

Making sense of political activity in a CSR world

*How do Danish managers relate Corporate Social
Responsibility to Corporate Political Activity?*

Master's thesis

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Abstract

Dansk resumé: Specialets centrale pointer

Dette speciale er et bidrag til den igangværende akademiske debat inden for Corporate Social Responsibility (CSR) og Corporate Political Activity (CPA). Der er på nuværende tidspunkt en række akademiske konflikter indenfor koncepterne CSR og CPA som en fælles, integreret forskningsretning kan være med til at løse op for. De empiriske resultater fra dette speciale bidrager med ny viden til udviklingen af en sådan integreret forskningsretning. Dette speciale viser, at ledende danske virksomheder enten integrerer eller har påbegyndt en integration af deres CSR- og CPA-aktiviteter i et samlet strategiske arbejde, hvilket strider imod de nuværende hypoteser og indledende empiriske undersøgelser. Ved at undersøge, hvordan danske CSR- og CPA-managere hos Novozymes, Grundfos, DONG Energy, VELUX og Tryg forstår og italesætter de to koncepter, kan begge begreber forstås på en ny måde.

Specialets teoretiske bidrag

Specialet består af to dele; den første del er et såkaldt "literature review", som samler relevante akademiske perspektiver og traditioner indenfor området. Her vises det, at en ny forskningsretning er under udvikling, der samler teoretiske perspektiver fra henholdsvis CSR-forskningen og CPA-forskning. Denne nye retning i forskningen har bidraget en række artikler over de seneste år. Ved at diskutere hvordan forfatterne behandler forholdet mellem CSR og CPA, argumenteres der for, at den nuværende teoretiske litteratur grundlæggende normativt argumenterer for, at virksomheder bør integrere deres CSR- og CPA-aktiviteter for at opnå legitimitet i samfundet. Der er endnu begrænset empirisk grundlag på området og det forudsættes, at virksomheder ikke koordinerer deres CSR- og CPA-aktiviteter samt at det medfører risici forbundet uoverensstemmelse mellem de to områder. Der er en række modstridende teoretiske perspektiver i henholdsvis CSR og CPA teori, som influerer udviklingen af det nye integrerede forskningsperspektiv. Især konflikten mellem politisk CSR og det instrumentelle strategiperspektiv bidrager hertil; På den ene side argumenterer fortalere for politisk CSR for, at virksomheder har en politisk rolle, hvor de udfører statslignende opgaver for samfundets bedste. Dette begrundes de i statens

manglende evne til at varetage sine samfundsopgaver. Politisk CSR kritiseres dog for at negligere virksomheders motivation for at engagere sig i CSR. Instrumentel CSR og CPA forskning fokuserer på virksomhedens strategiske incitament for at udføre socialt og politisk arbejde for at opnå værdiskabelse for virksomhedens aktionærer, men kritiseres for at negligere institutionel indflydelse på virksomheders beslutningstagning. Det vises i dette speciale, at sensemaking-undersøgelser af managers forståelse af de to discipliner kan være med til at skabe en teoretisk bro mellem disse to perspektiver, således at vi kan inddrage dem begge i en fælles forståelsesramme.

Specialets empiriske bidrag

Den anden del af specialet er en empirisk undersøgelse bestående af kvalitative interviews med CSR- og CPA-managere fra nogle af Danmarks førende virksomheder med formålet at undersøge hvordan disse managere italesætter og forstår begreberne CSR og CPA. Specialet indeholder interviews med CSR- og CPA-managere fra Novozymes, Grundfos, VELUX, DONG Energy og Tryg. Disse interviews viser, at ledende danske virksomheder arbejder integreret med CSR og CPA og at de interviewede virksomheder, der på nuværende tidspunkt ikke har integration mellem de to områder, arbejder hen imod større integration mellem de to discipliner. Resultaterne fra de gennemførte interviews går imod den gældende antagelse i forskningen og viser, at der behov for en ny forståelsesramme for den videre teoretiske forskning.

Forslag til en ny integreret forskningsramme

Det foreslås på baggrund af de empiriske resultater, at der er et behov for en ny forståelsesramme, som kan indbefatte både det instrumentelle og institutionelle perspektiv. Specialets undersøgelse indikerer, at virksomhederne løser samfundsopgaver som politisk CSR-forskning beskriver det, men at de strategisk udvælger disse områder, så det passer til deres kerneforretning, hvilket instrumentel teori beskriver. Resultaterne fra specialets interviews indikerer, at nogle virksomheder med overensstemmelse mellem CSR og kerneforretning vælger samfundsopgaver, de vil løse gennem deres forretning. Disse virksomheder bruger CPA til at løse samfundsopgaverne. Det anbefales i specialet at medtage disse indikationer i udviklingen af en fælles forskningsretning mellem CSR og CPA.

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Chapter 1: Introduction

1.1 Introducing this master's thesis

All paths begin somewhere

Why is it that we expect – no, demand – that businesses change the world while at the same time we condemn them for trying to influence legislation? We want them to acknowledge their responsibility and **do** something about it, but we refuse to accept them as actors pursuing their political interests. Still, they have to **act**, not just talk. **Transform** societies without influencing democracy.

I have puzzled with this conflict all the way through my studies at Copenhagen Business School and it led me down a path that ultimately resulted in this thesis. In this introductory section, I will describe the central aim of this thesis, its relevance for how we perceive the strategic communicative work of businesses. My contributions to the field based on the analytical and empirical results, which I will present in this thesis.

The need for a new framework

The emergence of the concept of “Political CSR” in management literature has inspired an entire new research field with the aim of re-examining nonmarket strategy literature. Institutional theory’s influence on CSR literature has provided a new framework that allows us to revisit old assumptions about the strategic communicative work of business enterprises. However, a question derived from this new string of research becomes increasingly relevant: How may we understand the micro-level decision-making processes in corporate strategy research from the macro-level institutional concept of political CSR? Academics have proposed the need for a new framework that might link nonmarket strategy research to the new concept of political CSR.

The need for empirical knowledge

A new line of research within Corporate Political Activity (CPA) and Corporate Social Responsibility (CSR) has emerged, focusing on how the two theoretical fields can be linked. However, few empirical studies have been provided yet and the field is currently highly conceptual. There is a need for more empirical knowledge that might help shed light upon how companies go about working with CSR and CPA.

My contribution

This master's thesis is my contribution to the development of the integrative field of CSR and CPA. By studying how Danish CSR and CPA managers make sense of the relationship between CSR and CPA in their own corporation, I provide empirical data to a developing research field, thereby contributing with novel perspectives to the conceptual models in the field. By using the concept of sensemaking to study the decision-making processes of CSR and CPA managers, I furthermore provide a case to support a conceptual framework linking political CSR to the instrumental perspective on both CSR and CPA.

This thesis is an acknowledgement of the work of the researchers that are currently linking these two fields together. The work is, in my opinion, highly relevant. I do argue, however, that we may be creating a blind spot by studying the two terms separate from each other. As I will show in this thesis, some Danish managers already consider CSR and CPA to be highly interlinked, which indicates that an integrative framework is necessary to continue to develop this field. I propose that an integrative perspective on CSR and CPA could be what we need in order to encompass corporate strategy theory in the concept of political CSR.

1.2 Research question

In order to carry out the research in this thesis, I have developed a research questions that will help me uncover the field. The research question is:

Research question: How do Danish CSR and CPA managers make sense of the relationship between Corporate Social Responsibility and Corporate Political Activity?

This research question consists of two parts: a theoretical level and an empirical level. I have therefore developed two questions that will help me answer the research question of the thesis:

1.a: What are the theoretical assumptions of CSR and CPA in management literature?

1.b: How do Danish CSR and CPA managers make sense of the relationship between their CSR and CPA activities and how do they relate one to the other?

Answering the two questions will enable me to discuss how Danish CSR and CPA managers' sensemaking can help us understand the relationship between CSR and CPA in theory as well as in practise.

1.3 Thesis structure

I have provided a visualization of the thesis structure, which can be seen in figure 1. In this first chapter I have introduced the thesis and the research questions. I will continue to present the methodology and the research methods that will be applied to obtain the knowledge that will help answer the research question. This chapter will show *what* I want to find out, *how* I will go about finding it out and *under which circumstances* I might carry out my investigation.

Chapter 2 presents the theoretical concepts applied in this thesis as well as their academic traditions.

Chapter 3 contains a literature review of the current academic literature on CSR and CPA that will serve as a theoretical framework for the thesis. The review sheds light upon the perspectives and assumptions the articles provide for the new research field. Chapter 3 will provide a map of the field and a conclusion on question 1.a, which helps answering the research question.

Chapter 4 presents the methodology applied in this thesis. It presents the qualitative interviews I have carried out with some of the leading Danish corporations, focusing on how they work with CSR and CPA and how they make sense of the relationship between the two disciplines. It discusses the choice of methods, the concept of sensemaking that will be used in analysing the results and presents the results. It concludes the second supporting question of the thesis.

In chapter 5, I analyse the interview responses, making it possible for me to answer the research question of the thesis. I will do this in relation to the concept of political CSR, discussing how this study might assist in linking the two academic fields closer together. Chapter 6 contains a discussion of the findings from the interviews with perspectives from the literature review.

In chapter 7 I will provide a conclusion and reflect upon my findings. I will reflect upon the validity of my results and propose a number of new questions for future research.

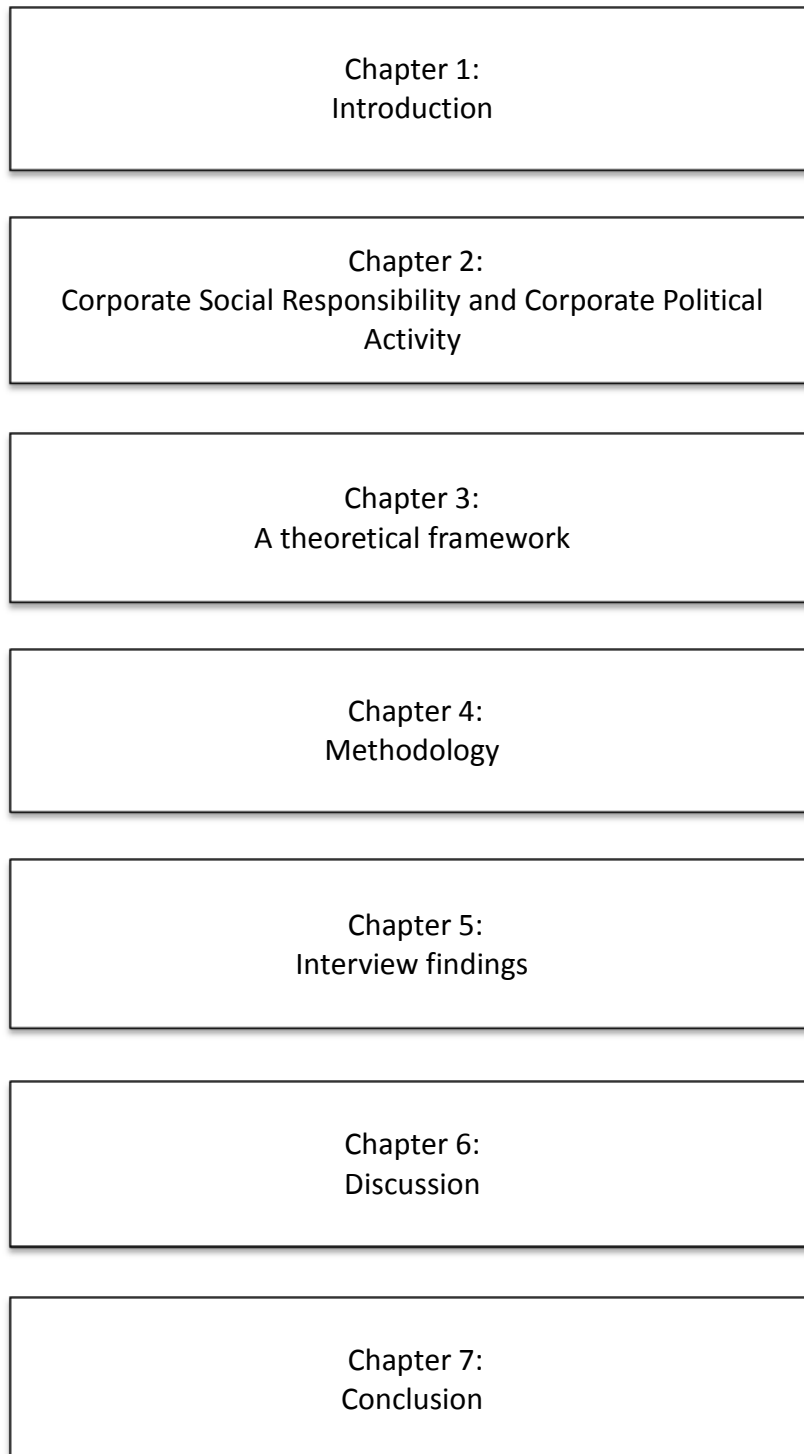


Figure 1: Thesis structure

1.4 Methodology

This thesis and its methodology has been developed from a social constructivist paradigm and it is therefore relevant to briefly touch upon how that has influenced the methods I have used and the results I have found. Constructivist ontology proposes that the world is socially constructed through our perception of it, which is usually bound to the words we use to describe it with. This means that there is not a world independent of our perception of it, which realists would argue (Andersen, 2005, 47). For many social constructivists there is a distinction between the social dimension and the physical dimension (Jacobsen et al., 2010, 231), which is also the case in this thesis; there is an independent physical world, but the social reality has been constructed through social processes. From an epistemological perspective it is acknowledged that our perception of both the physical and social reality is a product of the societal context in which we are embedded (Jacobsen, 2010, 323). It is therefore a fundamental belief of the author that we, when investigating the world, cannot see it without understanding the language we use to describe it.

Reflections on methodology

That there are no true, objective facts of the world to obtain is relevant because it influences what we then choose to investigate and how we do it. Social constructivism has been developed as a response to the idea that sociologic theory should be developed from a logical-empirical perspective (Esmark et al., 2005, 8). Some have even argued that social constructivism is free of methodology. It is central, though, that theory and the empirical world cannot be seen as separate (Esmark et al., 2005, 10). Nor do clear cause-and-effect relationships exist.

Typical social constructivist theory sets out by discussing central concepts and how they shape our way of perceiving the world (Esmark et al., 2005, 9). It also states that empirical data does not exist separate from theory but because of our applied theory (Esmark et al., 2005, 12). In order to understand the relationship between CSR and CPA, we must first construct the concepts and terms we may use. It is therefore not the aim of this thesis to gather data from a Danish context to show how the world really is, but rather to use this empirical data in the development of the field and its concepts.

Reflections on theory

An element of social constructivism is taking a critical position against taken-for-granted knowledge and the belief that our way of perceiving the world influences what we may find (Esmark et al., 2005, 12). This belief is evident in the way the theory is applied and knowledge is produced.

Since reality is socially constructed, the way we categorize the world is historically and culturally specific. The context of what we investigate therefore influences what we look for and what we find. This explains how CSR has evolved to become so many different things; each scholar has brought his or her own knowledge, culture, history and language to the research and that has influenced the results. The theory in this thesis is therefore not applied as a universal law describing how the world is, but is rather used as a lense: Through this *conceptual framework* we see this *part of the world* in this *manner*.

I will begin this thesis by discussing the applied terms in order to show how I consider them. Afterwards, I will discuss how these terms are applied in the key literature so that we can critically observe which assumptions about them the researchers have brought to their work and how that influences the development of the field.

1.5 Research design

In this section I will present the design of the research and why I have chosen these particular methods to obtain the necessary data. A more thorough discussion of applied methods will be provided in later chapters.

Question 1.a states: *“What are the theoretical assumptions regarding CSR and CPA in management literature?”* This question clearly reflects the social constructionist aim of understanding *how* we think about a concept. In order to answer this question, I have chosen to provide a review of the literature of the field by mapping the central articles that have contributed to the development of the integrative field of CSR and CPA. I discuss 6 central articles, focusing on their perceptions of the concepts in question.

In question 1.b, *“How do Danish CSR and CPA managers make sense of the relationship between their CSR and CPA activities and how do they relate on to the other?”* The focus is on how Danish corporations work with CSR and CPA strategically. Drawing on perspectives of sensemaking as a method for studying CSR, I have chosen to interview a number of managers from major Danish corporations in order to better understand how they consider the relationship between the two disciplines in their everyday activities.

I have chosen to conduct my study in a Danish context, because Scandinavian or Scandinavia-based companies do especially well on global performance indicators (Strand et al., 2015, 3). I propose that current empirical knowledge on the integrative CSR and CPA research is carried out in contexts that differ from the Danish context. Since CSR and CPA are highly context-dependent (Midttun et al., 2012, 467) and the governing structures of the social democracies in Scandinavian countries have lead to strong stakeholder engaging CSR activities by the companies (Strand & Freeman, 2012, 26), it would be relevant to carry out my this study in a Danish context in order to obtain a novel perspective on the topic.

The two separate parts of the research will, combined, help answer the main research question *“How do Danish CSR and CPA managers make sense of the relationship between corporate social responsibility and corporate political activity?”* I will discuss the benefits and problems related to each method in the chapter in which it is applied.

Chapter 2: Central concepts

2.1 Corporate Social Responsibility and Corporate Political Activity

In order to better answer the research questions, I will begin by introducing the key concepts in this chapter. The two concepts Corporate Social Responsibility (CSR) and Corporate Political Activity (CPA) are both very complex concepts with rich research histories and an introduction to the concepts in relation to this thesis is therefore relevant.

I will focus on discussing the theoretical development within each concept and the complexities of each field. There are two main reasons for this:

Theoretical inclusion

The aim of the thesis is to add empirical data from a Danish context to the development of the theoretical field, thereby providing much needed empirical knowledge. In doing so, I consider it necessary to develop a conceptual framework that leaves room for the diversity of the real-life implementations of the terms; Danish companies do not necessarily use the same terms as the ones provided by academic literature. Several of the managers I have interviewed in relation to this thesis say that they do not relate to the term “CSR”, but prefer the term “sustainability”, although their practical implementation of the term is in fact what we theoretically would call CSR. I have therefore focused on finding a conceptual framework that may include as many activities as possible in order to include the empirical diversity of the term.

Conceptual complexities

The aim of question 1.a is to explore the theoretical research traditions, perspectives and assumptions of the literature. It is therefore relevant to briefly touch upon the scientific traditions that helped transform the two different fields into what they are today. By taking their theoretical traditions into account, I may discuss the current development of the integrative theory within CSR and CPA.

2.2 Corporate Social Responsibility

Defining CSR is a complex and highly competitive endeavour. Many scholars have tried and while several have sought to provide a definitive framework for the field, these have also been contested. There is currently no consensus as to the precise definition of CSR (Sheehy, 2015, 625) and the meanings of CSR differ between national (Matten & Moon, 2008, 407) and industry contexts (Frynas & Stephens, 2015, 485). It is not the aim of this thesis to solve the definition problem of CSR. I have instead chosen to focus on the elements of the concept, most researchers accept.

CSR assumes that companies have a number of responsibilities that go beyond their legal responsibilities (McWilliams et al., 2001) and that they have to be in compliance with these responsibilities in order to gain legitimacy in society. It is, however, not necessarily clear what the responsibilities of the firm are and they vary from one company to the other. These extra responsibilities are usually created through the expectations of the company's stakeholders. Recent literature on the CSR concept, such as political CSR, proposes that there are extra dimensions to the definition of CSR beyond a stakeholder expectations-approach. In the following sections I will briefly present the two conflicting understandings of CSR, referred to as "instrumental CSR" and "political CSR".

Instrumental CSR

Instrumental CSR is concerned with how companies use CSR instrumentally for value creation and considers the economic aspect of the relationship between society and the company (Garriga & Melé, 2004, 52). It is based on the idea of a separation of business and politics, that corporations have to maximize profits, and that managers have fiduciary responsibilities to shareholders as well as the idea that social responsibilities might only be taken on if they benefit the long-term value of the firm (Scherer & Palazzo, 2011, 904). Researchers within instrumental CSR therefore usually consider the business case of CSR and CSR becomes a tool for value creation (Porter & Kramer, 2006, 5). Instrumental CSR has been criticized for not taking globalization into account and how it has diminished nation states' influence and ability to regulate and provide public goods (Scherer & Palazzo, 2011, 905).

The strategic perspective on CSR is closely related to the resource-based-view (RBV) of the company that comes from nonmarket strategy research (McWilliams et al., 2006, 4). This string of theory has been particularly occupied with applying traditional economic strategy theory to CSR, such as studying how adding social attributes to products might increase their market value or how cost/benefit analysis can be applied to CSR activities (McWilliams, 2006, 4). The question of the economic understanding of CSR that is the foundation of RBV or instrumental CSR is: Does it pay to be socially responsible? (Scherer & Palazzo, 2007, 1100)

Political CSR

Political CSR is concerned with the company's responsibility in the political arena (Garriga & Melé, 2004, 52) and considers businesses to be both economic and political actors (Scherer et al., 2014, 148). There is currently no clear consensus about a definition of political CSR (Frynas & Stephens, 2015, 485). Political CSR theory argues that there is a governance gap caused by the state's frequent failure to ensure the basic rights of its people and serving the public good (Scherer & Palazzo, 2011, 900). Since businesses are currently filling this gap by providing public services such as health care, water supply, telecommunication, transport and electricity, they are already functioning as political actors (Scherer et al., 2014, 148). These business activities usually take place in situations where the state system has failed or has not yet been implemented (Matten & Crane, 2005, 117). By proposing that private actors and civil society organizations are an important part of democratic regulation and the control of market transactions, political CSR suggests an extended governance model in which businesses contribute to global regulation and providing public goods (Scherer & Palazzo, 2011, 901).

The context dependency of CSR

Recent contributions from institutional theory have influenced CSR research and have contributed to the development of the concept of political CSR. Institutional theory has also provided a very useful lens for understanding why and how CSR takes different forms in different countries (Brammer et al., 2012, 8).

One of the reasons for the many different definitions of CSR can be traced back to the development of the term and the context in which the researchers were operating. According to institutional theory, CSR is highly context dependent and that, combined with the underlying assumptions of the researchers regarding political, economic and social systems, have provided many definitions that may have been correct in one context but that were not applicable to others (Halme et al., 2009, 2). Most CSR research originates from North America, Europe or Australia, and most of the concepts have been created in a US context (Halme et al., 2009, 3). Especially concepts like philanthropy or instrumental CSR are usually linked to the USA because the US system leaves more incentive for engaging explicitly in CSR (Matten & Moon, 2008, 409). Businesses in Europe tend to engage more implicitly in CSR, but are currently turning towards increasingly more explicit CSR (Matten & Moon, 2008, 411).

Political CSR critique

Political CSR has been criticized for consisting of too much theorizing on the cost of empirical research. As Frynas & Stephens (2015) put it: *“A key challenge of political CSR research is not just the absence of an agreed definition of the term, but the attempt of a few key authors to appropriate the meaning of the term “political CSR” for a narrow research agenda that postulates normative theory and focuses exclusively on the changes in global governance to the exclusion of the traditional domestic political process”* (Frynas & Stephens, 2015, 485). In their review of political CSR literature, Frynas & Stephens (2015) propose that institutional theory in political CSR fails to explain the proactive CPA activity of companies, derived from their wish to gain competitive advantage, and they furthermore propose that the integrative research discussed in this thesis may help integrate the deliberate actions of corporations into the institutional political CSR theory.

Rasche (2015) also points to the problem that political CSR research assumes that the cause of companies' political involvement is their wanting to provide basic rights to others (Rasche, 2015, 7). It rejects the instrumental interest of companies, disregarding that they actually do become politically active for instrumental purposes and out of self-interest. Many firms also join voluntary agreements such as industry agreements because they foresee regulatory

changes from soft to hard law. Political engagement through CSR is therefore strategic anticipatory behaviour just as traditional corporate political activity is (Rasche, 2015, 7).

The CSR concept

The concept of CSR in this thesis therefore encompasses many different interpretations. It is complex and consists of both the company's own actions as well as the expectations of its environment. It entails a perspective of responsibility and includes all the activities a company engages in that go beyond its legal obligations with the purpose of making the world a better place. These activities might be deliberate as well as a result of the institutional pressures of globalization. By adopting a flexible CSR concept, it is possible to examine how a micro-level research approach could benefit the concept of political CSR, because it leaves the possibility that the companies have a *choice* in if and how they solve the societal issues. I will get back to this in the chapter summary in section 2.4.

2.3 Corporate Political Activity

Corporate Political Activity is a widely researched field with a number of key focus aspects. It emerged as a research frame for explaining company performance in political arenas and is an umbrella concept that captures a company's policies, processes and practises. CPA can be defined as "any deliberate firm action intended to influence governmental policy or process (Getz, 1997, 32). CPA as a research area has received contributions from many different areas such as strategic management, marketing, economics, sociology, finance and political science (Hillman et al., 2004, 838). These disciplines have each contributed with perspectives such as transaction cost theory, agency theory, interest group theory and institutional theory (Getz, 1997, 34).

The research and capabilities focus within CPA has emerged as a framework for competitive advantage and focuses on how companies can improve their profitability by using CPA strategically (Lawton et al., 2013, 89). Political capabilities include being both technically and economically able to engage in lobbyism, as well as relational resources, public image and reputation resources (Lawton et al., 2013, 90). This string of theory builds on the same instrumental principles as the ones of instrumental CSR and is concerned with how political

activity can contribute to value maximization. It is also sometimes referred to as a resource-based view (RBV) inspired by the nonmarket literature or as an instrumental perspective, inspired by CSR research.

Why businesses engage in CPA

Business firms seek to influence public policy so that it best suits the company's market strategies (Anastasiadis, 2006, 1). One of the most important ways of improving a business firm's competitive advantage is by influencing government policy (Schuler et al., 2002, 659). This is because government policy determines everything from market structures, including market barriers and taxation, to the sizes of markets. By engaging in CPA activities, companies can increase their market size, gain competitive advantage and reduce threats of entry (Hillman & Hitt, 1999, 827). One of the debates within CPA revolves around whether companies should be allowed to influence the polity or if their influence should be restricted. Stakeholders in civic society argue that there is too much money and too many special interests in politics (Alzola, 2012, 2). Corporate lobbying is furthermore often linked to manipulation of government and corruption.

In order to get access, the company must be able to provide information (Schuler et al., 2002, 659). The relationship between legislators and companies is an interdependent supply-and-demand relationship in which legislators are suppliers of public policy and companies demand public policy (Schuler et al., 2000, 660). The politicians trade access for the information companies supply. The company must be able to provide better or more effective information to the legislators in order to secure its access to the political decision-making process (Schuler et al., 2004, 660). Companies compete with other companies or interest groups for access. By minimizing other actors' access or maximizing their own, they ensure better opportunities for influencing public policy. Lobbying and campaigning are examples of activities that improve a company's access (Schuler et al., 2002, 661).

Since CPA can include everything from the firm's CEO conversing with a politician to participating in an industry organization, the structure of CPA can be very difficult to determine. There is, however, some knowledge about how companies organize their CPA activities. There are typically several main factors that determine how companies choose to

design their organizational structure for CPA which include size, corporate strategy and institutional environment (Lawton et al., 2013, 89). Small companies are more likely to engage in collective action whereas larger companies have the resources to undertake individual campaigning or lobbying (Hillman et al., 2004, 839). In a fragmented industry with many firms, a company is not very likely to engage in political activities due to the extra costs. In concentrated industries, however, CPA is easier to organize and it is easier to organize the industry collectively. This is relevant because concentrated industries are more likely to succeed in gaining access, since legislators prefer organized, specialized groups that represent numerous constituents.

Risks associated with CPA

Engaging in CPA can be very profitable for a company, but there are also many risks associated with it. From a business administration perspective it is a risky investment because there are no guarantees that the company's activities will yield a reward (Lux et al., 2012, 310). A company might spend a lot of money on political donations or on a public affairs strategy, but that does not necessarily ensure that the political system will adopt its propositions. There is also the risk of one bringing about policy changes that benefit the competitors in the market as well (Lux et al., 2012, 310). Many companies choose to engage in collective political actions because multiple constituents are more persuasive than one and because it lowers free-rider risks (Lux et al., 2012, 311).

2.4 The need for an integrative perspective

I have shown that the terms CSR and CPA are complex and consist of perspectives from many different research traditions. They are furthermore context-dependent. I have argued that both concepts in relation to this thesis are flexible so that they may include the many different interpretations we find in organizational life. A conflict between theories is becoming increasingly clear though: Scholars from both fields are arguing that there is a need for more integrative perspectives.

A solution for the CPA conflict

A growing body of research is concerned with CPA, but the empirical results on linking nonmarket strategy research to business performance are rather inconclusive and researchers are increasingly interested in understanding the underlying reasons for how nonmarket strategies impact firm performance (Mellahi et al., 2016, 147).

An integrative approach combining an institutional perspective on CPA (Doh et al., 2012, 33) with firm performance is necessary to better explain the inconclusive results (Mellahi et al., 2016, 150) as well as provide new knowledge about the link between the company-based CPA and the institutional environment (Lawton et al., 2012, 99)

A solution for the CSR conflict

The CSR field also consists of conflicting perspectives. The most significant one is the conflict between political CSR and instrumental CSR. Political CSR could benefit from a perspective that combines institutional theory with RBV (Frynas & Stephens, 2014, 500), thereby combining macro-level analysis with mesa- and micro-level analysis.

An integrative string of research could therefore help shed light upon some of the conflicts and problems in current CSR and CPA research. By combining CSR and CPA literature in one framework, I argue, it is possible to answer some of the questions that current CSR and CPA theory is faced with. A micro-level analysis of CSR and CPA that includes a macro-level perspective is much needed (Aguinis & Glavas, 2012; Frynas & Stephens, 2014, Basu & Palazzo, 2008, Mellahi et al., 2016, Lawton et al., 2012, Doh et al., 2012)

In the following chapter I will continue to discuss how current management theory's perspectives on CSR and CPA and how that influences the way the field is currently being developed.

Chapter 3: CSR and CPA - A theoretical framework

3.1 A theoretical framework

Question 1.a was: *“What are the theoretical assumptions regarding CSR and CPA in management literature?”* In order to answer this question, I have chosen to carry out a literature review. By designing a research strategy it will be possible to find out what has been written about the two disciplines and from that select the articles regarding the relationship between the two. In order to find the material for the literature review, I have carried out a two-step search process to ensure that I would find enough and correct material. The search was a combination of **organized word searches** and a **network approach**.

Organized word searches

The first step of the search was to carry out organized searches. The objective of the organized searches was to obtain a general overview of the current literature of the field. The searches consisted of searches for words, combinations of words and theoretical concepts in databases. This search method provided a set of “entry” points into the knowledge from different angles and provided a broad range of academic articles.

I selected relevant key words based on the concepts applied in this thesis to help me ensure a broad range of literature. Based on this search, I hand-picked the articles with titles or summaries that seemed to have content relevant to the topic of this thesis. The articles were chosen to be relevant if they provided a general overview of either CSR or CPA or if they related to a topic in the integrative field of CSR and CPA. I carried out the searches in both Danish and English. A lot of the material, however, covered perspectives or cases that were outside of the scope of the research question, so I chose not to include it on this basis.

After reviewing the initial articles, I researched the terms and concepts used in the literature. I researched the terms in a number of academic journals, in the online university library “CBS Library” and with the help of www.google.com. By researching in the academic journals specifically, I got access to articles that were not available through my own university library. I thereby ensured that my literature review included elements from other academic traditions than the ones of my own field of study.

Although applying this research method and using organized word searches supplied a large amount of literature, it was not beneficial for ensuring the *right* literature. I therefore combined it with a network approach in order to ensure that I also would obtain the key literature that was most referenced by other articles.

Network approach

The second step of the search process was ensuring the depth, rather than merely the range of the search. The different theoretical fields are usually organized as a network, in which cross-references make up the connections between the academics or concepts. I therefore used this structure to assist me in accessing concepts, articles or researchers that I had not encountered in my basic key word search. Using the CBS Library, www.google.com and the university webpages of the researchers, I gained access to their work. I researched articles and academics that were often referenced and I thereby gained access to theory, I had not encountered through the word searches.

Reflections on research methods

The applied research method has both its strengths and weaknesses. The first phase of the research was applied to ensure a wide range of literature and the second phase to ensure depth. A large amount of literature was collected, organized and reviewed.

There is, however, still the question about whether all literature has been found; Estimating the relevance of an article based merely on its title and summary is a highly subjective method that inevitably leads to misjudging the relevance of some pieces. By creating a multiple-step process, I have tried to make sure that I would cover as much of the literature relevant to this thesis as possible within my limited time and resources. Researching

concepts and academics in the second phase have led me to re-examine articles that I had initially discarded because they were often referenced. This has helped me include as much relevant material as possible.

I have furthermore chosen to focus on academic articles rather than books. The reason for this is that the scope of this thesis is limited to management theory and I therefore consequently want to limit the field to academically published articles. This helps narrowing the search but it also excludes a couple of books published by some of the key authors. Since the integrative field is rather novel, I hypothesized that most literature on the topic would be limited to literature reviews and research agendas. I therefore consider academic articles to be the most recent and therefore relevant sources for describing the integrative field of CSR and CPA. This research method has made me able to discuss the terms in the previous chapter, provide an overview of the field and to review the key articles of the combined field of CSR and CPA in the following chapter.

It should furthermore be noted that I have not included much literature specific to the Danish context in this thesis. Few relevant contributions to this topic have been found although journals such as *Politica*, *Scandinavian Political Studies*, *Politik* and *Danish Journal of Management and Business* have been included in the search. The most significant contributions included in this thesis discuss the Danish adoption of CSR and compare Scandinavian CSR to forms of CSR from other countries and relates to the argument of context-dependency of CSR. Most non-academic literature reviewed in relation to this thesis also regarded elements of the topic that were outside the scope of the research question and were not included for this reason.

3.2 Integrative CSR and CPA theory

There is currently a gap between CSR and CPA literature (Anastasiadis, 2006; Rasche, 2015; den Hond et al., 2014; Liedong et al., 2014), but an increasing number of articles address the topic: CSR has been linked to CPA in academic literature in the last couples of years.

In this section I will discuss a number of integrative articles that describe this very relationship between CSR and CPA. I will do this in order to answer question 1.a about what theoretical assumptions regarding CSR and CPA there are in management literature. Doing this has two main purposes: First of all, it provides an overview of the combined research field of CSR and CPA. I argue that a new string of research is being developed that is inherently normative and that is made up by the commonalities and conflicts of the respective traditions it grew from. Secondly, it allows me to understand how current integrative theory conceptualizes the relationship between CSR and CPA so that I may consider this when developing the interview questions as well as when reflecting upon the findings of the empirical data.

The analysis will focus on the following elements:

1. How the author describes the relationship between CSR and CPA
2. Which theoretical tradition the author's contribution is related to
3. How the article relates to the current field
4. What the normative implications of the article are

These four questions make up the elements of interest in relation to understanding the literature better: **what** the author sees, **how** the author sees it, **how** it **relates** to what other see and what the **consequences** are. By discussing the articles from these four perspectives, I will be able to answer the first supporting question.

The literature

During my literature search I have identified 6 key pieces of literature that address the topic directly. The articles have been published in the period of 2014-2016, so they can be regarded quite novel. A table listing the articles and summarizing the four investigative dimensions can be seen in table 1.

Article	CSR/CPA relationship	Theoretical perspective	Relation to field	Normative implications
Liedong, Ghobdian, Rajwani & O'Reagan (2014)	CSR and CPA are company strategies and can complement each other	Instrumental perspective: Strategy alignment to obtain competitive advantage	Extension of trust to non-market literature	CSR and CPA should be aligned to create trust between company and polity as well as for successful influence of salient government policy
Den Hond, Rehbein, de Bakker, Lankweld (2014)	CSR and CPA are company strategies and can both complement and harm one another	Instrumental perspective: Strategy management and reputation effect caused by organizational hypocrisy	Political CSR neglects that firms operate traditionally with CSR and CPA. Conceptual model and hypotheses about reputation effects caused by relation between CSR/CPA	Companies should align their CSR and CPA strategies
Anastasiadis, 2014	CSR and CPA are conceived of as separate which is dangerous for the firm's legitimacy	Corporate citizenship / Political CSR	Empirical analysis of carmaker's sensemaking and narratives. Found that they keep CSR and CPA at arm's length	Firms should embrace their political role and align their CSR and CPA. Lobbying should be included in CC theorizing.
Rasche (2015)	Political CSR is the European (institutional) discourse on the political role of the company, while CPA is the American (instrumental)	Theoretical relationship between political CSR and instrumental CPA	Discussion of relation between the theory on CSR and CPA and a research agenda for the combined field	Research should reach beyond the normative claim that CSR and CPA should be aligned, but rather find out under which conditions they are / are not
Lock & Seele (2016)	CSR and CPA are strategies and can both complement and harm one another	Political CSR will be obtained through including instrumental lobbying	Three lobbying cases from the soda industry show misalignment between CSR and CPA. A new concept, deliberate lobbying, is proposed	Introducing the concept "deliberate lobbying" may assist in helping companies live up to their political role
Mellahi et al. (2016)	CSR/CPA are two separate, parallel strands of nonmarket strategy	Instrumental: Link between nonmarket literature and performance	Literature review of CSR and CPA integrative model of nonmarket strategy-performance relationship	CSR and CPA should be integrated in a general nonmarket strategy model in order to understand the influence on performance

Table 1: Literature map of integrative CSR and CPA theory

Limited alignment of CSR and CPA

CSR and CPA remain, according to the literature, separate entities in the business world. Anastasiadis (2014) researched the relationship between lobbying and CSR in car manufacturers and discovered that there was a noticeable gap between lobbying and CSR internally in the corporations (Anastasiadis, 2014, 273). He further found that the CSR function is not included in the developing lobby positions or in the behaviour of their lobbyists. He describes the gap with following words: *“Indeed, it became evident during the research that the CSR function has no role in lobbying (...) Indeed, the CSR and lobbying functions appear to be entirely separate in practise, even when they are located in the same department”* (Anastasiadis, 2014, 273). This is, according to his findings, because CSR is not considered relevant to lobbying by the interviewed managers.

Den Hond and his colleagues (2014) also point to the risks associated with not considering the link between CPA and CSR. Some companies do not align their CSR activities with their CPA activities. This might be because each area has developed independently as a result of institutional pressures (den Hond et al., 2014, 802). In this case they run the risk of missing out on all the possible synergies between the two areas. The reputation effect of their activities will most likely also vary across stakeholder groups. Misalignment, however, is the case when a company’s CSR and CPA directly conflict with one another. In this case, the company could be perceived to be misleading its stakeholders intentionally, which will have very negative consequences for its reputation. Den Hond et al. (2014) agree with Anastasiadis (2014) in the proposal that a loss of legitimacy is at stake for the company that does not understand its political role and its link to the CSR strategy of the company.

Lock & Seele (2016) show in three cases the harm that may come to a firm if it misaligns its CSR and CPA activities. By looking into the contradictions between what three companies in the soda industry say (CSR) and what they actually lobby for (CPA), they propose that “deliberate lobbying” may be a way for the companies to handle conflicting situations in a more beneficial way. Lobbying deliberately will help companies fulfill their political responsibilities, ensure more effective CSR and CPA strategies and strengthen the company’s reputation (Lock & Seele, 2016, 9).

Liedong et al. (2015) are less concerned with the risks associated with gaps between the two areas and instead focus on how they can complement each other. They furthermore argue that understanding them in relation to each other with the help of the concept of trust can help explain why both are needed to gain both access to the polity *and* influence on high salience policies rather than just one or the other (Liedong et al., 2015, 413).

Rasche (2015) and Mellahi et al. (2016) have contributed with a literature discussion and a research agenda. They also focus on how CSR and CPA might contribute to one another. Rasche (2015) proposes how the two might complement each other and assist in solving some of the problems they each face alone (Rasche, 2015, 7). Mellahi et al. (2016) propose that the integration of both in a multi-theoretical, nonmarket strategy-performance model might ensure better understanding of the firm's strategy and organizational performance.

Although the literature is concerned with different elements of the relationship between CSR and CPA, they agree on the premise that CSR and CPA are two separate entities both in theory and in practise. Whether or not the companies align the two, however, is debatable: Anastasiadis (2014) and Lock & Seele (2016) argue that they do not. Den Hond et al. (2014) argue that some do. All seem to agree on the normative foundation that companies should and that current academic theory should encompass both.

Synergies between CSR and CPA

The articles generally agree upon the idea that only good things can come from combining the two areas. Rasche (2015) proposes that political CSR could help provide a framework to discuss how to better govern CPA through self-regulation and that CSR could assist in creating good networks and connections to the polity (Rasche, 2015, 7).

According to Liedong et al. (2014): *“CSR reduces barriers to political access, quells resistance, and builds mass coalitions of grass roots. With the way paved by CSR, CPA can be launched to influence policy”* (Liedong et al., 2014, 418).

It is currently assumed that not aligning CSR and CPA means opportunity costs and reputation risks associated with being “caught” in inconsistencies. This is partly due to the link between the field and other non-market strategy literature. By continuing to build on

already defined knowledge about organizational hypocrisy and institutional pressures, it is assumed that the same can be said for the case of CSR and CPA. It has therefore not yet been questioned whether or not there are problems related to aligning the two.

Political or instrumental

The integrative field of CSR and CPA currently consists of the two main theoretical traditions, from which they both came. As stated earlier, current CSR research opts for a different society-company relationship than CPA does. It is therefore only natural that the development of a new field between these two traditions should bring with it the very same arguments and positions as the “old” fields used to possess.

An example of an instrumental perspective in integrative theory can be found in Den Hond et al., (2014) when they argue that: “...many firms also operate “politically” in a more traditional sense, interaction with governmental decision-makers, i.e. corporate political activity” (Den Hond et al., 2014, 790). This managerial perspective comes from the part of the literature concerned with how and why companies do or don’t align their CSR and CPA strategies.

Anastasiadis (2015) takes a political CSR approach to the topic and argues that a company’s lack of acknowledgement of its political role will lead to loss of legitimacy: “It may have been strategically useful for firms to hold their CSR and lobbying functions at arm’s length in the past, but in contemporary society, which is increasingly demanding, it is a recipe for reputational disaster” (Anastasiadis, 2015, 289).

Lock & Seele (2016) however, perceive CPA and lobbying as a way of fulfilling the political role of the company and thereby attempt to combine the instrumental and political theory in their term “deliberate lobbying”: “We argue that corporations may be political actors as proposed by political CSR theory if they change their corporate political tactics to what we term deliberate lobbying that aims to fulfil the normative demands of political CSR known as discourse, transparency, and accountability (...) Hence, deliberate lobbying is defined here as a CPA aligned with CSR that, based on discourse, transparency and accountability, aims to resolve public issues” (Lock & Seele, 2016, 2).

The alignment of CSR and CPA is, according to Mellahi et al. (2016), a way of obtaining a better understanding of the inconsistencies current CSR theory and CPA theory have produced (Mellahi et al., 2016, 150). By integrating them in a model that includes contributions from many different theoretical fields such as the resource-based view (RBV) or stakeholder theory, we become able to understand what prompts businesses to engage in CSR and CPA, what influences their strategies and how it affects firm performance.

Discussing the assumptions of the theory

There are currently three statements we can extract from the literature on the field:

- 1) CSR and CPA are separate entities in theory and practice
- 2) Many companies have inconsistencies and conflicts between CSR and CPA leading to reputation risk and loss of legitimacy
- 3) CSR and CPA should be aligned, theoretically and in practice by businesses.

The articles provided in this thesis consider CSR and CPA to be separate entities in theory as well as practice. Rasche (2015) provides the first real theoretical link between the two and Anastasiadis (2015) and Den Hond et al. (2014) report on the notion that companies also separate the two disciplines. Where Anastasiadis (2015) finds empirical results supporting the claim that companies keep CSR at arm's length from CPA, Den Hond et al. (2014) refer to a case in which a company aligned the two (Den Hond et al., 2014, 791). Apart from this case, there are very few examples from companies who align their CSR and CPA activities. Besides from Anastasiadis (2014), there have not been any other empirical studies focusing on the business practice related to the topic.

The currently integrative theory is inherently normative and there is no doubt that companies should align their CSR and CPA. Liedong et al. (2015) propose that companies cannot create the strong trust necessary to influence major policy issues without aligning CSR and CPA, Anastasiadis (2014) propose that failing to align CSR and CPA risks loss of legitimacy and Den Hond et al. (2014) propose reputational risk and loss of possible synergies of CSR and CPA are not aligned.

3.3 The first concluding thoughts

There are several key points I have made throughout this first part of my thesis that I would like to briefly reflect upon in this concluding part of my literature review. By researching the two separate fields, CSR and CPA, I have identified 6 key articles that together make up the integrative research field of CSR and CPA. The field does not have a descriptive term yet, nor does it have any clear boundaries. The field consist of a theory-discussing article, one empirical study, three conceptual models of strategic behaviour, and one case-based conceptual model.

One of the articles included in this review is a very thorough review of CSR and CPA linked to company performance. Mellahi et al. (2016) have reviewed a much larger amount of literature than I have included in this thesis and it should be noted that they identified a number of articles specifically on CSR and CPA that I have chosen not to include in this review. This is due to their specific focus on performance indicators rather than the theoretical link between the two disciplines. Some of the articles, they have included in their review, are also included in this thesis.

The field assumes that CSR and CPA are separate entities in theory and in practise, that the two disciplines should be aligned and that not aligning the two leads to a risk of losing reputation and legitimacy. These assumptions, I argue, lead to the development a blind spot. By assuming that all companies separate the two and by lacking to understand how companies themselves make sense of the relationship between the two areas, we risk overlooking something. Political CSR theory brings with it the risk of overlooking the deliberate action that has been empirically linked to both CPA and CSR. CPA theory brings with it the risk of overlooking the contextual influence of institutions that influence corporate behaviour. Building on this point, I will continue to question 1.b and study how Danish companies relate their CSR activities to their CPA activities as well as how they make sense of this relationship.

Chapter 4: Methodology

4.1 Interview design

Question 1.b to help me answer the research question was: *“How do Danish CSR and CPA managers make sense of the relationship between their CSR and CPA activities and how do they relate one to the other?”* In order to properly answer this question, I will set out by discussing the use of sensemaking in this thesis. As proposed in the former chapter, it is necessary to find a way of studying how companies organize and understand CSR and CPA in a way of encompassing both perspectives. The concept of sensemaking can contribute in this matter. Afterwards I will describe the qualitative interview as a method and discuss its applicability in this thesis. I will discuss how I designed the interviews in order to answer the second supporting question.

4.2 Sensemaking

Sensemaking occurs when a flow of organizational circumstances is turned into spoken words and salient categories. This organization is carried by words, no matter if they are spoken, written or read (Weick et al., 2005, 409). Sensemaking consists of both action and talk, which are treated as cycles rather than a linear process: neither talk nor action is the starting point or the destination (Weick et al., 2005, 412). The sensemaking process can be describe in the following matter: *“From the perspective of sensemaking, who we think, we are (identity) as organizational actors shapes what we enact and how we interpret, which affects what outsiders think we are (image) and how they treat us, which stabilises or destabilises our identity”* (Weick et al., 2005, 416). CSR is, seen through the concept of sensemaking, not a result of external demands but rather organizationally embedded linguistic and cognitive processes (Basu & Palazzo, 2008, 6). Sensemaking tends to occur when the world is perceived to be different from the expected and people need to look for a way to make sense of the disruption of their ongoing action. They therefore look to institutions, plans, justifications or other forms of organizational constraints to enable them

to either change their course or continue their action (Weick et al., 2005, 409). Sensemaking is about bringing new meaning to something that has already occurred during an organizing process, but that does not yet have a name and has not yet been recognized as an event or an object (Weick et al., 2005, 411).

Sensemaking managers

The concept of sensemaking is particularly useful in this thesis, because it allows us to understand the way managers in Danish organizations make sense of their surroundings and how they make decisions. Managers largely influence the organization's involvement in CSR and CPA (Hillman et al., 2004, 841). They make the strategic decisions regarding nonmarket activity and their involvement in nonmarket strategies is caused by a number of reasons (Mellahi, 2016, 161). CSR research has been criticised for neglecting to take into account the institutional factors that might influence activities in corporations thereby missing key elements of managers' decision-making (Basu & Palazzo, 2008, 5). By studying the internal institutional determinants such as mental frames and sensemaking, it is possible to understand CSR and CPA in the frame of institutional theory. Identifying these mental frames can help explain why some companies react differently than others when faced with the same institutional pressures (Basu & Palazzo, 2008, 7).

4.3 Interview design

Since I wanted to obtain access to internal, rather delicate information regarding the conduct of Danish corporations, I have chosen to interview managers from the businesses of interest. It was important to select a method of obtaining this data that allowed for an interactive process of understanding because I wanted to understand their perceptions of CSR and CPA.

Qualitative interviewing

The qualitative interview can be describe in this manner: "It is defined as an interview with the purpose of obtaining descriptions of the life world of the interviewee in order to interpret the meanings of the described phenomena" (Kvale & Brinkmann, 2008, 3). The focus of the qualitative interview is how the interviewees experience the world rather than

why (Brinkmann, 2013, 22) and it is therefore useful for understanding how the managers make sense of CSR and CPA.

Because I wanted access to company-specific, sensitive information, I chose an individual interview form rather than group interviews. Individual interviews are particularly useful for studying sensitive information since they allow for more confidentiality (Brinkmann, 2013, 27). I carried out three of the interviews as face-to-face interviews at the company location and two of them as phone interviews. I found that although meeting the interviewees in person did allow for a better familiarity and access to non-verbal communication, meeting them in person did not seem to affect the willingness of the interviewees to share their sensitive information. The interviews, I had over the phone, seemed just as thorough and detailed and I found that the answers, I received over the phone, were more direct than the ones I received in my face-to-face interviews.

Number of interviews

For qualitative interviews it is usually preferred to have fewer interviews that are thoroughly analysed than many superficial ones (Brinkmann, 2013, 59). I therefore decided on a small number of companies to participate in order to get a more in-depth understanding of how they relate their CSR activities to their CPA activities.

I decided to interview representatives from five companies in this thesis because the aim of the qualitative interview is to understand how some selected people experience the world rather than obtaining statistical representativeness (Brinkmann, 2013, 59). 5 companies is a sample size large enough to find some similarities between the companies as well as differences between them.

The Danish context

According to Strand et al. (2015), *“Scandinavian countries and Scandinavia-based companies perform disproportionately well in CSR and sustainability performance measurements”* (Strand et al., 2015, 3). I have chosen to carry out my empirical research within a Danish context because I propose that the insights on companies operating within a Danish context

might provide an alternative perspective on the topic than the current available empirical data. As argued earlier in this thesis, CSR and CPA are context-dependent and differ from one country to another as well as from one governing institution to the other (Gjølborg, 2009, 627). Even relatively similar systems such as the Danish and the European can produce very different forms of CSR (Moon & Vogel, 2008, 306). It is therefore relevant to briefly touch upon the Danish context and how that might influence the research.

It is relatively agreed upon by management literature that one of the reasons for Scandinavian countries' success with CSR is rooted in their social welfare systems. The Nordic countries have traditionally combined economic growth with strong social and environmental welfare, leaving them to be relatively rich countries with strong welfare states (Midttun et al., 2012, 467). In the case of Denmark there is a strong tradition of three party negotiations between the state, the labour unions and the private companies. There is also a strong believe in the duty of the state to regulate society (Midttun et al., 2012, 467). The Danish government was the first of the Nordic countries to embrace CSR in the early 1990's (Midttun et al., 2012, 482). Since then, the Danish government has considered CSR a strategic competitive advantage for its businesses, giving them the opportunity to compete globally.

CSR, however, comes from a neoliberal system in which CSR functions as the voluntary commitment of companies to help civic society in cases of government gaps. Midttun et al. (2012) found considerably ambiguity in aligning CSR with traditions in advanced welfare states such as the Scandinavian. CSR is considered the second best thing next to a government regulation by NGO's, labour unions and government representatives and is not considered a desirable policy domestically (Midttun et al., 2012, 482). The strong state regulatory systems, however, have lead to some of the highest levels of regulatory programs globally regarding social and environmental impact (Strand et al., 2015, 10).

The strong traditions with stakeholder engagement values in Scandinavian social democracies also contributes to Danish companies strong CSR activities. In fact, *"Scandinavian societies exhibit deep-seated traditions around stakeholder engagement"* (Strand et al., 2015, 5). The Scandinavian companies do this by embracing stakeholder

language and by promoting elements of stakeholder theory such as stakeholder maps (Strand & Freeman, 2012, 26). I have chosen to carry out my study in a Danish context in order to see if this particular corporative context might provide new empirical perspectives to the current knowledge.

Setting up the interviews

I selected 16 companies that were interesting possible participants for the interviews based on size, availability and involvement in CSR and CPA activities. The companies are among the 100 largest companies in Denmark, are well known, are directly involved in both CPA and CSR or are perceived to be so. From these 16 companies, three declined to participate, 5 accepted to participate and 9 never responded to my inquiry. I visited three of the companies on their company address and interviewed two of the companies by telephone.

An overview of the factual information regarding the interviews can be seen in the appendix. The interview sample is rather heterogeneous and represents very different companies. Four of the companies operate in B2B-markets, whereas Tryg is in a consumer market. DONG Energy is currently owned by the Danish government, but is preparing for an IPO. Novozymes, Grundfos and Tryg are all on the stock market, but VELUX is not. Tryg is the only company that does not produce or contribute to production of goods. All companies operate internationally and have main export markets, offices or branches in other countries than Denmark.

Interview preparation

One week before the interview, I send out a preparatory E-mail to the managers with information on the topic we were going to discuss. I did not wish to give them the questions beforehand, thereby providing them with the opportunity of editing their responses. I did, however, want to provide them with an idea about what I was looking to discuss. Four of the managers worked with CSR or sustainability, while two were responsible for public affairs. I therefore thought it relevant to give them the opportunity of finding information about the activities of their colleagues, if necessary.

Parameters of interest

Basu & Palazzo (2008) propose that CSR in a sensemaking perspective can be understood as: *“The process by which managers within an organization think about and discuss relationships to stakeholders as well as their roles in relation to the common good, along with their behavioural disposition with respect of fulfilment and achievement of these”* (Basu & Palazzo, 2008, 9). They propose a model of studying an organization’s CSR activities through a tripartite model encompassing its cognitive, linguistic and conative processes i.e. how it thinks about its relationships with its stakeholders, how it provides rationales for its actions and how it adopts its behaviours (Basu & Palazzo, 2008, 8). I decided to study the following three elements of the corporations’ sense making:

- The structure and organization of their CSR and CPA activities
- The perceived relation between the two and the possible synergies
- Their involvement in collaborative initiatives.

I did not force a certain list of questions if it did not seem relevant to ask them in the particular situation because it was more important for me to understand how they perceive the topic than to get responses to all of my questions. I realized after one or two interviews that some of the questions did not work in practise, so I edited them out. It was mostly questions that were already discussed in earlier answers and were therefore not relevant to revisit. The final list of prepared questions is listed in the appendix, section 9.1.

Constructing the questions

This type of structure, I have applied, is referred to as the semi-structured interview and it was an appropriate form because it can make better use of the knowledge-production potentials of the dialogue than the structured interview (Brinkmann, 2013, 21). This is because it allows for follow-ups on relevant points. I chose to formulate open questions that would lead the managers to formulate their responses, use their own terms and focus on what they deemed important and relevant. This allowed for a more free process of understanding.

Since they were all working within CSR or CPA, I initiated the interviews by presenting them with my understanding of the terms. I let them choose their own terms since some of the interviewees felt very strongly about particular terms and using their own definitions. I used their concept choices to help understand their perceptions on the topic. In order to attain their confidence, I told them to let me know if there was anything they felt uncomfortable discussing or including in the transcripts, which I have accommodated and have removed from the transcripts. It should be noted that nothing essential has been removed from the transcripts.

Chapter 5: Interview findings

5.1 Interview results

Presenting the results

In this section of the chapter I will present the results of the interviews. When it comes to presenting or analysing qualitative data of this sort, there are many different opinions on how to do it, but there is currently no strict method to organizing or analysing it (Brinkmann, 2013, 25). I have therefore chosen to organize the results in a way that reflects the three parameters, from which I designed the interview questions.

Transcripts of all the interviews can be found in the appendix section 9.2-9.6. Although the interviews were conducted in Danish in order to ensure the best conditions for the common understanding process, the transcripts have been translated into English. While taking the meaning behind the formulations into consideration, I have had to adjust some of the formulations. I have, however, refrained from editing it into clear-cut quotes because it was important of me to preserve their stream of thought and their way of formulating it. This has led to a couple of interesting translations, but I have tried to keep the authenticity of the citations with respect for the sensemaking element of the method.

I will present some of the findings from the interviews in the following sections 5.2, 5.3 and 5.4, drawing on quotes and general knowledge about the conduct of the businesses gathered during the interviews. This information is furthermore summarized in the tables 4-6, which are comparative overviews of the organizational data.

5.2 Structure and organization

Organization of CSR/CPA relationship

All the interviewed companies in this thesis explain that they either already consider their CSR and CPA work to be integrated or are in the process of integrating the two. How they go about organizing it in practise varies a bit, however. Novozymes, VELUX and DONG Energy all three describe an organizational form in which CSR and CPA are in each their sub-departments, but sharing both managers and strategies. At VELUX, CSR and public affairs are combined into the same management position:

Q¹: "Okay... So how is it structured, how have you organized it? Is it combined, is the work divided into different departments...?"

A: "No, my boss works with... is responsible for public affairs and CSR so it's a combined function and I'm responsible for CSR."

Q: "Okay"

A: "So it's a combined function" (VELUX, 2016, 9.6)

DONG Energy also has decided to organize the disciplines in the same department:

"Organisation-wise we are a part of the same department. Our name is Group Sustainability, Public Affairs and Branding – we also work with branding (...) It makes sense (...) It is the strategic way of communicating as a firm" (DONG Energy, 2016, 9.4).

Table 3 shows how the companies currently relate their CSR to their CPA and where in the development stage, they currently are. Three of the companies are in transition towards a new organizational setup. Grundfos and Tryg have altered their organizational setup within the last 6 months to better accompany their strategy of a better link between CSR and CPA:

¹ Q stands for "Question" and "A" stands for "Answer"

Structure and organization					
	Novozymes	DONG Energy	VELUX	Grundfos	Tryg
Organization	Same department	Same department, 1 position responsible	Same department, 1 position responsible	Same department from 01.11.2015	Same department from 01.04.2016, 1 position responsible
Formalization stage	Integrated, formalized strategy processes	Integrated, formalized strategy processes	Integrated, formalized strategy processes	Separated strategy processes. In transformation	Separated strategy processes. In transformation
Company stage	Integrated	Integrated	Integrated	Separated, in process towards integration	Separated, in process towards integration
Vision of next stage	Using UNDG in selection of new innovations	Not applicable	Not applicable	More integration between the two disciplines	Implementation of CPA activities, coordinated with CSR

Table 3: Interview results: Structure and organizations.

Q: “So when you from time to time decide that you are to begin with a new political initiative – is that something you coordinate with your CSR work or is that independent of each other?”

A: “That has usually been independent from each other. I’m pretty sure I can say that. But we have actually just now changed it from the 1st of April, so that I’m located with the CSR department and the people who cover that part. So we are going to be able to do more on a corporate level now because we have just been put together now.” (Grundfos, 2016, 9.3)

It seems that when the company considers the two disciplines to be interlinked, the more likely it is to alter its organizational setup to accompany this coordination of CSR and CPA. The companies do this by integrating the two areas in either the same position, such as Tryg and VELUX have done, or by integrating them within the same department such as Novozymes, Grundfos and DONG Energy have done.

Formalization stage

The level of formalization of the organizational processes regarding CSR and CPA is relevant because it indicates how institutionalized the relationship between CSR and CPA is. DONG Energy and Novozymes both have yearly risk and opportunity management systems in place

in which they study the tendencies in their surrounding environments and use this to develop strategies for the entire organization.

Novozymes referred to theirs as a “Sustainability Board” in which representatives from all the departments in the organization (sourcing, production, HR, investor relations, public affairs and so on) meet 5-6 times a year to discuss the societal trends and their effects on the business (Novozymes, 2016, 9.2). Although Novozymes is currently about to change their current set-up, it does reflect their perception of the link between CSR and CPA that they include both CSR and public affairs in the business development and strategy process.

DONG Energy refers to their processes as “Risk Screenings” (Interview with DONG Energy, 2016, 9.4). In this annual process the stakeholder tendencies are analysed and the potential political discourse related risk is estimated. Public affairs contributes to this process with the knowledge and the access to stakeholders.

The level of formalization exhibited by these companies shows that the link between CSR and CPA is directly integrated into the business development process. VELUX did also show this level of integration between CSR and CPA in relation to business opportunity:

Q: “So when you begin a CSR activity or strategy, you coordinate it with the work they do with public affairs?”

A: Yes... That would happen naturally because we are in a dialogue. We sit and talk together. It's not just with public affairs we coordinate. It's also with a long list of other parties internally in the business to find out, what it is, we want”. (VELUX, 2016, 9.6)

Tryg and Grundfos, however, did not have formalized processes for the integration of CSR and CPA. For Tryg this is due to the fact, that they have outsourced all their CPA activities to their industry organization. For this reason, it could be suggested that there has been very little integration of CPA into the business processes. Although the interviewee from Grundfos does several times point out that there is probably not much coordination between CSR and CPA, he also uses their focus area “water” as an example of both CSR activities and political activities different times during the interview, underlining the fact that

there are some sort of organizational overlap between their CSR and CPA. They are in the process of creating a more formalized organizational structure between CSR and CPA.

5.3 Perception of relationship between CSR and CPA

CSR and CPA integrated

As stated earlier, Den Hond et al. (2014) have developed a conceptual model describing how companies may align, misalign and non-align their CSR with their CPA. Using their terms, I have shown that Novozymes, DONG Energy and VELUX align their CPA and CSR while Tryg and Grundfos non-align their activities, although they are working towards alignment. Table 4 is a visualization of the managers’ perception of the relationship between CSR and CPA.

Perception of relationship between CSR and CPA					
	Novozymes	DONG Energy	VELUX	Grundfos	Tryg
Balance between CSR and CPA	CSR is the foundation and core of business. CPA is a tool to remove roadblocks	CSR is long-term agenda setting and CPA is short-termed. Both strengthen the business	CSR is the foundation and core of business, CPA is a tool	CSR is in the DNA and added to the business and CPA is a tool to strengthen the business	CSR is the added value to business and CPA is a tool to strengthen CSR and business
Relationship	CPA enables CSR	CPA and CSR enable one another and enables “helping the society”	CSR and CPA enable “helping the society”	CPA and CSR enable each other	CPA enables CSR
Experienced conflicts between CSR and CPA	None	None	None	None	None

Table 4: Interview results. Perception of relationship between CSR and CPA.

An interesting observation from the conducted interviews was that some of the interviewees from the largest corporations in Denmark did not see the same division between these two disciplines as was proposed by the current theory. Rather, some of the interviewees saw them as naturally and logically interlinked. When asked about the relationship between CSR and CPA in Novozymes, the interviewee responded:

“It’s totally connected. It’s totally connected because we don’t have products that don’t have a positive contribution to the environment. In this way we are very lucky. Every time you use one, you save chemical products, water, electricity – you reduce something negative. So we can truly say that when you as a politician use us, you contribute to a positive development. It’s because more of our products are being used and then we make more money. So there is no conflict between the two in our case and we therefore use sustainability to open doors in all our public affairs work” (Novozymes, 2016, 9.2.)

Novozymes argue that their products in themselves change the world to the better and that the CSR work therefore is directly linked to business development. Using CPA to ensure the interests of the corporation thereby equals using CPA to ensure the CSR interests of Novozymes.

DONG Energy also expressed surprise when I proposed the theoretical conflict between the two: *“I don’t agree with the dualism, you propose. I think that they both are determined by the term “shared value”: What we do politically is usually linked to what is good for society, which at the same is also good for us.” (DONG Energy, 2016, 9.4)*

I propose that this is interesting to note, because it points to an institutionalized perception of the two as interlinked, as if coordinating the disciplines is common sense. As it can be seen in table 4, none of the companies could mention an example of a conflict between their political objectives and their CSR objectives when asked. This was also the case for Grundfos and Tryg, who both said they did not work with an integrative strategy yet.

CSR and CPA as different disciplines

Although the interviewees pointed to strong reasons for why they coordinate or aim for more coordination between CSR and CPA, they also continued to describe differences between the two. This indicates that the interviewees do not consider CSR and CPA to be identical, but rather to be different and interlinked disciplines. They identified the time frame of an important parameter of differentiation:

M: *“The biggest division between the two areas is, in my opinion, the time frame. The political work has to a higher extend a short and middle length time frame. That doesn’t mean that we don’t have long-term positions and because we’re in the energy sector it’s usually long-term priorities, but our way of approaching stakeholders, agendas and positions is short-termed and medium-termed while the sustainability work is more long-term with trend spotting (...)”* (DONG Energy, 2016, 9.4)

There was a general tendency for the interviewees to describe the CSR work as long-term work including activities such as trend spotting, risks analysis processes, due diligence work, brand and business development and development of data and research, whereas CPA or public affairs was considered to be short-term activities used to either support the CSR work or the business development process. According to VELUX public affairs work was product-related direct lobbying whereas CSR was more related to the long-term work of agenda setting and stakeholder involvement. Any topic could therefore include both CPA and CSR elements depending on their relation to the direct business development of the company.

The stakeholder groups also seemed to be considered different in the disciplines:

“The stakeholders are mostly different for the two departments. The sustainability work has its own small community of CSR experts, who have more specific interests such as how we register one thing or another, how we report safety and environment... often specific aspects of CSR. (...) We have independent work with stakeholders, were we look at whom we in Public Affairs work with. That’s the political environment, NGO’s – green NGO’s, social NGO’s, the labour unions.” (DONG Energy, 2016, 9.4)

This points to that the companies far from see the two disciplines as identical, but rather as mutually beneficial and interlinked. One cannot replace the other since they are beneficial for different purposes, time frames and stakeholder groups, but they depend on each other.

CPA as a tool

This perception of the time frames’ influence on disciplines seems to also influence how the relation between CSR and CPA is considered. When describing the political work relating to CSR, the manager from Novozymes says: *“One looks at the political landscape and asks:*

“What is in our way? What are the roadblocks in our way?” Then we look at the roadblocks. We analyse them in my department. “Why does this roadblock need to disappear? Is it really good for the world to remove that roadblock?” And it usually is.” (Novozymes, 2016, 9.2)

In this quote, Novozymes describes public affairs as a tool to remove the legislative “roadblocks” in the company’s way for making the world a better place.

Tryg also describes their new strategic aim of engaging in political communication as their way of being “truly” responsible: *“(…) we have estimated that, as the largest company, you can say we have a responsibility for what we can see in relation to making them (i.e. the politicians) aware of it. We have pretty large amounts of data, so if we can see that break-ins are a really big problem, which they are, then we think we should say it out loud.” (Tryg, 2016, 9.5)* In this statement, the interviewee from Tryg describes how their working politically is a tool helping them to live up to their responsibility towards society.

The interviewee from DONG Energy explains: *“We are usually standing on the foundation of the sustainability work because (...) we need to have positions that support our interests. It’s not because we look at Sustainability and expect them to create our position, but in the sustainability work there are a some fundamental conditions for doing business (...): that we put up wind turbines fast and effectively, that we supply electricity to the citizens and that we supply it in a good way for society. So there is a lot of legitimacy work in the long run sustainability-wise that provides a platform and sometimes even several specific arguments in the political work.” (DONG Energy, 2016, 9.4)*

In the case of DONG Energy, the sustainability work provides the information, data and knowledge that the public affairs department use in the construction of their messages and which turn in to business and market development.

According to the companies in this study, CPA is a tool that might help mediate obstacles in the way of their business conduct or CSR objective, but it is also the discipline that allows them to strengthen the effectiveness of their CSR activity.

Synergies between CSR and CPA

Den Hond et al. (2014) argue that firms may use resources created through CPA to support their CSR activities by helping them select CSR priorities, enhance the viability of CSR policies and increase the credibility (den Hond et al., 2014, 797). Because there is a multitude of options to choose from when deciding on which CSR activities to engage in, it can be difficult for corporate managers to select which option is the most viable. Contacts and information gained through CPA might therefore help this process (den Hond et al., 2014, 798).

This has proven to be the case for the companies, I have interviewed. Several of the companies have official structures in place to use the knowledge and contacts gained through CPA to select, prioritize and structure their CSR:

“We participate in a trend spotting activity that we call risk screening. It starts in the beginning of the year where we say: “What are the tendencies out in the stakeholder landscape in regards to agendas that could develop into risks for the business in any way?” We are a part of that process because we are in a dialogue with the green NGO’s, the labour unions and so on... so we contribute with perspectives on what’s going on there, just like our colleagues in Sustainability who know what’s happening in the human rights community or in the responsible sourcing community (...)” (DONG Energy, 2016, 9.4)

CSR and CPA activities are included in the business development process as well as the risk management processes in the corporations with an integrative strategy and each discipline contributes with their knowledge about tendencies, stakeholder relations and the political situation.

CPA strengthens CSR

CPA might also enhance the economic viability of CSR by using contacts and knowledge to secure competitive advantage from the CSR strategy (den Hond et al., 2014, 798). Both Novozymes and Grundfos explain that they approach new markets with political arguments: By showing the polity what the CSR strategy and product can do for the country, they gain competitive strength and develop new markets. As Grundfos explains:

“Well, for instance we have a subsidiary called Grundfos Lifelink which sells solutions for clean drinking water in decentralized areas, slums and places where there is otherwise typically not access to clean drinking water. The fact that we have such solutions is definitely something that creates interest among political decision-makers on a relatively high level because that solves some of the problems, they have, where there are usually not many commercial solutions available or it would have been difficult. That we can help them solve some of the challenges, they face, makes it easier to talk about the large water supply orders or plans or whatever. It’s a bit easier when we can talk about things” (Grundfos, 2016, 9.3)

Grundfos’ CPA work and knowledge creates access for them to show the polity how their CSR may solve the political problems of the country thereby giving them the opportunity of discussing their own products. As the interviewee from Novozymes explains:

“What we want to achieve is that when the politicians, who sign the Global Goals and climate agreements, get home to their office and take control of their country, they think: “We need sun, wind, and then we need biotech”. Otherwise, they just say “sun” and “wind”. They won’t say biotech, because what is that? So that’s why we took it upon ourselves to educate them about what is possible. So I would say that our public affairs work is rather educational. It’s about bringing documentation forward rather than lobbying” (Novozymes, 2016, 9.2)

These are both cases in which CPA becomes the process of providing access so that the CSR work becomes more viable, just as Den Hond et al. (2013) propose. Den Hond et al. (2014) furthermore propose that a company’s CPA might enhance the credibility of the CSR strategy, because the endorsement of politicians and regulators will increase its legitimacy (den Hond et al., 2014, 798). I have not studied this particular proposition, nor have I encountered statements that would indicate that the corporations are either aware of or intentionally work with using CPA to strengthen the credibility of their CSR.

Den Hond et al., (2014) furthermore propose that CSR may strengthen CPA by facilitating access to the polity, enhancing the efficacy of CPA and reducing the cost of interacting with politicians (den Hond et al., 2014, 799). All the interviewed corporations, who engage actively in CPA activities, agree with den Hond et al., (2014)’s proposition that CSR gives

better access to the polity. When asked about whether or not CSR provides better access to the polity, Grundfos' representative said: *"Definitely. Definitely. There are no doubts about that CSR initiatives opens doors that would other wise be closed"* (Grundfos, 2016, 9.3)

The companies point to that the politicians are much more open to engaging with the companies when doing it through the CSR work. VELUX also stresses that the CSR engagement and CSR reputation of the corporation helps ensure greater trust: *"I mean, It's a part of making us a more attractive business partner because we do business responsibly. We have a track record that says that we are reliable and that we are not going to be a bad story afterwards or in general. We can show that we are actually trying to do something good"* (VELUX, 2016, 9.6)

CSR strengthens CPA

The CSR work of a company might increase the efficacy of its CPA work, because companies who engage in CSR have stronger and more diverse relationships with stakeholders (den Hond et al., 2014, 800). Forming coalitions and multi-stakeholder collaborations will often lead to better positioning, which is also what the interviewed companies in this thesis point to. When asked about whether or no he believed that politicians listen more when the message comes from different collaborating stakeholders, VELUX said:

"Definitely. I mean, at least depending on which messages there are. It's obvious that it heightens the validity when we are more different stakeholders within construction such as universities and so on that say "This is what we believe is the way forward" instead of us as a window manufacturer. We naturally want to sell windows (...) We might still be able to see the right way forward, but if we are more with different interests all saying that this is the right way forward, then it's more legitimate." (VELUX, 2016, 9.6)

The leading Danish companies that have been interviewed in relation to this thesis therefore seem to agree with den Hond et al. (2014) in the proposition of that CSR strengthens their CPA work.

The findings from the interviews carried out in this thesis confirm many of the hypotheses presented in the conceptual model of den Hond et al. (2014). The companies confirm that

they use CPA to select and develop their CSR strategies because the information and network, CPA has, strengthens their CSR work. They furthermore confirm that CPA enhances the economic viability of their CSR because it allows the companies to engage with politicians about their CSR and their core business.

The companies also express that CSR strengthens their CPA work. By ensuring access to the polity and to other stakeholders, their CSR activity mediates access for CPA and strengthens the credibility of the company.

5.4 Collaborative initiatives

The third and last perspective of the companies’ approach to CSR and CPA, that I wanted to study, was their use of coalitions and their collaboration with other businesses and organizations.

The level and the purpose of the collaborative involvement vary a bit among the interviewees although all are involved in a multitude of collaborations. In this section, I will briefly present how the interviewees describe their involvement in collaborative activities and organizations and how that plays into the relationship between CSR and CPA.

An overview of the companies’ collaborative activity is available in table 5.

Collaborative initiatives					
	Novozymes	DONG Energy	VELUX	Grundfos	Tryg
Purpose of industry organization engagement	Collective voice ensures more attention	Collective voice. “Outsourcing” of CPA allows for less political activity	Collective voice allows more attention to CSR	Collective voice. Large part of CPA	Outsourcing of all CPA to industry organization
Purpose of stakeholder collaboration	Enables CSR	Enables CPA and CSR	Enables CSR and agenda setting	Enables CSR and provides legitimacy	Exchange of resources. Enables CSR
Purpose of starting own organization	Need for industry development	Need for stronger political representation	Gap in the current market	Need for stronger European representation	Not applicable

Table 5: Interview results. Collaborative initiatives.

Industry organizations

All the interviewed corporations are members of one or more industry organizations and several of them have been a part of starting one. The companies seem to consider their involvement in industry organizations as a natural minimum standard of political involvement with the purpose of being a part of an industry agenda:

Q: “You also mentioned industry organizations earlier... How do you cooperate with them politically?”

A: “Well, that’s (a) classical industry organization in which we try to agree within the industry on a common opinion so that we can speak with one voice about for example what the ambitions or standards for pumps should be. If we can reach an agreement about that within the industry, it’s best for all parties and the easiest for the political system to handle”
(Grundfos, 2016, 9.4)

When asked about their involvement in industry organizations, most of the interviewees agreed to their involvement in organized activity and the importance of such collective organization. They were, however, not able to actually name which organizations, they are members of. DONG Energy is an example of this: *“We are members of a long list of organizations, I don’t know the entire list on the top of my head – it’s on the webpage... but we are, of course, and it’s through those that we manage some of our political interest which also allows us to be in the position, I described, less active, because when it’s purely industry politics then we’ve got DI, DI Energy, Danish Energy who manages many of the more general agendas and with whom we, of course, collaborate closely.”* (DONG Energy, 2016, 9.4)

The conflict between the interviewee’s lack of knowledge about which organizations, they are members of, and his continuing wish to underline that they “of course” collaborate “closely” with them, points to that the focus and interest of the companies might lie elsewhere than with the CPA work of the industry organization.

The interviewees primarily see industry organizations as platforms for the general agendas that affect the entire industry and that everyone can agree upon. The more specific topics, they seem to prefer to handle themselves. Several have even created their own industry

organization. This seems to have taken place in cases in which the company found little or none existing industry collaboration in particular areas that they had identified as particularly important to their CSR strategy or core business:

Q: "Why did you decide to actually start it (i.e. the industry organization)?"

A: "That was because we saw a gap (...) what we saw as a window producer was that you don't build houses to save energy. You build houses because you want to be in them, be comfortable and so on (...) that was the beginning. We needed to show that we could make buildings that were energy efficient, but at the same time create a good indoor climate. Then we started it. Several other players within construction could also see the problem and were therefore interested in being a part of it. We are around 60 now. Organizations, businesses and universities." (VELUX, 2016, 9.6)

These self-created industry-centred organizations do not handle general industry agendas such as the industry organizations, but specific topics such as housing, energy efficiency or life cycle management. The organizations include representatives from other like-minded companies, organizations or universities and try to transform industry specific data and experiences into political agendas.

Stakeholder collaboration

The interviewed organizations consider stakeholder collaboration and stakeholder involvement to be a central part of their CSR work. They have all have more or less integrated it in their organizational structure depending on what stage they are on in their development. Tryg describes the relationship between the company and NGO's in the following way: *"What is so beautiful about this wave of CSR work, where you have non-governmental/private cooperation, is that you get some essence of both organizations (...) We have the size, we have the capacity and we have the muscle that many of the smaller (...) NGO's don't. On the other side, they might have some knowledge about a particular topic that might be interesting for us. So if you put those different pieces into play, both parties actually win and I think that is really interesting."* (Tryg, 2016, 9.5)

Besides from the exchange of capacity and information, the corporations point to that an collective approach strengthens their CPA activities. In the quote reference in section 5.3, VELUX explains that their collaboration with other organizations helps strengthen the CPA messages of the company towards the polity.

The increased legitimacy from a coalition of stakeholders is also achieved in other ways: DONG Energy include their stakeholders in a “Sounding Board” which they use to comment on their CSR report before it is published and Grundfos work together with NGO’s on ensuring access to clean water in developing countries.

The interviewees describe these stakeholder coalitions as important and logical tools in their CSR and CPA work. They interact with their stakeholders, exchange information, form strong agendas and do not seem to perceive there to be any other way to interact with their stakeholders.

5.5 Concluding perspectives

In this chapter I have presented and commented upon findings from 5 qualitative, semi-structured interviews with CSR and CPA managers from leading multinational corporations in Denmark. By interviewing representatives from these corporations, I have studied how the companies structure, organize, perceive and conduct their CSR and CPA work. From these interviews I have been able to identify elements of the relationship between the two disciplines within the context of these corporations, using the concept of sensemaking.

I have attempted to identify this relationship between CSR and CPA based on three parameters: its organization, the company perception of it and its relation to the collaborative work of the company. By studying these three parameters, I have been able to identify characteristics of the relationship between CSR and CPA in leading Danish companies and describe how their managers make sense of it.

Leading Danish companies integrate CSR and CPA

The most noticeable finding from this study is the fact that leading Danish companies interviewed in this thesis already integrate their CSR and CPA activities and the ones who do not are currently working towards greater integration between the two disciplines. Their expressed reasons for doing so very much reflect the hypothesised synergy effects proposed by current management literature. They argue that a strong CSR profile ensures credibility and thereby access to the political system and that the CPA work of the company strengthens their CSR work, as proposed by den Hond et al. (2014). They consider the integrative work to be common sense and show surprise when asked about the perceived conflicts between the two. This indicates that relating CSR to CPA might be far more common than indicated by the literature. CSR and CPA is currently integrated in responsibility areas, departments and in structured organizational processes.

Leading Danish companies differentiate between CSR and CPA

Although the companies are working towards an even more integrative approach, they consider them to be different from each other as well as interdependent. According to them, CSR enables the CPA work of the company and CPA enables the CSR work. This also means that in the cases where there are no synergies between the two, the company does not seem to feel the need to integrate them. The companies, who describe their CSR work as equal to or highly related to their business foundation, integrate CSR and CPA more, because both become a natural part of business development. The companies, who consider CSR to be an add-on to their current product, have a stronger division between CSR and CPA.

Chapter 6: Discussion

6.1 Introductory comments

In this thesis, I have discussed the current academic management theory and some of the assumptions about the relationship between CSR and CPA, it represents. I have provided a map of the field that currently consist of 6 key articles, proposing how each article contributes to the development of the academic field. I have argued that there is a risk of developing a blind spot because theory currently considers CSR and CPA to be separate. I have proposed that the currently available empirical data is highly contextual and that empirical knowledge from other contexts is necessary in order to prevent the development of a blind spot.

I have conducted 5 qualitative interviews with CSR and CPA managers from leading Danish corporations, studying how they make sense of the relationship between CSR and CPA and how they organize their activities. I have showed that they do indeed coordinate their CSR and CPA activities and that they are on different stages of their development towards an integrative structure. I have shown that the companies do recognize and experience many of the synergies between CSR and CPA as proposed by current management literature.

In this chapter, I will discuss how the results, I have presented, relate to the current academic literature on CSR and CPA. I will also discuss how the findings underline the conflicts between political CSR and CPA and propose a way of bridging these conflicts.

6.2 Conflicts between theory and findings

Narrative of “integration”

In his study of European car markers, Anastasiadis (2014) shows how CSR is excluded from internal decision-making processes: *“That is to say, firms’ CSR departments were not involved in developing their lobbying positions: nor did they influence individual lobbyist behaviour. Indeed, the CSR and lobbying functions appear to be entirely separate in practice,*

even when they are located in the same department (...) This finding is not surprising: The gap between CSR departments and the rest of the firm is well-known” (Anastasiadis, 2014, 273). In this thesis, however, I have shown how leading Danish companies from different sectors do integrate CSR and CPA in their business development and risk management processes internally.

Anastasiadis (2014) uses Brunsson (2002)’s concept of organizational hypocrisy to describe how competing narratives within the companies create this division between its CSR and lobbying. The same argument is used by den Hond et al. (2014) to explain why companies misalign their CSR and CPA activities.

When the companies were asked about whether or not they had experienced a conflict between a CSR objective and a CPA objective, they all said that they, to their knowledge, never had experienced a conflict. All companies no matter their stage in the development of their CSR and CPA activities seemed confident that they did not accept conflicts between their CSR visions and their political practise.

Several of the companies argued that it came naturally to them to integrate CSR and CPA into their core business processes because it was a part of their “DNA” or their “identity”. As the interviewee from VELUX says: *“It was the founder of VELUX who wrote what was supposed to happen when he gave the business to his successor when we look at that (...) it’s almost 1:1 of today’s definition of CSR. Amongst other things, it states that we should make “products useful to society” (...) My claim (...) is that this has helped because we have always been aligned to this (...) There is a really good alignment between what is the right thing to do and the business interests and of course your messages can be more aligned”* (VELUX, 2016, 9.6).

In this quote, the interviewee from VELUX explains how the core of the business is making products that matter to society. When Grundfos refers to its CSR work, the interviewee describes it in the following manner: *“So it (i.e. CSR) is integrated in the Grundfos-idea – that it’s something we do. It’s really a part of our DNA”* (Grundfos, 2016, 9.3)

The interviewed companies express surprise when asked about inconsistencies or challenges in combining their CSR interests with their business interests, because they do not see the conflict between their business interests and the interests of society.

An example of this is Tryg, who has not engaged in CPA independently, but has “outsourced” its political activity to its industry organization. CSR was carried out as philanthropic activities not linked to the core business. Because its managers did not consider there to be a link between CSR and the business, it was not prioritized nor valued. In the interview, the representative from Tryg describes the company vision of being what she refers to as “an opinionated, societal actor: *“That is to be more clear about our opinions, not just related to CSR, but generally (...) So then we would state publically that we are of the opinion that the politicians should take this into consideration”* (Tryg, 2016, 9.5)

Tryg do not merely want to lobby the polity more; they want to be “an opinionated, societal actor”. The integration of CSR and CPA lies implicitly in their vision of how they want to be and act as a corporation. This way of understanding how they do business, I argue, is a central piece in understanding why conducting this study in a Danish context yields such different results than those of Anastasiadis (2014).

A self-selected political actor

I propose that the interviewed companies in this thesis acknowledge their role as political actors and integrate their CSR with their CPA in order to solve public issues identified by the companies themselves. I draw this conclusion based on statements and narratives of the corporations. They see it as their role to change the world or to solve societal problems through their business, which thereby leads to an integration of CSR and CPA in the business development process. They use CSR as a platform for providing their solutions based on knowledge such as facts, research and real-life implementation of their ideas, whereas CPA becomes the tool that allows them to invite the polity to grant them access to change existing structures or to participate in the development of the political institutions.

They see it as their role to provide the right information that will allow politicians and regulators to see the world as they do – to see the right path forward. In cases where the polity is unable or unwilling to listen, the companies take it upon themselves to form

organizations, coalitions, set agendas, to change legislations or to implement changes in their own business and industries. They express a sense of duty and obligation to do something about the area they have deemed to be important.

Need for a concept that encompasses CPA and political CSR

As the findings from this thesis have shown, there is a need for a framework that might help explain this phenomenon. I have shown how some of the leading Danish companies go beyond their stakeholder's expectations and form their own coalitions to solve the societal issues they deem important. These areas are related to their products and their core business, but go beyond them. Novozymes want to change the world by changing the entire product life cycles, they engage in; Grundfos want to provide access to clean water; Tryg want to help society become free of break-ins; VELUX want to create good, healthy housing and DONG Energy want to make the world greener and more energy efficient. All of these "objectives" are, as political CSR has proposed, areas that are usually the state's responsibility.

These company activities are described by political CSR: *"Political CSR can be understood as a movement of the corporation into the political sphere in order to respond to environmental and social challenges such as human rights, global warming and or deforestation"* (Scherer & Palazzo, 2011, 210) In this case, their activities go beyond compliance with societal expectations and the companies are directly involved with global business regulation and the production of public goods. This way of perceiving the companies' involvement in societal issues, however, neglects the deliberateness of the corporations. By understanding how the managers make sense of their activities, it becomes clear that the companies have chosen these issues based on what they considered to be relevant for their core business.

Political CSR proposes that corporations act as regulators when governmental regulation is not available or not enforced (Scherer & Palazzo, 2011, 917). In this thesis, the companies seem to have selected the areas, they consider to be important, themselves. They form coalitions to work with that specific topic no matter if there is regulation or not. Existing regulation might just be perceived as "roadblocks" to be removed (Novozymes, 2016, 9.2) in order for the company to solve the issue it has identified.

This deliberate corporate approach is important to take into account, I argue, because it indicates that a company might *select* a societal problem or issue to address through its business development.

Public issues as market entry

Another interesting point to note is that the companies described their solutions to public issues as a way of entering markets and gaining access to the polity. Novozymes and Grundfos state that their offers to the polity in new markets helps them gain access to the system and to the decision-making process. This contradicts the political CSR idea stating that the companies do it either for the good of the world or as a way of providing regulation in a governance vacuum. When discussing their role in supplying access to water in developing countries, Grundfos says:

“Well, for instance we have a subsidiary called Grundfos Lifelink which sells solutions for clean drinking water in decentralized areas, slums and places where there is usually not access to clean drinking water (...) and that we can help them solve some of the challenges, they face, makes it easier to talk about the large water supply orders (...). It’s a bit easier when we can talk about both things” (Grundfos, 2016, 9.3) In this case, their CSR and solutions for public issues are a direct way of engaging with the polity and gaining access to a new market. The company does not only supply information to the polity, but solutions to public issues instead.

Several researchers have proposed a need for combining institutional perspectives with nonmarket strategy research (Doh et al., 2012; Frynas & Stephens, 2015, Basu & Palazzo, 2008, Mellahi et al.) because it allows us to link macro-level environmental conditions with traditional strategy in a way that lets us understand nonmarket strategies in a novel way (Doh et al., 2012, 2). This might also encompass the elements of deliberateness, I have found in the interviews. In the following section, I will discuss how Lock & Seele (2016)’s concept of deliberate lobbying might help explain this conflict between the intent and actions of the interviewed companies and the political role they possess.

Deliberate lobbying

I have shown that leading Danish companies align their CSR with their CPA in a manner that cannot be described completely by political CSR or by an instrumental approach. Lock & Seele (2016) have proposed that the term “deliberate lobbying” might create a link between the two. Deliberate lobbying can be described as *“a corporate political activity aligned with CSR that, based on discourse, transparency and accountability aims to resolve public issues”* (Lock & Seele, 2016, 4). This way of understanding the relationship between CSR and CPA shifts the focus from the instrumentality of CPA to political CSR and sets a minimum standard in which CPA may not contradict the CSR of the company (Lock & Seele, 2014, 5). CPA remains a tool, but it is considered a tool in the aim of resolving a public issue.

The concept of deliberate lobbying is useful for describing the relationship between CSR and CPA in the interviewed companies. The fact that the companies do not perceive conflicts between their CSR and CPA might not be caused by a lack of alignment between the two, but instead that they are aligned and deliberate. It also provides a useful answer to the question of the relationship between CSR and CPA: By letting CPA be the tool in the fulfilment of CSR, their corporate actions aim at solving the public issue they have identified.

Chapter 7: Conclusion

7.1 Concluding comments

In this master's thesis, I set out to study the relationship between CSR and CPA in theory and in the context of leading Danish corporations by answering the research question *“How do Danish CSR and CPA managers make sense of the relationship between corporate social responsibility and corporate political activity?”*

I have shown that some of the interviewed Danish companies integrate their CSR and CPA and that the ones, who do not, are on a path towards integration. This contradicts current literature on the topic since management theory has proposed that companies do not align CSR and CPA. The interviewed companies see the integration of two disciplines as a natural way of operating; they consider themselves political actors who improve society through their business operations and consider CPA a logical tool for solving societal issues. Their reasons for integrating CSR and CPA also reflect the proposals by current management theory, thereby indicating that there are many perceived positive synergies between the two.

Based on the statements derived from the interviews, I propose that CPA can be used as a tool in fulfilment of the company's CSR ambitions and in solving public issues as prescribed by political CSR. Although political CSR has been developed mostly in the context of developing countries, I adopt Lock & Seele (2016)'s proposition of that political CSR may be applied to established democracies as well (Lock & Seele, 2016, 3). Rather than solving societal issues based purely on the lack of governmental structures, the companies seem to “pick” the CSR-related societal issue, they can solve through their core business.

I have proposed that Lock & Seele (2016)'s conceptual model of deliberate lobbyism may be useful to understanding the empirical results proposed in this thesis. It can also link the institutional demand of the companies to fill a governance gap with the company's own reasoning for choosing a given societal issue. The companies select a CSR mission that is

directly related to their business development and CPA becomes their tool to fulfilling this mission that is in fact a public issue. The political activity of the company is deliberate in the fulfilment of its CSR objective.

7.2 Managerial implications

I have proposed that a strong integration between the company's core business and CSR transforms its CPA activities. From being merely self-serving lobbyism, the company's political activity becomes a tool for creating a better world.

This way of perceiving CPA can change how companies go about working with political strategies. As the interviewed companies in this thesis have proposed: Working politically does not have to be related to self-interest. When the company's business makes the world a better place, changing legislation is transformed into the company fighting for a cause. In a context where transparency is the ideal and a key component of legitimacy, openly influencing legislation to accommodate the company mission in a way that correspondently serves the public is a great opportunity.

I have shown in this thesis that some of the leading Danish companies work with CSR and CPA in this manner. They form coalitions, they inform the polity, they participate in the democratic legislative processes, and they act as political actors. They solve societal issues for foreign governments in exchange for license to operate and they engage in political activity to change the world. By acknowledging and framing its political role, the company can use its lobbyism in its branding rather than having to hide it, thereby creating value for itself, its stakeholders and the society in which it operates.

7.3 Limitations

This thesis has been developed from a social constructivist perspective and as I have described earlier in this thesis, social constructivism is not about finding out what the true world is (Esmark, 2014, 12) - nor was it the aim of this thesis. I have proposed that the relationship between CSR and CPA can be studied from many different academic positions and that it influences the results of the study. Since I have chosen to study selected elements of the topic, I will briefly touch upon some of the limitations to my findings.

Market relation

Although I set out to discuss the topic in relation to a Danish context, I found during the interviews that not all of the companies were in fact interested in the Danish context at all. Their focus was on other markets and it would have been a relevant contribution to this thesis to better understand which elements of their CSR and CPA were carried out in which markets. The Danish government is furthermore the majority shareholder of one of the companies and that seemed to influence its way of working with CPA and CSR, although there is too limited knowledge provided in this thesis to explain in which way it influenced the company's way of aligning CSR and CPA. Detomasi (2015) has proposed that political CSR does not take into account the corporate form of statism, in which the government of the home country hold ownership of a multinational corporation (Detomasi, 2015, 685); future research could look into if and how this ownership influences the integration of CSR and CPA.

Interview sample

Acknowledging the fact that it was never the aim of this thesis to provide large amounts of data on the topic, it would have been relevant to have more companies to participate in the interviews. The companies were on different stages of their development towards a more integrative strategy, but it would be interesting to better understand what some of the reasons are for this. I have interviewed very different companies, which has provided the indication that the integration of CSR and CPA is not necessarily contained to just one industry or one type of ownership. All of the companies do seem to, however, have products or business that are easily related to a "good" cause or agenda. It would be interesting to include companies with more controversial products or industries to participate to better understand how they relate CSR to CPA.

What managers do not know

Another limitation to this thesis is the fact that the interviewed representatives only represent parts the company. Many of the manager's were only responsible of either CSR or CPA and therefore have limited knowledge about the company's full activities. As we

currently know, the company CEO is also responsible for a large part of the CPA and it is possible that a CSR manager does not know the full extent of the company's lobbying activities. In addition to this limitation, two of the interviewees were newly hired and this might have further limited their insight into the company's operations.

The blind spot

I have argued that current management theory might be creating a blind spot by considering the two fields to be separate. In this thesis, I have done the opposite: I have focused merely on the integration of CSR and CPA. It is possible that there are conflicts to be found between the CSR and CPA activities at each company. A critical, in-depth analysis of the organizations might have shown conflicts and lack of coordination between employees and departments.

The findings from this thesis do not provide many answers. They actually provide many new questions instead. They can be considered a contribution to the on-going development of a field, a hint of a direction. I will continue to discuss some of these new questions in the next section.

7.4 Questions for future research

A number of new questions have arisen as a result of this thesis. I will briefly touch upon some of the questions I propose would benefit the development of the integrative field of CSR and CPA and that would be interesting contributions to their respective academic fields.

Sensemaking and competitive advantage

Several scholars have pointed to the need for further studies investigating the effects of aligning CSR and CPA on the firms' competitive advantages and brand (Mellahi et al., 2016, 165). There are quite inconclusive empirical results on linking nonmarket strategy research to business performance, and researchers are increasingly interested in understanding the underlying reasons for how nonmarket strategies impact firm performance (Mellahi et al., 2016, 147). In this thesis, I have argued that the sensemaking processes of the companies influence how they organize their CSR and CPA. I propose that a sensemaking perspective could benefit a broader nonmarket research agenda.

Non-alignment as strategy

As proposed in this thesis, the integrative CSR and CPA literature is normative in its perception of alignment between CSR and CPA as the only viable strategy option for companies. A relevant perspective for future conceptualizing is whether or not this normative approach is necessarily the only way of perceiving it. Scherer et al. (2012) have proposed that in heterogeneous environments with conflicting demands, the best strategy is not necessarily to adopt one best way to respond to legitimacy threats (Scherer et al., 2012, 272), such as is the case of this field. The alignment of CSR and CPA is assumed to always be the best strategy. Rather, there might be situations in which it would make sense for companies to adopt different response strategies to institutional pressures simultaneously (Scherer et al., 2012, 274). It is possible that this could also be the case of CSR and CPA; that it in some cases is beneficial to adopt different response strategies leading to beneficial and necessary conflicts between CSR and CPA. Future research could investigate this perspective critically.

The influence of CSR/business integration

From the conducted interviews in this thesis, I have shown that the companies, who have a strong integration between their core business and their CSR strategy, also have a strong alignment between CSR and CPA. The companies, however, who have used CSR as an add-on to the business, non-align their CSR and CPA. It could be interesting to study this phenomenon further in order to see, if this applies to other companies as well. Since both Anastasiadis (2014) and Lock & Seele (2016) have shown conflicts between aligning CSR and CPA from industries with products that can be hard to align with CSR such as the automobile industry and the soda industry, it could be relevant to see if the results from this thesis are dependent upon the companies having products that do not conflict with existing norms and institutions about what constitutes a “good society”. Could industries such as the tobacco industry, the weapons industry or the sugar industry succeed with integrating CSR and CPA with their core business? Future research could help answering this question.

Chapter 8: References

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