The Managerial Sources of Corporate Social Responsibility: The Spread of Global Standards, by Christian R. Thauer. Cambridge: Cambridge University Press, 2014. 352 pp. ISBN: 978-1-107-06653-3

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In Corporate Social Responsibility (CSR), maybe more than in other debates, there are some central questions that dominate research programs. One of these questions certainly is whether there is a business case for business ethics (Gond & Crane 2008; Gössling 2011). A second question concerns the motives that managers and executives have to engage in CSR at all. A third issue centers around the tools and methods for applying CSR (Freeman 2010) and whether there is a role for organizations as political actors (Scherer and Palazzo 2007). Christian Thauer contributes to the second discussion by asking: "[w]hy do some firms care about the wellbeing of their workers and the natural environment while others remain indifferent and are even accomplices of social and environmental exploitation?" (2) The book's back-cover text introduces this question by referencing the "voluntary" nature of CSR. On the one hand, this is rather surprising. In 2011, for example, the European Commission dropped any reference to voluntariness in their definition of CSR. Reactions to societal—or institutional (Oliver 1991)—pressure are hardly voluntary and moral obligations are indeed obligations. On the other hand, Thauer's emphasis on the voluntariness of CSR underscores his economic perspective on the subject, a transaction-cost perspective, to be more precise. This approach, as proposed in this book, is inward-looking and aims at contributing to the grand discussion of the theory of the firm that explains organizations and their actions on the basis of the voluntary decisions and actions of its individual members, in particular, managers.

Thauer's book works with four main assumptions. First, organizations are likely to invest in their employees if their skills are rather unique. Second, unique plant sites and investment in machinery will motivate organizations to adhere to strict environmental standards. Third, there will be spill-over effects with regard to strict regulations—organizations from highly regulated countries will eventually contribute to high regulations in the host countries. And fourth, investments in brand image will eventually raise the concern for CSR. Even though not formulated as hypotheses, Thauer refers to them as such. These four assumptions are interesting and relevant and allow for explanations of organizational responsibility that differ from typical rational choice, institutional, or consumer driven explanations of CSR behavior.

In the second chapter, Thauer claims to develop a theory of internal drivers of CSR. However, since he actually uses internal drivers as *explanans*, not *explanandum*, it would have been more precise to refer to the ideas represented as an attempt to provide an "internal drivers theory of CSR." Consistent with classical transaction cost theory, this chapter explains the concept of asset specificity in the context of CSR initiatives and attempts to show how transaction cost thinking can be "key to resolving managerial dilemmas" (21). Thauer provides two basic arguments here.

©2016 **Business Ethics Quarterly** 26:1 (January 2016). ISSN 1052-150X pp. 142–145
DOI: 10.1017/beq.2016.6

First, he maintains that CSR reduces information asymmetries. To be more precise, some management instruments that are used for CSR management, such as audits and compliance management, can indeed improve transparency for managers as well as other stakeholders. Second, Thauer claims that CSR "reduces uncertainties" and thereby mitigates risk (21). The argument that CSR can improve the risk management function of management is not new. Here, however, Thauer maintains a focus on risks internal to the organization.

This chapter describes the internal drivers of CSR as dilemmas. This description leaves open why the problems presented are dilemmas, given the common understanding of a "dilemma" as a situation with two behavioral options that both cause different problems. His line of argument, however, is clear. Consider the internal driver of improved employee performance. The basic human resource function strives to, on the one hand, invest in employees in order to have highly skilled employees. If a company, however, invests highly in their employees, they will become skilled to such an extent that it will become dependent upon them. Since the decision for the company is not a binary one (invest nothing or invest as much as possible), the correct way of responding to this internal driver is to see that employee performance is a problem of how much to invest. The ideal level of investment in employees' skill development, in other words, is a typical optimization problem that CSR initiatives attempt to solve.

The third chapter outlines the empirical research of Thauer's own study. This work is embedded and the data is gathered mainly with qualitative interviews in the automotive and textile industries in China and Africa between 2006 and 2010. The amount of data gathered and the apparent access to management, underscore the impressive scope of the research.

The fourth chapter then discusses the human resources problems and answers the research question, "Do firms that make asset-specific investments in skills behave differently in relation to labor standards when compared to firms that rely on cheap, unskilled labor?" It focuses intensely on HIV/AIDS awareness and prevention programs. Without discussing the question to what extent organizations and their human resource policies are exposed to labor market pressure, it assumes that human resource activities are internal to organizations. After a short discussion about selected references, Thauer analyzes nine cases in the automotive supply textile industries. Even though the methodology is less than explicit, it seems that the analysis of the cases is mostly based upon interviews with managers and available company information. The material in that chapter is lengthy and complex and the degree to which the material is eventually analyzed is low; still, Thauer's work is noteworthy because it displays a lot of the original material (mostly interviews) that he gathered from various companies. Eventually, the chapter concludes that, "everything else being equal, asset-specific investments in employee skills cause HIV/AIDS workplace programs" (133). Thauer, however, does not show how he can deduct causal results from observations on a rather limited number of organizations.

Chapter five uses twelve cases (some of these cases are the same company in different years) to research whether technological specialization and foreign direct investment are related with CSR initiatives. Again, the methodology is not described but seems to consist of an unsystematic interpretation of interviews with managers in the automotive industry. On the basis of that material, the chapter concludes that, "asset specific investments in production technology are a predictor for the level of environmental standards … and of standard diffusion from highly regulating "home" to weakly regulating "host countries" (193). Even though the stories in these cases are interesting illustrations that nicely fit Thauer's assumptions, a simple comparison with some macro-economic data would have helped to understand whether the assumed relations are also to be found in more systematic analyses completed by other work.

Chapter six then turns to marketing and brand reputation. The conclusion of the analysis of the cases in this chapter is that, "asset-specific investments in marketing … is [sic] not a full driver of corporate social responsibility … [but] the *brand reputation dilemma* gains explanatory power in the context of external pressure factor 'possibility of an NGO scandal'" (230, italics in original). Here, again, the interesting relation between marketing and CSR is a relation that is quite often discussed; empirical material could have been used to sustain the assumed quantitative relation.

The concluding seventh chapter summarizes the results and stresses the importance of internal drivers. The book concludes with a statement about political CSR, without, however, discussing any important source about that discussion: "As an ideal, functioning state institutions remain uncontested. In practice, governance by business is often all that is available with the alternative being that no governance is provided at all. To those benefitting from it—and there are quite a few of them—it certainly makes a difference" (251). Apparently, Thauer assumes that many individuals would benefit from "governance by business," a situation in which businesses and business leaders take over government tasks and functions within a state or region. In that sense, Thauer provides a new version of the *doux commerce* thesis for the global economy. Given the scandals that businesses are causing, this could be construed as naively optimistic.

All in all, Thauer's book offers an interesting perspective on the relation between internal processes in organizations, on the one hand, and decisions of organizations to adopt CSR on the other. These ideas and large parts of the text correspond highly with those Thauer has already presented in his other papers and book chapters. According to the website of the European University Institute, this book is the published version of his 2010 Ph.D. thesis.

There is some lack of clarity in the book's discussions, which distracts partially from its interesting arguments. Thauer shows that it is insufficient to look at organizations from an economic or market perspective, especially when it comes to CSR. However, it is questionable whether the transaction-cost perspective brings us that much further in understanding why and how organizations apply CSR. Thauer's strict commitment to transaction cost theory seems, at times, narrow. Many of the arguments of the book may be better supported by theories from the field of organization studies. The need for highly skilled employees, for example, is intensely discussed in organizational learning theories and the resource dependence theory, which remain unaddressed in this book. Thauer has managed to gather an impressive amount of original qualitative material. Methodologically, the book is surprising.

Given the fact that the author starts with hypotheses, the reader expects methods that allow for testing the hypotheses. Looking at the potential and interesting research that could follow from well-developed hypotheses on this subject, this book offers potential for additional research projects. Even though not explicit, the book asks for more severe research on the internal drivers for CSR. However, this book does not fully deliver an explanation of the "spread of global standards" as the subtitle suggests. Still, it shows a lot of insight into considerations that are relevant for organizations in the process of applying and developing CSR and it shows that the conviction of managers is itself an important driver for CSR.

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https://doi.org/10.1017/beq.2016.6 Published online by Cambridge University Press