

The Impact of a Code of Conduct

An Interpretative Case Study on the Implementation of CSR in Business Practice

Master's Thesis

Programme: Managing People, Knowledge and Change



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ABSTRACT

- Title:** The Impact of a Code of Conduct: An Interpretative Case Study on the Implementation of CSR in Business Practice
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- Keywords:** CSR, Code of Conduct, Sensemaking, Understanding, Processual View, Organisational Practice, Meaning Creation, Standards of Business Conduct
- Thesis Purpose:** The main purpose of this research is to critically examine Corporate Social Responsibility in organisational practice.
- Methodology:** This research concerns an exploratory study, conducted from an interpretative, qualitative perspective.
- Theoretical Perspective:** Previous research concerned with functional questions of 'Why', 'What' and 'How' CSR is, provide a theoretical basis. The inclusion of a more processual theoretical perspective and 'understanding' and 'sensemaking' as sensitising concepts provides ground to build on and go beyond previous functional perspectives in this research.
- Empirical Foundation:** The empirical basis for this research was a case study of a company in the health industry. Triangulation of data sources was used, although interviews provide the main empirical basis.
- Conclusion:** Employees behave in line with formal behavioural expectations. However, behaviour seems to be disconnected from the standards of conduct, based instead on organisational culture.

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CHAPTER 1: INTRODUCTION

Context of Discovery and Contribution

Corporate social responsibility (CSR) is a powerful idea in contemporary society. As a management concept it has developed into one of the 'most orthodox and widely accepted concepts in the business world during the last twenty years' (Lee 2008, p. 53). Underlying the concept's popularity – not only in business practice but also in academia and society at large – is a heightened awareness that business activities in a global environment have complex social and environmental consequences (Drumwright 1994; Porter & Kramer 2006). CSR reflects societal demands towards companies to create value in a sustainable way by extending the focus from solely economic goals towards adding environmental and social value (D'Amato & Roome 2009). Critics of the concept of CSR argue that it is 'too vague to be useful' (Jones 1980, p. 60), pertaining to the difficulty in determining and measuring what behaviour is socially responsible (Frederick 1994). While recognising that the concept's elusive nature creates uncertainty around its practical value, it is nevertheless relevant from an academic perspective interested in 'what is going on'. The observation that corporations nowadays engage in activities under the umbrella term of CSR (Basu & Palazzo 2008) and that those activities are carefully examined by others (i.e. civil society, governments, academia) makes the concept a worthwhile subject of research in our view.

It has been rightly argued that CSR can only be meaningful if people *Walk the Talk* (Nijhof, Cludts, Fisscher & Laan 2003). While this seems to be common sense, there are different ways to assess CSR and its enactment. Traditionally, questions concerning content ('*What is CSR?*'), drivers ('*Why do/should companies engage in CSR?*') and measurement of CSR (i.e. through audits, compliance programmes, etc.) are approached in CSR research (Herrnstadt 2001; Frynas 2005; Porter & Kramer 2006; Scherer & Palazzo 2007). This research has been predominantly functionalist, focusing on intentions and outcomes. More recent research is increasingly concerned with *how* to best adopt strategies and processes of CSR (Frederick 1994; Basu & Palazzo 2008). In order to make meaningful propositions about how to best adopt CSR, we argue that a different dimension of the *how* needs to be looked at; namely at how people's understanding and sensemaking in organisations relates to CSR policies.

Addressing this question, a research gap is encountered. While above approaches and questions have significantly contributed to research in the CSR field, a more processual and interpretative perspective looking at individual 'mental frames and sensemaking processes within which CSR is embedded' is widely lacking (Basu & Palazzo 2008, p. 123). Luring and Thomsen (2008) confirm that 'little attention has been given to the relation between formulated ideals [of CSR] and the enacted practices' (p. 25). With this thesis we aim to contribute to this research gap in CSR by opening the *black box* and shed light on how implementation processes of codes of conduct are understood and made sense of.

We are looking at a specific corporate code of business conduct and ask how this is understood in practice, drawing upon organisational theory of *sensemaking* and *understanding* in organisations (Weick, Sutcliffe & Obstfeld 2005; Sandberg & Targama 2007). In line with the encountered research gap, Cassell, Johnson & Smith (1997) state that 'there is a relative lack of consideration of their [corporate codes of conduct] impact upon members' everyday organisational behaviour (p. 1077). They elaborate: 'What is missing from the literature on corporate codes is an interpretative account of how the actual process of design and implementation is undertaken and experienced by those involved. Likewise there appears to be no study which is concerned with attempting to understand *how* the code is "received" and interpreted by those whose behaviour and attitudes is presumably intended to influence.' (Cassell et al., p. 1078). More than ten years later, it seems that only a few researchers have looked at these processes of interpretation of formulated ideas in code of conducts or generally in CSR (Cramer, Jonker & Heijden, van der 2004; Hemingway & Maclagan 2004; Luring & Thomsen 2008).

Our theoretical contribution with this research is to place people and their subjective understanding in the centre when looking at CSR. This generates new insights into the impacts and outcomes of these CSR policies and provides for an in-depth view on ethical claims and behaviour. The research purpose of this thesis is not to reach empirical generalisations but rather to provide practical understanding for the organisation under study as well as enhance theoretical insights. Therefore, an in depth case study of one Swedish site of a global company in the medical device industry – which will be referred to in the following as 'Remedia' – forms the empirical basis for the analysis.

Remedia has gone through numerous changes over the past years, which have impacted important organisational elements such as ownership, structure and culture. CSR related issues seem to be very real for the organisation; being a multinational player in an image sensitive industry, having dealt with quality issues in the past and having an employee base and organisational culture that seem to possess a certain moral grounding. In 2006 a new written code of conduct, termed the Standards of Business Conduct (SBC), was launched and implemented throughout the organisation worldwide. The success of this implementation effort is said to be high, being classified by the number of employees 'trained'. However, there has never been any feedback or evaluation mechanism regarding these SBC and the implementation effort. There is a lack of awareness and knowledge about the impact and success on a deeper level, relating more to employees' understanding, sensemaking and behaviour. In that sense, the thesis' practical contribution in terms of providing a feedback mechanism to the company inherently informs the theoretical gap mentioned earlier.

An individual perspective on SBC development and implementation efforts shows that a lack of meaning creation limits the impact on employees' behaviour. Interestingly, Remedia's employees nevertheless seem to 'Walk the Talk' of the standards as a result of implicit CSR manifestations in the organisational culture, influenced by contextual and institutional forces. The SBC seem to have a more reputation or image related relevance.

Research Purpose

We aim to critically investigate the impact of the SBC and its implementation process on organisational members' understanding and sensemaking. A critical approach means for us, to be (self-) aware of language use, conventional wisdoms, dominant views and objective knowledge claims (Mingers 2000). In doing so, the thesis describes Remedia's implementation efforts of the SBC at an empirical level. Overall, our purpose is then to advance theoretical and practical understanding of the concept of CSR (and particularly standards of conduct) in organisational life. We do not aim at providing a 'blueprint of success' (Alvesson & Sveningsson 2008, p. 9) but rather to advance theoretical as well as practical understanding of standards of conduct as a formalised expression of CSR.

Research Questions

The guiding question for our empirical investigation is:

- *How does individuals' understanding and sensemaking relate to the impact of the SBC and their implementation?*

In addition, several sub-questions emerged throughout the research from moving back and forth between theory and empirical material. These questions helped structure the main findings and inspired our analysis and discussion.

- *What are objectives behind formalising ethical behavioural expectations through the standards of business conduct?*
- *What happens in the implementation process?*
- *What are outcomes? Are underlying objectives realised in the implementation events? Do the SBC generate or enhance the intended mindsets and behaviour?*

When asking those questions, we point out that individual understanding is not developed in a vacuum but within the organisational and wider societal context. Thus, also the question how contextual factors (i.e. international, national or local rules and regulations, a company's or country's culture) influence the relationship between people's *walk* and the document's *talk* shall be investigated. In order to advance understanding of the code of conduct our overall purpose is to ask what can be learned from the investigated implementation process of the SBC. What are the pitfalls but also opportunities of planned organisational formalisation processes in general?

Thesis Outline

First, methodical as well as methodological considerations on which the research is based will be addressed in chapter two. Second, an introduction to the conceptualisation of CSR as a useful theoretical frame for the proposed research on codes of conduct in practice will be given. Third, the main empirical data will be presented in chapter four after which a discussion will follow in chapter five. Finally, the thesis will conclude and outline the main findings and provide suggestions for future research in chapter six.

CHAPTER 2: METHOD AND METHODOLOGY

Epistemological and ontological reflections underlying the research approach will be presented as well as the research design relating to the collection of data and the research process. Also, issues of credibility, contribution and generalisability will be addressed. Moreover, reflections upon the overall research process will be specified.

Ontological & Epistemological Considerations

Methodology concerns fundamental questions about how to conduct research (i.e. quantitatively or qualitatively) and the implications this might have (i.e. on representation and subjectivity) (Calás & Smircich 1999). Methodology is informed by ontological considerations 'whether social entities can and should be considered objective entities that have a reality external to social actors, or whether they can and should be considered [subjective and unstable] social constructions built up from the perception and actions of social actors' is (Bryman 2008, p. 18).

In line with Alvesson & Skjöldberg (2000), our fundamental understanding of reality is that there are no objective facts as all data are potentially value loaded, influenced by people's pre-understanding and contextual factors. Moreover, we see the nature of social entities as resulting out of symbolic social interaction with significant others, events or society (Blumer 1969). While our worldview tends to be more based on the consideration that reality is socially constructed, we are not arguing, however, that it does not exist (because then, any kind of empirical research would become meaningless). Rather we believe that realities go through the filter of individual mindsets and thus are multiple and partial (Haraway 1988). This partiality shall be reflected in our research design.

Methodology is also defined by epistemological considerations about what and how we can know (Bryman 2008). A positivist perspective believes in the possibility to depict cause-effect relationships and assumes an objective reality (Wildemuth 1993) where research can be used to discern 'truths'. Interpretivists however, believe in a socially constructed reality, where it is not about finding one 'truth' but more about knowing '...what the actors [in a particular social world] know, see what they see, understand what they understand' (Wildemuth 1993, p. 450). Scherer and Palazzo (2007) criticise a positivist perspective and argue it leads to a solely instrumental

interpretation of CSR. As we want to go beyond an instrumental view, we will take an interpretative perspective in our research, which seeks to 'explain human action by overlooking people's understanding [and creation] of reality and how it forms the basis for human action [...] in organisations and society' (Sandberg & Targama 2007, p. 27).

Research Design

As illustrated, our methodology is based on ideas of how the world is understood and known. This exerts significant influence on how research is actually conducted; thus on the research *method* considered to be appropriate and finally used. Taking an interpretative approach involves working with an iterative process between theory and empirical material. This is well illustrated by Alvesson & Sveningsson (2003) who state that they 'work with the challenge of accomplishing a good trade-off between theoretical inspiration and openness toward empirical material, between reading into data a certain vocabulary and certain preferred results and a naïve empiricism in which theory-free data are believed to lead the researcher to the truth.' (p. 968). Such an approach allows for '...continuous moving back and forth between different stages of the research project' too (Verschuren 2003 as cited in Easton 2010, p. 119). This allows for opportunities to disentangle complex sets of factors and relationships (Easton 2010). Such iterations are based upon hermeneutical (objective and alethic) considerations, taking into account the researchers' as well as interviewees' pre-understanding as influencing interpretations, language use and behaviour (Alvesson & Skjöldberg 2000). It also takes into account that iterating between *part* and *whole* during the research facilitates valuable insights enabling to go beyond 'face value' of statements.

As this research is conducted within an interpretative paradigm, the research method will be qualitative in nature. There are multiple ways to conduct qualitative research (Bryman 2008). Our research design is built upon those different qualitative methods for data collection: 1. interviews, 2. observations and 3. secondary data.

The focus is on subjective understanding as the basis for organisational behaviour. Thus, the interviews were a central source of data collection in order to gain insights into the existing perspectives. Emphasis was put on semi-structured interviews, allowing for a more open exchange of questions and information. Questions evolved and changed throughout the research process. Themes addressed related to Remedia's SBC:

- objectives and origin (i.e. *Why was the code of conduct implemented? How did you go about developing it?*)
- design, communication and implementation (i.e. *Who was involved in the implementation process? What feedback did you receive so far?*)
- individual understanding and sense-making (i.e. *What does the code or 'conducting business in an ethical way' mean to you? How do you think do the global values apply to you personally?*) and actual behaviour (i.e. *How/When do you behave ethically/in line the code of conduct?*).

Interviewees' statements about the code of conduct are treated as subjective and context related rather than taking them at face value (Alvesson 2003). By doing so, it is hoped to challenge common assumptions about statements and values expressed in the code and provide new insights into the understanding, sensemaking and behaviour related to it. Moreover, the interviews are expected to give further insights into how people see themselves as well as how they create a picture of themselves as being an ethical person; hence on issues of image and identity.

Observations only constitute a minor part of the data, mainly due to language problems, as the local language was Swedish and neither of us understands it well enough. This limited our ability to observe how employees acted in organisational life. However, it was possible to visit two different locations as well as participate in a tour through a part of the production area. This provided impressions of the company, its working environment and materialisation of organisational values in artefacts. Finally, secondary material will be used (i.e. the written code of conduct, internal corporate communication documents, press releases). The secondary material however, will not be the prime focus as it is seen as mostly confirming negotiated understanding of CSR policies, rather than revealing individual understanding and sensemaking accordingly.

Research Process

Interviews ranged from 45 minutes to 2 hours, with an average of one hour and were conducted with two interviewers and one interviewee present. In total a number of 11 interviews were conducted: 2 over the phone, 1 during a tour through the production facility and 8 in a face-to-face setting. All, except for the tour through the production area, were recorded and consequently transcribed to be used as the basis for data analysis. The face-to-face interviews took place at Remedia in a conference room,

creating a semi-formal setting. Also the tour through the production area was at Remedia. Although we felt that interviewees were generally very open in the interviews, the semi-informal setting might possibly have limited the feeling of freedom people felt they could speak with. The two interviews conducted over the phone we felt were significantly less open, influencing the answers overall to be more 'politically correct'.

A variety of organisational members were interviewed in terms of gender, age, time being employed, department and hierarchical position. All meetings, discussions and other exchanges of information during the research process were extensively documented in the form of (field) notes. This facilitated a circular understanding throughout the research that influenced and created awareness of (pre) understanding and knowledge development.

Credibility

Issues of credibility in a qualitative, interpretative research are comparable to what issues of reliability are in more quantitative studies. Alvesson & Skjödberg (2000) outline 'criteria for the evaluation and interpretation of data', which they refer to as *source criticism* (p. 69). These criteria are concerned with 'the question of distortion of information (Alvesson & Skjödberg 2000, p. 70) and concern issues of *authenticity, bias, distance* and *dependence*. Thus source criticism is concerned with the question: 'are we really studying what we claim to be studying?'. These criteria will be used here to confirm the credibility of the research.

The criterion of authenticity is concerned with 'whether or not the source *is* a source'. In this research, intentions of all individuals concerned are considered to be sincere, not (purposely) deceiving to manipulate data or outcomes, confirming the authenticity of this research. 'Bias refers to the interest (conscious or not) of the informant in skewing the information' (Alvesson & Skjödberg 2000, p. 72). As stated before, we are aware of the fact that putting interviewees in a specific research situation being faced with a specific topic might be cause for bias. However, being aware of this and consciously incorporating it when analysing data allows for a minimisation of bias. Also, using triangulation of information sources allows for the combination of partial perspectives to arrive to the 'whole' picture, minimising bias as well. Since all interviewees were employees within Remedia, the criticism of distance can be neglected. Also, the researchers were not dependent on any other 'hands the information has

passed through from the source' (Alvesson & Skjödberg 2000, p. 74), since the interviews were primary data, conducted by the researchers themselves.

In addition to these source criticism criteria, using *empathy* in the interpretation and analysis of empirical data is said to provide additional meaning (Alvesson & Skjödberg 2000). By taking into account interviewees' personal backgrounds, experience and other contextual factors, the use of *empathy* on the researchers' side has been incorporated throughout the research. This has been enhanced through incorporation of personal interpretations of both researchers.

Case Study: Contribution and Generalisability

Case study research is said to be '...most appropriate in the early stages of research on a topic or to provide freshness in perspective to an already researched topic.' (Eisenhardt 1989, p. 548). As for the field of CSR, which has been extensively researched upon, we hope to provide with some 'freshness' through in-depth case study. Moreover, our research aims to approach a research gap by combining perspectives (CSR theory with organisational theory on understanding and sensemaking) with the intention to generate new insights through conceptual generalisations. This also validates the use of case study as method of research. The interpretative methodological underpinnings of this thesis also support this type of research 'offering insights into the nature of phenomena' (Easton 2010, p. 118). Our research is exploratory in nature, suiting case study related questions such as 'How' and 'Why' (Easton 2010), by allowing for multiple levels of analysis within the same study (Eisenhardt 1989). Another strength of case study research emerges through the iteration between research findings and researchers' (pre)understandings. Hereby,, thought processes are more likely to be 'unfrozen' and lead to more novel theory (Eisenhardt 1989). Also, because theory as a result from case study research is generated from empirical data rather than the other way around (i.e. testing of hypotheses), testability problems are minimised (Eisenhardt 1989). Moreover, 'The likelihood of valid theory is high because the theory-building process is so intimately tied with evidence that it is very likely that the resultant theory will be consistent with empirical observation.' (Eisenhardt 1989, p. 547).

A weakness of case study research is the danger of yielding overly complex theory because of intensive use of empirical data. As a result, theory can become too detailed, lacking an overall (simple) perspective. We have tried to focus on the SBC specifically to

avoid such overcomplication. In addition, the bottom up approach of case study research runs the risk of being unable to generate a theory that can be generalised because of the lack in 'grandness'. However, this research does not attempt to develop a 'grand' theory but instead attempts to provide theoretical *contributions*.

Beyond the subjectivity of the approach, a criticism to the use of case study in an interpretative approach is the lack of standards to judge which interpretation is better than another. Also, criticism regarding the lack of generalisability is often expressed with regard to case study research (Eaton 2010). However, we do not claim that our interpretations are necessarily better than others. Rather, we attempt to provide valuable practical insights and contribute to theoretical development. We share the opinion of Yin (1989 as cited in Easton 2010):

"The short answer is that case studies, like experiments, are generalisable to theoretical propositions and not to populations or universes. In this sense, the case study, like the experiment, does not represent a 'sample', and the investigator's goal is to expand and generalise theories (analytical generalization) and not to enumerate frequencies (statistical generalization)" (p. 126)

But what does it mean to attribute or build good theory? According to Eisenhardt (1989) theory is '...par-simonious, testable, and logically coherent...' (p. 548) and it is a result of a study rather than a point of departure. Also, the research method and empirical data need to be strong enough to ground theory. This is done, among other things, by providing thorough information (i.e. on data collection procedures, analysis and sample) so that the reader can assess whether the fit between empirical data and theory is valid. Furthermore, it should not just replicate past theory but instead provide new insights. These considerations are taken into account in this research and thereby it is attempted to provide valuable theoretical contributions.

Moreover, it is argued here, that theoretical consideration about organisational practice should relate to this practice and accordingly take practical problems into consideration. Members of the studied organisation indicated that there is great interest in receiving feedback on how people perceived the SBC, how they act with regard to the SBC and how the implementation process could be improved. Thus, this research as a feedback mechanism will hopefully address these practical issues as well.

Reflections

Being (self-)reflexive (i.e. about the subjectivity of our interpretations) was a central objective of the research (Alvesson & Sjöldberg 2000). Reflecting back on the research process, we acknowledge several contributions and constraints. First of all, time and resource constraints on our as well as Remedia's side limited the breadth and depth of our research to a certain extent.

Also, a qualitative approach is inherently subjective and influenced by the basic assumptions and (pre) understandings (i.e. influence by background, study programme) of the researchers (Alvesson 2004; Bryman 2008). Although we try to disclose these assumptions and pre understanding to a great extent, they still limit the research at the same time. Being raised and educated in a 'rational' Western society, 'disturbs' our interpretative stance to a certain extent. For example, while attempting to be reflexive and critical about wording, we realised that our language is very much influenced by a functional paradigm.

Furthermore, by creating a specific discourse in the interviews where CSR and the SBC are explicitly addressed, there is a risk of influencing interviewees' talk in the sense that it becomes '...an affect of the discourse they are engaged by, rather than an expression of their subjectivity or the cultural community they belong to.' (Alvesson & Sveningsson 2003, p. 967). This may cause divergence from underlying meanings (Alvesson 2003). Pertaining to our research this means that although people might say that they are ethical, it does not make them ethical. Such a possible 'romantic' or 'image' related portrayal of information by interviewees should be taken into account.

Moreover, conducting the research with two researchers (as opposed to one) we felt contributed greatly to its quality. In interview settings, having two researchers allowed for greater possibility of establishing a bond, significantly increasing the openness of the interviewees. Also, it contributed to the development, diversity and complementarity of the questions asked. Issues of subjectivity and underlying value of statements were questioned to a greater extent by the involvement of two researchers. Overall, having two researchers actively involved in the research enhanced the interpretative value of the research enormously.

CHAPTER 3: LITERATURE REVIEW

CSR Theory and Research

The powerful idea of CSR has brought new criteria into business decision-making processes (Drumwright 1994). Rather than solely integrating economic goals, corporations operating in today's complex interconnected global business environment are expected to account for the social and environmental impacts of their business activities (Crane & Matten 2004). Despite criticism towards the concept's practical value due to its vagueness (Jones 1980), there is an increased public awareness and consent that corporations have a stake in the 'societal project' of sustainable development (D'Amato & Roome 2009). Civil society, academia, governmental and business actors alike are engaged in negotiating how ideas connected to this societal project (i.e. gender and race equality, environmental protection) apply to business life under the umbrella term of CSR (Drumwright 1994; Crane & Matten 2004). Thus, the idea of CSR – albeit complex in nature – is 'out there', sparking our research interest in this field.

Basu and Palazzo (2008) note that the research focus has gradually shifted from understanding "why" (i.e. drivers for CSR engagement) and "what" (i.e. defining CSR) to "how" best to adopt strategies and processes that support CSR decisions within organisations' by examining CSR 'activities' and 'outcomes' (Frederick 1994). While this research does not aim to provide a final definition of CSR, it is nevertheless considered to be important to provide an overview of CSR conceptualisations and drivers identified in the main body of literature. This portrays the plethora of possibilities in CSR related issues, emphasising its diverse and complex nature.

The more contemporary research question about the *how* of CSR, which is at the core of this research, will be addressed in a differentiated way. It is argued that in order to make meaningful propositions about *how to adopt* CSR processes, a deeper look at *how CSR activities are manifested ('how are they expressed?' and 'what do they embody?')* needs to be taken. By connecting CSR manifestations to the context in which they are embedded, a better picture of the relation to organisational members' understanding, sensemaking and behaviour can be painted. Each perspective on CSR – what, why and how – will be outlined at a conceptual level and consequently discussed in the light of related empirical studies.

'What' is Corporate Social Responsibility?

A Conceptual View

The nature of CSR is complex. Although attempts have been made to find a definition, contemporary scholars agree that a straightforward definition does not exist. Instead, it is said that the concept represents an – in itself contested, ambiguous and dynamic – umbrella term used to depict various 'social imperatives and the social consequences of business success' (Crane & Matten 2004, p. 405). This is supported by numerous other authors (Wood 1991; Carroll 1999;;Whitehouse 2006; Matten & Moon 2008). According to Jamali (2008) 'These variations stem in part from differing fundamental assumptions about what CSR entails, varying from conceptions of minimal legal and economic obligations and accountability [...] to the wider social system in which a corporation is embedded' (p. 213).

Despite the lack of a concrete definition, a framework that has been widely used in CSR research is Carroll's hierarchy of corporate social responsibilities (Crane & Matten 2004). It is regarded as the 'lowest common denominator of CSR' (Matten & Moon 2005, p. 338), see figure 1.



Figure 1: Carroll's CSR Pyramid (Visser 2005, p. 34)

This four-layered pyramid depicts four levels of CSR, with economic and legal motives as the minimum CSR required by society and 'true' corporate social responsibility as encompassing all four levels (Crane & Matten 2004). For organisations moving up along the four levels in the pyramid means that they transcend a state of mere compliance and move to a mode of engagement (Jamali & Mirshak 2006). The model has been criticised

by numerous authors for its oversimplification, being a stand-alone definition unreflective of the complexities of organisational reality (Wood 1991; Carroll 1999; Crane & Matten 2004; Jamali & Mirshak 2006; Schouten & Remmé 2006). For example, although Carroll (1999) notes that '...business should not fulfil these in sequential fashion but [...] each is to be fulfilled at all times.' (p. 289), his model can be understood in that way (Schouten & Remmé 2006). The higher levels are then said to be only relevant when the lower levels have been satisfied, making it unreflective of organisational life. Also, problems of overlapping or conflicting responsibilities are not addressed by the model (Crane & Matten 2004).

Although the pyramid provides a basic point of departure to frame the concept of CSR and its drivers, we agree with these criticisms. We are more in line with a process-oriented stance towards 'what' CSR entails advocated by Basu & Palazzo (2008). They define CSR as: '...the process by which managers within an organisation think about and discuss relationships with stakeholders as well as their roles in relation to the common good, along with their behavioural disposition with respect to the fulfilment and achievement of these roles and relationships.' (Basu & Palazzo 2008, p. 124). Such a perspective takes into account both an organisational and individual level.

Empirically Speaking

An empirical perspective confirms the complexity and fragmentation of the concept identified on a theoretical level (World Business Council for Sustainable Development 2000; Mbare 2004; Whitehouse 2006). CSR is not interpreted the same way in all organisations (Cramer et al. 2004). As defining CSR in a universal way is not possible, organisations might want to consider conceptualising CSR for themselves to allow for better usefulness of the concept in their specific context: 'It is possible that the use of an abstract or ambiguous definition of CSR minimizes organisational conflict, but it also "minimizes" strategic implementation' (Cheney et al. 2004 as cited in Luring & Thomsen 2008, p. 34).

Related to Carroll's Pyramid, empirical findings are in line with theoretical criticism. It can be said that CSR discussions in literature are predominantly related to the two top rungs in the pyramid (Schouten & Remmé 2006), which is inconsistent with empirical research findings in different contexts (Visser 2005). For example, empirical research has shown that in Sweden legal issues and economic issues are higher ranked (Visser

2005). In addition, Matten & Moon (2005) add to this by saying that European countries are less likely to engage in philanthropic activities. This does not mean however, that they are not or less corporately responsible, but it rather adds to the notion that CSR is framed differently depending on the context.

A process oriented approach to CSR that Basu & Palazzo (2008) propose is lacking in empirical research. Their approach touches upon an organisational *and* individual level of sensemaking, advocating a more interpretative approach to CSR. Some studies (Cramer et al. 2004; Hemingway & Maclagan 2004; Schouten & Remmé 2005; Luring & Thomsen 2008) exhibit characteristics of such an approach however. They will be discussed under the heading 'Linking CSR to Understanding and Sensemaking'.

The 'Why': Drivers for Corporate Social Responsibility

A Conceptual View

The drivers for companies to engage in CSR are manifold (Crane & Matten 2004; Porter & Kramer 2006; Lee 2008). Broadly speaking, two lines of reasoning are identified. These are not exhaustive or mutually exclusive, but help to frame the main drivers encountered in theory and research. One concerns moral obligations, while accounts of 'good business reasons' (Crane & Matten 2004, p. 42) are at the core of the other.

Normative considerations about *moral obligations* that corporations want to be 'good citizens' and 'do the right thing' can be seen as a driving force for corporate social responsibility (Porter & Kramer 2006, p. 3). As argued from a stakeholder theory, corporations are socially responsible because their power in society – locally, nationally and globally – has grown (Detomasi 2007). Activities of corporations (may) have serious impacts in terms of harms and benefits for societal stakeholders (i.e. local communities, suppliers, employees, competitors) (Spiller 2000; Crane & Matten 2004).

Also, rather pragmatic and functional considerations about '*good business reasons*' drive CSR initiatives (Crane & Matten 2004). Lee (2008) argues that 'CSR has been progressively rationalised and became associated with broader organisational goals such as reputation and stakeholder management' (p. 55). In that sense, the stakeholder theory perspective is reflected also in more pragmatic considerations about why to engage in CSR. This perspective is closely related to considerations to integrate CSR as part of an overall company's strategy in order to enhance financial performance and create a competitive advantage (Porter & Kramer 2002; Lee 2008). Moreover, also

labour management issues related to the integration of an increasingly diverse global workforce are mentioned as a driver for CSR (Hemingway & Maclagan 2004). One prominent line of reasoning is referred to as *enlightened self-interest* of the corporation (Crane & Matten 2004; Jamali & Mirsak 2007; Lee 2008). Here, it is argued that modern companies engage voluntarily and proactively in CSR – thus anticipating regulatory and legal frameworks – as this provides with greater scope for action and reduces regulatory uncertainties. Moreover, it is argued here that corporations have an interest to engage in CSR ‘as a long-term investment in a safer, better-educated, and more equitable community, which subsequently benefits the corporation by creating an improved and stable context in which to do business’ (Crane & Matten 2004, p. 41-42).

However, since the enlightened self-interest and good business reasons concept entail actions to be carried out solely for self-interest reasons, it can be argued that this cannot be considered CSR (Crane & Matten 2004). Moreover, in today's organisational environment, where organisations have to increasingly deal with global competition and crises, the argument that costs of CSR often outweigh the benefits for organisations becomes more relevant and diminished the likelihood of enlightened self-interest CSR (Dalton & Cosier 1982; Carroll & Buchholtz 2008).

As indicated, reputation and image management is depicted as a central driver for CSR engagement (Hemingway & Maclagan 2004; Whitehouse 2006). According to Alvesson (2004) image ‘plays an increasing role in organisations in economic life’ in order to manage expectations of significant others (primarily those of customers and external actors but also expectations, sentiments and impressions held by employees) (p. 71). Thus, CSR can represent a central tool in managing a company's image to be perceived as ‘good’ or ‘ethical’. It can be added critically that ‘The suspicion that CSR may, for some companies, serve as a fashionable label rather than a substantive concept derives from the view [...] that socially responsible behaviour has been a feature of their business for many years but that it is only in the last few years that the terminology of CSR has become popular among a growing number of companies.’ (Whitehouse 2006, p. 289). Finally, the drivers to engage in CSR cannot be separated from the issue of organisational imitation of best business practices, especially not in light of the concepts' wide spread in management (Sevón 1996; Whitehouse 2003).

Empirically speaking

Hemingway and Maclagan (2004), who researched upon the role of manager's individual values as drivers for CSR, maintain that moral reasoning about CSR engagement takes place at an individual rather than corporate level. This argument is supported by empirical findings (i.e. Drumwright 1994). Regarding stakeholder and reputation management as one driver for CSR policies, Knox and Maklan (2004) maintain based upon a study of CSR policy and practices that there is a lack of empirical evidence about the positive impact of CSR activities on stakeholder behaviour. This argument is supported by Whitehouse's study (2006) in which she argues that stakeholders (i.e. customers, employees) often lack awareness of CSR policies. Also, the link between CSR and financial performance is best to be found weak (Cochran & Wood 1984). Nonetheless, reputation as a driver is found to be very much linked to CSR engagement (Whitehouse 2006). As the outline of different motivations for CSR has shown, there is not a single (set of) motivation(s) driving its use. This supports the notion that contextual factors should be taken into account.

'How' is Corporate Social Responsibility Manifested?

A Conceptual View

This research is primarily concerned with the 'how' of CSR. As indicated, that question addresses several layers. On a more descriptive level (which will be addressed in this part) it concerns the different manifestations of CSR – this term is used to signify how it is expressed and what it embodies. In order to assess the 'how' question at a deeper and more processual level – by looking at how people understand, make sense and behave towards such CSR manifestations and the way they were implemented – it is argued that the descriptive level enhances this interpretation. Only by taking such a deep look, meaningful propositions can finally be made about 'how to (best)' adopt strategies and processes accordingly.

CSR is manifested in multiple ways, both internally and externally to the organisation (i.e. Codes of Conducts, Compliance Programmes, CSR and Sustainability Reports, Rules, Regulations, Laws, Standards). CSR policies and activities in the organisation as well as contextual factors are said to influence the way CSR is manifested (Campbell 2006). Matten and Moon's (2008) framework of explicit and implicit CSR

provides a basic framework to outline and discuss these different CSR manifestations in organisations.

Explicit CSR refers to fully and clearly formulated CSR practices, often in written form, which are communicated through programmes, policies, strategies or labels (Matten & Moon 2008). Intentions driving explicit CSR are predominantly based on corporate objectives and reflect elements of rational, formal organisational control (Ouchi 1979; Barley & Kunda 1992; Kärreman, Sveningsson & Alvesson 2003). One central characteristic of explicit CSR is that it is based on the corporations' initiative 'rather than reflecting either governmental authority or broader formal or informal institutions' (Matten & Moon 2008, p. 409). On the other hand, drivers of implicit CSR are institutional influences such as governmental authorities or institutions part of the broader environment the organisation is operating in. Implicit CSR is manifested in a rather implied, inherent and indirect way in organisational culture. In this thesis, we refer to culture as a root metaphor; as something an organization is rather than something it has (Smircich 1983, Alvesson & Sveningsson 2008). In that sense, an organization is shared norms, meanings and traditions. Those 'ingredients' of organizational culture are often said to create a normative control system (Ouchi 1979; Barley & Kunda 1992; Casey 1999; Heracleous 2003).

Matten and Moon (2008) argue that explicit CSR practices can be predominantly found in the U.S. where institutional – especially governmental – regulations do not penetrate all levels of corporate and civil life. Social responsibility is left much more in the hands of the individual (corporation). In Europe on the other hand, many CSR issues are implicitly regulated through employment-legislation, legal environmental protection frameworks, workers' unions, etcetera (Crane & Matten 2004). The historically more 'American' explicit CSR has become part of a global development whereas implicit CSR differs considerably from country to country (Matten & Moon, 2005).

The global development of 'American' CSR relates closely to what has been described as the 'Americanisation' of the European business system (Clark, Philip, Patrick & Hartmut 2005; Schröter 2008). By that the convergence of the European to the American business model has been examined as a process of imitation of 'best practices' and management rhetoric. This process is characterised for example by and increased focus on cost containment (especially downsizing), short-terminism and a 'less restraint pursuit of shareholder value' (Clark et al. 2005, p. 495). Schröter (2008) who

conceptualises Americanisation as 'a selected and adapted transfer of values, behaviour, institutions, technologies, patterns of organisation, symbols and norms from the US to the economic life of other states' points towards increased rationalisation and liberalisation tendencies in the European business model (p. 333).

Empirically Speaking

A limitation of these definitions is that they are provided in a dichotomous way, which can be seen as overly simplified. In practice, the distinction between implicit and explicit CSR might not be so easy to make, or overlaps might exist. However, Matten & Moon (2008) specifically reflect on this limitation and stress that the terms should not be used as two exclusive but rather complementary concepts.

As this particular case study concerns an organisation in a European context, the concept of implicit CSR is assumed to be of significant relevance to take into account. However, it is important to be careful about the labels as local rules and regulations do vary also *within* Europe or the U.S (Matten & Moon 2008). Thus, we regard it as central to consider the influence of institutional frameworks (i.e. national, regional, and industrial) in our particular research context.

Moreover, the difficulty in researching implicit CSR has to be acknowledged. Although research has been done on the impact of explicit and implicit CSR manifestations in organisations, they have been overly focused on impact on a structural level, perhaps because this is relatively easy to 'measure'. Impact on a more micro level, taking into account individual interpretations and what that means for the impact of explicit and implicit CSR manifestations in organisations has been neglected/not yet been touched upon. Moreover, we will attempt to address this research gap.

Corporate Social Responsibility in the Research Context

Having outlined main theoretical and research findings as well as discussed limitations and opportunities for future research on CSR, we now arrive at the framing of our particular research and context. As outlined before, we attempt to address the 'How' question on a deeper, individual level using an interpretative, processual research stance. As a basis for going about this, we use Matten & Moon's (2008) framework of explicit and implicit CSR to frame our research topic (a code of conduct) and context

(Sweden, medical device industry). We will then discuss what taking a processual approach to the 'how' question entails.

Codes of Conducts as Expression of Explicit CSR

One widely established and especially since the 1990s increasingly adopted expression of CSR are codes of conduct (Cassell et al. 1997; Herrnstadt 2001; Nijhof et al. 2003; Adam & Rachman-Moore 2004). Often, they are also referred to as *code of ethics* or *standards of business conduct*. Those terms will be used in the following synonymously while focusing exclusively on *corporate* codes of business conduct (rather than industry or profession related ones). Corporate codes of ethics represent a 'direct attempt to formally [...] manage ethical issues or problems through specific policies, practices, and programmes' (Crane & Matten 2004, p.144). In that sense, codes of conduct can be seen as a *tool* of CSR management outlining desired and expected values and behaviour of the employees of a company (Cassell 1997; Crane Matten 2004).

Even though corporate codes of ethics vary in terms of content and design, some general features can be observed. With regard to the content, both, generic principles and standards of the company (i.e. excellent business performance, fair competition, team spirit) as well as practical guidelines (i.e. instructions regarding specific situation such as corruption or conflicts of interest) are outlined (Crane & Matten 2004). Thus, next to a corporate *value orientation*, a clear *compliance orientation* (i.e. reporting hotlines) is generally part of the content (Nijhof et al. 2003). Codes of conduct are frequently designed and implemented in a top-down manner and intimately linked to formalised ethics education and training activities, reporting and auditing systems as well as mission or value statements (Adam & Rachman-Moore 2004).

As indicated, codes of conducts have become a central and quite popular tool for corporate CSR management. Similarly to the debate concerning the drivers for companies to engage in CSR, the implementation of specific corporate codes of ethics can be based on multiple – normative as well as functional – considerations. For example, Marshall (2002) argues that voluntary codes of conduct provide enhanced organisational practice and employee guidance by providing guidelines on how to behave ethically and solve conflicts of interest. Also, codes of ethics have been widely adopted as they are considered to be *good managerial practice* and part of stakeholder management (Adam & Rachman-Moore 2004).

Codes of Conduct in Practice: Impact and Limitations

Research on explicit standards of business ethics illustrates that their Impact is relatively limited (Cassell et al. 1997; Nijhof et al. 2003). Herrnsstadt (2001) outlines criticism directed towards codes of conduct for being a distraction and confusion for consumers, employees and national policy makers alike and 'nothing more than a corporate public relations shams and subterfuges for avoiding real efforts to improve workers' lives' (p. 350). Also, top-down approaches that are often used in the implementation of codes of conduct might cause detachment of employees down the line in the process (Lauring & Thomsen 2008).

Furthermore, it can be argued that often concepts and statements made in those codes cannot be enacted by their members due to a lack of knowledge about what they actually *mean* (Herrnsstadt 2001). The often abstract or generic wording (i.e. 'human rights', 'team work', 'results') seems to constrain the creation of an individual as well as common meaning of those terms, since relevance for the particular context is missing. This is confirmed by Alvesson & Sveningsson (2008) who claim that the deeper meaning of stated values needs to be identified. Moreover, they outline the 'conflictual relationship between various good things that need to be sorted out' (Alvesson & Sveningsson 2008, p. 167). Thus, general statements as well as how they exactly relate to each other need to be contextualised. The question how this takes place in a most advantageous way (i.e. clarifying the written statements, face to face discussions), we think, is central here. Furthermore, empirical findings stress the need for employees' participation and cooperation in implementation processes (Herrnsstadt 2001). Also, the importance to truly *follow-through* implementation including disciplining employees, providing necessary financial and personal resources as well as the setting of good examples is emphasised (Herrnsstadt 2001; Crane & Matten 2004).

Thus, the mere existence of a code of conduct seems not to be a guarantor for ethical behaviour. CSR can only 'acquire substance through behaviour' (Nijhof et al. 2003, p. 66). Behaviour on the other hand is influenced by people's interpretation – their *understanding* and *sensemaking* – and evaluation of CSR policies such as corporate codes of ethics (Cramer et al. 2004). Moreover, understanding corporate codes of business conduct is not isolated or solely limited to business strategy and policy but takes place within the wider (organisational) context (Cassell 1997; Nijhof et al. 2003). As indicated, daily matters – personal beliefs, interaction, roles and relationships – or, if using a

grander term, the *organisational culture* (Alvesson & Sveningsson 2008) as well as institutional influences centrally shape those processes.

Implicit CSR in the Research Context

As already touched upon before, implicit manifestations of CSR are influenced by the formal and informal institutions in a country, consisting of values, norms and rules (Matten & Moon 2008) and thus constitute expressions of various levels of (organisational) culture. For our specific research context we therefore deem it relevant to outline briefly the main institutional forces of influence; the Swedish national context as well as the medical devices industry.

Sweden - National (Organisational) Culture

Since the nineteenth century, Sweden's constitutional monarchy has emphasised the importance consensus-seeking procedures, providing the basis for its current democratic climate (Matten & Moon 2005). Formal institutions and governance systems in Sweden are said to impose few constraints when it comes to organisational behaviour (Lubatkin, Lane, Collin & Very 2005). Based on such a limited level of regulation one might think that organisations abuse their positions by acting opportunistically in a self-serving manner. However, this does not take into consideration Sweden's background; its social institutions (i.e. family, religion, schools, sports and media), the historical origins of those institutions, and the socialised constraints that come from them (Lubatkin et al. 2005; Matten & Moon 2005). Historically, Sweden has been consensus oriented with high trust in national organisations involved in rule and regulation setting. Compliance (i.e. government, police, health care, legal system) seems to be high in Sweden (Rothstein & Stolle 2002).

Medical Device Industry

From the beginning of the 1990s, regulations in the Medical device industry focused on addressing fraudulent or unsafe bogus devices, taking a more reactive regulatory position. Such authority often provided to be cumbersome and inefficient (Estrin 1990), although its limitations were partly addressed throughout the first half of the 1990s. With the development of more sophisticated and complex devices, regulatory control shifted from solely addressing non-compliance to establishing safety, effectiveness and

legitimation of Medical devices (Estrin 1990; Chai 2000). Maintenance and improvement of effectiveness and efficiency of such regulatory systems (Chai 2000), have made regulations in the industry more proactive worldwide (Estrin 1990). This pertains not only to mandatory rules to comply with but also to the development of (voluntary) standards. Overall the Medical device industry can be said to have rather strong inherent regulatory control systems in place.

A Processual Approach to the 'How' question

From looking at CSR conceptualisations, drivers and manifestations as well as our specific research context from a more functional and descriptive view, we intend to move to a deep view on standards of business conduct. By deep view we refer to our aim to go beyond traditional CSR research (i.e. on content, measurement, etc.) through taking a processual stance to CSR. According to Basu & Palazzo (2008) 'such a process view of CSR locates the phenomenon as an intrinsic part of an organisation's character (i.e. the way it goes about making sense of its world), with the potential to discriminate it from other organisation that might adopt different types of sensemaking processes' (p. 124). Thus, from such a perspective, CSR is not regarded as something an organisation 'has' but rather something an organisation 'is', inherently part of its organisational culture (Heracleous 2003). When looking at standards of business conduct, those are consequently not looked at as something objective and given, but attempted to be seen in terms of *how* they – their origin, drivers, relevance, content, implementation, etc. – are understood and made sense of by the individual members of an organisation.

Understanding and Sensemaking

In order to approach individual perspectives regarding CSR, *understanding* and *sensemaking* in organisations will be illustrated in the following as meaningful *sensitising concepts* (Bowen 2006). Sensitising concepts give 'the user a general sense of reference and guidance in approaching empirical instances. Whereas definitive concepts provide prescriptions on what to see, sensitising concepts merely suggest direction along which to look.' (Blumer 1954 as cited in Bowen 2006, p. 2). This research is characterised by an exploratory and open stance towards empirical material. Thus, the concepts of understanding and sensemaking are seen as a 'set of ideas with explanatory possibilities' rather than a rigid theoretical framework (Weick 1995, p. xi).

Sandberg & Targama (2007) provide an 'instructive account' of 'what understanding is and how it forms the basis for work performance' (p. 109). Understanding is described as being simultaneously individual and social in a mutual consisting way. It is individual in that it reflects a personal 'relationship with reality' and as such can be only embodied by the person holding this relationship. This supports a central perspective taken in this research, namely that different organisational members will always understand policies in a distinct way. Its social nature results from the consideration that 'understanding of reality is [...] not something we first develop ourselves, but something we learn from others by being socialised into society; its various social practices and specific organisations' (Sandberg & Targama 2007, p. 110).

Additionally, Sandberg & Targama (2007) maintain that understanding is not static but a circular process between pre-understanding and understanding. They elaborate that pre-understanding 'stipulates that what is to be interpreted is already understood from within a conceptual framework which entails certain conceptual possibilities and confinements for the interpreting subject.' (Sandberg & Targama 2007, p. 85). Thus, recognising that 'nobody proceeds from a *tabula rasa*' is a key inspiration for our research in which we aim to assess the (to us assessable) factors that influence organisational members' existing *conceptual frameworks*.

The relationship between understanding and sensemaking is seen as complementary in providing theoretical ideas and inspiration (Helms Mills 2003; Weick et al. 2005). Similar to understanding, sensemaking is also described as a continuous process at both the organisational and individual level as they are seen as mutually constituting each other (Cramer et al. 2004; Basu & Palazzo 2008). Thus, sensemaking is described as a process of bringing order into a complex world and 'making realities understandable in the form of language', for example by categorising, labelling or discussing new events (Schouten & Remmé 2006). A main idea of sensemaking is summarised to the point by Pfeffer (2005 as cited in Basu & Palazzo 2008): 'what we do comes from what and how we think' (p. 128). Our thinking is closely tied to our identity: 'From the perspective of sensemaking, who we think we are (identity) as organisational actors shapes what we enact and how we interpret, which affects what outsiders think we are (image) and how they treat is, which stabilises or destabilises our identity' (Weick et al. 2005, p. 416). This underlying idea – that identities, unstable and social in

their nature, are not separable from how we understand and make sense of the world and also vice versa – is a main inspiration for this research.

CSR in Practice

At a conceptual level, several authors argue that CSR can be better understood by taking a – widely lacking – qualitatively informed, process-oriented, interpretative and contextual stance (Cassell et al. 1997; Whitehouse 2006; Basu & Palazzo 2008). Hereby, CSR and its manifestations can be understood as 'local interpretations of generally formulated ideals' (Lauring & Thomsen 2008). The link between CSR and sensemaking and understanding as concepts that shed light on the processes of *how* these 'local interpretations' (i.e. of codes of conduct) take place is thus seen as a fruitful. Additionally, it can be argued that all concepts are strongly concerned with inter-human and social elements and do thus closely intersect (Schouten & Remmé 2006).

As indicated, a few empirical studies (Cramer et al. 2004; Schouten & Remmé 2006; Lauring & Thomsen 2008) have, at least partly, taken a more processual or interpretative approach to CSR, inter alia based on the concept of sensemaking. However, the understanding that most authors develop of sensemaking is somewhat instrumental and more concerned with addressing stakeholders' interests or needs than actually taking a deep view at individual's understanding. Cramer et al. (2004) however, use sensemaking more in line with our proposed research. By looking at how managers' individual understanding and sense-making of CSR in different companies influenced CSR processes, they found that those processes were rather 'muddled' and emerging than linear and strategic (as often assumed by managers) – 'shaped by trial and error' (Cramer et al. 2004, p. 221). Thus, in general, processual studies of CSR are rare and when done often neglect to take a deep view at the individual level of understanding. Through our case study, we hope to add to such a perspective. The empirical material as such will therefore be approached keeping in mind individual's understanding and sensemaking.

CHAPTER 4: EMPIRICAL MATERIAL AND ANALYSIS

In this chapter we aim to explore Remedia's adoption of the SBC in practice. We follow hereby our main question: *How does individual's understanding and sensemaking influence the impact of the SBC and their implementation?* This will be done by outlining the background, objectives, content, implementation and impact of the SBC on the organisation and reflecting upon the interrelations. The order does not reflect reality or causalities as such, but helps us structure the empirical material.

Thus, we present the case and outline structural and cultural changes, which framed the emergence and formulation of the SBC. Moreover, when looking at the SBC we want to depict their underlying objectives formulated by higher-level management representatives and consequently ask how those were achieved by listening to people targeted. We talked to five people in higher-level management or HR functions concerned with the formulation and/or the implementation of the SBC and also five people not involved, seen here as 'targeted' employees. Realising that understanding and sensemaking of the SBC differed considerably along those lines, the implementation and receiving perspectives will be outlined explicitly in the presentation of our empirical material. However, not only differences amongst but also within these perspectives will be considered carefully, recognising that the proposed categorisation is meaningful to structure the material but does not represent reality (i.e. 'implementing' people are at the same time also subjects to the formal policies).

Case Presentation

Remedia

Today, Remedia employs circa 8.000 employees and has production facilities in nine countries as well as sales in more than 100 countries. The company is market and research and development (R&D) leader in a particular sector in the health industry as well as strongly positioned in others. Since the mid 1970s Remedia has opened up plants in other countries and reached its largest sized with 25.000 employees during the 1990s with the acquisition of an American company as well as the opening of several clinics. Continuous changes (i.e. growth, internationalisation, product and business development) are an inherent part of Remedia's history.

However, the diversification of products and services reached a certain point of declining profits. In 2006, a private equity company bought 51% of Remedia's shares while 49% of the company remained in the private ownership of a Nordic-based long-term industrial holding company. The Remedia Group was developed into three independent companies. One of those – to which the founding site studied belongs to – focuses on the original core products. Due to the new ownership structure but also due to external challenges (i.e. declining markets, increased global competition, an import ban placed on one of Remedia's products by the US Food and Drug Administration (FDA) in 2006), several transformations were initiated and the need for those increasingly communicated by a new global Senior Management Team under the lead of a new CEO. As a result, the company was drastically restructured, aiming to 'decrease complexity'. Also, the organisational structure and processes were centralised and a high degree of employee turnover was experienced (due to lay-offs as well as new hires).

The studied site – as being the company's founding site and also called by one manager 'the cradle of Remedia' (Milan¹) – is engaged in the production of technically sophisticated Medical devices as well as in the research and development of new solutions. With a balance of 50% blue-collar and 50% white-collar workers, the studied site reflects the company's global composition of knowledge-intensive functions (i.e. R&D, marketing, legal) and less knowledge-intensive departments (production). Thus, both intellectual work and manual labour are combined at the same site. Because of the intangibility of the nature of products and services of knowledge-intensive firms ambiguity seems to be a normal part of the operating environment (Newell, Robertson, Scarbrough & Swan 2002; Alvesson, 2004).

Remedia's culture has an inherent focus on health, bringing about a special responsibility towards the customers and patients 'in the world of illness and disease' (Kim). Also 'knowing that we actually produce something that helps people; that is kind of a responsible product' (Karin), as stated by one of the interviewees, gives employees a certain sense of morality and purpose.

Remedia's change 'journey' started off in 2007/2008. Historically, people seem to have worked in a pleasant, open and professional way, with little formal hierarchical influences. Overall, we find that those attributes still reflect the way people at Remedia

¹ For confidential reasons, fictional names for the interviewees will be used

work today. However, the workplace atmosphere has been influenced by an increasingly focus on money (i.e. cost reduction and cash generation) since 2007/2008. This restricts the availability of resources (i.e. travel restrictions, instead of regular personal exchange a culture of phone and E-mail communication, less social activities, very few and inexpensive management training activities). The current culture seems to be very problem-oriented, which has led to a mindset where accountability and delivering in the short-term are emphasised:

'I mean I think we are seeing a change in this organisation now and especially when we are going through these kind of times of financial stress and reductions. And we are now seeing that behaviour is starting to change within certain areas to be much more focused on accountability, delivering on your commitments.' (Sylvia)

While some employees perceive this change as stressful, people encounter it simultaneously with a quite pragmatic and open mindset:

'I think it is a good learning process because you need to be able of doing both ways both long term and short term.' (Daniel)

On the one hand this 'crisis-atmosphere' seems to have led to more proactivity on the part of employees, but there were also signs of increased focus on individual accountability, leading to a lack in cross-functional communication and teamwork.

Moreover, policies and procedures (i.e. reporting and communication guidelines about internal work processes) were progressively centralised and formalised. In 2007 a compensation-tied performance management system and the global compliance programme were introduced; explicitly outlining how organisational members are expected to behave in the corporation. Such explicitness about behavioural expectations was not common before 2006. Thus, the new structure reflects direct bureaucratic elements as a form of organisational control (Kärreman et al. 2003).

Origin and Design: The Standards of Business Conduct

The global compliance programme consists of education and training programmes (E-learning as well as live training sessions), reporting procedures (i.e. compliance hotline) as well as compliance monitoring and auditing programmes. The basic document and tool of the global compliance programme to 'support ethical standards and business

objectives' are Remedia's *Standards of Business Conduct*. A team composed of members from geographical locations worldwide, under the lead of a 'Chief Compliance Officer' launched the programme. The Chief Compliance Officer is located in the United States, where the SBCs' content, training and information material was mainly developed. A formal, top-down approach was used for the implementation. Top managers were trained first, after which the programme was consequently cascaded down through the organisation. Locally, human resource (HR) personnel (termed 'Compliance Officers') are responsible for the training programme.

The implementation efforts are said to have been successful worldwide, with almost 100% of the employees trained in the new standards and ethical principles outlined in the SBC with the aim to contribute to their 'full understanding of the compliance programme' (stated in corporate communication). It was indicated that because of the flatness of the organisation the implementation was considered to be fairly easy. Interestingly, feedback mechanisms have so far not been implemented. Also, according to different organisational members, the SBC are expected to be re-launched in or after the summer of 2010.

Formal Objectives

As outlined in the theory, drivers to engage in CSR activities are manifold (Lee 2008). Based on the interviews with managers involved in the formulation and implementation of processes of the SBC, we found two main objectives for their adoption. Firstly, *external image and reputation management* was mentioned. This objective bases on the consideration that CSR is crucial in today's business environment to manage stakeholder expectations. Secondly, we identified the objective to *rationalise internal processes by reducing complexity and insecurities*. To describe the second objective, managers commonly adopted the terms 'guidance' and 'compliance'. The terms will be used here as concepts framed by the interviewees. Guidance was referred to as helping people to resolve questions about the 'appropriateness' of their conduct. Compliance, was linked to the clear behavioural expectations that employees should 'Walk the Talk' outlined in the SBC. Both objectives concern external and internal management processes and reflect practical considerations to increase Remedia's competitive advantage.

Image and Reputation Management

Managers involved in the development of the current SBC when asked for the company's objectives to have a code of conduct answered:

'If a company does not have a code of conduct or breaches ethical standards that could pose a huge risk to a company and the company's reputation, you can see that there is a risk component in this and we need to care for our reputation and make sure that we run this business in an appropriate way.' (Theo)

'I suppose, you know, at an organisation this is the way business is and this is the culture of businesses organisations where compliance probably became a buzzword ten to fifteen years ago. And customers as much as others demanded that the organisation [...] has these principles laid out.' (Kim)

Both quotes reflect considerations about addressing CSR related issues as enhancing the organisation's reputation. Thus, explicit CSR as a fashion is seen by Remedia as an important fundament for economic success, as outlined in the literature (Porter & Kramer 2003). This realisation was accompanied by an ironic undertone:

'Actually, I don't remember exactly but I think partly, to be very honest, partly I think there was someone realising – and I think that was someone in the States in the legal department *laughs* – god we don't have anything written about this. Every company has one, has a code of conduct, we have to do something about this. So that was part of the kind of honest explanation I think.' (Sylvia)

Interestingly, the ironic undertone touches upon the American origin of the SBC, confirming literature about dominant American influences on these types of explicit CSR initiatives (Matten & Moon 2008) Also, managers talked about the special role of the health industry:

'We are actually in a medical device environment, we deal with patients and for us it is extremely important that we don't violate any of these regulations. [...] We are saving lives every day and with that comes also a huge responsibility' (Monica)

Here, not only great image sensitivity is associated with being in the health industry but moreover a strong obligation towards patients and customers.

Guidance and Compliance

One of the main objectives of the SBC is guiding employees' behaviour in daily work life:

'...knowing that we have such principles, and this guidance document [the SBC] and knowing that we have to work ethically with integrity and you know all these buzzwords you find in companies... But just knowing that if you are unsure about anything, seek guidance from your manager or HR representative or member of the legal compliance team. So you know that it's not about making a guess or taking a guess of something but being absolutely sure that what we are doing is the right thing in all aspects of our business. It's you know being 101% sure that this is absolutely the right thing to do and if there's any element of doubt, speak to somebody.' (Kim)

The SBC formalise and centralise the way in which all employees are expected to *know* (not guess or feel) how to behave in the 'right' way. Establishing the SBC as a guidance mechanism inherits the expectation of compliance:

'I think that the main role of the code of conduct or the standards of business conduct is to – in a written way supported by the chief executive and the board – say that these are our corporate social responsibility standards and the minimum levels and that we expect everyone in the company to act accordingly.' (Theo)

While the terms compliance and guidance have different connotations (guidance – 'helping'; compliance – 'restricting'), both reflect bureaucratic control forms (Ouchi 1979; Kärreman et al. 2003). They regulate, standardise and rationalise behaviour and leave little space for individual (moral) reasoning.

In general, we found Remedia's drivers to engage in CSR to be mainly guided by considerations about 'good business reasons' (Crane & Matten 2004, p. 42). Securing the organisation's reputation externally and rationalising behaviour internally are seen by managers as ways to improve organisational performance. Although, 'moral obligations' (Porter & Kramer 2003, p. 3) towards patients as customers were mentioned as well. However, it seemed to us that moral obligations were not so prominently addressed in the talk because their recognition (i.e. the integration of environmental and social goals into business as the 'right thing to do') was natural to the interviewees. This illustrates our general argument of a heightened societal awareness of the complex consequences of business activities (Drumwright 1994; Porter & Kramer 2006).

Content

Remedia's SBC, as suggested by Matten and Moon (2008), include both generic principles as well as practical guidelines. For example, shared organisational values, a corporate vision, commitment to international principles, human rights, and environmental responsibilities are framed as well as practical guidelines on how to report violations or behave in a situation of a conflict of interest. In light of a future re-launch and refinement of the content of the standards, a manager involved in this process notes the importance of being generic as opposed to being too prescriptive:

'Well in terms of the code and values as well, what we do is keep it quite generic so that it would be understood by the audience globally [...] And as a reason for that, the reason why we are not so prescriptive is as I eluted to earlier, if different markets in different countries view different interactions in diverse way.' (Kim)

Interviewees on the receiving end of the SBC generally agreed with having a universal rather than a specific content, laying out a 'foundation, a structure to work according to' (Monica). Related to the diverse interpretations of the SBC is the issue of wording:

'I have seen codes of conduct [...] very specific and there are lines and lines of pages of text which I think for such a diverse employee population can become quite stifling [...] and you have to understand that people who are working in different capacities so going back to the comment I made earlier, how it's interpreted is different...' (Kim)

This statement was made to emphasise the importance of having generic standards to allow for a better global understanding throughout the organisation. However, such a lack of specificity seemed to complicate identification and value creation for employees locally as also indicated in Luring & Thomsen (2008). One interviewee maintains:

'The wording is not very simple in the code of conduct so... and it is sometimes hard to explain the real what is it so I think if you combine it with some practical cases maybe some more understandable because especially the production people they do not understand everything.' (Karin)

In that sense, Herrnstadt's (2001) criticism that the often abstract wording of standards constrain meaning creation of those documents (as the relevance for the particular work

context is missing), is reflected in our empirical material. Another reason for generic standards, it was said, was to reduce ambiguity and insecurities:

'Of course there are some grey zones and there are some critical issues and if there is a clear statement in the Code of Conduct about well, meeting doctors and promoting a product, I would say, well I am sure it has influence in those situations.' (Victor)

However, whether grey zones can be resolved by means of the SBC can be questioned. A top manager elaborates on this question and refers to solving issues '101%' from a legal perspective. Nevertheless, ethical questions and dilemmas are difficult to solve from a purely legal view, especially as ethics are approached differently in different contexts (Crane & Matten 2004). An interviewee illustrates his understanding of grey zones:

'...be pragmatic. It's okay to be 80% correct you know, you don't need to be 100% correct cause that's extremely difficult.' (Milan)

This quote frames the need to be pragmatic in the end. The SBC however seem to fall short in facilitating judgment in particular situations because of their generic content. Overall, a central paradox concerns the question whether the SBC should be framed in a generic or specific way. Although people, on the receiving as well as implementing side do not seem to question the generic content per se, it seems to fail to create local, context-related meaning. The question, how else meaning can be created leads us to take a closer look at the implementation process.

Implementation

The implementation of the SBC was done in a couple of ways. The document (available in various languages) was spread in print, posted on the website and the intranet, training (E-learning and live training) was provided, a poster campaign was launched, local 'Compliance Officers' and 'Compliance Champions' were appointed and different articles with information about the SBC implementation were posted on the intranet.

A Formal Top-Down Approach

A formal, top-down approach was used for the implementation, which enhanced a general feeling of mandate with interviewees:

'I think that at that time we felt that this was a top down company a very strong top down so this was nothing discuss this is as it is if you don't like it you either you live by it or you leave the company.' (Daniel)

Although the formal character was not questioned in itself, employees seemed to regret overall that it did not inspire discussion more. The SBC were also perceived as an:

'...office product, someone sitting in the office put down what they think. Not out from a practical point of view...' (Jimmy)

The interviewee also mentioned the lack of communicating the need for the SBC by top management and the lack of a feedback mechanism. This seemed to enhance impressions that the SBC were very much seen as being imposed. However, another interviewee also maintains that the senior management team introduced the SBC and their relevance very clearly. The impression that the standards were developed somewhere 'up' and also 'over there' (which will be illustrated in the next section) we think disconnected people to a certain extent from the formal document.

'Americanisation'

Most interviewees referred to 'Americanisation' when reflecting upon the standards:

'I mean I don't know if it [the SBC] was an American... but these kind of things usually come from America *laughs*' (Daniel)

Often, 'Americanisation' was talked about slightly ironic. This perhaps portrays a 'European' reaction to an American based/originated phenomenon. This seems to have limited their local credibility and identification to some extent:

'I know I have signed it because I was one of the first 150, I know I signed it and I react because we should sign it, sent it to US. It was not that it should be kept in the company it was placed in the US somewhere and... these showed me very much that this is a US thing.' (Jimmy)

Interviewees on the implementation side seemed to be aware that the standards were biased to some extent:

'I think we have tried to avoid having it Swedish or our perspective to make it applicable worldwide but of course as we are a Swedish, [Remedia] is a Swedish company and the compliance officer is working in [city name] in the US. Of course you will see influences from that but our intention is to create a global standard' (Theo)

Interestingly, the SBC, although intended to reflect globally applicable values were overall perceived to be American (not Swedish). The slight irony and scepticism that accompanied this impression, we think, complicate a general identification with the standards. Moreover, we had the impression, that employees when referring to the American implementation of the standards also referred to the overall management changes in 'new Remedia' since 2007 (i.e. centralisation, formalisation – not only of behavioural expectations but management processes in general –, short-terminism, cost containment). In that sense the standards are seen as a tangible expression of those changes. The view of the standards to be 'American' is in line with research findings that European business practices become increasingly Americanised, for example by adopting explicit CSR policies (Clark et al. 2005; Schröter 2008).

Training

Employees were mandated to either conduct E-learning (in English) or live training (in Swedish). Although the practicality of the E-learning was acknowledged in reaching a large number of employees, the lack of discussion was seen as a great disadvantage. The live trainings were conducted by local HR personnel for (mostly production) employees who do not have access to computers and/or are not fluent enough in English. The live training is supposed to be identical to the E-learning, but in practice seems to be handled in the local sites according to their own preferences:

'Of course it [E-learning] is more standardised. If we do the live training it is not the same as they do in Germany [...] I would prefer the live training because you have discussion you have questions you can answer. In the E-learning module you can't do this.' (Karin)

This was contradicted by another HR manager:

'..but when you do it in the cantina, everyone has this test to do as well, but everyone is looking at each other. It is not that professional. And I think the E-learning goes deeper, there are more questions, more examples than when we do it live.' (Monica)

Unfortunately we were not able to talk to anybody who received the live training but another HR representative maintained:

'I think in our blue-collar department they will be forced to go to this training in the canteen and there will be a presentation and they will sit there and they will not really be able to see how does this apply to my work honestly [...] but on the other hand I think and maybe I am being very honest and *laughs* cruel, realistic here but on the other hand I think it's good that we have it because you know otherwise they will not get reminded that we have this hotline, you know some things you just have to do even if you know that it may be only effective for 30% of the people but maybe that is good enough.' (Sylvia)

In that sense, the manager refers to the guidance function of the SBC while acknowledging its limited meaning creation in practice. Overall, it seems that most interviewees felt that the training process could be improved. Workshops to allow for discussion and better local adaptation (i.e. use of specific examples), cross-functional discussions, a combination of top-down and bottom-up implementation, (more) integration with the performance management system, surveys to allow employees to make suggestions, and more regular training were proposed. Officially, the training was said to be very successful, portrayed as the number of people trained. On the basis of the interviews and from conducting the E-learning ourselves however, it seemed that information, rather than training, was given. Deep learning was not facilitated, failing to challenge existing assumptions (Heracleous 2003; Sandberg & Targama 2007).

Information Overload

Although a few employees could recall to have conducted the training, a general information overload seemed to make it difficult for people to remember. This issue was touched upon by multiple interviewees, who indicated that the awareness of the (training of the) SBC was not very high. It seems that it is difficult to differentiate the SBC from other corporate guidelines, information, rules and regulations. One interviewee when asked if he was trained in the standards said:

'Uhhhhhm, no I don't think so. It might be as there is a lot of information when you're a newcomer, so I might be in one of the many pieces in the file *laughs*' (Milan)

Also, people seem to be unaware of the availability of the SBC online. This is possibly enhanced by the existence of different corporate intranets (globally and locally), making it confusing to know what information to find where exactly. Overall, the SBC (training) are only one of plenty points of reference brought forward by Remedia as to how people should behave ethically. The SBC here are perceived as relatively unimportant.

Priorities and Resources

Contradictory statements about the priority the SBC have in the company surfaced.

'There is always room for further improvement and that is why it is so important that you do not run CSR activities as projects. You can do that for specific implementations but you need to make it a part of the culture and so this is a continuous process and what you need to do is to allocate resources to work with those topics and a good example of that is that we have a fulltime compliance officer.' (Theo)

However, as indicated before, people not directly involved in the implementation do not seem to perceive the SBC as being strongly part of the organisational culture. Also, the same interviewee contradicts himself later:

'I think if you look at activities that is just supporting CSR that is not on the top priority but nevertheless I think it is still on very very high priority to act in an ethical manner but I would say that specific activities to further improve CSR and work with the compliance that has a lower priority that is my perception.' (Theo)

Thus it seems that a lack of resources and priority constrains the implementation process. Another HR manager is in line with this:

'So that obviously sets some limit. We are not able to go out with kind of implementation programmes, you know changing the culture and doing a lot of stuff.' (Sylvia)

In general employees involved in the global development of the standards emphasised their success, both in terms of the number of employees trained and the impact of significant resources dedicated. However, the existing constraints – financial as well as human resources– seem to limit 'follow-through' implementation (Herrnstadt 2001; Crane & Matten 2004). For example, one HR manager elaborated that there are only a

total of 2 global HR managers and approximately 70 local HR representatives for 8.000 employees which she perceived to be far too limited.

Overall, a closer look at the content and implementation process of the SBC reveals that their genericness, the formal top-down approach and training, their perceived American character as well as a general information overload and resource constraints seem to limit their impact on behaviour. Most of these aspects have been outlined as implementation constraints in the literature on standards of conduct (i.e. Casell et al. 1997; Herrstadt 2001). In the following, we will take a closer look at the SBCs' impact.

Impact: Lack of Meaning Creation?

The impact of the SBC has been partly illustrated when talking about interviewees' perspectives on their objectives, content, and implementation. In this part we will ask on an overall level: *How are people aware of the SBC? What do the SBC mean to them? And: Do people behave accordingly to what is stated in the SBC?* These questions will facilitate further framing of the impact of the SBC.

Awareness of the Standards

All interviewees knew about the SBC in a broad sense. The influence of our research, however, seemed to be significant in that respect. One interviewee, for example:

'I nearly forgotten that it [the standards of business conduct] existed.' (Jonas)

But as he knew about our research topic prior to the interview, this manager told us that he prepared for it by reading through the standards. It seemed that people were aware of the formal document somehow but lacked more specific insights. For example, the poster campaign and the terms 'compliance officers' and 'compliance champions' were only mentioned by people involved in the conceptual stage of the process, not by the targeted employees. Another example is that one manager said:

'I think somebody has to be appointed to do this hopefully on corporate level but at least on site level that as a part of your job you should coordinate this [the SBC]' (Victor)

This interviewee, on the receiving end of the SBC, is not aware that there is a special function, the Chief Compliance Officer, whose job is dedicated to work with the SBC.

There seemed to be a discrepancy between the awareness that surfaced on the receiving end and statements of managers involved in the implementation:

'As a continuous process we need to remind people of the importance [of the SBC]. So I don't see that we need any further component of the programme because we have a solid [compliance] programme in place that fulfils the needs and objectives for our company' (Theo)

Another manager from HR confirmed the need for continuous engagement, as opposed to having CSR on a project basis. However, she seemed to doubt whether the compliance programme fulfilled the objectives:

'I mean it is all about getting the people in the organisation to apply what we have said that we would do [...] so I am not sure that we necessarily need a new version of the code of conduct maybe what we need is a meeting with the SMT [Senior Management Team] to discuss how do our values apply to our activities and then kind of scroll that down on the different functions. But I don't think that that is what we are going to see *laughs*' (Sylvia)

The manager also points out the importance to insert examples in order to create specific meaning of the standards in people's daily work. This specific meaning – making the standards an integral part of the organisational culture – she indicates was not established. It seems that although formally intended, the awareness and importance of the standards was not very high at Remedia because they are not a central point of reference for interviewees. The standards of conduct are rather one out of many (explicit and implicit) CSR manifestations in the company rather than the main guidance document for employees. As illustrated earlier, resource constraints, the generic content and the formal (perceived as American) implementation process seemed to contribute to this lack of meaning creation. In the next part we investigate how the standards impacted employees behaviour, starting with the question: do people 'Walk the Talk'?

'Compliance' – Do People Walk the Talk of the Standards?

Behaving ethically is depicted as something that underlies business practices at Remedia:

'I think it is still on very very high priority to act in an ethical manner.' (Theo)

Also, interviewees' general perception is that respect, fairness, friendliness and honesty are underlying the behaviour of Remedia's employees:

'I have on the other hand never met people [at Remedia] who disrespect this kind of very general things that we have in our Code of Conduct. It's a matter about treating everyone equal respect [...] if there is a problem, we do react, or we tell each other, I mean, you cannot do this, this is not according to our ethics' (Daniel)

These statements support that employees are behaving in line with the SBC, which was confirmed by almost every interviewee. However, it was also indicated that CSR is not 'that adopted and developed' (Victor) in the company. For example, it was indicated that there is more to do when it comes to choosing socially and environmentally responsible suppliers. Overall, however, it seems that employees' behaviour reflects with what is outlined in the SBC. Our personal impression of how employees treated each other and us in a friendly and professional way confirmed this. For example, at every visit it was obligatory to wear security badges, the production area was clean and organised and before accessing any internal material a confidentiality agreement had to be signed.

Also, issues of non-compliance seem to be followed up carefully. However, this was done in a personal informal rather than official way (i.e. the Chief Compliance Officer informed us that the compliance hotline was not used by employees in the studied site). Also existent are internal (i.e. workplace environment) and external (i.e. quality and environment) audit. Although these audits relate to issues in the SBC, they are not SBC audits. Apart from minor deviances – which were said to be consequently addressed –, the results from these audits were generally good.. Overall it can be said there is a general feeling that corporate members 'walk the talk', while recognising that there is always room for improvement. Having illustrated that the awareness of the standards was overall not very high, we found it important to investigate how the standards actually influenced the (overall 'compliant') behaviour. Thus, we looked particularly at the link between the document's 'Talk' and People's 'Walk' from an interpretative perspective.

The Link Between the Document's 'Talk' and People's 'Walk'

A manager closely involved in the development and implementation of the SBC states:

'...if you start talking to people to what it actually means what are they doing and how are they doing things then I would expect that it [the SBC] is rather alive and that is I think also due to the quality problems that we have been facing. So those questions have been rather alive for us over the past years I would say' (Sylvia)

This implies that the SBC is expected to have an impact on people's behaviour and daily work. Later in the interview however, she contradicts herself by saying that she thinks it does not directly impact daily work activities and behaviour. When asking a recipient of the standards if he has ever used them in his daily work when coming across an uncertain 'ethical' situation he answered:

'I don't think so. Like I said, I mean it is common sense, the majority. So I don't think so actually.' (Milan)

Another respondent indicated that people work with the standards, but on a less conscious level:

'Definitely I think they work with it but they don't know about it as you said they are not conscious that they are working with it [...] so I think we do work with code of conduct but more in the Swedish way *laughs*' (Karin)

Thus, although people behave in line with the SBC, it seems that this behaviour is not directly influenced by the standards but rather by 'common sense' or 'the Swedish way' of working. A few respondents said that the standards had a direct impact on behaviour (i.e. explicitly thinking about equal pay when hiring new employees). However, most of them when asked how precisely the document influenced their work, gave rather general answers, often connecting those more to local rules and regulations than the standards. Also there was no indication of a behavioural change before and after the formal introduction of the SBC. It seems that people behaved ethically 'anyway'. Thus, the overall impression was that the SBC did not have a great direct impact on people's behaviour within the organisation.

While people behave overall compliant, the standards do not fulfil the formal objective to provide guidance to employees to know how to act appropriately is not realised by the standards. This guidance seems to be provided rather by the existing organisational culture – the 'common sense', 'Swedish way' and other existing rules. In

that sense, the formalised standards reflect already existing behaviour rooted in the organisational culture. In the following, we elaborate on this formalisation of an existing organisational culture and possible consequences.

The Formalisation of an Existing Organisational Culture: 'So What?'

Casey (1999) states that 'most organisational change programmes share the common fundamental aims of the reorganisation of the workplace and the production of new sets of attitudes, beliefs, and behaviour among corporate employees to enable increased productivity and profitability' (p. 156). The initiated changes to make Remedia less complex and more competitive, partly by formalising work processes, seem to reflect those aims. *But what happens if the formalisation addresses the 'production' (we would rather refer to the 'attempt of shaping') of attitudes, beliefs and behaviour that already exist? What are possible consequences?* By highlighting employees' talk about the existing culture we want to examine this question.

The Regulatory Impact of the 'Swedish' and 'Medical' Environment

As was assumed according to the concept of implicit CSR (Matten & Moon 2008), Swedish rules and regulations – 'the normal way of doing business' – seem to have a significant impact on individual's behaviour within Remedia:

'... for us here in Sweden some of the content or parts of the standards may not be needed at all because we don't act in that way let's say that's the normal way of doing the business. When I read the document there are some part I just flip through because this is for sure this is always the way we do it so there is nothing in it that change my way of operating because I think I am well aligned and in compliance with our standards of business conduct.' (Theo)

'Because I think that there is not that big difference between the Swedish laws exactly as you say and the code of conduct of Remedia they are they walk hand in hand more or less.' (Daniel)

Thus, existing national and international as well as industry rules and regulations, which were all mentioned explicitly by interviewees, seem to have a highly regulatory impact. In that sense members who had to sign the SBC in addition to the existing regulatory framework experienced a certain redundancy.

Socialisation and Moral Positioning

When talking to interviewees about why they behave in line with the SBC, many positioned themselves as being 'moral' or 'ethical' anyway. Another interviewee also maintained that it was natural to him to behave ethically and that the standards of business conduct simply framed what is already common sense.

'I see myself as being lets say a person with high ethics and I guess that is why I have been working with these matters as well' (Theo)

'So for me it's [the SBC] a non-issue. And when you have to write down something like that it's almost more of an issue that you have to write it down rather than following it.' (Milan)

This interviewee states later on that he perceives it to be a failure somehow to write those things down. Another managers reflects upon the need to have the SBC. Also, the nature of the organisation seems to influence people's choice to work there.

'Yes it's difficult to say. I don't think it's so very special rules for this company compared to the society in general this is my feeling. And since you don't need to sign a paper how you should live in a community I don't really understand why to sign it here?' (Jimmy)

'I like to work with good companies with good products I am very critical... ' (Karin)

Thus, maybe the 'responsible' nature of the company outlined earlier attracts people who see themselves as ethical. Overall, the SBC are perceived as a formalisation of ethical behaviour already apparent in the organisation. We encountered this to be possibly counter-productive to the original objectives in the organisation. We will elaborate on this argument in the following part on consequences of the formalisation.

Possible (Negative) Consequences of Formalisation

Based on how people understand and make sense of the SBC in relation to their own identity and the way they work in the organisation, we found the formalisation of conduct to have potential harming effects.

Perceived Questioning of Moral Integrity

As framed in the theoretical part, the way we think about and act upon events is closely tied to our identity (Weick et al. 2005, p. 416). We have also outlined that most

employees see themselves as having a high moral integrity. Thus, formalising ethical standards can be perceived as questioning employees' moral identities. This in turn, might – and did slightly – create cynicism and also defensive reactions towards the SBC.

Shifting Responsibilities

By increasingly formalising moral reasoning, it can also be argued that individual responsibilities and considerations are transferred to a formal level. One employee illustrates this to the point arguing that by having standards of conduct:

'...it's more that you leave your brain outside. You should not think yourself, you should do exactly what's specified and we have moved very very much to that in the whole company'
(Jimmy)

Thus, a potential danger of framing explicit behavioural expectations, might be that employees use their own judgement and common sense to a lesser extent. This, however, might lack in ethical dilemmas where specific context-related judgement is needed.

Enhancement of Control

Also the feeling that the SBC come with an enhancement of formal control mechanisms created some scepticism for one interviewee:

'And of course if you think once more, it's another rule you should put in place and your life is more and more pressed together like that. This is maybe the feeling in think a lot of people get.' (Jimmy)

The same person also expressed the impression that the standards could be used against the employees as a basis for layoffs. Another employee also expressed some scepticism:

'I think it's a failure in a way that you have to write it down. *pauses* On one hand. Because it's like, it's almost... you probably have to, so I am not saying that, but it's almost like accountant rules, you probably have to write down all the accountant rules because you have to get it right but on the other hand it's a bit of a failure...' (Milan)

Thus, it seems that somehow the need to formalise behavioural expectations is recognised, but the interviewee does not feel comfortable about it. We think that a

feeling of being increasingly exposed to direct control mechanisms might enhance cynicism and defensive reactions.

In sum, the SBC have seemingly failed to create specific positive meaning for people to (re)act upon. We pointed towards potential negative connotations of the standards. *However, does this mean that the SBC are not relevant to create positive meaning in organisational life? Are they not effective at all?* By outlining some surprising details, we argue that this is not the case. The standards were perceived by people to be relevant for reasons we will depict in the following part.

Impact Revised: Relevance Beyond Compliance

As discussed, the failure to create meaning limited the impact of the SBC on a behavioural level. However, the SBC did seem to be thought of as a relevant as a formal document on a more rhetorical or cognitive level. When interviewees elaborated from their view why the SBC are relevant for Remedia, three areas surfaced. These areas - Image and Reputation, Protection and Discussion – will be outlined and discussed below.

Image and Reputation

Recipients' answers, in one way, were closely linked with top management objectives highlighting the need to formalise basic ethical thoughts and behavioural expectations to enhance external image and reputation. Additional to this external relevance was a notion of enhancing image and reputation internally through the SBC. They explicitly linked this need to Remedia's size, growth and internationalisation.

'But yes it's a big company, it's a lot of employees so you need to document it somehow, you need to have a document that, so to say, formalises, so to say, our thinking.' (Jonas)

A general openness towards the formalisation of CSR seems to be apparent among employees. Although in their wording employees touch upon behavioural aspects, the value of the SBC seems to be more on a rhetoric level. Employees seem to value the formalisation (i.e. written document, support from top management) because it confirms and communicates, both externally and internally, the image of Remedia being a Corporate Socially Responsible organisation.

Protection

Another central argument as to the relevance of the SBC concerns a protective function for employees towards their managers. The possibility to refer to the SBC in situations where managers push employees become apparent:

'So I can backup and say *come on guys this is how it is, you cannot push me harder...*' (Jonas)

Thus, the relevance of the SBC seems to lie in providing reassurance in case something is not in line or goes wrong. From a (quite self-reflective) managerial perspective this notion of the SBC as 'back up' mechanism was confirmed. Overall, it seems that not necessarily the content, but rather the fact that there is a formal document that employees can use as a back up or support is seen as relevant.

Potential to Stimulate Reflection

A third relevance of the SBC relates to the potential to create discussion about ethical issues and the way they are interpreted locally through the existence of the SBC.

'When I do it, I think it is quite ridiculous. I don't spend too much time on it. But on the other hand the value is that this is the way how the company clearly expresses that this is what we want to do. And then the next step is of course if there is anything that I find among these questions that I don't share or that I don't like, either I have to change my mind or I have to start the discussion with my manager.' (Daniel.)

Such discussion is seen as contributing positively to employees' thought processes and consequently the creation of meaning.

'So obviously it [SBC] works because it gets people to react in and then if you react on it you start to think on it.' (Daniel.)

It has to be emphasised that this discussion aspect has failed to live up to its potential yet, because of the lack of awareness about the SBC. Thus, although the *potential* of the SBC to actively create and stimulate discussion is recognised, it does not seem to be happening at the moment. The next chapter will discuss the main findings presented here from a practical as well as a more theoretical perspective.

CHAPTER 5: DISCUSSION

What is up with 'Walk the Talk'?

The empirical material presented in the previous chapter has shown that examining the relation between the standards of business conduct and employee's behaviour is not so straightforward. Previous research focusing on CSR 'effectiveness' (Frederick 1994; Frynas 2005) has been mainly interested in the question *if* people 'Walk the Talk', taking a *yes* as a positive outcome. By taking into consideration what the SBC *meant* to the employees, we arrived at a more complete picture of the complex relation between a formal document and its impact. For example, even though people 'Walk the Talk', the 'Walk' might take place rather disconnected from the 'Talk' as our case examination indicates.

Functionalist Thinking in Remedia

Within Remedia we identified a rather functionalist perspective expressed in managers' talk. For example, managers on the formal implementation side 'proved' the success and effectiveness of the standards by pointing out that almost 100% of the employees were trained. However, this quantification neglects to address *how* the SBC and its implementation (of which the training was a central part) have impacted employees' understanding. Crucial questions about whether (positive) meaning of the document was 'materialised' that inspires people's understanding, sensemaking and behaviour (Weick et al. 2005), seemed to be disregarded (not neglected) to some extent. The strong focus on 'compliance', conceptualised by interviewees as acting in line with the standards, supports our impression of a more functional thinking. This became apparent in different situations. For example, the programme framing the SBC is called 'compliance programme' and almost every interviewee pointed towards the importance of 'Walking the Talk'. Overall (with a few exceptions outlined in the empirical material presentation), based on interviewees' statement and our interpretation, it seems that Remedia's employees are 'compliant' with the standards.

Beyond 'Compliance'

From a more functional perspective, thus, the SBC could be claimed to be successful or 'effective'. However, such an assessment of success assumes a causal relationship between the SBC and its positive effect on compliant behaviour. While recognising that 'Walking the Talk' is central as this fundamentally influences the document's credibility (Nijhof et al. 2003; Crane & Matten 2004), we argue that solely looking at 'compliance' is an oversimplified approach. It neglects the complexities of organisational reality and the impact of people's understanding and sensemaking on their behaviour. The more interesting questions in this respect are *why* do people walk the talk and also *how* are talk and walk related in organisational practice?

Organisational Culture

Why do employees 'Walk the Talk'?

Although employees' behaviour is overall in line with the SBC, it does not seem to be that this 'Walk' exists because of the SBC 'Talk'. Rather, we found organisational culture, the 'traditions of doing and thinking in particular ways or systems of meanings', which employees share in Remedia (Alvesson & Sveningsson 2008) – to be the main guidance mechanism for people's behaviour. The 'ingredients' of the organisational culture, which especially seemed to influence people's ethical behaviour are the Swedish institutional framework, rules and regulations of the medical device industry and individual high personal ethics (which were related by interviewees also to their Swedish socialisation and the 'Swedish way of doing business'). Those findings are in line with what was discussed in literature (Chai 2000; Visser 2005; Porter & Kramer 2006).

The organisational culture seems to include the content of the SBC. Thus, employees' behaviour in line with what is outlined in the SBC makes sense, but it is not directly related to the standards. Employees seem to be mainly guided by *implicit* (organisational culture, influenced by national, industrial and personal drivers) rather than *explicit* (standards of business conduct) CSR manifestations, to use Matten & Moon's (2008) conceptualisations of CSR as outlined in our theoretical framework. Thus, a link of the 'Talk' influencing the 'Walk', as often assumed in more functionalist approaches, cannot be confirmed. Overall, it seems that CSR has acquired 'substance

through behaviour' (Nijhof et al. 2003, p. 66), but not because of the (mere) existence of the SBC.

Talk and Walk Reversed

The 'Talk' of the SBC does not seem to guide the 'Walk' in Remedia. Interestingly, it seems to be the other way around. As people understand and make sense of CSR related practices in a more implicit way, the SBC can be seen as a formalisation of how people behave in the company. Thus, the SBC are not seen by the interviewees as having an impact on behaviour. Rather, the 'Walk' was identified as being in line with the 'Talk', simply because the 'Talk' is a formalisation of existing behaviour. The organisation seems to become increasingly bureaucratised, in line with Kärreman et al.'s (2003) findings, who identify a trend from cultural normative to more direct control within Knowledge Intensive Firms. We found that formalisation of (already) existent attitudes, beliefs and behaviour (i.e. the organisational culture) in Remedia sometimes created *negative meaning* for employees.

Employees perceive an increased control through the ongoing formalisation in the organisation. Also, individuals feel they are increasingly being held accountable, but responsibility is taken away from an individual level to formal rules and regulations. This might create scepticism and cynicism towards rules and regulations and can potentially be harmful for the organisation. For example, an employee might be overloaded by rules and regulations leading to a lack of awareness or a negative attitude towards them that culminates in neglecting them in the daily work. Also, it might influence people's use of judgment. In specific situations where rules and regulations fail to prescribe what to do, individuals' own critical judgement is asked for. However, if individuals have 'un-learned' to use their own judgement through the formalisation this might be harmful for the organisation. These reactions relate to employees considering themselves as having high moral integrity. Putting formal control or rules on their moral integrity feels unnatural and unnecessary.

In sum, we identified, on the basis of people's understanding and sensemaking in organisational practice, that implicit CSR is the dominant guidance mechanism over the explicit SBC as well as establishing the notion of a reversed relationship between 'Walk' and 'Talk'. These two findings are explanations for why the SBC do not impact behaviour

(directly). In addition, the impact of the SBC, beyond simple quantifications of the number of people trained, is another area to be explored.

Talking about Meaning: The Standards of Business Conduct

As illustrated, Remedia's organisational culture rather than the standards of business conduct seems to be the main fundament on which employees' ethical behaviour builds upon. This contradicts Marshall's (2002) argumentation of codes of conduct as a central point of reference and tool to guide people's thinking and acting. It seems that the main shortcoming of the SBC lies in that they do not provide relevant – let alone common – meaning to people who can apply it to their direct work context. In that sense, Herrnsstadt's (2001) findings about a lack of meaning of the *statements* outlined in codes of conduct are confirmed in our case study. However, it is important to distinguish that: while the way standards of conduct are worded or implemented might limit the creation of (positive) meanings, this does not mean that the standards *per se* are *meaningless*. Rather we see that the standards provide positive meaning but in ways that are more detached from people's behaviour. Moreover, the notion of *negative meaning* touched upon earlier enters the picture.

Implementation

How to create a particular meaning of formal documents relates closely to the implementation process. We encountered several issues in the implementation, which complicated the creation of positive meanings or even enhanced negative ones.

Lack of Interaction

In our case we found that the top-down approach and the formal presentation of the new SBC restricted space for discussion and exchange. Thus, the formal adoption did not trigger meaning creation through negotiations and interactions, failing to challenge existing frameworks (Heracleous 2003; Weick et al. 2005; Sandberg & Targama 2007). It seems that there was rather a detachment of employees down the line of the process (Lauring & Thomsen 2008). These arguments also apply to the E-learning and the live training sessions, which did not leave a deep imprint on people. However, employees' suggestions for improvements (i.e. use of examples, cross-functional discussions, etc.) point towards potential for meaning creation at the implementation level.

'Up' and 'Over' There

That the standards of business conduct are partly seen as an 'office product' and also as developed 'somewhere in the United States', enhances employees' detachment and feeling that this document does not apply to their daily work. However, more than just being indifferent to that, we found the tendency to react slightly ironic or cynical to the fact that it was developed somewhere 'up' and 'over' there. For the time being, this did not seem to be dysfunctional to the way people worked or to create deep fragmentations. However, we think that there are potential (long-term) consequences of negative meaning as outlined earlier.

Resources and Priorities

In light of the restructuring and financial pressures of Remedia, the standards of business conduct were said not to be on the top of the corporate agenda. Here, the argument that the cost to engage in CSR is too high (relatively to the benefits) (Dalton & Cosier 1982; Carroll & Buchholtz 2008) seemed to play a role. Thus, financial and human resources devoted to the implementation of the SBC were limited and predominantly linked to the 'development/implementation' as opposed to the receiving side. In line with Herrnstadt (2001) we found this to limit the impact of the standards to create meaning and affect people's behaviour in that more resources might have permitted for a greater facilitation of interaction and feedback.

Generic Content

One factor why meaning was not created seems to be related to the generic wording of the standards, which did not provide a specific context-related value to Remedia's employees. The abstract wording of the standards of conduct, however, facilitated their adoption in that they did not trigger any major conflict or disagreement since – as already stated – they were regarded as quite natural. In that sense we agree that 'It is possible that the use of an abstract or ambiguous definition of CSR minimises organisational conflict, but it also "minimises" strategic implementation' (Cheney et al. 2004 as cited in Luring & Thomsen 2008, p. 34). Overall, it can be said that the content of the standards was accepted because it was regarded as common sense and did not require people to change. We found this acceptance to be characterised also by indifference because common sense and traditional ways of doing were not challenged.

The Generic - Specific Paradox

Our findings point towards a central paradox encountered: the need to keep standards of business conducts generic (or abstract) to make them globally applicable on the one hand. And the inherent danger that this generic character complicates implementation (Herrnstadt 2001) in that standards are only adopted in a superficial manner as observed in Remedia, on the other hand. This inherent paradox limits the SBC's impact on employees' thinking and acting because a local meaningful communication of the generic content seems to be very difficult. Even though it seems that being generic is the only way the standards can address a global workforce, the question which or whose genericness (i.e. American or Swedish 'common sense') is represented we think deserves a second thought (Crane and Matten 2004).

Interestingly, the paradox in itself seems to have value for employees on another level. Whereas they confirm that the generic character of the SBC leads to a lack of meaning creation in their specific context, they also argue that having them is good to provide guidance on a global level. Implicitly they assume that these generic guidance principles, although not influencing *their* behaviour, will (or are needed to) guide others in the organisation. Moreover, they criticise the lack of meaning creation (criticising the paradoxical situation) while simultaneously confirming or even validating this paradox. It seems to us that people find their own way to make sense out of the paradox in that they use it to confirm their own 'moral identities' and outsource the need for having it to 'others'. In that sense the SBC provide meaning or confirmation of people's identity but in a rather detached way.

Talking about Relevance

We outlined that the SBC missed at many levels to create specific value to people (Cassell et al. 1997). And although this is important to consider, taking a closer look at the empirical material revealed surprising details about existing and potential meanings. The first relates to the objective of reputation and image management, which was – in line with CSR theory (Hemingway & Maclagan 2004; Lee 2004; Whitehouse 2006) – one key driver of Remedia's adoption of the SBC. We can only speculate that the standards add to the creation of a 'good' or 'ethical' image towards external stakeholders (i.e. customers, competitors, suppliers, etc.), as this is not our research's focus. However, as Alvesson (2004) pointed out, image can also influence sentiments and impression of

employees internally. When talking to people, we found a very open and positive attitude towards and in support of explicit CSR engagement of their company (Drumwright 1994). For example, environmental concerns or concerns for (gender) equality were explicitly mentioned by the interviewees, as well as the strong affinity with the company's 'ethical product' and purpose to 'save lives'. Thus, as CSR has in general a good image, we found that the engagement in explicit CSR activities such as the SBC has great potential to manage internal expectation and create meaning (*if* people's understanding and reflections are taken into consideration). People's general interest in and positive attitude towards CSR activities thus are an important basis Remedia can build upon. At the same time, however, since the confirmation of CSR policies is so closely related to people's personal thinking and feeling, there is the danger – if policies are adopted that do not mean so much – that this potential is counteracted.

Moreover, outlined especially by recipients of the SBC, they attached a special meaning to the document in terms of a 'back up' option on both a corporate and individual level. Speculating about the SBC as a potential (formal) basis to lay off employees created more of a negative meaning around the document. On the other hand, however, and as we think most importantly, the document was outlined to be a positive and important protection for employees, providing them with power to backup towards their managers when, for example, facing a conflict of interest. Thus, both the positive as well as negative meaning existing around the SBC as a back up mechanism, we think, are important to consider from a corporate perspective, especially in light of a planned re-launch. Finally, our empirical material has importantly demonstrated the SBC's potential to create meaning by inspiring reflection (i.e. on its content, but also the way it was implemented) – though not (fully) developed at this time. Interestingly, especially things that were perceived to be 'funny' or absurd (i.e. parts of the standards relating to sexual harassment) created discussion among employees and enhanced meaning creation. This illustrates the potential of meaning creation through discussion and reflection by the (active) involvement of employees.

Working with the Standards of Business Conduct

For the SBC to be valuable in practice it seems that both receiving and developing side of the implementation need to be taken into account. Including recipients understanding and sensemaking in this process is crucial for the development of positive meanings of

the SBC. It cannot be assumed that the standards are naturally seen as positive. The formalisation aspect in relation to the existing organisational culture has to be considered and addressed. Moreover, our findings have shown that the generic content of the SBC limits meaning creation in local contexts. However, as the standards address a global workforce, having a generic SBC seems to be necessary and accepted. Thus, meaning-creation can only be reached through the implementation process. Allowing for greater openness and involvement of employees might enhance the impact of the SBC on a deeper level.

Theoretical Contributions

We have developed a model to lift our discussion to a more overall theoretical level. It is not to be seen as a model to depict causal or straightforward relations, but rather to provide the reader with an overview of the relationships in play. Before exploring the relationships and theoretical contribution depicted by this model, the different parts of the model will be explained briefly.

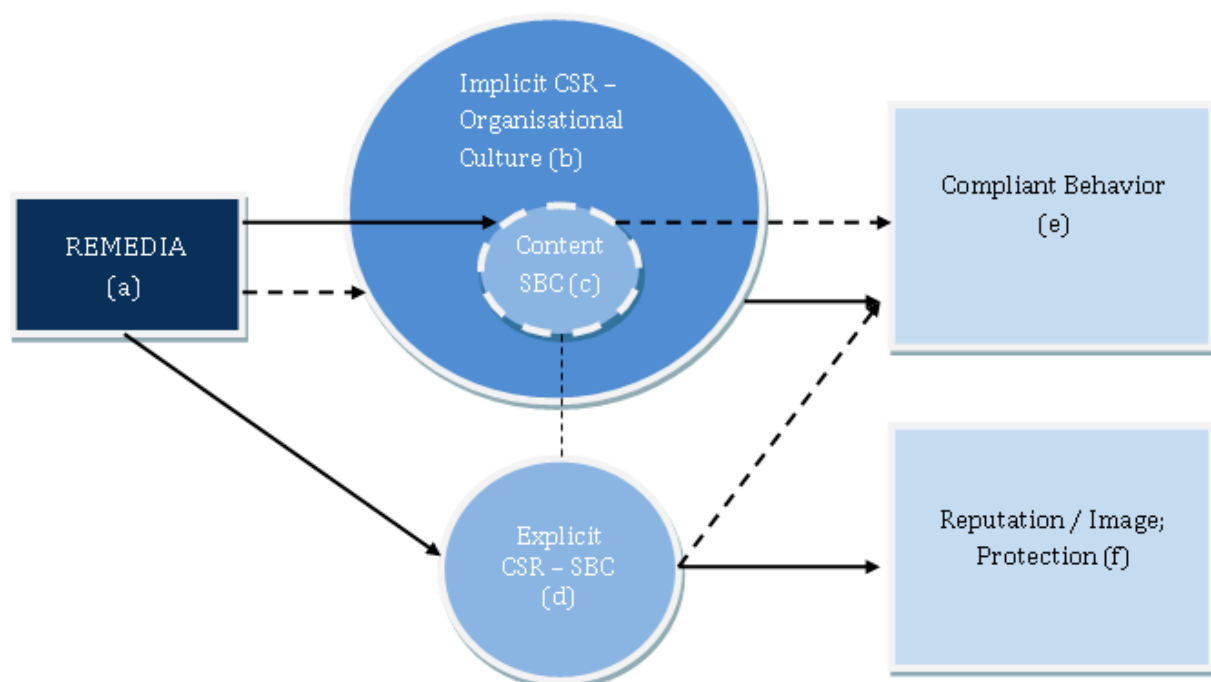


Figure 2: Theoretical Generalisation

'Remedia' (a) depicts the organisation. 'Implicit CSR' (b) refers to the implicit CSR manifestations in the organisation influenced by national, industrial and personal factors as expressed through organisational culture. The 'content SBC' (c) does not

depict the document, but solely its content. The 'SBC' (d) stand for the standards of business conduct – the document as such – as developed and implemented by the organisation (a). Thus 'b' and 'c'/'d' (they concern the same thing, namely the SBC) depict the totality of CSR manifestations in the organisation. The impact of these CSR manifestations are depicted as behavioural – depicted as 'compliant behaviour' (e) – as well as on a more rhetorical level – depicted as 'Reputation/Image; Protection' (f). The dotted arrows depict a *relationship*, but not a direct link, whereas the straight arrows portray a *direct link*.

Lifting our empirical findings to a theoretical level, it can be said that the organisation (a) has a direct influence on the content and manifestation of explicit CSR policies (d and c). However, although implicit CSR manifestations are inherently linked to the organisation it is not so much directly linked to organisational intentions, but rather to other forces (i.e. national, industrial and personal). There is thus a relationship between 'a' and 'b', but not a direct link.

Taking the model a step further we theorise that the more sophisticated an organisational culture is, the bigger the chance of an overlap with a code of conduct's content. In case of such an overlap, implicit CSR manifestations seem to take precedence as guiding behaviour over (the content of) explicit mechanisms. Thus, although behaviour is compliant with what is stated within such explicit standards, there is no direct link since the behaviour is not influenced directly by these. Another possible explanation for implicit CSR manifestations taking precedence over explicit CSR manifestations is that explicit CSR policies often fail to create meaning for organisational members on a (deeper) contextual or individual level. Moreover, understanding and sensemaking in daily organisational life is not influenced by these. On the other hand, implicit CSR manifestations are an inherent part of organisational culture and relate therefore more automatically to individuals' understanding and sensemaking. This does not mean, however, that explicit policies are worthless. They have a more superficial or rhetorical relevance related to reputation, image and formal protection. However, both explanations are difficult to assess. Thus, this research does not provide a conclusive answer to the question whether the lack of impact of the SBC can be explained and explored through the impact of organisational culture and/or the lack of meaning creation related to the content and implementation of the SBC.

The relationships depicted as such in this model are naturally strongly influenced by the findings in this particular case study. It would therefore be interesting (for future research) to see how these relationships work in other situations. In this respect, we believe that research can significantly contribute to theoretical development by addressing questions such as:

- *How does the relative impact of implicit versus explicit (then) take place?*
- *What happens when organisational culture is not aligned with formal policies?*
- *How can organisations create meaning for organisational members through standards of conduct and their implementation?*
- *What happens to their impact on understanding, sensemaking and behaviour then, also relatively to implicit CSR forces?*

In this chapter, we have discussed the implications of our main findings, both from a practical and theoretical perspective. We will now proceed to the conclusion of our research.

CHAPTER 6: CONCLUSION

Our research set out to examine CSR in organisational practice. This was done through a case study, where the standards of conduct and their implementation process were subjected to critical investigation. Our guiding question was: *How does people's understanding and sensemaking relate to the impact of the standards of business conduct and their implementation?* An interpretative, process-oriented perspective was used throughout the research, adding to more functionalist studies by providing in-depth understanding of CSR processes. This was facilitated through a qualitative research approach, which reflected an iterative process between theoretical and empirical findings. Overall, our aim was not to reach empirical generalisations but to advance practical and theoretical insights. Here we summarise the main findings and address their implications for organisational practice and theory about CSR. Finally, we reflect on our research process and discuss limitations and possible future research directions.

Main Findings

CSR Implementation Efforts are Messy

Our research has illustrated that the relation between Remedia's standards of business conduct and employees' understanding and sensemaking is not straightforward as it is mutually constituted (Weick et al. 2005; Basu & Palazzo 2008). The standards do not impact employees in a one-sided, linear way (Cramer et al. 2004). Rather, the SBC implementation process is shaped by understanding and sensemaking inherently rooted in the organisational culture. 'Ingredients' of Remedia's organisational culture in the studied site (i.e. Sweden, health industry) impacted formal implementation efforts. The emergent and mutually constitutive character of the SBC's implementation reflects the difficulty outlined in the literature (Helms Mills 2003; Heracleous 2003; Cramer et al. 2004; Alvesson & Sveningsson 2008) to strategically plan and implement formal policies and programmes into organisational practice.

People 'Walk' another 'Talk'

The importance of 'Walking the Talk' has been emphasised in CSR literature (Nijhof et al. 2003; Frynas 2005) and throughout the interviews. Our research shows, however, that

behaviour in line with the SBC was not mainly guided by the document. Rather, the shared meaning systems and traditions existent in the organisation impact behaviour first and foremost. This supports our view that CSR is not something an organisation *has*, but rather something an organisation *is*, since behaving ethically is inherent in the culture (Smircich 1983; Alvesson & Sveningsson 2008). A functional perspective aiming at 'measuring' 'compliance' or 'effectiveness' does not allow for deeper insights into the relationship between 'Walk' and 'Talk'.

Formalisation of an existing Culture

The standards of business conduct seem to be a formalisation of the already existing culture of the studied site. The SBC are common sense to our interviewees. The standards reflect a shift from cultural control (Casey 1999) to elements of direct bureaucratic control (Kärreman et al. 2003). This formalisation of an existing culture has possible unproductive or dysfunctional consequences (i.e. annoyance, cynicism, indifference). Employees especially associated the explicit SBC with 'Americanisation', which was perceived as odd in the specific site.

The Creation of Meaning is not Easy

Because of the formal top-down implementation, interaction around the SBC has been minimal in the organisation, limiting learning and local creation of meaning. Also, the SBC's failed to add value for employees because of its generic (common sense) content. The standards' content and implementation seem to have a rhetorical (i.e. related to image and identity) rather than a behavioural impact. The formalisation of 'Talk' that is already 'Walked' in Remedia has been positively associated with the organisations' internal and external image and reputation, also reassuring individuals' identity. It was found to be perceived as providing protection (for both, corporation and individuals) as well as a potential mechanism to inspire discussion of employees to create meaning.

Practical and Theoretical Contributions

'Working with CSR'

Realising that CSR implementation efforts are messy rather than straightforward and linear paves the way for a more realistic and moderate approach when planning and implementing formal policies such as the SBC. Especially for people involved in the

implementation, awareness that the realisation of formal objectives can be measured differently than just by 'people trained'. Rather, based on our research findings, looking at what and how meanings are created is central. Knowing that employee's 'Walk' is disconnected from the document's 'Talk' but nevertheless in line with it, one could argue, might be good enough for Remedia. However, this neglects possible negative long-term consequences, which the formalisation of an existing culture can bring about. CSR needs to become an inherent part of the organisation's culture to provide meaning, making a long-term perspective necessary.

Practically, 'making' the SBC part of the organisational culture means that implementation needs continuous engagement and active involvement of people targeted. Moreover, taking into account the findings about negative as well as positive meanings of the SBC we think can provide value for a future re-launch of the standards. While recognising the need for priority setting in Remedia's financially restricted situation, resources could be shifted from working on the refinement of the SBCs *content*, towards a well thought-through, interactive and open *implementation process*. For example, by making sense of the need to formalise something that is already there. Finally, while 'reducing complexity' as an overall objective seems attractive, we think that explicitly recognising and communicating complexities of organisational life is possibly more productive.

'Theorising about CSR'

The practical implications of our research demonstrate that *how* CSR is understood is an important question to further advance CSR theory. In that sense, our research findings contribute to a closing of the research gap outlined before. Choosing an interpretative processual methodology enabled us to gain valuable insights into the complexity of CSR in organisational practice. Thus, an interpretative stance, as opposed to more functional and descriptive approaches, turns out to be an appropriate perspective to reveal insights about *how* CSR is implemented and understood.

CSR cannot be implemented in a straightforward way. Individuals' understanding and sensemaking embedded in the organisational culture impact the outcome of CSR policies. This brings about a need to go beyond functional 'measurement' of success and compliance. Overall, CSR is understood as something an organisation *is*, instead of something an organisation *has*. Moreover, formalisation of organisational culture that

already *is* corporate socially responsible can have negative impacts on individuals. Thus, explicit CSR cannot be assumed to be naturally positive for an organisation. It is important to create meaning for organisational members. Although it is acknowledged that the creation of meaning is difficult, it is essential for a positive lasting impact of CSR.

Reflections and Further Research

During the process of our research we encountered several side findings and related questions that we think are worth to consider. These are beyond the scope of this thesis, but point to possible future research directions. Firstly, the standards of business conduct we examined are directed towards Remedia's global workforce, but we were only able to examine them in one specific context. Therefore, we think it would be very interesting to look at how the SBC were understood and enacted in other contexts. What happens, for example, if the SBC are implemented into an organisational culture in which the standards are not common sense and thus requires changes of mindsets or behaviour?

Another theme encountered in our research related to employees depicting themselves as moral individuals. While only a side finding in our research, we think it would be worthwhile to ask more specifically how different self-identity constructions (Alvesson 2010) influence individual understanding of CSR policies and thus impact their implementation. Moreover, during the interviews most employees independently indicated how important it is that *top-management* or *leaders* 'Walk the Talk'. Investigating role models in CSR or asking *why* people assign 'leadership' such an importance in that regard, points towards another interesting research field (i.e. D'Amato & Roome 2009).

In sum, we think that future research on CSR can especially advance theoretical and practical understanding by asking what it means to people. Overall, while basing our interpretations as closely as possible on empirical material, we recognise that our scientific perspective is somehow detached from organisational life. Nevertheless, the interpretative stance chosen for the analysis of the SBC has opened up for more nuanced insights of CSR processes. Thus, we hope this thesis *creates meaning*, for practitioners and researchers alike.

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