest that important actors are not aware of CSR and, therefore, they are not able to contribute to the CSR learning process and social capital building that enables corporate citizenship. This lack of awareness hinders the development of CSR as an idea and a practice. This is similar to statements found in several different areas of the literature, including Šteta and Janković (2008).

There is another notable point related to the awareness factor that only Bosnian interviewees mentioned. This theme was initially brought out by FL20 without prompting and was incorporated into future interviews for further exploration.

*They [companies] don't want to promote what they are doing, it's funny. But they are like that; it is connected with culture here, if you are doing something good, you are not to talk about [it] that widely. [FL20]*

When asked about this view, interviewees replied that this is a known Bosnian cultural attitude and that FL20 is correct in their assessment of why people do not want to talk about good deeds. This attitude can help explain why awareness of CSR has been retarded.

The role of the media emerged in the second set of interviews. Discussions during the UNGC Network meeting contained stories that the media is a hindrance for CSR. Several of the interviewees commented that the media is highly biased, it portrays certain political messages depending on which political party (and nationality) the owner is associated with.

*It's [the media] bought and paid for, it's irrelevant. [...] Yeah, I mean, it is not free, fair, open, impartial force of state that holds political parties to account. In that respect, it is an absolute waste of time. This is part of that political lobbying. When you read a local newspaper, you have to know who owns it and to which client it goes. You can see it, it is very obvious. [ME29]*

This approach by the media also impacts how they report CSR. Interviewees reported that media organisations sought a contract with the companies before they would report on any CSR activities. This was justified as paying for PR or other advertising. Generally, the interviewees mentioned that this was a factor of the media not understanding what CSR was.

*We face it every day, when we call them to, to come to some of our events or something. To ... just to be there, to be our partner, they frequently ask do we have a contract with you. Yeah, they need this contract. [FL31b]*

*Yeah a commercial contract. It's as simple as that. And that is also one of the, how to say, one of the examples of the uh ... situation in our country. [FL31a]*

The need to educate the media, and especially the heads of the media companies, was one of the focal points of the UNGC meeting's session on a state strategy for CSR. This issue was mentioned by several of the interviewees when asked about the media and how it impacts CSR.

An unexpected theme expressed by (mostly expatriate) participants is about a sense of entitlement within the BiH population.

*There is a huge sense of entitlement in this country. [ME1]*

ME1 believed that this sense of entitlement was due to the influx of foreign aid after the war. FL13 supported this idea, noting that “there was this bigger international help in BiH than it is now” and this situation created gaps in the social system. Several interviewees portrayed the relationship between entitlement and CSR in the following way: ‘if the new addition to society is the corporations and nobody steps up to fill the retreating international aid missions, MNCs can be expected by the society to do this task. It is the international community's responsibility to take care of some of the social issues that are still present’.

*I think the international community has actually made this whole thing easier because we come with a sack full of money and we are there to blame, that [approach] doesn't work. It's very easy to say, help us. We persist in; we have created a culture that is dependent rather than responsible by giving money and not demanding a result. [ME29]*

A fourth theme that is coded in the interviews is about the social connections and social

distances between actors. This involves the connections between individuals as well as between the corporation and the community. Interviewees related the network-distance between individuals to a concept in the Bosnian society - štela. Štela is translated as both networking and corruption. Interviewees associated with NGOs pointed out that the main factor which determined if they were able to get help was if they knew somebody in another organisation.

*Mostly personal connections are the thing that works, if you know someone. [FL10a]*

*Sometimes it just works [...] you just send them an e-mail and they responded with a note, but usually we have to know somebody. [FL10c]*

This connection (štela) between the two individuals can foster a feeling of personal responsibility for individuals to help each other. By having the štela in place, an NGO's agent is more likely to get positive feedback from their connection and receive help for their project. This is similar to suggestions from Wolf et al. (2007). Interviewees also noted that if a company is involved in the local community that benefited from the CSR activity, donor companies are more likely to contribute to the project and vice versa. So if a company had some operations in town A and a project benefited town A, the company was more likely to contribute to the project.

*Also, when UNHCR gave us their projects, it wasn't so good to adopt them, because, I don't know, they want a fence for some school, for instance in Zvornik and it is not attractive for all companies why some school. Ok, it is necessary that some school has a fence, but why I will pay them for that fence? Or they ask us to collect for some bus or for kids who are far away from their school. Also, by my opinion, it is very necessary for the school. But, however, it is not easy to support such a project. [FL12]*

According to interviewees, projects that dealt with issues closer to the organisation's physical operations were more successful.

#### 4.3.4.4 Personal Influences

Interviewees noted that personal interest in or relationship to the area of the CSR project influences the projects their employers undertake. The interviewees explained how their sense of personal responsibility is enacted through their organisation. They also indicate how their role as an agent of the company allows them to access the company's resources, which enable them to fulfil what they perceive as part of their social responsibility. This theme is similar to Davis' (1960) notions about the personal responsibility of a business agent.

A few interviewees described specific CSR activities or projects which included personal interests as factors involved in undertaking the projects.

*I am fond, personally fond, of environment and nature. I like to walk and am a member of the foundations for the sustainable environment and protection. I can recognise that our footpaths are not marked, not properly. [...] So we put up the guide posts or the uhm what is another word, signs. [FL14]*

It is not just the CSR/PR representatives or upper management whose interests are taken into account. A few of the interviewees related stories how they would read about something in the news or solicit ideas from employees for potential projects. O24 sends an e-mail to employees to ask for suggestions for their volunteer week each year. FL24b said that employee suggestions usually contained a personal connection to the project<sup>30</sup>. FL12 gave an account from an NGO perspective, describing a charity dinner event that they helped to organise for several years. Recently, the original project had concluded and they were forced to adopt a new project. The second project was not as successful in soliciting donations from external donors and did not address as important a social issue in BiH. FL12 stated that participant feedback said the change in focus affected the donation levels as there was less personal association to the new project.

There was an interested and unexpected relationship between CSR and personal social responsibility as terms. Translated directly, the Bosnian words (*društveno odgovornih kompanija*) are the same as the English words for CSR. This translation was confirmed by translators and by interviewees. However, the local interviewees did not distinguish between personal and corporate social responsibility. Several referenced their “personal corporate social responsibility” when comparing CSR to individual activities not connected with the companies.

This view creates a new understanding of CSR, linking the personal and corporate aspects of social responsibility. This association of CSR to personal social responsibility instead of purely corporate interests can be related to the literature describing CSR in its pre-strategic form (Werther & Chandler, 2006; Windsor, 2001). Also, the findings suggest that in the development of CSR in BiH, a business social contract is still being defined, and the social

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<sup>30</sup> FL24b told of two previous years' activities. One involved a nature clean-up day, submitted by an employee who is a nature enthusiast. The second was working with a charity that one of the employees was involved with.

responsibilities of the agents have not fully transferred to the company. The development of CSR in BiH is similar to that described by Carroll (1991; 1999).

#### 4.3.4.5 Corporate Influences

Another factor that influenced CSR activities emerged in a theme named corporate influences. Interviewees discussed more factors that were coded in this theme than in personal influences. This is significant in terms of advancing the understanding of CSR from an extension of the person to a responsibility of the company and taking an integrative, strategic approach.

Two aspects of corporate influences that are closely linked are: the activities are beneficial to the company and the society; and CSR activities are within the main field of the company's functions. Some of the interviewees reported that some of the CSR work was specifically designed to provide help to the society and the company. During the war, the black market provided basic goods that were smuggled into besieged cities. It has since continued to provide contraband. This situation is a reported problem for several companies, and a topic that a few interviewees discussed but only one offered a solution as part of their CSR activities.

*Now, these are not very easy subjects, some things [pirated products] are obvious to recognise whether they are fake or not. So unless you support the government and educate them in a way, then you don't have the right to complain. [FL9]*

Also, interviewees whose company was central to the livelihood of a community<sup>31</sup> reported that they felt a responsibility to contribute to local infrastructure, similar to how their company had done under the socialist regime. They related stories of how they could secure vital equipment needed for keeping their workers healthy. They could have kept the use of this equipment private, but they chose to donate it to the service centres (e.g. hospitals) where it could also benefit the wider community.

*One of our contributions, for example, was two years, no last year; we bought a new x-ray device, x-ray machine. Not only because of our people, but that institution is of cantonal importance, so people from the entire canton come to have medical checkups there. It's [serving] multiple benefits. [FL25]*

Interviewees also highlighted the ability of a company to undertake CSR as another

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<sup>31</sup> These companies were former state-owned enterprises which were the focal point of a town. For instance, several towns were built to support a mining operation (mining, smelting, processing, etc.).

important theme.

*Companies do not have such developed marketing sectors that [are] aligned towards that [social responsibility]. They are more aligned towards political parties, towards corruption than philanthropy. [ML7]*

BiH is still recovering from the economic impact of the war and is struggling with the world-wide economic downturn. These issues impact the companies' ability to participate as socially responsible corporate citizens. These factors can be expected to reduce the ability and expectations by companies for CSR. This is a common aspect for other developing economies, according to Harribey (2011).

Several interviewees raised issues describing how companies cut back on their CSR, and did not pay employees due to the economic problems.

*What we are also finding now, the trend in the last year and a half, maybe 2 years is for people not to be paid properly. And that's with small companies, small firms, medium enterprises and large international firms as well. Some of whom have not paid their employees for 6 months time. For instance, and this will alarm people, but a security guard, and this is a security guard who works at the front door at a bank in central Sarajevo hasn't been paid for 4 months. He stands outside with a gun every day. And the reason I know is that he is one of my oldest friend's from Bosnia Herzegovina. [ME17]*

*So it's ... it [the economy] definitely influences. If the situation was better for businesses, it would be better for everybody else. That is for sure. The situation is that companies also think that even some, uhm, businesses who are not in a financial crisis of any kind, sometimes do take that as an excuse not to contribute [to CSR]. [FL27]*

Interviewees also commented that CSR is a low priority for several companies because the companies are struggling to survive in an open market after the industrial sector was destroyed in the war. They noted that economic stability and business profits are integral to companies being more socially responsible. However, while this could be a valid reason, some interviewees said it was also an excuse.

Authorities within the company emerge as an important theme and influence. This authority is not necessarily related to a local ethics/citizenship/CSR officer but also the headquarters and published codes. Most of the MNCs noted that their headquarters have guidelines for CSR and requirements for participating in CSR.

*This one is our CSR project, but absolutely coming from the top high up, from this guy [points to a picture of the CEO]. [...] We can't do a special CSR project without confirmation from the top. [FL14]*

*We get guidelines from them [corporate headquarters], but we can also pick our own, specific CSR activities if they are of importance for the community. We at O11 try to work across the operating region to help each local area. That is, if resources in Romania are better for an activity, we will let them inform us how that worked. We share ideas. It does not just flow from the top down. CSR guidelines are based in the group level, not the local level. But we can pick how the guidelines should apply here for specific projects. [FL11]*

These findings suggest the idea that the view of CSR in BiH is moving towards a strategic practice. However, what is noticeable about this theme is that only the MNCs with international oversight have established guidelines for approaching CSR<sup>32</sup>.

#### 4.3.4.6 Other Findings

Some other interesting points emerged in the interviews. The expatriate interviewees did not recognise the contributions of the SMEs to CSR to-date, but they believed that SMEs should play a role. The local interviewees with the companies also did not recognise the contributions from SMEs. However, the local interviewees associated with other organisations perceived that the SMEs are already active in CSR activities. This group of interviewees mentions that participation by SMEs could be more, but that the SMEs are starting to become active.

#### 4.3.4.7 Summary Analysis of Influences

By analysing key specific context-based factors reported by interviewees, the findings show how elements specific to BiH have influenced CSR practices and understandings. Interviewees suggested that a major part of the reason that CSR has not become a more popular phenomenon is because there are more pressing problems than if companies are practicing CSR or not. The companies can contribute to the solutions, but they cannot be a focal point in a society that is not yet fully stable. This sense of instability is present in both the political and social spheres, affecting everyday life and operations. Political actors, such as the government and laws, do not act in a way that encourages companies to follow the tenets of CSR or behave as good corporate citizens. In the social sphere, interviewees said that the lack of awareness by critical institutions (the media, consumers, NGOs and the government) hinder CSR's development. The social convention of not talking about the good deeds that one does in Bosnian society may have also played a role in retarding CSR

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<sup>32</sup> O26, a state owned enterprise, also had guidelines which are mandated and enforced by the Office of the High Representative and the BiH government.

adoption as companies do not share information with each other or stakeholders about their activities. However, this attitude may not be as prevalent in larger companies given that interviewees and the UNGC Network meeting showed how people are willing to discuss their CSR activities when invited to do so, i.e. the limitation is educating those outside the network.

Another potential factor that may be causing some confusion about CSR is the way that several of the local interviewees reference their personal CSR. This expression is used to denote a personal social responsibility they feel they have. However, if the interviewees (and other agents) are not able to view CSR as more than a personal responsibility or interest, rather than what the company with its resources can accomplish, they may not be able to move beyond notions of philanthropy and other personalised social responsibilities. In this study the attitude and resources of the companies plays a bigger role in determining how socially responsible the companies act, as discussed by interviewees. This judgement is not just based on the available resources, but also the perception by NGOs of resources that a company have. MNCs that have more resources and access to resources from other offices (e.g. material or knowledge) are expected to contribute more.

Additionally, there are forces in the context which do not help advance the general understanding of CSR in the Bosnian society. First, there are no established experts on the topic. Several actors are looking for experts to guide their activities and increase the social understanding of CSR, but no experts have fully emerged yet. Second, the media is not reporting CSR events unless they have a contract with the company for advertising. By not reporting on events, they are failing to raise public awareness for potential discussion about what can be acceptable roles for business in society. Last, the confusion caused by the transition to a free market economy has also held back advances in CSR.

#### **4.4 Summary of Analyses**

There are several reoccurring themes in the findings. Before proceeding to the discussion chapter, it is prudent to start to draw together these themes. This process can be used to help establish validity of the research by showing the steps that lead to the conclusions (Karlsson, 2009).

The most cited theme in the findings was the notion that there were more important things to worry about than CSR. This theme was expressed both directly and indirectly by various interviewees. More important issues were related to feelings that the economy, the political arena and the society were still not fully stable. Despite this instability, people in different organisations were still trying to raise the profile of being a socially responsible company in BiH.

Another important theme noticed in the interviews is that CSR is largely done *ad hoc*. Most interviewees stated that they do not have or make any plans for their CSR activities. This approach allows them not to show favour for one set of stakeholders, and thus demonstrating its own logic. However, this was not the reason that interviewees expressed for such an approach. Interviewees noted that companies simply did not approach CSR as something that is planned. The results are an inefficient use of company resources and reports that their actions were good but could have been more. This approach is starting to change as some interviewees reported working with consulting groups, specialised networks and stakeholders to develop plans for CSR activities.

Consistent with the literature, the lack of planning can be related to an underdeveloped understanding of CSR. Interviewees discussed other views and approaches to CSR that are consistent with this analysis. While the interviewees are able to recognise more advanced notions of CSR, their descriptions of actions and the focus they placed on these actions suggests that the knowledge has not been acted upon. There is a heavy focus on donating money and material goods. Extending beyond this form of CSR is not mentioned as common practice. Volunteering efforts are not popular occurrences, though discussions suggest that it is increasing in popularity. Further, there are several reported instances where interviewees sought to relate their “personal corporate social responsibility” as individuals. This personal view of CSR may impact how the interviewees perceive the scope and scale of CSR. Several of the other descriptions of social responsibility can be related to the stability issues mentioned above. The focus on corruption, how to deal with the laws (both in terms of effectiveness and differences between entities), and dealing with the physical and emotional artefacts from the war offer support for this analysis.

Related to the lack of development of CSR, the findings also pointed to a lack of communication between important social actors about CSR. Interviewees expressed different points about where and why the communication breakdown occurs. Different interviewees stated that the government, NGO sector and corporations should all be involved in creating the dialogue about the roles of a business in society, and all four of these elements are either lacking or only beginning to happen. Data suggest that the media is also not involved in constructively presenting views of CSR and corporate citizenship. This lack of involvement by the media can be a hindering factor as the general society is not made aware of the roles and potential impacts CSR can have. Interviewees also highlighted a cultural attitude, not discussing good deeds, which may play a role in not communicating CSR as well. However, the willingness of interviewees to speak about their projects in detail suggests the reason for the communication; the target audience and the forum in which the communication is delivered are important factors for sharing details about CSR activities.

Another potential major theme that is noted above is the idea of what CSR and corporations' roles in the society "should be". There are several instances where interviewees expressed that people are confused about or had some faulty beliefs concerning expected roles of companies. All of the local interviewees are able to recall living within the socialist era rules and the transition towards a capitalist system. They mentioned that there are differences in the goals of the two systems but similarities in the methods. This created tensions in their minds about the roles of business in society. These tensions have led to a mental conflict in how people encourage the execution of social roles of companies. The findings about what activities the companies are focusing on and how these actions are performed suggests that this view is plausible. There are remnants of socialist thinking involved in CSR – looking for a central leader, heavy focus on donations, expectations for companies to help take care of infrastructure and workers, etc.

#### **4.5 Conclusion**

This chapter presented the findings from the data analysis and related them, where appropriate, to the literature. This included material from the interviews conducted in Bosnia and Herzegovina as well as field notes from observations, the UN Global Compact meeting and knowledgeable informants. This section had five main areas of concern:

- Issues related to social division
- How the interviewees referenced corporate citizenship
- How CSR was understood
- Actions which were within the remit of CSR
- The influences and controls involved in perceptions of and actions regarded as CSR and corporate citizenship.

This chapter sought to present the findings and analyse the data. The next chapter provides an in-depth analysis and discussion of the major themes as they relate to the research goals and questions.

## **Chapter 5 Discussion**

### **5.1 Introduction**

This chapter presents a deep investigation into the main findings and analysis. These main findings have been chosen due to their potential contributions to the current state of knowledge of the CSR field of study. This is done in order to ensure that the objectives were addressed throughout the research and have been satisfactorily met. This chapter begins by reviewing the research objectives and questions. After revisiting the research objectives, this thesis will focus on an in-depth discussion of key findings. The discussion focuses on four key areas: what the CSR roles ‘should be’; communication between social actors and sectors; approaches to CSR (i.e. *ad hoc* and personal CSR); and stability. These findings are expanded upon in order to help explain the contributions to knowledge made by this study by relating the findings to the extant literature. Also, specific contributions to knowledge are presented before the conclusion of this chapter.

### **5.2 Revisiting the Research Objectives**

This section demonstrates how the research objectives have been met. First, the objectives are re-presented in order to remind the reader of what they are. Second, the details of how and where this research addressed the objectives are discussed. The objectives are handled in the order they were presented in the chapter three.

There are two primary research objectives stated in chapter three. The first objective is:

To investigate the contextual elements which have influenced the understanding of corporate social roles in BiH.

This objective is addressed by the first research question: Have context specific events (e.g. the Bosnian War and the economic transition) had an impact on the expected CSR roles of companies in BiH? If so, how have these been demonstrated? Interviewees discussed how they perceive the relationships between aspects of the local social environment and corporate social roles. The physical, economic and political impacts on CSR are well pronounced, as indicated by interviewees. Physical impacts include: the active mine fields, destroyed buildings and infrastructure that worked as a focus for CSR activities. Economic impacts include: the reduced access to resources via destruction of company assets during the war (further worsened by the global economic crash). Political impacts include: the

different rules between the two entities (RS and FBiH), the international oversight (OHR) which has dictated rules related to CSR and state-owned enterprises, and the government's inefficiencies in passing laws that support (corporate) social responsibility to BiH over national/ethnic interests.

The social impacts were brought out in more subtle ways. These included, but were not limited to: the understanding of volunteering, a lack of a Bosnian citizenship identity, and a lacking general perceptions of what it means to be socially responsible to the BiH society. References in interviews were consistently made to how the physical, economic, political and social effects were influenced by specific events from the war, suggesting the war is an important explanatory factor. Also, interviewees were explicit in the effects of the transition from socialism to capitalism on social perceptions of corporate citizenship and the expected roles of the corporations. The ideas of "abandon socialism as backwards" and "adopt CSR as progressive" created a schizophrenic position in a society in which people are still trying to understand and develop reasonable expectations of corporate social roles. The actors are only beginning to communicate their understanding of what CSR roles should be in BiH.

The second research objective is:

To examine the espoused and enacted societal roles of business in a post-conflict society (using BiH as a specific example) contrasting with prevailing models and accounts.

This objective is addressed throughout this thesis and specifically through the second research question: How are the notions of corporate citizenship and CSR understood and practised in BiH? How do practices in BiH compare and contrast with representations and assumptions of these ideas in the literature? The literature review presents how current academic literature describes the role(s) of business in society. The interviews solicited how interviewees understand what the practices of CSR are and how this relates to the expected roles of a business in BiH society.

The definitions and practices presented by interviewees were compared and contrasted in order to understand how CSR in BiH is related to the CSR concepts espoused in extant literature. The primary difference between the understandings of and approaches to CSR in

BiH and those found in the extant literature were that the BiH understanding of CSR seemed to be in a similar state as Western ideas of CSR at the stage when CSR was being developed as a potentially strategic corporate activity (see section 2.2.).

This means that the roles that businesses undertake in BiH are primarily based on pre-strategic conceptualisations. Furthermore actors do not communicate with each other regarding CSR expectations. The notion of a corporate citizen that relates its social responsibilities with business functions is only beginning to emerge. Also, interviewees and the literature have a different understanding of the links between socialism and the roles of a socially responsible business. The Bosnian sources view CSR as highly correlated to activities that were once performed under the socialist regime. Several of the western-based MNCs and academics have not discussed the similarities between CSR and corporate roles in a socialist society.

These brief descriptions do not fully explain how the research meets the objectives. The following sections focus on four key findings, which give more comprehensive answers to the research questions and objectives. The next four sections focus on the expected CSR roles, communication, approaches to CSR, and stability in BiH as it relates to CSR.

### **5.3 What CSR Roles ‘Should Be’**

Analysis of the data shows that there is tension in what social roles a company should undertake in the minds of the interviewees. On the surface, this is similar to the majority of the CSR literature. In the extant literature, there is still a debate about what the roles of business in society should be. Authors agree that making a profit is essential to the function of a business. They also note that a company should act in a fair and considerate manner towards stakeholders, following some set of legal and ethical norms (for example, see: Malan, 2005; van Oosterhout, 2008). The debate primarily involves what fair and considerate mean and how the legal and ethical norms of a society should impact corporate activities. This debate arises out of a notion that companies are originally chartered to make a profit for their owners (Friedman, 1970) and that any social responsibilities are recognised afterwards (Carroll, 1991). However, in a centrally planned economy, making a profit is not the primary goal of a company. In a command driven economy, the purpose of a company is to make what is necessary for the community as dictated by the planning

authorities. If an economy switches from planned to free market, such as in BiH, it would not be unreasonable to anticipate some confusion about the expected roles of the companies.

In the contexts studied in the extant literature ('Western' free market economies), the idea of CSR is about progression of companies from isolated actors to social actors engaged in a dynamic relationship with the surrounding society (Marsden and Andriof, 1998). The dynamic relationship involves incorporating new roles and responsibilities into corporate activities. The discussion of what roles 'should be' undertaken by companies is about what they should be legally required to do, what they should voluntarily do and what they should ignore (e.g. Hopkins, 2003; Overbeek et al., 2007; Vidaver-Cohen and Bronn, 2008). The discussion in BiH focuses on what they were required to do (in a socialist context), what they should voluntarily do, what they should legally do, what they should ignore, and how these four categories can cover the same actions.

During the course of the interviews, interviewees often claimed that companies in Yugoslavia practised CSR<sup>33</sup> (or something akin to it) and were socially responsible. They mentioned that the similarities between CSR and the CSR-like company activities practices under socialism was one of the major sources of their confusion. The major change that interviewees described was the transition from state-owned enterprises to private companies that operated with the goal of maximising profits for the owners. Under the previous system, companies were socially responsible because the government mandated them to be. The actions that they undertook were limited by laws and regulations. The 'old CSR practices' differed from modern ones, which are based on companies doing 'the right thing' and the availability of company resources to participate in CSR activities. This change in the social roles of companies and the reasons supporting these social roles amounted to altering the business social contract.

Hodapp (1990) notes the business social contract is based on how a society defines the nature of a company. In the former Yugoslavian Republic, the purpose of the company was to produce what was necessary for the state and community. It was a tool used to ensure

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<sup>33</sup> It is unlikely that this was simply a translation issue when defining CSR. Interviewees defined CSR and then related it to how they saw the state-owned enterprises acting during the Yugoslav era.

social welfare, not a legal person which created financial profit. The company and all assets were notionally equally owned by all citizens. This meant that the governing bodies regulated the 'CSR' activities of the companies and allocated assets to specific projects. The community members had a direct line of communication in the companies as their input into the operation of the companies was regularly sought by the governing boards. This situation framed 'CSR' as an activity that was heavily regulated, inactive or reactive in practice, and highly dependent on different social actors (i.e. individuals, government bodies) openly discussing desired current and future responsibilities of the companies.

This earlier perspective conflicts with that of CSR after the transition process to a market economy. Several interviewees noted that they and other stakeholders have had to adapt to the notion that a company should make a profit for its owners, and that the owners are defined as those who own shares in the company, not their fellow citizens as under the self-governing companies in the Yugoslavian era. Within the practice of CSR in a free-market economy, CSR can be partially regulated and partially based on the initiatives of NGOs and companies, active or pro-active participation is encouraged, and stakeholders and companies actively have to seek-out dialogue with each other in order to understand expected social roles. The extant literature presents regulating CSR as an option of last resort to force the companies to conform to the social expectations. Jones et al. (2009) and Veitch (2007) both point out that regulated CSR can hinder the development of the social relationship between a company and the society. It can also limit the scope of CSR activities that are undertaken if companies only do what is required and the regulations do not allow the companies to expand beyond the regulated activities.

In the case of BiH, the previously established channels of communication between stakeholders and companies do not exist and the new channels of communication are only being formed. Also, the previous system had established the social relationships and developed them to ensure that social needs were taken care of by the expected groups in the society. This system has since broken down. Stakeholders and companies are only recently re-established the communication channels. As a result, they have not yet re-developed the social relationships and expectations for CSR. The companies are only recently starting to expand their CSR repertoire beyond their old regulated limits. This is important as

expectations for actors' responsibilities have changed and not all actors have assumed their new roles.

This research highlights a need to explore contexts in which companies desire regulations that govern CSR activities. Extant research does not include instances where companies that wish to be active in CSR are waiting for the government to establish laws dictating what actions should be done, how to do them and suggestions on resource allocation. The literature favours setting minimum standards (if any are set) that all companies have to abide by. In BiH regulation of CSR is preferred.

In a post-conflict situation where a country is still rebuilding, such as BiH, the opportunities to engage in CSR can be overwhelming. By having the government regulate CSR, the companies would not have to devote as many resources sorting out what projects to engage with, or navigate the precarious nature of these decisions. Also, by undertaking certain CSR activities, the companies may retard efforts at infrastructure rebuilding if these activities disrupt the overall schedule. For example, companies have contributed to developing the transportation infrastructure. The companies did not coordinate with the government regarding how much they would contribute and projects were left partially completed without properly closing the project sites. The result was a main road that just ended without reaching a destination. This example also has further knock-on effects. The government was left with multiple incomplete projects and reduced support from groups like the IMF or European Bank of Reconstruction and Development (EBRD) due to failing to properly use and account for money intended for development.

Stakeholder theory advocates constructive communication between companies and the various stakeholders involved in order to improve decision-making. However stakeholder theory can be argued to be an over-simplification in more complex and contested contexts, such as a large-scale CSR project in a politically, socially and economically unstable context. Nor does it consider the amount of damage that can be done if the communication breaks down between parties – a highly possible scenario in BiH. Further, the Bosnian case highlights that since CSR can be related to socialism, and organised according to socialist

ideology. Consequently regulatory oversight, rather than business-led and regulated stakeholder approaches, can be effective, given the environment.

Developing the regulations and laws to govern CSR would change the understanding of CSR and corporate citizenship. Chapter Two establishes that corporate citizenship is based on active and willing participation in the host society by the company (section 2.1). By shifting to a mode of CSR where all actions are regulated, companies would not meet the requirements for corporate citizenship, according to current understandings. Companies would not take a pro-/interactive approach to CSR, as prescribed by van Tulder and van der Zwart (2006). A regulated approach to CSR would resemble a re-active approach. However, the re-active approach in this instance would not be in response to pressures from society. This approach would be in response to the need to re-build the country from the conflict and a desire to be socially responsible under the terms of the former social contract. This approach suggests the companies would be participating willingly and actively, albeit in a different manner from expectations found in the literature.

Corporate citizenship would not be an applicable term as the legal persons' socially responsible behaviour would be guided by an authority source instead of develop through interaction with non-authoritative stakeholders from the society (see Moon et al., 2003). Following this approach to CSR would still produce meaningful and desired CSR actions with the potential for less negative externalities compared to unregulated and uncoordinated (between companies and the government) CSR efforts.

#### **5.4 Communicating CSR**

Another major theme derived from the data analysis involves communication. Specifically, interviewees referenced the breakdown in communication between different, important sectors in society regarding CSR and expected roles of companies. Debeljak et al. (2011) and Heywood (2003) note the need for communication between important actors within the society in order to form a discourse about corporate social responsibilities. The communication process helps the actors understand how to make participation in the social sphere meaningful within their limited capacity.

Research by Koričan and Jelavić (2008) found that there are at least three key sectors that need to be involved in these negotiations: the government, civil society and companies. Interviewees noted that they desire all three of these sectors to be involved in the process of defining CSR in Bosnian society. Interviewees also stated that these different sectors are either not involved in the communications or that the process is still in the early phases of developing. The lack of communication between the different sectors has retarded discussions about the social licence to operate.

In the extant literature, researchers are able to work under the premise that the channels of communication between these three sectors are functioning and accessible. Mele and Paladino (2008) note that learning about expected social responsibilities involves all social actors (section 2.6.2). The approach that a company chooses to take (inactive, re-active, active or pro-active) determines the amount of effort that the company invests in the communications. According to Matten and Crane (2003), the process of defining the business social contract involves the various actors within sectors managing relationships with the other actors with whom they have to interact. By doing so, the society is able to construct a business social contract and a definition of a corporate citizen.

In BiH, actors within the three aforementioned sectors have not openly communicated to the same extent as in 'Western' societies. Several of the actors are preoccupied with tasks related to rebuilding the country. Additionally, the interviewees argued that the politicians are actively working towards maintaining a certain level of animosity between the three main nationalities. This creates a context that is contrary to that encountered in extant studies. Instead of trying to foster an environment where social actors communicate to define a Bosnian social citizenship, the situation in BiH is actively discouraging such a notion, and hence the notion of corporate citizenship, developing. Further, the four sectors indicated by Koričan and Jelavić (2008) are not able to work in conjunction to form a business social contract, given the focus on maintaining separate national identities and distractions from the surrounding environment (e.g. the government is still maintaining a dysfunctional attitude, and civil society has larger issues to consider in addition to the open ethnic animosity). These have implications for current theorisation of corporate social responsibilities.

Companies in BiH do not have the means suggested by Mele and Paladino (2008) to learn about their social responsibilities, namely experiencing social citizenship as a shared process between the actors in order to develop a shared imagined identity and define expectations for social roles. Instead, the key actors within each sector are developing the expectations for social responsibilities separately. The data suggest that different actors can develop very different expectations. This situation does not present an opportunity for relationship management; it becomes an exercise in managing individual expectations without discussing the expectations in relation to the overall social desires. The social and political divisions within the society and the pre-existing 'business' social contract from the socialist era (i.e. social contract with the state-owned enterprises) add to the complications of developing a sense of corporate citizenship or expected social responsibilities in the current BiH environment. Without the various social sectors engaging in active dialogue, the society has not been able to form a new meaningful business social contract (see Hamman et al., 2005) or general definition of a corporate citizen.

Important social actors, such as the government and organisations not involved in the UNDP or the Dobro Awards, have been excluded by either their abilities or by choice from the process of developing a notion of CSR. As a consequence, a useful discourse concerning expectations about company-society relationships and how the expectations have changed as a result of economic, political and social influences has not developed. Actors are not just amending an existing business social contract, altering it to fit minor changes as the society evolves. The society has to build a new business social contract. The actively maintained social divisions hinder this process, altering the focus of the communications between the societal actors. The communications either have to ignore the social divisions and risk being socially irrelevant as the society has not developed a 'Bosnian' identity, or they have to focus on being in favour of one of the ethnic groups and support the social divisions instead of focusing on a business social contract with Bosnian society.

Researchers, companies, NGOs and others interested in CSR in an environment characterised by social, political and economic instability have to account for the lack of communication between the sectors which defines CSR locally, including understanding

how the individual actors work with each other and how the networks are built up despite the active attempts to maintain inter-constituency tensions. This research also found two other points where communication breakdowns can negatively impact defining the social roles of companies in BiH.

In addition to the three sectors above, interviewees also pointed to the media and a cultural attitude of 'not talking about good deeds' as a potential hindrance to building a working definition of CSR. Both the media and the lack of dialogue have the potential to influence the society's understanding of a business social contract. These two factors have worked against expanding CSR as they have contributed to a breakdown in the communications about what CSR entails and its potential value. Reports from interviewees about how and why these two factors impact CSR are discussed in detail below.

Regarding the issue of the media, several sources in the extant literature and some interviewees discussed the effects of 'white-washing' or 'green-washing'<sup>34</sup> by companies. The literature discusses how the media is involved, and potentially exploited, in the dissemination of CSR ideology. This does not appear to be the case in BiH. Babić-Hodović et al. (2008b) note that managers in BiH understood that the media can be used to communicate CSR, but they do not explore if the media is being used or to what effect. Šteta and Janković (2008) conclude that the media is not being used to promote CSR, but they do not explore why this is the case.

Interviewees in this study agree with the findings from Šteta and Janković that the media is not contributing to the discourse on CSR or corporate citizenship. When pressed, interviewees also stated that the media's failure is for specific reasons. The findings chapter highlight that the lack of reporting on CSR by the media is likely related to the media's association with politics (taking a partisan viewpoint) and a misunderstanding of what CSR is or can be. Partisan reporting in the media was often related to corrupt practices or, more commonly, only wanting to present one nationalistic political view in their coverage. Interviewees linked this with the close relationships that the media owners have with political parties. Each of the media companies is allied with a different and specific

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<sup>34</sup> White-washing refers to practices that are purely intended to be reputation tools. Green-washing refers to claims of CSR practices to make an organisation seem more environmentally friendly.

political party. The parties use the media to promote their party's message, which often incorporates a message of division and mistrust between the ethnicities. Related to CSR, the media do not usually report on socially responsible activities. Misunderstandings of CSR by the media can be related to the communication problems that this section has focused on. Data from the interviews suggests that neither the business nor the civil society sector has made the effort to help inform media agents about CSR until recently (i.e. educating and including journalists in the Dobro 2011 Award selection process).

The data suggest that there are two factors related to why the media companies have not understood CSR better. These factors are related to the political corruption associated with Bosnian politics and the communication between the media sector and the companies.

First, the politicians are closely connected to the media organisations. This close connection between the politicians and the media companies introduces a disincentive for the media to cover CSR events and investigate if they are reputation mending tools or based in social responsibility. Drawing attention to activities that promote social cohesion is contrary to the political goal of maintaining a 'cold war atmosphere' between the ethnic groups<sup>35</sup>. For large companies, CSR activities would have to reach all of their potential stakeholders, an action that extends to all ethnic groups.

Second, interviewees reported that the media (reporters and owners/editors) misunderstand CSR. This is complicated by the fact that companies are not keeping and reporting detailed records of their CSR activities. With a lack of detailed information (not keeping records or making plans), it is probable that the media views CSR suspiciously – a form of PR or reputation mending. While 'Western' media outlets can view CSR as a potential PR gimmick, they are also aware that CSR can be a genuine act by the company to assume certain social responsibilities expected of them by society (Gardberg and Fombrun, 2006). The findings chapter highlight that, in BiH, this is not the case. This is demonstrated by the fact that interviewees noted they are educating journalists about CSR in their interactions, and the organisers of the Dobro Award '11 specifically invited journalists to participate in covering the event in order to educate them (FL20 and FL28). However, the education of

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<sup>35</sup> CSR and corporate citizenship promote a sense of social unity.

the journalists is still limited and the NGOs and CSOs have not been able to engage in meaningful discussion with the owners and editors.

Further, the media companies view CSR as a form of public relations or advertisement by the companies. While this can be the case in some if not most instances, the media does not seek out stories related to CSR events or cover press releases without a contract with the company. This contrast with Western media outlets, where stories related to CSR are analysed and scrutinised by the media in order to classify their worth as a news story. The contract presents an added cost to CSR activities, provided the company wishes to publicise these events. It also hampers the public discourse which assists actors in learning about expectations for their social roles (see Hamman et al., 2005; Marshall, 1964). Without the media, actors are hampered in developing and maintaining an informed interaction that outlines expected social responsibilities and roles. Different means of disseminating the information (such as the UNGC Network and Dobro Awards) are necessary in this situation.

Another factor that was mentioned by interviewees is linked to a cultural attitude that views talking about the good deeds that one does somehow diminishes their value. This attitude can help explain why corporations do not discuss their CSR activities. However, interviewees recognise that in order to compete in the world market, companies need to have a positive image. MNCs have some standards of responsibility imposed on them from corporate headquarters. Bosnian MNCs which understand the importance of positive image try to follow these examples due to the view that “we [Bosnians] are trying to copy everything from the west” (FL18).

As noted earlier, some interviewees said that they had trouble getting companies to speak about how the companies approached CSR in front of other companies during seminars about improving CSR in BiH. Interviewees related this to the Bosnian attitude of not talking about good deeds. This would affect the relationship building aspect of CSR. Jones et al. (2009) note that active dialogue with external stakeholders helps companies understand their social roles better. If this description of Bosnian attitude is accurate, the

companies (and external stakeholders) are missing an important opportunity to engage in dialogue.

Another possibility is that the forum for presenting the information is important to how open the companies are about sharing their CSR information. In the UNGC network meeting or one-to-one interviews, company representatives spoke freely about their CSR activities. In a forum where company representatives are not comfortable or are unsure of social protocol, the results may be different (which is what interviewees implied). This presents two conditions within the BiH context that affect the current literature on CSR: firstly that there is a need to explore how different forums affect willingness to share in a society that recently focused on the society instead of the individuals contribution to it, and secondly how the attitude of not sharing CSR information retards the development of a business social contract.

Most research on CSR has been conducted in contexts where individual contributions are highly valued (especially the U.S.A.). BiH and other transition economies have recently changed from a socialist/communist political society. This means that focusing on individual contributions may not be important. The attitude described above indicates that there may be some vestiges from the socialist mentality remaining. In order to promote CSR and build dialogue about a new business social contract, individual companies have to be willing to promote their contributions and open discussion for critique by stakeholders, as is typically the case in most Western societies. This research demonstrates that it is important to explore how this shift could occur. This research suggests that specific forums that are dedicated to open discussion with other actors who are interested in promoting CSR and corporate citizenship are critical to advancing dialogue. Contrary to suggestions found in the literature, open invitations to discussion outside of these dedicated forums have not produced any meaningful discussion, according to interviewees. Data suggests that such open forums would not likely work while current instability and socio-political attitudes persist. This is due to Bosnian attitudes of not trusting the other attendees of such events, lack of understanding how discussions can advance useful revisions to the business social contract, and external circumstances (such as social division) working against the basic premises of social citizenship. In Western contexts, companies freely describe their CSR

plans, the success or failure of events and how CSR fits into their business strategy. However, if companies do not describe or explain why they undertake voluntary roles that help society or elements thereof, most of the other sectors would not appreciate what CSR activities are or the reasons behind them.

## 5.5 Approaches to CSR

The analysis of the interviews revealed that the development of CSR in BiH can be compared to the historical development of CSR. Interviewees generally described a situation where CSR is done *ad hoc*. Only some of the large MNCs described using an approach that involves planning or a strategic approach to CSR. Also, interviewees described a relationship between CSR and personal social responsibility. Interviewees sometimes mentioned their personal corporate social responsibility when discussing how they contribute to society in a way not associated with the company they work for. Both of these can be related to the progress of CSR practice in BiH.

Similar to findings by Šteta & Janković (2008), this research found that corporations approach CSR primarily in an *ad hoc* manner. The framework developed by Crittenden et al. (2011) for global corporate citizenship recommends deliberately planned approaches to CSR, opposite to what is found in BiH. CSR activities are not aligned with company goals, tracked for resource consumption, or planned out to build long-term partnerships with stakeholders. This research considered two explanations that could help describe this approach to CSR. The first explanation is based on the literature, but interviewees deny this approach is accurate. The second explanation is more probably and based on the data from the interviews.

Gitsham (2007) and Schouten (2007) both note that in societies with rival social groups, CSR efforts may have to be balanced between rival groups. This reflects a potentially planned approach where the *ad hoc* activities are designed in order to maintain relatively good relationships with each of the rival groups. By balancing their attention between rival groups, the companies can maintain good relations with all rival factions instead of ostracising one or more groups. If one or more groups feel excluded, it/they can work to decrease the company's social licence to operate or otherwise attempt to hinder the company's activities. Interviewees mentioned that they try to ignore social divisions and

include all of their markets in their CSR activities. However, they did not mention that they try to maintain a balance in how they approach the different ethnic groups. The focus is on the markets and ignoring the social divisions, not recognising and balancing their activities, according to interviewees. Also, they mentioned that CSR activities in general are not well planned, making an approach to planning around social divisions less likely.

The second explanation is that CSR is not as developed in BiH as expected in extant literature. Several authors (for examples, see: Boyle and Boguslaw, 2007; Dentchev, 2009; Kotler and Lee, 2005, etc.) note that there has been a push for a strategic approach to CSR by companies since about the 1990s. This has necessarily led to a relative decrease in *ad hoc* approaches to CSR in Western societies. In BiH, most interviewees did not report that CSR has been integrated into their corporate strategies or is even seen as something that should be approached as a strategic event by upper management. CSR is presented as something that is still a trend, not yet part of the corporate cultural mindset. Further, given the lack of support from the different local social sectors, there has not been much motivation to implement CSR into corporate strategies. Without support (and the dialogue it would imply), companies are not able to differentiate legitimate stakeholders or their interests from the entire population of potential stakeholders and interests (Andriof and McIntosh, 2001; Hooghiemstra, 2000). Despite the unenthusiastic reception for CSR, some of the interviewees mentioned that companies are starting to seek guidance on how to increase the awareness of CSR for important stakeholders and how they can integrate CSR planning into their corporate activities.

Another point from the findings that suggests the BiH notions of CSR are behind Western notions of CSR in terms of development is the link between personal and corporate social responsibility. Davis (1960) originally linked the personal responsibilities of businesspersons to their roles in their companies. The range of CSR practices was very limited during this phase of its development. The focus was on philanthropy and other activities that either an individual or small groups within the company could perform. Marsden and Andriof (1998) suggest that developing the notion of corporate citizens was not possible until some of the social responsibilities and duties of the individual were

transferred to the company. That is, the society had to be able to see the companies as valid social actors with the appropriate agency to carry out social responsibilities.

The transference of duties occurred around the same time that companies were starting to take a strategic approach to CSR. While no causality has been demonstrated between these actions, a strategic approach shows a willingness to actively engage with the society and take up a role as a social citizen. By keeping the scope of CSR activities limited to mostly those that are similar to personal social responsibilities (as is the case in BiH), the company and the society are not able to develop a meaningful corporate citizenship idea. While using the phrase “personal corporate social responsibility”<sup>36</sup> can be a linguistic issue, it can also signify that the transition from personal to corporate responsibility has not occurred in their minds. The implications of using the phrase personal CSR to signify that the mental transition has not occurred yet can signify that generally, the individuals (and hence society) do not view companies as having the agency to fully understand what their social responsibilities are or how to execute expected duties (see Marsden and Andriof, 1998). This can potentially be linked to BiH’s past as a socialist country.

CSR-like events were planned by the local authorities (composed of the community members) and mandated to the companies by the governing boards. CSR was included as part of the company’s strategy, but the company did not have the agency to engage with the society, develop CSR strategies or control the execution of CSR activities. Without the central planning authorities, responsibility and agency for CSR has to shift to the managers and then the companies.

This research discovered evidence that this shift is starting to occur as companies look to consultants to help them develop their CSR strategies. However, the UNGC Network meeting notes show that there is resistance to fully transferring agency to the companies and trying to re-establish a group that at least partially fulfils the role of a central planning organisation. The impact on current research is that exploring CSR in former socialist/communist countries may need to account for the desire to plan CSR centrally instead of letting companies plan out activities individually. Also, extant literature suggests

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<sup>36</sup> This phrase was used by several Bosnian interviewees.

that company-led strategic approaches are the best way forward. They do not account for the scope and scale of infrastructure reconstruction needed in post-conflict zones. Coordination between actors through a central planning group may be necessary in order to effectively help reconstruction efforts and provide meaningful CSR to the community. The result of this approach fits with the goals of corporate citizenship, though the means are different.

## 5.6 Stability

One of the more significant findings of this research is related to the issue of stability in post-conflict zones and how that impacts CSR. This issue is not sufficiently covered in mainstream academic journals. References are found primarily in sources derived from areas that have issues of instability and UN related reports. Bier (2003), one of the few mainstream references on stability and CSR, asks *if* assumptions about the stability of a state are in place before discussing CSR. He does not use empirical research to explore this issue; he only draws attention to the gap. Literature that explores areas with instability (e.g. Adewuyi & Olowookere, 2010; Babić-Hodović et al., 2008a; Feil, 2008; Šteta and Janković, 2008) and the UN reports (e.g. Ruggie Report, 2008) explore the relationship between stability and CSR in terms of the awareness and capacity of companies. This body of literature does not bring up issues that relate the lack of CSR to a necessary focus on other, more important issues in the state and local community. Interviewees specifically mentioned that CSR is not important compared to other issues that BiH is facing. These issues include, but are not limited to, the economic crisis, high unemployment, social division and governmental failings mentioned in the previous chapter. This situation indicates that there is a separation of CSR and these issues instead of CSR being a means to help resolve these problems.

This research demonstrates that social, political and economic stability all affect CSR. The stability is related to the awareness and capacity of CSR, similar to statements in the literature (see section 2.7.2). Interviewees implied that the weakest link is to the awareness of CSR. Interviewees noted that there is a general lack of education about CSR. Most ideas are imported from international organisations and are still filtering down to the different social actors.

Several interviewees mentioned that the capacity to execute CSR activities is a constant problem. They cover multiple key indicators linked to capacity (e.g. infrastructure rebuilding, company resources, social resources and the ability to reach stakeholders) which can be partially explained by the instability of social, political and economic spheres in BiH. Interviewees also note that they feel several factors, such as laws which do not support CSR, a claim that participation in corrupt acts is necessary and a social attitude of personal irresponsibility, do not enable corporate (and sometimes personal) social responsibility as a realistic option. A difference from the literature found in the data is based on the government's stance towards maintaining the peace between rival groups. Caspersen (2004) notes a government's attempts to maintain the peace is a higher priority than enabling CSR. Caspersen's assertion is predicated on the idea that the government is trying to maintain a sense of peace in the society. Several interviewees portrayed a feeling that the politicians try to maintain an acceptable level of inter-constituency tensions through fear mongering politics. The fear mongering is based on a distrust of anybody who is not part of their 'homogeneous' (ethnic) group and that the other ethnic groups will seek personal gain at their (the other group's) expense.<sup>37</sup> Interviewees expressed a belief that the politicians do this in order to help maintain personal political power within their ethnic group.

This attitude can impact notions of (corporate) roles in the society. This is supported by a lack of a Bosnian identity and citizenship. Without a collective, state-based identity for the natural persons, it is very difficult to establish such a status or recognition for legal persons (i.e. corporate citizens). Trying to relate corporate citizenship to a Bosnian identity would fail to resonate with the population. Since there is no 'Bosnian' identity, any company wishing to be a corporate citizen would have to relate to a specific ethnic group. However, this situation is not ideal as identifying with one group would alienate other groups (and consequently a significant proportion of the market).

Arguments in the extant literature (e.g. Matten and Crane, 2003; Wood and Logsdon, 2001) typically suggest that being a corporate citizen is ideal when compared to performing one-

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<sup>37</sup> This agrees with Creed (2004) and Delanty (2000). Both authors note that the use of imagined communities in this fashion can be used to exclude others from the community as well as set up and direct the group's ontology of nationality and membership/citizenship.

off CSR events. The ethnic division in BiH suggests that even a well thought-out and executed attempt at being a corporate citizen would have similar results to independent CSR activities. In order to achieve a corporate citizen status, the companies would have to ignore the association with the homogeneous identity (nationality over Bosnian) and react to the social and political instability and the reconstruction efforts. Except for the term corporate citizen being used as a metaphor (Crane et al., 2008), this form of corporate citizenship would be different from what is presented in the literature. That is, the extant literature portrays a corporate citizen as an active participant who tries to integrate with the society – not focusing on exclusionary social citizenship as would be the case in BiH (see section 2.3).

There is an additional and important finding related to the stability that is not covered in the literature – the need to focus on CSR or other issues. Interviewees noted that, because of the deficiencies of several infrastructure systems, CSR is simply not a major concern, nor can it be. Several actions described by interviewees focus on helping to support groups which are able to rebuild the infrastructure. This includes helping to build and spread advanced technical knowledge, donating to groups that support socially vulnerable persons, being directly or indirectly involved in physical infrastructure building and repair and several other activities discussed in the previous chapter. In terms of the BiH context, it shows that CSR development is necessarily hindered due to a focus on more urgent problems. There are fewer resources that can be focused on CSR. Also, due to the overwhelming infrastructure deficiencies that currently exist, CSR is mostly reactionary. Meaningful activities are done largely to address some of these infrastructure gaps. However, interviewees said the society does not view actions which targets helping rebuild as part of CSR. As was argued in Chapter Two, CSR is considered as a largely voluntary activity. Aiding the reconstruction is necessary for business operations (i.e. CSR is not voluntary as it is – in effect – essential for business).

Also, evidence suggests the old socialist mentality could be a contributing factor, where providing and maintaining local infrastructure was part of business operations, not a separate function. Companies reacted to social demands from the governing boards. Proactive CSR (see van Tudler and van der Zwart, 2006) still is not reported as a common

occurrence in BiH. This can be linked to fulfilling the internal needs and the desires of the company. The various instabilities of BiH affect the internal workings of the company. Without internal stability, they may not be willing to look towards external responsibilities.

By abandoning the assumption that the society is stable, this research reveals a different potential motive to participate as a corporate citizen – personal and corporate interests in stabilising the local environment. Wolf et al. (2007) state corporations will often engage in CSR in order to stabilise their operating environment, specifically by pre-empting laws and regulations. Interviewees did not list pre-empting laws through self-regulations as a reason they engage with CSR. Most interviewees expressed that even if the laws are in place, they are likely not be effective. They based this on their experiences of company officials bribing inspectors and blatant disregard for regulations. Interviewees implied that companies can work to create a more predictable environment, helping the companies reach goals and objectives. Future research can expand on Wolf et al.'s idea about how CSR is used to ensure stability (without limiting it to pre-empting laws as they did) when dealing with post-conflict situations. By engaging in CSR activities that address infrastructure (re-)construction, companies can reduce the impact that vestiges from the war have on their operations. This includes demining areas that have strategic value (e.g. transportation routes or land use), and supporting political infrastructure so more effective laws and regulations can be established. As long as the society feels vulnerable to the effects of the war (social division, political ethnic in-fighting, live war ordnance) companies will not be able to participate as corporate citizens. CSR activities will be seen as reactions to the surrounding environment, not a willing participation of voluntary acts meant to form a bond with the local society (Delanty, 2000; Matten and Crane, 2003).

An in-depth enquiry helps reveal potential contributing reasons to why CSR in BiH lags CSR efforts in western contexts. This finding composes part of the contribution to knowledge that this research makes. It also points to a potential area for further research in similar contexts to BiH to understand better the roles and responsibilities of companies in post-conflict countries and/or transition economies.

## 5.7 Contributions to Knowledge

The research helps expand the understandings of the expected roles of business in society, CSR and the concept of corporate citizenship. This study, as practical research, set out to critically examine the existing knowledge on CSR and explore the expected roles of a business in a post-conflict society. As part of this journey, the research analyses different perceptions of the above concepts at the field site and relates them to theoretical and observed expectations from previous research. This is done to build a clearer picture of the business-in-society field of research and to connect its theories to practices in a post-conflict context.

Empirically, this study contributes to current understandings of factors that influence expected social roles of a business in a specific case. The factors were explored through in-depth discussions with people operating in a post-conflict society. The discussions highlighted elements of the local environment that affected the discourse and practice of CSR and the expected roles and responsibilities. Interviewees expounded on how the expectations are being built and communicated. This can help build knowledge about how stability and different levels of infrastructure and societal support can affect the development and expectations of corporate social responsibilities.

Specifically, this research shows that a limited set of financially and organisationally stable companies have started to participate in formal CSR. This limited set of actors participated in building and communicating expectations of corporate social roles. The participation is limited to certain networks (e.g. the UNGC Network). Key actors in these networks have led the discussions. This research also shows that political, social and economic instability discourages strategic CSR. Lacking political stability is related to laws that do not encourage CSR and are not enforced, an inability to rebuild infrastructure due to disagreements and corruption, and political discussions which intentionally maintain ethnic animosity. CSR strategies have to assume that the political arena would not be able to provide any help. Social instability is related to the tensions between the three major ethnic groups (Bosniak, Croat and Serb). Social instability affects current theory, which promotes building long-term relationships with specific groups. With the social instability, building long-term relationships would hinder CSR efforts and business operations in BiH because

building long-term relationships is perceived as either favouring one group over the others or intentionally disadvantaging the group(s) not receiving attention. The economic instability encountered in BiH is related to the lack of resources available to organisations. This condition affects current theory, which advocates organisations plan their activities around current and future availability of resources. The situation in BiH does not allow for organisations to predict accurately the availability of resources, presenting *ad hoc* approaches as valid until the economy (as well as political and social spheres) stabilise.

This research also helps highlight how people working in BiH understand the idea of a corporation acting as a social (corporate) citizen. This idea of corporate citizenship was related to two different events from the recent past of BiH – the social divisions and the role of companies under the socialist regime. The stories, and analysis thereof, can help shape current understandings of how corporations are accepted or rejected as social citizens and under what assumed conditions the acceptance or rejection is made. That is, this research helps the understanding of how the business social contract is constructed and to what degree it is enforced. This research shows that without a coherent state-based concept of a social citizen, the idea of a corporate citizen is less tenable than what is assumed in Western societies. Further, if the societies had a previously existing business social contract that envisioned CSR-like activities as mandatory events, promoting CSR as voluntary (and extending beyond the mandated activities of the previous socialist system) is a difficult adjustment. Such a change in the business social contract presents an alteration to the motivation and understanding of what CSR ‘is’ while maintaining an outward appearance similar to the original actual practice. Maintaining a similar outward appearance refers to how CSR is perceived. In this instance, the companies would be performing acts similar to those they practised under the socialist system by helping to maintain the society instead focusing solely on increasing profits.

Methodologically, this research sought to explore what potentially new concepts and understandings exist in the BiH context. Different groups and studies use different metrics to test levels of corporate citizenship based on their assumptions of what ‘should be’ included or stressed as a company’s role in society (Boyle & Boguslaw, 2007). This

approach can lead to familiar answers that do not cover the understandings and practices of the field site.

Indeed, asking interviewees to define and describe the application of CSR yielded two different answers. By allowing the discussion on expected roles and actual practices to emerge, researchers may be able to gain more significant appreciations for local conditions that do not allow companies to undertake the full scope of CSR practices. Many of the interviewees have had some form of Western business education. The introduction of MNCs also brought the knowledge of Western concepts of CSR. This means that the interviewees (and other business practitioners) would be familiar with the concepts and the language of CSR. They would be able to give the 'correct' answers that satisfied researchers who effectively measure knowledge about CSR. However, when interviewees described, in-depth, their CSR practices, one is able to notice that they have been unable to execute CSR actions according to the theory (which they can recite). This insight contributes to the current knowledge about CSR and the roles of business in society by showing how metrics may not be related to host society expectations, needs or desires.

## **5.8 Conclusion**

This chapter presented a more nuanced discussion of the major findings than was presented in the previous chapter. This chapter focused on developing the conclusions from the analysis and relating them to the research objectives. The focus of the findings included: what the roles of CSR 'should be', the lack of communication of CSR activities and understanding, the approach that organisations take towards CSR, and how stability in the society affects CSR and corporate citizenship. Relating the analysis to the research objectives demonstrated how the objectives were met and the research questions were answered. Through this approach, this thesis shows the major contributions to knowledge in the business-in-society field. These contributions elucidate important differences between the existing perceptions of corporate social roles and responsibilities and those encountered in an underrepresented (in research) field site. Specifically, this chapter showed that most of the interviewees had a sound theoretical understanding of Western CSR, but this understanding did not account for the conditions in BiH. As a result, the practice of CSR that interviewees presented was significantly different from that promoted by the extant literature. The next, and final, chapter focuses on concluding this research. It

presents implications from the knowledge gained, limitations of the study and offers suggestions for building on this research in the future.

## **Chapter 6 Conclusion**

### **6.1 Introduction**

This study has presented an empirically substantiated analysis of the expected social roles of businesses in a post-conflict, transition economy – Bosnia and Herzegovina. After identifying the gaps in the relevant literature, this research set out objectives to expand the overall knowledge about corporate social responsibility in unstable political and economic contexts. It is hoped that the data, and analysis thereof, helps to fill in specific knowledge gaps about how corporate citizens are viewed in Bosnian society and what some of the factors are which have helped shape these views. In doing so the thesis makes an important contribution by showing how instability changes the understanding of corporate citizenship, and the desires and rationale for CSR in a post-conflict, transition economy.

With an understanding of how the economic transition and the lingering effects from civil war (e.g. social, political and psychological) impact the expectations for social roles of business, this chapter concludes the research with a discussion of the implications of findings, the limitations of the study and suggestions for future research. It is hoped that these suggestions and implications can further help the development of CSR research to understand better the roles of companies in society, and how differences between the societies can affect the local business social contract.

### **6.2 Research Implications**

The findings help answer the research questions (if and how context specific events have helped to shape expected CSR roles; how corporate citizenship is understood/practised; and how that compares with the extant literature). However, they still need to be related to the broader field of study in terms of how the findings impact current understandings of corporate social roles. This section discusses the implications from the findings of this research (highlighted in the last chapter) on the extant literature.

The literature review demonstrates that the majority of CSR research has included an implicit assumption that the local society is relatively stable. The empirical aspect of this research shows that once the assumption of stability is removed from the context, the nature and focus of the expected social roles of companies change. In this context, the change in

expectations focuses on infrastructure (re-)construction and a desire for heavily regulated CSR activities. In this study, the change is also impacted by the transition from a centrally controlled to a free market economy. The recognition of these changes has implications for the understanding and application of the roles of a business in society beyond 'acting as a business'. Whilst the findings are particular to BiH, many of the implications are potentially applicable to all CSR studies of post-conflict and transition contexts and thus have a wider application.

The first set of findings from this study relates to assumptions in the academic literature. Specifically, this study highlights that the social, political and economic infrastructure (and the stability associated with a functioning infrastructure) should not be taken for granted. It is therefore important to recognise the contextual limitations of more current approaches to CSR that are presented as all-encompassing frameworks. The potential danger in using all-encompassing frameworks is a push for standardisation in all contexts that does not fit the local circumstances and the creation of metrics which reflect the frameworks but neglect important local issues.

A second set of implications of this research is in regard to CSR education at the local (MNC host-site) level. The empirical work shows that there was a lack of knowledge about the capacity for and potential value of CSR in several sectors, such as business, the media, NGOs and the government. The implication for corporate CSR training can effectively be broken down into two groups: those who can be directly involved and those who can be indirectly involved. The educational implications for these two groups are sufficiently different to warrant separate discussions.

The implication for the first group (direct involvement) involves education on how the various actors can work together to initiate and maintain a dialogue that will enable meaningful CSR engagement. This group includes companies that participated in the research, NGOs and the government. The data analysis shows that these three sectors generally approach CSR as being something similar to personal responsibility, rather than a corporate-level concern. There is little evidence to suggest that organisations have

considered the implications of CSR for corporate strategy, and consequently there are few corporate role models that other companies could learn from and follow.

Interviewees are able to show a reasonable understanding of what CSR entails and what can be done in practice. However, education is lacking regarding how to transform companies into socially responsible corporate citizens (i.e. active and willing social actors seeking long-term relationships with the local society and state-based social citizenship, not just one time events as with CSR) in BiH. The education that is needed includes teaching leaders within the different sectors how to approach each other and work together strategically for long-term effects. It also includes educating companies about how to incorporate their strengths, core competencies and public image as core elements of their CSR strategy (see: Dentchev, 2009; Kotler and Lee, 2005).

In order to develop appropriate training tools and approaches, the CSR body of knowledge has to incorporate research on the difficulties associated with corporate social responsibility in BiH and other post-conflict, transition economies. For example, the findings indicate that maintaining relations with a specific group is perceived by stakeholders as bias in favour of that group. Extant research does not consider the extreme nature of this situation when discussing legitimising and de-legitimising stakeholders as a potentially strategic approach. In the Bosnian case, companies have to balance their relationships with three ethnic groups that are openly antagonistic towards each other. If a company is seen to favour one group and does not remain politically and socially neutral, it risks alienating the other two groups. Being considered legitimate by one group can lead to being seen as illegitimate by a significant rival group. There is an opening for research about issues of corporate social legitimacy where companies are trying to maintain a neutral position between antagonistic groups.

The group with indirect involvement includes the media and society<sup>38</sup>. The media and societal distrust about CSR perceived by the NGOs and companies supports the notion that actors who are indirectly involved in CSR and corporate citizenship, by virtue of their impact, should also be educated about these two concepts. These groups are presented as

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<sup>38</sup> This refers to Bosnian society, especially the mentality of division between the nationalities in the social sphere. This social attitude discourages (corporate) social responsibility to a 'Bosnian' society.

ill-informed about what CSR is and how it can be used for the benefit of society. Formal and informal education methods, such as university courses, participation in CSR networks and presentations by CSR oriented groups (UNGC Network and business associations), should include the potential positive and negative externalities of CSR so as to give a holistic picture and assuage the trust issues that this research highlights. This aspect of trust and understanding about CSR activities (especially related to issues such as ‘green-washing’) is covered in the literature (for example, see: Jeurissen, 2004; van Tulder and van der Zwart, 2006).

The findings have another implication related to education. Several of the interviewees link the idea of CSR to socialism. While there is literature which debates if CSR should be legally mandated/regulated or not, this literature does not consider the case of companies *wanting* legal regulation of CSR (see section 2.6.4). The findings demonstrate that this distinction is important because extant literature emphasises that legal regulations for CSR inhibit natural relationship building (see section 2.6) and meaningful CSR development. However, this research supports the idea that legal regulations are necessary for initially helping to promote CSR in a post-conflict environment that is still rebuilding the state and is looking to the government regarding important and necessary CSR-based activities.

This research also highlights that comparing and contrasting CSR with roles of state-owned enterprises under socialism/communism are important considerations in transition economies. Several of these transition economies are familiar with the concept of companies undertaking social responsibilities and roles. However, the means for assigning these roles and responsibilities is different from what is proposed in the literature. In order to advance the understanding and practice of CSR in these societies, actors promoting CSR to companies and NGOs need to demonstrate the distinction between former socialist practices and modern Western practices. This includes promoting CSR as a voluntary action based on active dialogue between the companies and their stakeholders.

The findings suggest that the notion of volunteerism is not developed in BiH and that this underdevelopment may be related to a desire for official dictums regarding CSR. Consequentially, the society may not be able to relate to the language of CSR, which

emphasises voluntary actions. Also, until a clear direction for state rebuilding efforts has been established, companies undertaking CSR activities may be better served by a central authority (either the government or a voluntary network that acts as an intermediary between the government and the companies) helping to plan and/or direct CSR activities for the different companies<sup>39</sup>.

Another set of implications of this research involves the legal policies that can be related to CSR. The academic literature (see section 2.6.4) assumes that the legal environment is supportive of CSR activities. Extant research has not explored the relationship between CSR and illegal practice (e.g. corruption) beyond the theoretical realm (see section 2.6.4). One cannot assume that legal measures which enforce CSR would be effective or enforceable. This is due to the ease and ‘naturalisation’ of circumventing legal requirements as a part of everyday occurrences. The data supports this assertion with stories that reference companies illegally polluting (e.g. ME21) or bribing inspectors (e.g. ML8). The level of illegality present in BiH can affect the motivations for participating in CSR and its activities. This situation aligns with thoughts of Veitch (2007) about establishing minimum standards and rules that encourage CSR (e.g. creating a set of laws that reward charitable donations to a broad range of NGO groups) rather than discourage irresponsible behaviour. This approach requires several of the key actors to engage in dialogue in order to define what corporate social behaviours they wish to encourage and how these can be effectively rewarded. However, this research, involving the precarious socio-political circumstances of BiH, demonstrates that when the government’s priorities involve re-establishing the state-wide infrastructure and the onus for this activity is on NGOs, CSOs, companies, and specific CSR and legal network groups (e.g. the UNGC network), then organisations focus the majority of their CSR efforts on actions that help stabilise the infrastructure, not on voluntary relationship building activities advocated in extant literature.

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<sup>39</sup> This was both implied in the interviewees and a major point of discussion during the UNGC Network meeting. Most participants agreed that establishing a central organising group would be a good for developing CSR in BiH.

### **6.3 Research Limitations**

As with all studies, this research has its limitations. Several of these limitations are related to the methods that were employed. These limitations include: language issues, sample size, generalisability, researcher bias in coding, and interviewee bias. These limitations are discussed in chapter three and suggestions for minimising or eliminating these issues are followed throughout this research.

Another limitation relates to the sectors that interviewees represented. Interviewees represent companies, NGOs, CSOs and business associations. Agents from the media are not included in this list. The omission of the media may have introduced bias in the data as there is significant discussion in the interviews about the media and how they do not encourage CSR but their perceptions are not explored. The researcher made numerous attempts to contact potential interviewees from the media, but none of these attempts were successful.

A further limitation involves where the participant companies are located in BiH. The majority of the participating organisations are based in Sarajevo and all of the organisations are located in cities or the immediately surrounding suburbs. Family based companies and companies in rural environments are not included in this study. The companies listed for the Dobro Awards and those registered with the UN Global Compact Network primarily are based in the major cities (Sarajevo, Banja Luka, Mostar, Zenica, etc.). Given time and financial restraints of this research, the best strategy for timely and useful data collection included concentrating on contacting representatives within urban areas. A second concern related to this issue was the researcher's safety. The UN Mine Action Centre notes that large portions of rural areas still contain active mine fields. Without accurate maps and knowledgeable guides, reaching representatives for companies based in rural areas may have presented excessive dangers.

### **6.4 Suggestions for Future Research**

Although this study introduces several contributions to the business-in-society field of study, it also highlights the potential for future research opportunities. This potential comes from the questions raised by the new contributions and from aspects that this research is

unable to address. Suggestions for future work can be divided into two groups: focus on similar geo-political territories and focus on aspects specific to BiH.

Future work on similar geo-political territories to BiH can focus on post-conflict countries and transition economies. In regard to post-conflict countries and transition economies, researchers can explore the CSR phenomenon as it occurs in these locations. Similar research can be executed in other post-conflict countries (e.g. the 'Arab Spring' countries, Iraq, Afghanistan and Sri Lanka) to compare results and continue to develop CSR theory. Also, transition economies (e.g. former Soviet Bloc countries) may present interesting findings. The involvement of the government in regulating CSR-like activities in the communist/socialist systems and the implications of such involvement on the understanding and practice of CSR post-transition may illuminate important aspects of CSR, how they can be developed in these contexts, and impediments to their implementation.

The extant research in the literature does not include the added dimension that the media is effectively owned by political parties which encourage social division and responsibility to one's own ethnic group over the 'Bosnian' group. The research also does not consider that education about CSR may be met with political barriers aimed at keeping an acceptable level of tension between the ethnic groups. The data analysis shows that the media is not fair and balanced; but instead, it is openly used to project political messages and propaganda. This presents an opportunity for future researchers: current theory does not address the idea that education about CSR has to attempt to either overcome or bypass the political resistance to allaying the ever-present social tensions, which state-development practices have shown is an extremely difficult task.

Remaining in the geographical borders of BiH also opens avenues for future research. Investigating how CSR is understood and practised by smaller companies located in rural areas may yield different views due to the co-dependency of the companies' employees and the communities. Also, štela (the Bosnian word for both networking and corruption) may play a more prominent role as the networks are closer-knit than those in urban areas (according to interviewees). In addition to extending the qualitative aspect of this research

to rural-based companies, a future study can also seek to create a quantitative measure that reaches a broader respondent field and tests the conclusions for their general applicability across BiH. This quantitative approach does not have to be limited to BiH, but can be used in other countries with similar conditions (such as those indicated above).

There is also potential future research related to the findings in BiH. Two aspects that are highlighted and warrant deeper and more focused work are the roles of the media in building CSR and inter-organisational trust when building a strategic approach to CSR. A study that focuses on the role that the media plays in encouraging CSR in an environment such as BiH can focus on two aspects:

1. There is a tight relationship between the owners of the media companies and the political parties (i.e. the owners are often high ranking officials in the parties). This provides a means for politicians to maintain political and social division, a goal that conflicts with CSR and corporate citizenship.
2. The media expects companies to pay to print stories about CSR as part of advertising, even if it is news (effectively stalling the development of a 'credible' CSR).

A final recommendation for future research involves the lack of trust of other organisations that interviewees claim when companies share information about strategic approaches to their social roles. In a country where corruption is a normal and accepted part of social behaviour, the trust and interaction between organisations can be very important to establish meaningful CSR projects. Understanding how the dynamics of trust building operates in a society with high levels of corruption can yield interesting and important data about the future of CSR in similar contexts.

## **6.5 Final Remarks**

The story of corporate social responsibility and the expected roles of business in society is far from complete. As more societies become aware of the concept, the more the practice of CSR will be adapted. Developing states face the same global pressures as developed states, but they also face additional burdens, specific to their domestic conditions, which place them at a significant disadvantage for implementing CSR. In this research, the domestic conditions for Bosnia and Herzegovina are related to the lack of infrastructure, stability and

overall social cohesion. These three broad conditions are found to inhibit CSR efforts and the development of the expected roles of business in society. The society and its actors have more pressing issues to worry about than what social roles companies should adopt. However, because the dialogue is not occurring, the majority of actors have not realised how properly assigning the social roles to companies can help alleviate some of the pressures that prevent a serious, nuanced dialogue about CSR from occurring.

The majority of CSR activities in BiH, similar to other civil society building activities, are reactions to the conditions that the companies face. Companies and stakeholders are only just beginning to realise the value of a strategic approach to CSR and making the activities more than a series of one-off events. However, the number of actors who have realised the importance of strategic CSR remains limited. As social actors (i.e. the government, companies, NGOs and individuals) come to view companies as an integral part of the society, they can start to understand if and how CSR can bring mutual benefit. By allowing and encouraging companies to help address issues related to stability and infrastructure, political and economic resources can be freed to deal more effectively with appropriate and urgent concerns. This can be problematic for (especially Western owned) companies as they are not accustomed to dealing with these issues. Such conditions and expectations alter the business social contract with which they are familiar and the basic understanding of CSR. The added difficulties that countries like BiH face still have to be integrated into the theories of CSR and corporate citizenship. Therefore, the evaluation of CSR in a particular context should not be an end unto itself, but part of an ongoing process to help better understand the reasonable expectations which societies can place on companies.

## **Appendix A: Ethical Approval Form**

This is a copy of the Ethical Approval Form that was submitted to the University of Exeter Business School in April 2010. The form was approved by then ethics officer Dr. Emma Bell. At the stage of submitting the form, the focus was on the business social contract and thus this terminology is emphasised in the description of the research, however as the research unfolded the focus shifted. Also, the pseudonym information changed due to the original coding (noted in this form) was not clear. The revised pseudonym system (Chapter Three) addressed the clarity issue.



## University of Exeter Business School

### Ethical Approval Form

**NAME:** Padraic McMickle

Degree: MPhil/PhD

**Supervisor(s):** Emma Jeanes; Ian Hipkin

**Title of Research Project:**

The Business Social Contract: Perceptions and Understandings of the Role of Business as a Corporate Citizen in a Post-Conflict Society

**Outline Proposal:**

The aim of this research is to increase understandings of the roles of a business in society (specifically a post-conflict society) by examining these roles through the notion of a business social contract. This will be accomplished by examining the negotiation networks which are used in formulating the business social contracts. Information sought will include (but is not limited to): who is involved in the processes and to what extent are they involved; how are participants brought into, excluded from or quit the process; how the processes and resultant roles compare to extant literature; how the roles compare to those for state run companies under the former communist regime; etc.

As current research has only taken place in developed economies (with roles established for members of the social sphere), it is important to investigate this relationship in areas of the world where businesses are seeking to expand more actively. Also, studying in a post-conflict region, where roles in society are being (re)negotiated under a new socio-political structure, will help in understanding this process at a formative stage - in contrast to the body of extant literature. Review of the literature has highlighted a convergence between socially acceptable roles and the cultural context, but has yet to explore more deeply into a variety of cultures and how this has been negotiated. Specifically, this research will seek to provide an insight into a context which has thus far been under-researched, providing an understanding of the development of business social contracts in Bosnia and Herzegovina, and through this, provide an insight into the social responsibility negotiation process in other less developed and post-conflict sites.

This research will include a field trip to Sarajevo, Bosnia and Herzegovina to collect data.

**Methodology:** (Please indicate any ethical issues arising and how you propose to address these issues. See Ethical Guidance Notes)

This research project will utilize a qualitative, case study approach to data collection. In the first step, publically available information (corporate citizenship reports, corporate

social responsibility reports, etc.) will be used to understand the corporate-specific view of its social role. This will be conducted prior to the visit, as well as during the visit. In the second step, corporate representatives and civil stakeholders will be asked to participate in interviews, in which the questions are formulated around concepts found in the literature and the corporate reports. Organisations will be contacted and preliminary interviews arranged in advance of the trip to ensure the time allocated to field work is utilised effectively, and that access is available. Civil stakeholders will be contacted via the assistance of personal contacts familiar with such persons and interviews arranged prior to the trip, as well as through contacts provided by corporate representatives.

This in-depth approach to research will allow participants to reflect on what they consider to be the socially contracted roles of businesses operating in Bosnia and Herzegovina, evaluating the espoused view found in the public domain. They will also be able to present issues which they feel may be relevant for companies to address or avoid in this context. However, this approach to data collection may also pose some ethical problems. As always, it is imperative that the researcher ensures that the 'physical, social and psychological well-being of research participants is not adversely affected by the research' (British Sociological Association, 2002: 2).

To address any potential ethical problems within this method, participants will be assured that:

- Participation is voluntary and they may withdraw from this research at anytime. This will be explicitly stated in the Informed Consent form (attached), which all participants will be asked to read, agree to and sign before participating in the research.
- All information will be treated as confidential, with the data collected being used for research purposes only (in accordance with the Data Protection Act 1998).
- All publications ensuing from this research will utilise pseudonyms for participants and other named persons/organisations/institutions to ensure anonymity. Respondents will be denoted as 'R(x)' where (x) is a number. Organisations will be identified as 'Org (X)', the industry they participate in will only be mentioned if there is a sufficient number of organisations participating in that industry where identification is highly improbable.

#### Informed Consent:

Participants will also be asked to sign an informed consent form which will highlight these points, as well as describing the nature of the research project and asking permission to record the interviews. Should a participant feel uncomfortable in signing the informed consent form (such as fear of linking identity), oral consent will suffice. In cases where the participant is not literate in the English language, a translation of the form will be provided for them via the aid a professional interpreter. It is recognised that informed consent is a process and not a one time event. The researcher shall remain mindful of the interview conditions and atmosphere. Should there be indications that informed consent is no longer present (e.g. changes in mental or emotional status, hesitation to answer questions, etc.), the researcher will pause the interview and ensure that the informed consent of the participant is still present.

#### Interviews:

Interviews will be conducted with the aid of an Olympus DS-40 digital voice recorder, and the files will be moved to a secure computer database after each interview as soon as possible. Voice recordings will be treated as sensitive data. Potential third party access to information shall be extended to professional interpreters who may need to be present at interviews in an official translation capacity and to ensure accuracy. The translators who are employed to check translation accuracy of the transcripts will only be given the information stated during the interview, without any information which could link the transcripts to the original speaker(s). External sources will be consulted on the reliability and professional integrity of translators before they are employed. If there is a request that the interview is not recorded, the DS-40 will be shut down and the batteries removed to meet the respondent's request.

Data protection and security:

All sensitive data will be stored on a secure computer database and will not be available to third parties without due reason. Encryption software will be used to secure the information on the computer. Access to the decryption key and database will be based on a strict 'NEED TO KNOW' basis only. All transcriptions will be performed by the researcher (with translator(s) used to verify accuracy if the interview was done in two different languages). Originals and copies of the recordings as well as transcriptions of the recordings not specifically used in the final thesis will be destroyed at the end of the research project, anticipated to be no later than the end of the year 2012.

Potential for harm:

It is recognised that this research may affect participants in a negative manner if handled improperly. Concerns for interviewees' well-being have the potential to become an issue due to the post-conflict context of this research. Conflict survivors can experience psychological issues relating to the conflict if emotionally painful memories are brought up. Due to the social divisions which were involved in the conflict, political and social vulnerabilities may also be present.

Information or conversations about the conflict period will not be brought up; as such information is not specifically of interest, although it is anticipated that some issues may arise and will be handled sensitively. Should such issues arise, the interviewer shall try to lead the interview back towards the intended research objectives. If the interviewee appears to be emotionally affected, the interviewer shall take appropriate actions, including pausing or terminating the interview if necessary. The interviewer shall remain attentive to visual and verbal cues of the interviewee for signs of discomfort in the interview process. Information about respondents and their responses shall not be shared with third parties (except as noted above) in order to minimise political and social vulnerabilities.

Individual interviews will be conducted to avoid any potential disagreement between interviewees of different ethnicities, religions, etc. Group interviews will jeopardise the confidentiality of participants and will not be utilised. Also, participants will not be asked to comment or provide information about other ethnic, national or religious groups. Interview questions shall be crafted so that they do not imply anything about other groups (positive or negative) in order to minimise the potential for biasing the view of the interviewee towards the researcher. Should the interviewee start to discuss information about other religious or ethnic groups which is not politically/socially neutral or relevant to the research, the interviewer shall remain neutral and redirect the conversation towards more relevant information for the research goals. Exceptions for this shall be granted when discussing the impact of regulations on the company's

corporate citizenship objectives (e.g. Security Force, national legislators, canton legislators and the Office of the High Representative) which may have altered the legal regulations to which the company is expected to adhere. This exception will be granted as any discussion about changes in legal regulations is not politically neutral by definition.

Additional potential for social harm can be found in the information relating how the company might choose stakeholders on the local levels to work with or the degree to which they engage with them. This information could cause the specific person to be ostracised, or worse, if it is linked directly to an individual. Because of this potential, data will be carefully safeguarded and due discretion will be given in how to present the information (should it be present) in any academic writings.

There is little to suggest that the interviewees sought will experience issues which could adversely affect their physical well-being. If individuals have particular needs relating to physical conditions, or which may bring into question the physical well-being of participant due to the interview, the situation will be assessed and handled appropriately. Without foreknowledge of each individual, it is hard to plan for this condition and will have to be assessed on a case-by-case basis.

Personal safety protocols:

Questions about the safety of the researcher may also be brought to mind. Research on the situation in Bosnia has been conducted with outside sources which are familiar with the conditions. Professional security consultancy group Red24 (used by the University's Insurance group) has stated that security risk are rated 'medium' overall (limited risk, not widespread). Risks associated with normal city activities (petty theft, travelling at night alone, etc.) are common in city areas. Travel to rural areas, while not expected, will only be conducted with a guide or legitimate travel source (e.g. buses, trains). The website for Red24, including personalised reports on security and safety issues, will be monitored for specific instances which may arise over the course of the fieldwork. Recommendations from the FCO and US Department of State travel websites will also be monitored and followed. Personal details and contact information will be registered with the US Department of State in order to receive any updates and establish a point of contact for emergency situations.

Safety issues associated with asking sensitive questions have also been considered. The potential for this situation is considered low but still present, as questions will be written to remain neutral. If the interviewer notices a rise in the tension level of the atmosphere, the interview will be paused to allow levels to recede to a more friendly and/or professional level. If there is an immediate and imminent danger, the interview shall be terminated. To help ensure the safety of both the interviewer and interviewee, interviews shall be conducted in semi-public areas. Interviews conducted in offices/rooms shall be done with open doors. Venues such as cafes and restaurants shall also be considered as long as they have an area where a conversation can be kept private and confidential. Researchers who are familiar with the Bosnian context have mentioned that using cafes and the similar as interview locations is considered within the cultural norm. Because of this, cafes are expected to be generally acceptable to the interviewees, although each interview will be judged on an individual basis for acceptability of venue.

All meeting information (time, place, expected duration) will be reported to a trusted personal contact prior to conducting interviews. After completion of the interview (or at

appropriate times if the interview lasts longer than expected) the same source will be contacted to ensure the researcher is still safe. Should the researcher fail to report, the contact will notify the appropriate authorities.

This research project aims to ensure professional integrity by accurately reporting the data collected as well as maintaining a good relationship with participants by protecting their interest and their rights. This complies with the British Sociological Association's ethical guidelines for research as stated in the 2002 *Statement of Ethical Practice*.

**Signed:** (Student) \_\_\_\_\_ **Date:** \_\_\_\_\_

**Signed:** (Supervisor) \_\_\_\_\_ **Date:** \_\_\_\_\_

**Signed:** (School Ethics Officer) \_\_\_\_\_ **Date:** \_\_\_\_\_

Need to be referred to University Ethics Committee? Y/N.

If Yes: Further Action required:

Continue on separate sheet if necessary.

# Appendix B: Informed Consent Form

## INFORMATION ABOUT THE RESEARCH<sup>40</sup>

**Title of Project:** The Business Social Contract: Perceptions and Understandings of the Role of Business as a Corporate Citizen in a Post-Conflict Society

**Name of Researcher:** Padraic F. McMickle

### 1.0 Introduction

Your name has been suggested as someone who might be able to contribute to this research project. Before you decide if you wish to participate you need to understand why the research is being done and what it would involve for you. Please take time to read the following information carefully. You may ask me any questions about the study if you wish.

Part 1 tells you about the purpose of the research and what it would involve for you. Part 2 provides more detailed information about the study. Ask me if there is anything that is not clear or if you wish further information. Take time to decide whether or not you wish to take part.

## PART 1

### 1.1 Purpose of the study

The purpose of the study is twofold.

1. To improve the understanding of roles of a business in a developing society by examining the roles through the idea of a business social contract.
2. To fulfil the educational requirements of a PhD.

This will be done by conducting a case study in Bosnia and Herzegovina. I will be interviewing key staff members in companies and local stakeholder representatives. The plan is then to develop the theoretical and practical understanding of how negotiations of roles occur, what the results of the negotiations are, and how this compares with current models primarily developed in the United States and the UK.

### 1.2 Why you have been invited to participate

Your name has been put forward because your organisation has stated a willingness to participate in developing the roles of corporate citizens in Sarajevo, BiH. If you are associated with a company, the main corporate body has stated a desire to participate in socially responsible roles as corporate citizens in the communities in which they have operations. If you are associated with a stakeholder group, you have been put forward as a person who interacts with the corporations and negotiates some of the roles which they have undertaken.

### 1.3 Do I have to take part?

It is for you to decide; it is entirely voluntary. I will describe the study and go through this information sheet which will then be given to you. I will then ask you to complete a Consent Form to show that you have agreed to participate. You are free to withdraw at any time without giving a reason.

### 1.4 What will I need to do if I take part?

If you are asked to be interviewed it will last about 45 minutes, longer if you wish to go into detail about certain aspects. Interviews will be conducted at a place and time of your convenience. Permission will be sought to record the interviews to enable the

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<sup>40</sup> At the time this form was written, the title of this research was a working version.

researcher to analyse your contribution. You will have the opportunity to see and comment on the transcription of the interviews. If you are willing, you may be asked to comment on any conclusions that are drawn by the researcher. If you do not wish to be recorded, please inform the researcher and the recording equipment will be turned off.

### **1.5 Will the information I provide be kept confidential?**

The information you provide will be kept confidential and all interview recordings will be destroyed at the end of the study (no later than the end of 2012). All data used in study results will be anonymised.

*If this information has interested you then please read Part 2 before making a decision.*

## **PART 2**

### **2.1 What happens if I decide to withdraw?**

You may withdraw at any point without giving any reason. Any information collected from you before you withdraw will not be used in the study unless you give permission otherwise.

### **2.2 What will happen to the results of the study?**

The main outcome of the study will be a PhD Thesis which will be stored electronically by the University of Exeter. Academic papers will be published and conference presentations made to share the results.

### **2.3 Who is organising and funding the study?**

The study is being organised by the primary researcher (Padraic McMickle) in conjunction with the University of Exeter Business School as part of his PhD. This study is not funded by any group, public or private.

### **2.4 Who has reviewed this study?**

The Business School's ethics officer, Dr. E. Bell, has reviewed the study and given it University ethical approval. The researcher's supervisors, Dr. E. Jeanes and Dr. I. Hipkin, have undertaken a scientific assessment of the research proposal. Comments made in that report have been accommodated in the current study design.

### **2.5 Further information and contact details**

If you wish to contact the researcher for any reason the details are:

Padraic McMickle +44 (0)7531939349 (mobile)/+44 (0)1392726112 (university) or pm263@exeter.ac.uk by e-mail

### **2.6 Complaints**

If you wish to raise a complaint or concerns about the research please contact Dr. Emma Jeanes, e.jeanes@exeter.ac.uk or Dr. Ian Hipkin, i.b.hipkin@exeter.ac.uk

**CONSENT FORM**

**Title of Project:** The Business Social Contract: Perceptions and Understandings of the Role of Business as a Corporate Citizen in a Post-Conflict Society

**Name of Researcher:** Padraic F. McMickle

Please  
initial boxes

- 1. I confirm that I have read and understand the information sheet dated 25 February 2010 (version 1.0) for the above study. I have had the opportunity to consider the information, ask questions and have them answered satisfactorily.
  
- 2. I understand that my participation is voluntary and that I can withdraw at any time without giving any reason.
  
- 4. I understand that any personal information will be kept confidential to the researcher and that all contributions will be made anonymous in any written outcome of the study or in any related publication.
  
- 5. I agree to take part in the study.

.....	.....	.....
Name of participant	Date	Signature
 Padraic McMickle	.....	.....
Name of researcher	Date	Signature

When complete: 1 copy for participant and 1 copy for researcher

## Appendix C: Interview Schedule

This is a list of the questions and topics that were used to guide the semi-structured interviews. Potential follow-up questions to likely answers are also given. All interviews followed this format. The semi-structured nature allowed for additional questions for deep exploration of interesting or unexpected lines of thought. Potential prompts are listed in ( ).

1. Define CSR. Is this any different from društveno odgovornih kompanija (Bosnian phrase for CSR)?
  - a. Is this different from how companies operated under Tito? How?
2. Where do you get your CSR ideas from?
  - a. How much influence does your home office have?
  - b. Do your employees input ideas? Examples.
  - c. How do you think this compares to other companies?
3. Walk through a specific example of CSR participation from start to finish.
  - a. Who was involved in the process? What were their roles?
  - b. What factors influenced this decision (money, time, networks, strategy, laws, etc.)?
  - c. What record keeping was done for the activity (costs, hours, events)? Is this typical?
  - d. Why was this activity undertaken?
  - e. Why do you engage in CSR?
4. What factors influence CSR?
  - a. (Government, media, laws, corruption, social stability, division of the entities)
  - b. How do these factors impact CSR? Do these influences have positive or negative effects?
  - c. Is it possible to work around the hindrances?
5. Can companies be good corporate citizens? What is a good corporate citizen?
  - a. Does society to accept such a notion?
6. Why do companies engage in CSR, generally?
  - a. What are their motivations?
  - b. How much is strategic/ad hoc?
7. Do you feel the talk about CSR equals the actions? Explain.
8. Do companies have any obligations towards society?
  - a. What are these obligations?
  - b. Why do they have them, explain?
9. Do companies try to show that they are socially responsible? Explain.
10. Are people socially responsible in BiH? Explain.

11. Do you feel there are differences in perceptions/actions of CSR in BiH from the outside world? Explain.
  - a. Is BiH prepared to accept/undertake CSR similar to the outside world? Explain.
  - b. How long do you think before companies in BiH are ready?
  
12. Is there an important aspect of CSR you feel I have omitted? Discuss.

## Appendix D: Coding Themes for Interviews

This appendix outlines the codes that were used for analysing the interviews as well as their descriptions. The broad themes are listed first, followed by their descriptive themes.

1. **Social Division** – This theme explores the social divisions which were discussed in the interviews. It highlighted some of the extra difficulties of operating as a socially aware and responsible company in a post-conflict zone.
  - a. **Nationality Division** – This was used to highlight themes that described a division between the nationalities (ethnicities).
  - b. **Impact on Business** – This theme was used for discourse which dealt with how the social division impacted the business environment.
  - c. **Ignoring Social Divisions** – This theme highlighted efforts that specifically avoided or ignored social divisions that were prevalent in the society.
2. **Corporate Citizenship** – This code was used when interviewees referred to corporate citizenship or ideas which encapsulated corporate citizenship. It not only covered how companies were (not) seen as corporate citizens, but also if people viewed companies as such.
  - a. **Corporate Citizenship Identification** – This highlighted where interviewees would identify corporate citizens or discussed how they identified actual corporate citizens.
  - b. **Business Social Contracts** – Where 2.A. dealt with actual events, this was linked to expectations. It highlighted the gap between what was desired and what was practised.
3. **Defining CSR** – This theme was applied to topics that defined CSR and where that knowledge was reported to come from.
  - a. **Understandings of CSR** – This highlighted where interviewees sought information about CSR including: activities, strategies, support, etc.
  - b. **CSR Actions** – This theme dealt with discussions about what interviewees knew or believed to be CSR activities.
  - c. **Stakeholders** – This code was used when interviewees talked about who was receiving benefits from CSR activities. It was designed to capture where CSR efforts were being focused and if any patterns were forming.

4. **CSR Activities** – This code was linked to passages about what the actual CSR actions were, not just knowledge about the actions.
  - a. **Encouraging CSR** – This related to if organisations were either actively or passively encouraging CSR.
  - b. **CSR Practices** – This highlighted discussions about the actual activities that were undertaken, either successful or failed.
  - c. **Planning CSR Activities** – This theme was used to code passages which discussed if and how organisations took part in planning of CSR activities.
  - d. **Public-Private Company Differences** – This theme highlighted a special circumstance in BiH, the differences between how the state-owned companies approached CSR compared to the privately owned companies.
5. **Influences and Controls** – This theme helped to explore the various influences that helped or hindered the implementation of CSR in BiH.
  - a. **Needs** – This theme was used to highlight how the needs of the society were disproportionately high compared to commonly studied contexts.
  - b. **Political Influences** – This code was applied to discourse about how the political environment influenced CSR.
  - c. **Social Influences** – This theme highlighted how the social environment influenced CSR.
  - d. **Personal Influences** – This theme highlighted how personal views, preferences, activities, etc. influenced what CSR activities were proposed or enacted by companies. It could be related to *ad hoc* approaches to CSR.
  - e. **Corporate Influences** – This theme was used to code passages which dealt with how the corporations' views affected CSR choices. This was also carefully examined for suggestions to explore if the companies were taking a strategic approach to their CSR activities.

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