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WORKING PAPER

Corporate Governance in the Debate on CSR and Ethics: Sensemaking of Social Issues in Management by Authorities and CEOs

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Research Question/Issue: The aim of the present exploratory cognitive study is to uncover how opinion leaders, i.e. CEOs and other authorities in the domain of social issues in management, understand and differentiate the various concepts pertaining to corporate governance, CSR and business ethics. The present study with the Repertory Grid Technique (RGT) extends the sensemaking analysis, to the whole spectrum of social issues in management. For this research 41 RGT interviews were conducted in Belgium with top experts and CEOs of the Belgian economy and civil society.

Research Findings/Insights:

Both, authorities and CEOs pragmatically and rather clearly differentiate the various concepts related to corporate governance, CSR and business ethics. Our findings partially reject the confusion in terminology noticed in recent academic literature and in corporate communication, emphasizing increased vagueness and overlapping of the concepts around corporate governance, CSR and business ethics.

Theoretical/Academic Implications : While CSR is seen as the best candidate for an umbrella term, no unified paradigm has yet be achieved in the business and society field. Three basic concepts of corporate responsibility, corporate governance and business ethics emerge as being complementary. Corporate governance has acquired an important place in the hierarchy of business and society concepts.

Practitioner/Policy Implications:

Corporations cannot restrict their actions and communication regarding social issues in management to one single domain. Several complementary issues have to be addressed simultaneously. This combined multi-dimensional approach will result in mutual reinforcements of the message.

Keywords:

Corporate governance; corporate social responsibility; business ethics; sensemaking; cognition; Repertory Grid Technique; CEO; opinion leaders.

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Yves Fassin (Master of Science in Engineering, Ghent University, Belgium, Vlerick General Management degree, Executive Program EPGC at Stanford Business School) combines an entrepreneurial career with an academic activity. He is since fifteen years managing director of an SME in metal construction. He is a visiting professor at Ghent University and research fellow at the Vlerick Leuven Gent Management School. His recently completed PhD in Applied Economics was awarded the 2008 Emerald/EFMD Outstanding Doctoral Research Award in the category Management and Governance. His research interests include stakeholder management, corporate responsibility and business ethical and corporate governance issues in entrepreneurship and innovation.

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INTRODUCTION

Recently, academic research has developed a new area involving business and society. The business world is also increasingly paying attention to the concepts of corporate governance, corporate social responsibility (CSR), stakeholder management and business ethics. Moreover, many other related concepts have been introduced such as sustainability, triple bottom line and corporate citizenship. Such an explosion of concepts and definitions, it has been argued, has led towards an increased vagueness and ambiguity (van Marrewijk, 2003). With unclear semantics and special terminology, concepts are continuously mixed up in terms of context, content and perspectives (Epstein, 1987, Wheeler et al., 2003, Fisher, 2004).

The major objective of the present analysis is to explore the distinctiveness and clarity in the perceptions that opinion leaders have concerning the concepts applied in this important field of business and society. The five major concepts in this study are besides corporate governance, four central elements of the business and society domain, in alphabetical order: business ethics, CSR, stakeholder management and sustainability. By determining how opinion leaders make sense in this area and by analysing which unique knowledge structures (or mental models) opinion leaders have developed in this field, this study attempts to achieve greater clarity in how these actors perceive the relationships between corporate governance, CSR, business ethics and other related concepts. The concept of sensemaking is particularly relevant for organisations in complex environments (Pater and van Lierop, 2006). In addition, the concept of sensemaking has recently been applied to CSR, shedding new light on the content-based models of CSR and on certain aspects of a firm's decision-making and its strategies in engaging with the world (Basu and Pallazzo, 2008, Cramer et al., 2006). Some of the confusion in the CSR and ethics field results from ambiguity stemming from a lack of knowledge or conversely, from an overload of information and new concepts (Carroll, 1999). Such ambiguity may lead to a search for meaning. Hence, sensemaking can be considered as a continuous process oriented towards placing current experiences (cues) in a frame of references determined by past experiences (Cramer et al., 2006). The concept of sensemaking will be further elaborated below when we explain our research question.

This article develops as follows. The first section highlights the confusion surrounding the various concepts concerning corporate governance, corporate social responsibility and business ethics, and to the lack of consistency in the use of these concepts. The second section formulates the research question and the objective of this exploratory study. The third section deals with the methodological issues, the research design and the sample. The empirical results are summarised in the following section. The fifth section discusses the results. Also implications for practitioners are highlighted. The sixth section indicates the limitations of this study and possibilities for further research. Concluding remarks are made in the final section.

**THE CONFUSION ABOUT THE DIFFERENT CONCEPTS CONCERNING
CORPORATE GOVERNANCE, CSR AND BUSINESS ETHICS**

Despite the fact that the concepts of corporate governance and CSR have evolved in parallel, both concepts started from different origins and have developed along separated lines.

Corporate governance emanated from the shareholder's perspective, with shareholders increasingly calling for transparency and accountability which exerted pressures on product and capital markets (Zattoni and Cuomo, 2008). CSR arose from other stakeholder groups such as workers and customers. Civil society and pressure groups also called for CSR as the globalisation of the world's economy created new social and environmental demands such as the need to justify the licence to operate and a call for greater accountability, information and communication. As such, the expanding introduction of corporate governance and CSR within the business world can be seen as corporate responses towards various critiques from different sides. Corporate governance then is focused somewhat towards the internal organisation and to the relationship with the board of directors. CSR, on the other hand, has its origins principally outside the company and is concerned with how the company affects its stakeholders, the constituents and the environment. However, both concepts have an ethical component. In this sense, many corporations explicitly refer to ethics in their corporate governance and in their CSR statements and publications. The link between corporate governance and corporate ethics has been also emphasised in the financial press (White, 2002).

Confusion about the different concepts

As highlighted above, the explosion and diffusion of various concepts and definitions has led to increasing vagueness and ambiguity. Such confusion has occurred at both the academic and the corporate levels.

Conceptual confusion in the academic literature. The academic interest in certain business- and society-related issues was developed after business itself had identified a problem. In particular, corporate governance was first taken up by leading companies, officials and consultants. It was practitioners who wrote the first articles on corporate governance in academic journals (Cadbury, 1987). In parallel, academics paid attention to business ethics (e.g., Epstein, 1987, Vogel, 1991, Carroll and Buchholtz, 2006). Since these starts, over a hundred proposed concepts have described how ethical issues in business should be defined (Egels, 2005, van Marrewijk, 2003). Following the financial scandals of the late 1990s, codes of conduct for corporate governance (e.g., Cadbury in the United Kingdom, Tabaksblad in the Netherlands, Lippens in Belgium) have been introduced (S.n., 2004, Zattoni and Cuomo, 2008), while the academic world has discovered a new discipline.

On the one hand, a number of recent articles in the business and society literature have drawn attention to the incoherence and the lack of consistency, On the other hand, also certain similarities, in both definitions and the use of the concepts have been pointed out (Fisher, 2004, Dentchev, 2005, Egels, 2005). "... *there exists differences but most of the concepts are fairly similar*" (Vogel, 1991: 104). "... *no core in terms of content is to be found in any of the concepts*" (Egels, 2005: 25). Garriga and Melé (2004), similarly considered that the terms were utilised in different interpretations, with different breadths and scopes.

For example, although CSR and corporate governance developed along separate lines, some complementarities have been observed (Beltratti, 2005, Van den Berghe and Louche, 2005, Lea, 2004, Aguilera et al., 2006). For example, Jamali et al. (2008) demonstrated an increasing overlap in agenda, while Beltratti (2005) commented that both concepts are strongly related to, and lead to an increase in, the market value of a firm. Other researchers went further and started to integrate corporate governance and CSR based on the premise that good corporate governance provides the foundations for good CSR (Aguilera et al., 2007). Sacconi (2006) presented CSR as a model of 'extended' corporate governance while, conversely, Luo (2006: 211) saw CSR as an

important part of corporate governance. Conley et al. (2005: 31) stated that “*the CSR-movement can also be interpreted in what has been called ‘new governance’*”.

Another example, is the link between corporate governance and business ethics which has also been analysed (Wieland, 2001, Potts and Maluszewski, 2004). Rudolph (2005) and Elkington (2006) gave evidence of overlapping terminology and cross-connections between corporate responsibility, ethics and governance. Similarly, Painter-Morland (2006) conceived corporate governance, ethics management and sustainability as interrelated and dependent upon one another. Also many authors considered CSR and business ethics to be similar concepts (e.g., Epstein, 1987, Vogel, 1991, Ferrell, 2004). Eberhard-Harribey (2006) contended that CSR is inspired by business ethics. Similarly, sustainability and CSR have converged into very similar concepts in recent years as well (Staurer et al., 2005). As Conley et al. (2005: 30-31) stated: “*The new discourse of corporate social responsibility has coincided with an emerging practice of sustainability*”. Other authors as Wheeler et al. (2003) pointed to some interwoven use of stakeholder management and CSR in certain academic articles. Valor (2005: 193) phrased it as follows: “*CSR and the concept of stakeholders reinforce each other*”. Waddock (2004) considered stakeholder thinking and CSR/corporate citizenship as converging streams. Hence, “*the abstract, multi-interpretable concept*” of CSR (Cramer et al, 2006: 388) is referred to “*as an umbrella term for the debate*” (Scherer and Palazzo, 2007: 1096).

Appendix A juxtaposes 15 business and society concepts analysed in five recent comparative studies by CSR scholars (Dentchev, 2005, Egels, 2005, De Bakker et al., 2005, Valor, 2005, Schwartz and Carroll, 2008). While none of these studies included corporate governance as an independent concept, Appendix B provides an overview of recent articles that have discussed the relationship between business and society themes and corporate governance. The list illustrates the confusion in the area of business and society, showing the vagueness and ambiguity between the concepts.

New constructs and umbrella concepts. This confusion in the academic literature may stem from the fact that, when new concepts are developed, there are transitory stages during which exploratory behaviour is witnessed leading to conceptual vagueness (Huber, 1984). Only after some time, does one observe a phase of refinement into specific and relatively independent sub-fields, which fits with the normal progress of a theory (De Bakker et al., 2005). However, according to Carroll (1999), the realisation of this process in the business and society field is obscured or even hampered by the continuing introduction of new constructs. In addition, the social theory of translation may offer some valid explanations as to why confusion in the academic literature is found. According to this theory, an innovative concept must not only be interesting, but also be framed in such a way that makes it seem consistent with the values and interests of other communities. In order to recruit allies in various communities, ideas need to be ‘translated’, in the sense that they are reworded into the various ‘languages’ of the communities present (Giroux, 2006). Benders and Van Veen (2001) posited that concepts are generally characterised with a certain interpretative viability, which is a degree of conceptual ambiguity that helps to increase its popularity. The concept can then lend itself to various interpretations and hence stand a better chance of broad dissemination. Additionally, some concepts may be considered ‘umbrella constructs’ which can be defined as broad concepts used to encompass and account for a diverse set of phenomena. They help to make sense of complex theoretical fields by creating a sense of order, and they generate scientific communion by allowing different hypotheses and interests to be included in the frame of reference (Hirsch and Levin, 1999). Hirsch

and Levin (1999) argued that umbrella constructs emerge and provoke excitement in the academic community and then, later, become challenged by a ‘validity police’, who attack their vagueness. That is what we have recently witnessed, as noted earlier. Termed, differently, complementary frameworks are competing in the search for a unified and dominant core ‘paradigm’ in the business and society field (Schwartz and Carroll, 2008).

Conceptual confusion in corporate communications. The confusion between concepts related to corporate governance, CSR and business ethics is also evident in corporations’ websites, brochures and reports. Mission and value statements increasingly refer to corporate governance, CSR and business ethics. The link between ethics and corporate governance was intensified through the vast amount of press articles following several major financial scandals. Companies were accused of poor ethical behaviour and lack of accountability, and of failing to apply corporate governance mechanisms. In reaction, companies launched, with reasonable success, the following type of message: “we have corporate governance, so the company is again ethical”; or “we have a CSR policy, so our company is ethical” (S.n., 2004). Nowadays, brochures and websites of large companies increasingly refer to these notions making use of the terminology in various ways (Schlegelmilch and Pollach, 2005). Some companies put corporate responsibility, or sustainability, to the fore in their communication policy, while others put the focus on corporate governance. In their websites and charters, they will then refer to the other concepts, to ethics and to stakeholder management, or vice versa. Schlegelmilch and Pollach (2005) also demonstrated how most companies emphasise one or two major overarching concepts. In this, practice does not differ that much from theory where scholars from different disciplines put their own diverse emphases on the sub-policies encompassed by the CSR concept. This selectivity in the choice of emphasis creates the confusion. Interestingly, in the list of the 100 Most Influential People in Business Ethics in 2007, as determined by experts in universities and institutions, leading positions were awarded to the European Commissioner for Competition, the Chief of the Delaware Supreme Court and the Chairman of the US Securities Exchange Commission. The top positions in the table were thus filled by representatives from the government and regulatory sector, which many would relate to corporate governance rather than to ethics¹.

The various ways of disseminating the different concepts adds to the inconsistency and confusion. The various concepts are conveyed through a variety of channels. For example, consultants and professional organisations use channels such as business conferences, books and the specialised business press to disseminate such concepts (Scarborough, 2003, Fincham, 1995, Rynes et al., 2007). Also, the general press and media transmit new concepts, increasingly so since the regained interest from the media in business and entrepreneurship after the series of scandals at the end of the 20th century (Elliott and Schroth, 2002, Beltratti, 2005). These different channels translate the concepts to their respective audiences and add to the popularisation of the concepts (Abrahamson, 1996, Alvarez et al., 2005). Each channel puts its own interpretation and emphasis on the concepts concerned concepts (Abrahamson and Fairchild, 2001, Pye, 2002). Moreover, just as in the fields of product development and innovation, the dissemination of concepts does not always occur at the same pace in different countries (Hansen et al., 2004, Schlegelmilch and Pollach, 2005).

RESEARCH QUESTION

Since “*diversity and overlap in terminology, definitions and conceptual models hampers academic debate and ongoing research*” (van Marrewijk, 2003: 96), the key issue in the present research can be phrased as follows: is the intermingled use of terminology in corporate

communication surrounding corporate governance, CSR and business ethics the result of a lack of clarity that CEOs and authorities experience when interpreting these concepts, or, contrary to the academic confusion, is there some degree of ‘sensemaking’ amongst these opinion leaders (Weick, 1995)?

A cognitive approach

As observed above, the concept of sensemaking has recently been applied to CSR (Basu and Pallazzo, 2008, Cramer et al., 2006). The confusion in the CSR and ethics field can result from ambiguity stemming from a lack of knowledge or of an overload of information which leads to a search for meaning: “*Sense is a continuous process oriented towards placing current experiences (cues) in a frame of references*” determined by past experiences (Cramer et al., 2006: 383).

Daft and Weick defined (1984: 286) sensemaking as the process of scanning, interpreting/giving meaning and action. Scanning can be seen as monitoring or observing and providing data; as searching the environment to identify important issues that might affect an organisation. Interpretation involves giving data meaning and developing models for understanding. Interpretation entails fitting information into some structure of understanding and action (Gioia and Chittipeddi, 1991, Thomas et al., 1993). Sensemaking states that there are reciprocal influences between subjects and objects (Weick, 1979). This is often given the term ‘enactment’ indicating that subjects construe interpretations and then act as if such interpretations are true (Weick, 1995, Daft and Weick, 1984, Porac et al., 1989). Central to the sensemaking approach, is the understanding that individuals and groups form mental models which can be considered as mental representations created to help process information, make sense and make decisions (Walsh, 1994). These mental models guide the attribution of meaning and significance to organisational events (Isabella, 1990). Mental models filter past experiences (Collier, 1998) and mirror reality as perceived through the senses (Stubbart, 1989) by reducing information-processing demands and structuring experience (Walsh, 1988). Mental models emerge from social construction processes such as informal and formal communication processes (Porac et al., 1989) and exposure to common environments such as associations, consultants and the press (Reger and Huff, 1993, Lamertz and Baum, 1998).

The aim of this study then is to uncover how opinion leaders understand the notions of corporate governance, CSR, business ethics and other related concepts, based on cognitive approach. An inductive approach has been employed. In this type of analysis, data are collected without prior assumptions of categories and theories. Categorization and coding are expected to emerge from the data itself, so that the context of the situation can be incorporated in the analysis process (Anderson, 2004: 183). Following this, those emergent dimensions are interpreted in the discussion.

RESEARCH DESIGN

Cognitive approach: the Repertory Grid Technique

As contended, central to the sensemaking approach is the belief that individuals and groups form mental models which can be considered as mental representations that help to make sense and make decisions (Walsh, 1994: 280). In very sensitive areas, such as business ethics and corporate responsibility, popular methods for eliciting mental models such as classical interviews and surveys present an important risk of bias towards socially acceptable responses. The Repertory Grid Technique (RGT) is a proven cognitive mapping technique (Fiol and Huff, 1992) that reduces socially accepted responses and researcher bias compared to other techniques (e.g.

Easterby-Smith et al., 1996, Ginsberg, 1989). Since RGT is very appropriate for analysing the composition of mental models (Hodgkinson, 1997), it was selected for eliciting the mental models of opinion leaders about concepts related to corporate governance, CSR and ethics.²

The RGT is based on Kelly's '*personal construct theory*' which views people's actions as being determined by how they understand situations and people. In general, this theory posits that bipolar constructs (or dimensions), which can be defined as the set of hypotheses about the nature of the world that everyone develops and tests in their daily interactions with the world they encounter, are the primary mechanism used by individuals to organise and interpret the mass of stimuli which confront them (Kelly, 1955).

Data collection

The aim of RGT is generally to elicit the bipolar constructs through using a set of elements which are "*things or events which are abstracted by a construct*" (Kelly, 1955: 137) and to analyse how elements and constructs are linked. Bipolar constructs are generally elicited through an interview where a set of elements³ is provided, and questions are asked about the relationships between these elements. In our study, the elements were supplied by ourselves (Kaish and Gilad, 1991).⁴ The elements were all concepts related to corporate governance and business ethics, i.e. to the research topic and were chosen on the basis of prominence in the academic literature and of a degree of acceptance of the concept within the broader business society.

Insert Figure 1 about here

The initial selection contained 25 elements which included, in addition to the 15 concepts mentioned in Appendix A, corporate governance, some additional sub-domains such as human rights and some opposite concepts such as shareholder value. With the help of two external experts, nine elements were finally selected⁵. It was taken care of that the list of nine elements was representative and provided adequate coverage of aspects being examined (Easterby-Smith, 1980, Easterby-Smith et al., 1996). The elements used in this study included corporate governance and four central elements of the business and society domain, in alphabetical order: business ethics, CSR, stakeholder management and sustainability. These five concepts are the major concern of the present study. In addition, the notion of shareholder value, as opposed to stakeholder management, was included as an element to allow better differentiation (Neimeyer, 2002). Similarly, ethical code, or charter, and safety were kept as elements to help with distinctness. Safety refers to both safety for employees and consumer safety. Finally, the notion of philanthropy was used in order to investigate its relationship with CSR since the classical view sees philanthropy as an element of CSR (Carroll, 1991) whereas the European Commission view excludes this concept from CSR (EC, 2001). As the study took place in the Flemish-speaking part of Belgium, all the elements were supplied with Flemish (Dutch) translations alongside the original English terminology. In our research, the minimum context form⁶ was used as an instructional set (for a detailed description of various options see Neimeyer, 2002). Bipolar constructs were freely elicited until the interviewee dried up (Easterby-Smith et al., 1996: 11). After this, six predetermined bipolar constructs^{7 8} were offered by the interviewer if the respondent had not proposed them in the analysis of initial stage. To analyse the relationships between the bipolar constructs and the set of elements, rating (using a seven-point Likert scale) as a linking mechanism was selected. Appendix 3 shows the reporting sheet in the form of a grid.

Sample

We selected opinion leaders since they are able to informally influence other individuals' attitudes or overt behaviour in the desired way as they have higher status, education and social standing (Katz and Lazarsfeld, 1955). The interviewed opinion leaders essentially consisted of two groups: CEOs and governance authorities. We interviewed CEOs who also had functions as board members of federations. CEOs have a practical knowledge of business and society, and greatly influence their organisations. Authorities possess great knowledge or skill in a particular area and are accorded authority and status by their peers or by the public (Soanes and Hawker, 2005: 349).

The sample was chosen with the aim of covering a wide and representative range of the captains of Belgian⁹ industry and leading governance authorities from various identified sectors of business and civil society. Interviewees were identified from a published database, the Trends Top 500, which lists Belgium's largest 500 companies and nominates authorities in several domains. Networks linked to a business school and professional organisations were used to recruit volunteers. In addition, we asked some interviewees to introduce us to their personal network in order to get to those interviewees we were targeting. This approach delivered a very high response rate: three-quarters of our envisaged first-choice interviewees participated.

When using the RGT, a sample of 15–25 interviewees within a population is adequate to generate sufficient constructs to approximate the universe of meaning surrounding a given situation (Ginsberg, 1989, Stewart and Stewart, 1981, Easterby-Smith, 1980, Tan and Hunter, 2002). Thus, we were satisfied with our sample of 41 opinion leaders: 21 authorities and 20 CEOs. The interviews were held during the first semester of 2007. Of the 41 interviewees, four were female, two in each group.

The group of CEOs consisted of three senior bankers, three managing directors of large consultancy firms, two CEOs of Belgian affiliates of multinationals, five CEOs of stock-market-quoted companies, five CEOs of medium-sized non-quoted private companies and two CEOs from large public companies (postal services and public transportation). Effort was put into ensuring that most industrial and service sectors were represented. Some of the CEOs had associated functions as presidents of major professional associations, including the immediate past-president and the current vice-president of the Federation of Belgian Industries. Five of the participating CEOs had been Manager of the Year at some point, including for 2008. With this honour, they enjoyed great visibility. Many of the interviewees had participated in Belgian commissions that issued guidelines on corporate governance. We believe that all the interviewees would be considered as role models by many business people.

Complementary to the CEOs, we interviewed governance authorities belonging to predefined subcategories: two state secretaries, two senior representatives from professional federations and the president of a major Belgium labour union, two leading journalists, two high-ranking civil servants and seven authoritative academics from various disciplines¹⁰ (who were also active as presidents of important institutions or associations) plus five other governance authorities from various backgrounds. These were the President of the Belgian Bank Commission, the founder of a leading socially responsible investment fund, the President of the Corporate Governance Commission, the President of the Belgian Governance Institute and the president of a business ethics network. We took considerable care that a range of ideological and political backgrounds were represented. The level and the scope of the sample achieved in the present study truly represent the top of Belgian economic and civil society.

DATA ANALYSIS AND RESULTS

In total, 460 constructs were elicited from the 41 respondents, such as strategic vs. operational, essential vs. nice to have, manipulative vs. neutral. The number of constructs produced per interviewee varied between 7 and 15 ($M = 11.22$; $SD = 2.05$). The rating process resulted in 41 (i.e. the number of interviewees) two-dimensional matrices of numerical values. All the $9 * n$ individual matrices (where 9 was the number of elements and n the number of constructs) were subjected to a content analysis and used for basic and explorative statistical analysis.

Content analysis

A content analysis was used to compare the constructive systems across individuals. First, an inventory of only the elicited bipolar constructs was established by listing all these constructs. Then, these were categorised following the procedure set out by Janckowicz (2003).¹¹ Inter-rater agreement¹², using percent agreement of the constructs that were allocated to categories researchers agreed on, equalled 0.848. The agreed categorisation of the bipolar constructs is shown in Table 1.

Insert Table 1 about here

Descriptive statistics

Table 2 shows the descriptive statistics of ratings per element, or bipolar construct category combination, for those categories of bipolar constructs which were the most mentioned or mentioned by the most interviewees. Of these, multiple vs. single stakeholder, essential vs. not essential, values vs. profitability, and opportunism vs. conviction were spontaneously mentioned by more than 60% of the interviewees.

Insert Table 2 somewhere here

In the rating system, the right pole of the construct was rated 7, and the left pole 1. This means that a high score indicates that the right pole is more applicable and a low score means the left pole is applicable. By definition, a low standard deviation indicates that respondents tend to agree in their judgement of a given element-construct combination, whereas a high standard deviation indicates a wider range of responses.

Considering only the five major concepts, these all scored high in terms of the categories long-term orientation ($M > 5.65$ in every case) and decency of governance ($M > 5.54$) and demonstrated a high degree of unanimity between the interviewees for both aspects (SD 0.40 and 0.39 respectively). The highest unanimity (small standard deviations between the concept for this category) was found for exceeding the mandatory criterion (must vs. may) with four out of the five central concepts receiving the same score ($M = 5.83$) and only CSR scoring slightly less ($M = 5.44$). Business ethics was given the highest score for conviction (lowest for opportunism $M = 2.85$) and for voluntariness (lowest for compliance $M = 3.12$) and was also viewed as the most classical of the concepts ($M = 3.29$). Corporate governance was seen as the most relevant of the five major concepts ($M = 6.24$), the most businesslike ($M = 5.75$) and the most compulsory (compliance) ($M = 4.40$). CSR was seen as the most all-encompassing concept (part vs. entity) ($M = 2.17$). In addition, CSR was judged the one with the most opportunistic character ($M = 3.76$). Stakeholder management was perceived as the most operational ($M = 4.05$) of the five central

concepts. Sustainability was regarded as the most essential ($M = 5.82$), the most strategic ($M = 5.55$), the most goal-oriented ($M = 5.39$), the one with the most long-term orientation ($M = 6.05$), the most external orientation ($M = 3.13$) and the broadest ($M = 5.88$) of the five concepts. Business ethics ($M = 6.34$), ethical code ($M = 5.61$), CSR ($M = 5.34$) and sustainability ($M = 5.29$) were seen as very ethical concepts, whereas stakeholder management ($M = 4.46$) and corporate governance ($M = 4.22$) were judged relatively neutral on this issue. All five concepts were seen as being accomplished by conviction rather than for reasons of marketing or public relations. The concepts were not regarded as ‘buzzwords’ or fashions, except to a limited extent for CSR ($M = 4.39$) and ethical code ($M = 4.29$).

Also taking into account the additional concepts, philanthropy was perceived as the most voluntary ($M = 2.27$), the most narrow ($M = 2.19$), the least essential ($M = 2.39$) and the least relevant ($M = 2.23$), and was perceived as having not much to do with decency of governance ($M = 2.41$). Shareholder value was discerned as the most internal ($M = 5.56$), the most businesslike ($M = 5.63$) and as the concept with the highest profitability orientation ($M = 2.34$), while possessing the lowest ethical content ($M = 2.76$) of all the researched concepts. Shareholder value was seen as being concerned with only one stakeholder ($M = 2.85$). Safety was seen as being the most practical ($M = 6.22$), the most operational ($M = 1.90$) and the most compliant concept ($M = 5.73$). Safety was also deemed an absolute must ($M = 6.50$). An ethical code was considered as a means rather than as a goal ($M = 2.56$). Sustainability was considered the most goal-oriented concept ($M = 5.39$) followed by CSR ($M = 5.33$) and shareholder value ($M = 4.72$). Sustainability was also regarded as the most strategic concept ($M = 5.55$), followed by CSR ($M = 4.85$) and business ethics ($M = 4.70$). Sustainability was also considered to be the most essential concept ($M = 5.82$), followed by corporate governance ($M = 5.39$) and stakeholder management ($M = 5.32$). Corporate governance, in turn, was judged as the most relevant concept for one’s own situation ($M = 6.15$), followed by business ethics ($M = 5.51$), safety ($M = 5.54$) and stakeholder management ($M = 5.49$).

Weighted Multidimensional Scaling

Statistical methods which assume conformable dimensions cannot be used for the parallel analysis of data which have been aggregated across different individual grids since the dimensions (constructs) of each individual repertory grid tend to differ (Ginsberg, 1989). Hence, a method for exploratory statistical analysis, three-way scaling or Weighted Multidimensional Scaling (WMDS), was used in order to draw a multidimensional space and to determine the perceived relative image or key dimensions of a set of objects (Hair et al., 1998). The objective of WMDS is to obtain the best-fit model with the smallest number of dimensions. To evaluate the goodness of fit of an obtained WMDS model, or to determine how many dimensions are needed, indices of fit are available for use such as the proportion of variance of the disparities accounted for by the WMDS model (Hair et al., 1998). A three-dimensional solution, or group space configuration, was found to be adequate. Sixty-one percent of the variance was accounted for in this solution, which is seen as acceptable (Hair et al., 1998).¹³ The solution thus effectively shows how the 41 opinion leaders mentally capture the researched management concepts.

Group space configuration

Table 3 shows the stimulus coordinates associated with the three-dimensional solution or group space configuration. The stimulus coordinates of the common space are analogous to the factor loadings in a conventional principal component analysis, in the sense that the greater the magnitude of a given dimension’s weight, the greater the relevance (negative or positive

indicating the applicable pole of the dimension) of the associated element. By interpreting these stimulus coordinates, the three dimensions can be given names (Hair et al., 1998).

Insert Table 3 somewhere here

The aggregated judgements of the 41 interviewees with respect to each management concept are plotted in Figure 2 along the three dimensions of the group space configuration.

Insert Figure 2 somewhere here

A positive start is that the map representing *the group spaces* does not demonstrate a degenerate solution.¹⁴ The first dimension of the three-dimensional common space for the 41 opinion leaders (see Figure 2) seems to represent an “external vs. corporate” dimension as reflected by the high stimulus coordinates for philanthropy (-2.70) on one side of this dimension, and for corporate governance (1.01) and safety (0.52) on the other side. The second dimension seems to be a “general strategic vs. technical” one based on the high stimulus coordinates for sustainability (1.14), CSR (1.13) and stakeholder management (1.10) on one side of this dimension, and for safety (-1.66) and ethical code (-1.08) on the other. The third dimension suggests a “concrete/hard vs. soft/ethical” focus. This description is based on the high stimulus coordinates for shareholder value (1.98), corporate governance (0.87) and safety (0.81) on one side of this dimension, and for business ethics (-1.26), ethical code (-1.04) and sustainability (-0.68) on the other side.

The Euclidean distance (see Table 4) within the three-dimensional space between CSR and sustainability was 0.26. Similarly, business ethics and ethical code were close to each other (Euclidean distance 0.44). The Euclidean distance between corporate governance and business ethics was at 2.68. This difference between corporate governance and business ethics stemmed from the second dimension (“corporate vs. societal”). CSR was equally distant from corporate governance (1.89) and business ethics (1.92). The Euclidean distances between stakeholder management on the one hand and business ethics, corporate governance and CSR were respectively 2.19, 1.14 and 0.78.

Insert Table 4 somewhere here

Philanthropy seemed to be the odd one out as this concept was found alone at the extreme end of the external dimension, with a high stimulus coordinate (-2.70). Philanthropy also had higher Euclidean distances (all > 3.21) than all the preceding concepts.

Hierarchical relationships between the concepts

The RGT principally explains differentiations made between the elements or concepts, but it does not provide a hierarchical classification. After the RGT interviews, the respondents were asked to “group” the concepts based on their personal insights into clusters or in a hierarchical tree. Subsequently, the schemes were analysed and codified, according to each concept’s place in the scheme (top, subtop, middle position or low/isolated position), to reflect the importance of the various concepts.

Insert Table 5 somewhere here

Table 5 illustrates how interviewees positioned the concepts within their hierarchical scheme. Most of the opinion leaders (35 of 41) chose a hierarchical grouping of the elements, with one or two overarching elements and various sub-levels (tree structure). In total, the codifications included 60 top placings (some standing alone, others sharing top billing) for the quoted concepts in terms of being the most all-encompassing concept. Of these, CSR was the most featured, with 20 of the 41 opinion leaders giving it top ranking. Sustainability was chosen by 14 opinion leaders, business ethics and corporate governance by seven each, stakeholder management by four, and safety by a single CEO. Seven interviewees gave shareholder value as the most important concept, sometimes jointly with CSR or sustainability. On the next level down, CSR (14), sustainability (11), corporate governance (10) and business ethics (10) were the most mentioned concepts. Stakeholder management was only mentioned five times at this second level, but 21 times at the third level. Ethical codes and safety aspects were generally placed on sub-levels (second or below) and were seen by respondents as being tools for realising the other concepts. In nearly half (19 of the 41) of the responses, philanthropy was placed separately and isolated from the hierarchical structure.

This hierarchical grouping allows one to infer relationships among the five principal concepts. Nineteen of the opinion leaders judged CSR to encompass corporate governance, whereas only three interviewees saw corporate governance as encompassing CSR. Six interviewees indicated that the two concepts were much the same thing, and twelve interviewees considered them as distinct concepts and not linked through a hierarchical relationship. Sixteen opinion leaders considered that CSR encompassed business ethics compared with six interviewees who thought the opposite. Ten interviewees saw corporate governance as encompassing business ethics, and twelve the opposite. A further sixteen interviewees regarded corporate governance and business ethics as distinct concepts. Twenty-five opinion leaders believed that CSR and sustainability were similar concepts, of whom seven went as far as to see them as the same thing. Five viewed CSR as encompassing sustainability, and seven pictured the opposite scenario. As a final comment on the findings, nearly half of the interviewees considered philanthropy to be an isolated concept, completely unrelated to CSR.

DISCUSSION

It can be argued that the vagueness and ambiguity in the concepts leads to very different and diverging interpretations. As noted earlier, the social theory of translation posits that innovative concepts must be interesting and must be framed in such a way that the values and interests of all kinds of individuals and communities can be embraced. By doing so, everyone finds their goals and interests covered by the concerned concept. Benders and Van Veen (2001) argued that as the popularity of a concept increases, so does its ambiguity or interpretative viability. That is, everyone can put their own interpretation on the concept concerned. As shown in the citation analysis in Figure 1, the concepts used in this study have clearly displayed increasing popularity.

The fact that the group space configuration did not contain any degenerate solutions demonstrates that opinion leaders do have a mental model of concepts related to corporate governance, CSR and business ethics. Hence, we may conclude that there is sensemaking amongst opinion leaders. This finding is important given the role that opinion leaders play in communicating messages, in transferring information to a broader audience and, more generally, in the dissemination of knowledge. Even though there is not complete uniformity in the

sensemaking of all interviewees, reflected in the large standard deviations for some construct categories (see Table 2), opinion leaders do possess clear personal mental models.¹⁵

Now that we know that opinion leaders clearly make sense about corporate governance and business ethics related concepts, the question remains how do they make sense?

The group space representing the mental model of all the interviewed opinion leaders (Figure 2) revealed that there was clearer differentiation between the five central elements (business ethics, CSR, sustainability, stakeholder management and corporate governance) than that predicted from their interwoven use by the academic and general press. Thus generally, there is less confusion than predicted by academic theory or by what the mingled terminology in corporate reports and websites suggests.

More particularly, opinion leaders clearly differentiated between the concept of corporate governance and the other concepts. The group space model indicated that corporate governance is differentiated from the other concepts. Looking at the group space reflecting the mental model of the 41 opinion leaders, corporate governance was clearly set apart from CSR and from business ethics. Even if the hierarchical groupings underwrote Painter-Morland (2006) statement on certain interrelated and dependent characteristics, corporate governance and business ethics differed clearly in the dimensions of ethical content, degree of compliance and values. In addition, the important Euclidean distance between CSR and business ethics indicated that these two concepts are not perceived as interchangeable, despite many scholars tending to present them in this way. Corporate governance and CSR on the one hand, and corporate governance and business ethics on the other hand are clearly distinct concepts according to opinion leaders' perceptions. This finding disputes the frequent charge of vagueness and ambiguity in these concepts as witnessed in many corporate communications, websites and reports. Opinion leaders would rather support Eberhard-Harribey's (2006) view that CSR is inspired by business ethics.

Contrary to the interwoven aspects of stakeholder management and CSR in some academic articles (Wheeler et al., 2003), stakeholder management was not perceived by opinion leaders as interchangeable with CSR. Stakeholder management was considered to be more relevant, more theoretical, more means- and profit-oriented, less all-encompassing and less fashionable than CSR. In terms of most of the dimensions considered, stakeholder management was positioned somewhere between CSR, business ethics and corporate governance. Rather than viewing stakeholder thinking and CSR/corporate citizenship as converging streams as Wheeler et al. (2003) and Waddock (2004) suggested, opinion leaders would be rather inclined to view "*CSR and the concept of stakeholders to reinforce each other*".

Both the Euclidean distances within the group space and the descriptive statistics indicate that CSR and sustainability are closely associated in opinion leaders' minds. This supports the academic thesis expressed by Staurer et al. (2005) as also stated by Conley et al. (2005: 30-31): "*The new discourse of corporate social responsibility has coincided with an emerging practice of sustainability*". Both concepts were seen as very ethical, as addressing various stakeholders, as being concerned with values rather than with profitability, as being long-term and goal-oriented, and as broad. CSR and sustainability tend to be considered to converge to one concept in the minds of opinion leaders.

The hierarchical grouping exercise illustrated that the combined CSR/sustainability concept was seen as the most all-encompassing concept in the perceptions of the opinion leaders, followed by corporate governance and business ethics. This finding tends to back the umbrella attribute awarded to CSR by many scholars (e.g. Basu and Palazzo, 2008). This confirms Scherer and Palazzo (Scherer and Palazzo, 2007: 1096) and Cramer et al. (2006: 388) who refer to "*the*

abstract, multi-interpretable concept” of CSR “*as an umbrella term for the debate*”. Nevertheless, while the majority of the interviewees viewed CSR as the overarching concept, this was by no means unanimous. Hence, this study supports De Bakker et al. (2005) and Schwartz and Carroll’s (2008) statements that a unified paradigm has yet to be achieved in the business and society field. The study also elucidates the complementarity between these concepts, on the one hand between corporate governance and CSR confirming Jamali et al. (2008) and on the other hand between business ethics supporting Painter-Morland (2006).

Despite the clear differentiation, the concepts are sometimes also attributed comparable characteristics. While a concept may differ in specific dimensions, often the same concept will show similarities in other dimensions. In addition, the statements expressed when grouping the concepts in clusters, or in hierarchical trees, illustrate the interrelationships and overlaps between the concepts. For example, business ethics and CSR received similar ratings in the dimensions of essential vs. not essential, values vs. profitability, practical vs. theoretical, strategic vs. operational, and businesslike vs. private; while, at the same time, these concepts differed on the dimensions of opportunism vs. conviction, fashions vs. classic concept, part vs. entity, goal vs. means, and internal vs. external. Similarly, other concepts, despite being clearly differentiated, also showed some interrelationships as described above. This perceived similarity may explain why some concepts in various academic studies are attributed a similar and interchangeable character. The academics cited in Appendix B may well have used, in their mental models, similar constructs which they judged to have high importance when interpreting concepts related to CSR and to business ethics. This less differentiated view can be explained by the social theory of translation and by interpretative viability as described above.

Philanthropy seemed to represent a confusing idea. In the Anglo-Saxon view, philanthropy is explicitly a substantial and integrated part of CSR (Carroll, 1991) whereas, in continental Europe, philanthropy is seen as distinct from CSR (Crane and Matten, 2004). The European Commission explicitly excluded philanthropy from the definition of CSR (European Commission, 2001). The group model and descriptive statistics also show that most Belgian opinion leaders do not consider philanthropy to be an integral part of CSR. Since our empirical study was conducted in Belgium, the latter interpretation supports the European (as against the Anglo-Saxon) approach to CSR.

In addition to the above major conclusions, there were other interesting findings. In the group space, ethical code was positioned close to business ethics and was seen largely as a tool to achieve ethical behaviour. Furthermore, shareholder value, safety and philanthropy were considered as separate, or as being different, from the other supplied elements. Most opinion leaders saw shareholder value as distinctive from - but not opposed to - CSR and stakeholder management. A few quotes taken from the interviews illustrate this point: “*Shareholder value is extremely important: if you do not create value it does not last*” or “*The final result is shareholder value*”. An expert observed: “*Shareholder value turns around a sound policy, which is the essence of the company*”. Or, in other terms: “*The whole problematic of business life can be summed up in the following question: how much profit has a company to make? Not that the sky is the limit (as in the US), but as much as is necessary to guarantee the continuity of the firm, also including some dividend for other stakeholders: a good atmosphere for collaborators, and a fair and respectful treatment of the workers, the customers and the suppliers*”.

The singularity of safety was demonstrated by its high scores on practical, operational and compliance characteristics. The singularity of philanthropy was demonstrated by the extreme scores for most of the descriptive statistics of ratings per element-construct category combination

(Table 2). In the Western European social environment, philanthropy is generally considered as belonging to the private sphere.

Clearly distinct from the three complementary concepts – the combined CSR-sustainability concept, business ethics and corporate governance, opinion leaders pragmatically acknowledged the importance of shareholder value as an essential objective and as a precondition for the realisation of corporate responsibility. In a reciprocal way, they also considered “*CSR and good corporate governance as the prerequisite for sustainable growth and welfare*” (Van den Berghe and Louche, 2005: 427).

Practical implications

The clear and differentiated views that the interviewees held, lead us to question the practical added value of many of the academic discussions on definitions of concepts related to corporate governance, CSR and ethics. The fact that opinion leaders hold clear views concerning these concepts may indicate that the various concepts have in fact been rather well introduced and disseminated in the business world. The finding that the opinion leaders share a clarity that is not always there among the academic views may stem from the fact that these concepts are disseminated in the business world by other channels than academic literature and that opinion leaders form their cognitive models independent of academic research (Abrahamson and Fairchild, 1999, Abrahamson and Fairchild, 2001, Alvarez et al., 2005, Clarkson, 1995, Newell et al., 2001). As explained earlier, the social theory of translation suggests that concepts are translated to match the intended audiences. If this is true, since the CEOs and governance authorities interviewed are practitioners, the concepts will be given a more pragmatic and practical interpretation by ‘translators’ such as the business press, professional organisations and consultants. The fact that opinion leaders have a rather coherent – albeit not uniform- view on corporate governance and business ethics related concepts could be attributed to isomorphism, as explained by institutional theory (DiMaggio and Powell, 1983, Oliver, 1991). Conversely, these findings may suggest that the depiction that some academic articles provide of corporate governance, CSR and business ethics is somewhat disconnected from the practice or at least contaminated by the confused phase of conceptual vagueness in theory formation (Huber, 1984, De Bakker et al., 2005).

The finding that opinion leaders have a clear and differentiated view about concepts related to corporate governance and business ethics also contrasts with the intermingled use of terminology in corporate communications observed earlier. One of the reasons for such intermingled terminology in corporate communications is probably the dilemma presented by contradictory demands and pressures from stakeholders, and the need to demonstrate compliance and responsiveness to these demands, especially in corporate communications. Companies have to act in accordance with the law and with increased regulation concerning disclosure and information, and respond to peer pressure. In addition, new demands for social reporting on a voluntary basis arise. Pressures from a range of groups have led to the introduction of various ranking schemes (such as the FTSE4Good Index and the Domini 400 Social Index): companies are quoted based on how they fulfil certain social, environmental and ethical criteria. In order to score well in these schemes, companies have to address specific issues such as human rights, child labour and environmental effects. Companies that do not comply are excluded from socially responsible or so-called ethical investment funds. Hence, companies cannot afford to ignore some topics raised by stakeholder interests. In responding, companies are obliged to at least mention the causes of the moment if they are to gain that additional point in the box-ticking exercises carried

out by rating agencies. In addition, depending on the sector of activity, the overall company's strategy, its managing director's views and the communications adviser selected, companies may opt for one of the leading concepts using a specific internal company terminology, or adopt one of the classical terms such as CSR, sustainability or corporate governance. In the relevant part of their report, companies then refer to the other related topics such as business ethics, code of conducts, sustainability and other specific sub-domains relevant to their business. This inconsistency, between the rather clear and differentiated views of opinion leaders on corporate governance and concepts related to business ethics, and the intermingled use of these concepts in corporate communications, may also be due to a lack of an integrated corporate governance and business ethics approach (Bonn and Fisher, 2005).

As a practical implication for practitioners the present analysis demonstrates that corporations cannot restrict their acts and programmes in social issues in management to one single domain. Several complementary issues in the dimensions of management, governance, and values have to be addressed simultaneously. Jamali et al. demonstrated that there is a profound "need to exert diligent systematic efforts on both fronts" of CSR and corporate governance (Jamali et al, 2008: 443). Our analysis favours an extension of this conclusion towards multiple fronts, especially including business ethics concerns. The recent financial crisis indeed dramatically illustrated that "*Ethics in business and entrepreneurship requires more than corporate governance and CSR*" (Fassin, 2005: 273). The essence lies in the fair treatment of all stakeholders and in the implementation of responsible business practices at all levels of the corporation. A responsible company combines its actions and communication in each domain of CSR, corporate governance and ethics. This multi-dimensional approach results in mutual reinforcement of the messages.

LIMITATIONS

By drawing cognitive maps, the present research has investigated how opinion leaders make sense of concepts related to corporate governance, CSR and business ethics. Additional comparative research should examine whether the perceptions of governance authorities differ from those of CEOs, and whether less-informed small business leaders or leaders of non-entrepreneurial groups would produce the same differentiations in their perceptions.

The generalisability of the study is limited by the nature of the sample. Although this sample was sufficient for the purpose of eliciting constructs reflecting the universe of meaning surrounding a given situation (Ginsberg, 1989), this sample is not amenable for drawing general inferences. For example, the fact that all the interviewees came from a single governance environment (Belgium common law) implies limitations on the generalisability of the findings, since governance practices reflect differences in culture and legal origins (Zattoni and Cuomo, 2008, Waring and Edwards, 2008). As the research of Zattoni and Cuomo (2008) has indicated, countries such as Belgium, whose systems are based on civil law, develop codes of governance later, issue fewer codes, have more ambiguous and lenient recommendations and embody slightly different principles (such as shareholders' rights, employees' roles and how to resolve conflicts of interest) than common law countries. These practices may influence the framework of thinking and hence the mental models that opinion leaders have about corporate governance and related issues. Hence, repeating this study in a common law country could produce different results on how corporate governance is perceived.

The use of cognitive mapping techniques means that the general criticisms of cognitive theory and cognitive mapping techniques must be applicable to this research.¹⁶ Another limitation

is our choice of just nine concepts as elements since many more concepts have been developed in the academic and business spheres. Although we took great care in choosing the elements, it would be useful to repeat this study with additional concepts related to CSR and business ethics. Here, the positioning of the recently introduced notion of corporate citizenship is advisable.

In addition, future research should investigate whether the conclusion that the concepts are distinctively perceived applies to opinion leaders in other countries. Whereas the fragmentation between individual views will probably be repeated, the degree of differentiation in the aggregated analysis may vary according national, regional or linguistic criteria. This prediction stems from studies on the impact of language and terminology in the perception of concepts. The results of the present study therefore cannot be extrapolated with confidence to other European countries. The present study was conducted in the Flemish (Dutch) speaking part of Belgium. The translation of the original English terminology for new management concepts into other languages inevitably leads to slight differences.¹⁷

Hence, we recommend an international comparison of interpretations of concepts related to corporate responsibility and ethics involving different languages. Such an international comparison would clarify whether the degree of differentiation between the various concepts is influenced by the language and the translation of the English terms. Furthermore, international research could investigate the effect of marketing and disseminating the concepts in different countries, including the influence of culture. Dissemination processes lead to different patterns of adoption and often delay reception (Sturdy, 2004). For example, the notion of stakeholder management “anspruchsgruppe”, has only recently been introduced in Germany (Hansen et al., 2004) and in France under the term “les partis prenantes”. Neither the German nor the French term has acquired the popularity of the American term “stakeholder”.

CONCLUSIONS

This study set out to uncover how opinion leaders, i.e. CEOs and governance authorities in the domain of social issues, understand and differentiate the various concepts pertaining to corporate governance, CSR and business ethics. The present study is the first to integrate corporate governance into a study of perceptions of concepts related to business and society. It attempted to establish how corporate governance is positioned in terms of the prevailing business and society themes that show increasing overlap and confusion in their perception. Further, the level and the scope of the interviewed sample that have contributed to the present study are remarkable: the opinion leaders who participated were the authorities and the leading CEOs and truly represent the top of Belgian economic and civil society.

The present cognitive research, based on the Repertory Grid Technique, showed that there is sensemaking amongst opinion leaders, that each individual opinion leader had constructed their own mental model, unaware of the discussion on vagueness and confusion that dominates much of the recent academic literature on corporate governance, CSR and business ethics definitions. Hence, our findings support the observation that “*People are meaning-finders: they can make sense of the most chaotic events very quickly. We keep the world consistent and predictable by cognitive organizing and interpreting it*” (Miles and Huberman, 1984, cited in Cramer et al., 2006: 383). This finding is important given the role that opinion leaders have in conveying messages and disseminating statements as leading role models in transferring information and knowledge to a broader audience.

The analysis of the opinion leaders’ perceptions showed that opinion leaders clearly differentiated corporate governance from both CSR and business ethics. In addition, the analysis confirmed the academic literature’s assertions that there is a close link between CSR and

sustainability; but it rejected the view that the terms business ethics and CSR are interchangeable, even if it acknowledged the existence of interrelations between the concepts. The study also found that what is seen as the European (as against the Anglo-Saxon) view, namely that philanthropy is not a part of CSR, was supported by our Belgian sample.

The study supported the dominance of three basic complementary concepts in the business and society field, namely: corporate responsibility, corporate governance and business ethics. This finding implies that companies cannot restrict their actions and programmes to one single issue but have to address the three complementary concepts simultaneously.

The study subsequently demonstrated the central role of corporate governance in the business and society debate. Within this framework, stakeholder management plays the role of facilitator.

Hence, we can conclude that corporate governance has acquired one of the three principal places in the field. The topical character of the research question is confirmed by the recent work of Schwartz and Carroll (2008). These authors made an extensive analysis of the confusion and overlap among five central concepts: CSR, business ethics, stakeholder management, sustainability and corporate citizenship. However, contrary to the present study, they did not consider corporate governance as a separate concept, but as a part of business ethics. Our study showed how CEOs and governance authorities fully integrate corporate governance in the business and society field at a higher place in the hierarchy of concepts.

APPENDICES

APPENDIX A

Comparative List of Concepts used in recent Comparative Studies on Business and Society Themes

<i>Comparative studies</i>	<i>Egels</i>	<i>Valor</i>	<i>De Bakker, Groenewegen & Den Hond, 2005</i>	<i>Dentchev</i>	<i>Schwarz and Carroll</i>
<i>Reference year</i>	2005	2005	2005	2005	2008
number of concepts studied	6 concepts	10 concepts	10 concepts	9 concepts	5 concepts
general idea	Overlapping	Similar or identical meanings	Confusion with increased overlapping Clarification through subfields	Central theses of mainstream issues	Complementary preeminent frameworks
Concepts					
Business Ethics	*	*	*	*	*
Corporate Responsibility	*				
Corporate Social Responsibility		*	*	*	*
Social Responsibility			*		
Corporate Social Performance	*	*	*	*	
Corporate Social Responsiveness		*	*	*	
Corporate Social Rectitude			*		
Public Responsibility		*			
Business citizenship		*			
Corporate Citizenship		*	*	*	*
Stakeholder (model, approach, theory)	*	*	*	*	*
Sustainability	*	*		*	*
Sustainable development			*	*	
Triple Bottom Line		*	*		
Social Issues				*	

APPENDIX B

Selected list of Articles mentioning overlapping between Corporate Governance and CSR and Ethics related Concepts.

<i>Reference</i>	<i>Concept 1</i>	<i>Concept 2</i>	<i>Concept 3</i>	<i>Comment</i>
Sacconi, 2006	CSR	Corporate Governance		model of extended CG
Luo, 2006	CSR	Corporate Governance		important part of CG
Aguilera, Williams, Conley & Rupp, 2006	Corporate Governance	CSR		incorporation of CSR in CG
Beltratti, 2005	Corporate Governance	CSR		strong complements; positively related to market value of the firm
Van den Berghe & Louche, 2005	Corporate Governance	CSR		notwithstanding some integrative initiatives, remain separate concepts
Jamali, Saffieddine & Rabbath, 2008	Corporate Governance	CSR		interrelation and increasing overlap
Waring & Edwards, 2008	Corporate Governance	Social responsibility		link with social responsible investment and human resources
Painter-Morland, 2006	Corporate Governance	Ethics Management	Sustainability	are interrelated and dependent on each other
Freeman & Reed, 1994	Stakeholder theory	Corporate Governance		implications of Stakeholder theory on
Conley & Williams, 2005	CSR	Corporate Governance	Stakeholder	CSR as New Governance
Wieland, 2001	Ethics	Governance		ethics as governance structure
Potts & Maluszewski, 2004	Ethics	Corporate Governance		ethical accountability
Lea, 2004	Business ethics	Corporate Governance	Stakeholders	unformalizes imperfect duties
Rudolph, 2005	CSR	Governance	Business Ethics	tyranny of terminology
Elkington, 2006	Governance	Sustainability.		cross-connections governance & corporate responsibility

APPENDIX C

Grid Reporting Sheet

Grid reporting sheet per interview

Code

Date

Interviewee
Company

Kind of construct

E: elicited
E*: elicited (of supplied)
S: Supplied

kind of construct	Emergent pool (2 cards)	ELEMENTS								Implicit pool (1 card)	
	7	corporate governance	safety	business ethics	Ethical code or charter	Stakeholder management	Shareholder value	Sustainability	Philantropy	CSR	1
Relevant for my company	rating	rating	rating	rating	rating	rating	rating	rating	rating	rating	Not relevant for my company
Practical concept	rating	rating	rating	rating	rating	rating	rating	rating	rating	rating	Theoreticla concept
opportunism, marketing or public relations	rating	rating	rating	rating	rating	rating	rating	rating	rating	rating	Sincere Conviction
Ethical concept	rating	rating	rating	rating	rating	rating	rating	rating	rating	rating	Has nothing to do with ethics
Decency of governance	rating	rating	rating	rating	rating	rating	rating	rating	rating	rating	Has nothing to do with decent governance
Fashionalbe concept (Hype)	rating	rating	rating	rating	rating	rating	rating	rating	rating	rating	Classic concept
Elicited1	rating	rating	rating	rating	rating	rating	rating	rating	rating	rating	Elicited1
Elicited 2	rating	rating	rating	rating	rating	rating	rating	rating	rating	rating	Elicited 2
Elicited 3	rating	rating	rating	rating	rating	rating	rating	rating	rating	rating	Elicited 3
Elicited 4	rating	rating	rating	rating	rating	rating	rating	rating	rating	rating	Elicited 4
Elicited 5	rating	rating	rating	rating	rating	rating	rating	rating	rating	rating	Elicited 5
Elicited 6	rating	rating	rating	rating	rating	rating	rating	rating	rating	rating	Elicited 6

TABLES AND FIGURES

TABLE 1

Content analysis indicating Construct Categories (N=41)

<i>Elicited Construct Categories</i>	<i>Number of constructs elicited within this Category</i>	<i>% of Total Number of Constructs elicited</i>	<i>Number of Respondents mentioning Constructs within this Category</i>	<i>% of Respondents mentioning Constructs within this Category</i>
Multiple vs. Single Stakeholders	33	7,17	31	75,61
Essentiality	28	6,09	27	65,85
Values vs. Profitability	30	6,52	26	63,41
Opportunism vs. Conviction*	31	6,74	25	60,98
Ratio materiae: broad vs. narrow	26	5,65	24	58,54
Ethical content*	23	5,00	23	56,10
Part/entity	23	5,00	21	51,22
Long vs. Short term	20	4,35	20	48,78
Goal vs. mean	18	3,91	18	43,90
Must/may	18	3,91	18	43,90
Strategic vs. Operational	20	4,35	17	41,46
Relevance for the own situation*	17	3,70	16	39,02
Internal vs. external	16	3,48	15	36,59
Businesslike vs. Private	16	3,48	15	36,59
Degree of Compliance vs. Voluntariness	15	3,26	14	34,15
Decency of Governance*	13	2,83	12	29,27
Clearness	12	2,61	11	26,83
Fashion vs. Classic concepts*	11	2,39	10	24,39
Cause vs. consequence	10	2,17	10	24,39
Level in organisation	10	2,17	9	21,95
Evolution: old vs. new	9	1,96	9	21,95
Positive vs. negative	8	1,74	8	19,51
Rational vs. emotional	8	1,74	8	19,51
Degree of Formality	7	1,52	6	14,63
Practical vs. theoretical	6	1,30	5	12,20
Miscellaneous	10	2,17	7	17,07
Remnant (Small Categories <5 Constructs)	22	4,78	22	53,66
Total N Respondents= 41	460		41	

* This is the number of spontaneously elicited constructs within this category. When not spontaneously elicited, this construct was supplied afterwards.

TABLE 2

Descriptive Statistics of Ratings per Element-Construct Combination (N=41)

<i>Dimension</i>	<i>Supplied/ elicited Construct</i>	<i>Number of Respon- dents</i>	<i>Number of Con- structs</i>	<i>Business Ethics</i>		<i>Corporate Governance</i>		<i>CSR</i>		<i>Stakeholder Management</i>		<i>Sustainability</i>		<i>Philanthropy</i>		<i>Shareholder Value</i>		<i>Safety</i>	
				<i>M</i>	<i>sd</i>	<i>M</i>	<i>sd</i>	<i>M</i>	<i>sd</i>	<i>M</i>	<i>sd</i>	<i>M</i>	<i>sd</i>	<i>M</i>	<i>sd</i>	<i>M</i>	<i>sd</i>	<i>M</i>	<i>sd</i>
Relevance for the own situation*	Supplied	41	41	5,61	1,30	6,15	1,30	4,80	1,74	5,49	1,43	4,85	1,68	2,63	1,51	4,15	2,19	5,54	1,69
Ethical content*	Supplied	41	41	6,34	1,33	4,22	1,90	5,34	1,32	4,46	1,64	5,29	1,19	4,02	2,04	2,76	1,62	4,32	2,23
Decency of governance*	Supplied	41	41	5,68	1,21	6,59	0,95	5,54	1,31	5,68	1,31	5,66	1,22	2,41	1,67	5,05	1,86	5,37	1,77
Practical vs. theoretical*	Supplied	41	41	4,17	1,80	4,88	1,62	4,00	1,61	5,02	1,37	4,15	1,53	4,37	2,09	5,78	1,15	6,22	1,33
Opportunism vs. conviction*	Supplied	41	41	2,85	1,94	3,37	2,06	3,76	1,95	3,29	1,83	3,61	1,92	3,78	1,96	3,39	1,96	2,68	2,08
Fashion vs. classic concept*	Supplied	41	41	3,29	1,72	3,54	1,78	4,39	1,81	3,76	1,76	3,90	1,83	2,90	1,64	2,78	1,93	1,93	1,63
Stakeholders	Elicited	33	31	5,42	1,50	5,79	1,76	5,94	1,14	6,39	0,75	5,97	1,13	3,15	2,14	2,85	1,99	4,45	2,17
Essentiality	Elicited	28	27	5,14	1,67	5,39	1,93	5,25	1,65	5,32	1,70	5,82	1,42	2,39	1,91	5,11	1,95	5,25	2,15
Values vs. Profitability	Elicited	30	26	5,63	1,41	4,00	1,92	5,56	1,13	4,56	1,92	5,31	1,51	5,75	1,63	2,34	1,72	4,22	1,98
Ratio materiae: broad vs. narrow	Elicited	26	24	5,35	1,81	5,54	1,73	5,81	1,60	4,77	2,05	5,88	1,58	2,19	1,86	3,23	2,21	3,08	2,17
Part vs. Entity	Elicited	23	21	3,22	2,07	3,35	2,33	2,17	1,64	3,52	2,02	2,26	1,71	5,83	2,08	4,39	2,15	5,35	2,14
Long vs. Short term	Elicited	20	20	5,90	1,29	5,75	1,33	5,65	1,79	5,65	1,63	6,05	1,50	3,65	2,11	3,95	2,35	4,80	2,17
Goal vs. mean	Elicited	18	18	4,06	1,95	4,00	2,17	5,33	1,64	4,00	1,94	5,39	1,61	3,39	2,25	4,72	2,08	3,83	2,60
Must vs. May	Elicited	18	18	5,83	1,50	5,83	1,92	5,44	1,46	5,83	1,04	5,83	1,38	1,83	1,54	6,06	0,94	6,50	1,25
Strategic vs. Operational	Elicited	20	17	4,70	1,87	4,30	2,18	4,85	2,08	4,05	2,21	5,55	1,32	3,25	2,12	3,70	2,23	1,90	1,52
Internal vs. external	Elicited	16	15	4,38	1,75	4,56	1,90	3,69	1,89	3,69	1,49	3,13	2,09	3,13	2,13	5,56	1,75	4,44	2,25
Businesslike vs. Private	Elicited	16	15	4,75	1,88	5,75	1,48	4,75	1,81	5,50	1,46	5,38	1,26	1,75	1,57	5,63	1,45	5,44	1,46
Degree of Compliance vs. Voluntariness	Elicited	15	14	2,47	1,85	4,40	1,92	2,73	1,67	2,93	1,67	3,00	1,65	2,27	1,33	3,73	1,75	5,73	1,62
<i>Average sd per Element</i>					1,66		1,79		1,62		1,62		1,53		1,87		1,85		1,90

Total N Respondents = 41

* The descriptives statistics of the 6 elicited constructs have been effectuated on the 41 answers of the supplied category, in order to benefit from the higher number of the total sample.

TABLE 3

**Stimulus Coordinates associated with the Three-dimensional Group Space representing the 9 Elements for the Full Sample of Opinion Leaders (N=41; Stress = 0,22; RSQ =0,61)
(ALSCAL Level = ordinal untie)**

<i>Elements</i>	<i>Dimension 1</i>	<i>Dimension 2</i>	<i>Dimension 3</i>
Corporate Governance	1.01	0.76	0.87
Safety	0.52	-1.66	0.81
Business Ethics	0.29	-0.70	-1.26
Ethical Code/charter	0.29	-1.08	-1.04
Stakeholder management	0.37	1.10	-0.01
Shareholder Value	-0.14	-0.30	1.98
Sustainability	0.31	1.14	-0.68
Philanthropy	-2.70	-0.39	0.05
CSR	0.05	1.13	-0.72

TABLE 4

Euclidean Distances between the Concepts for Three-dimensional Group Space for the Full Sample of Opinion Leaders representing the 9 Elements (N=41; Stress = 0,22; RSQ =0,61) (ALSCAL Level = ordinal untie)

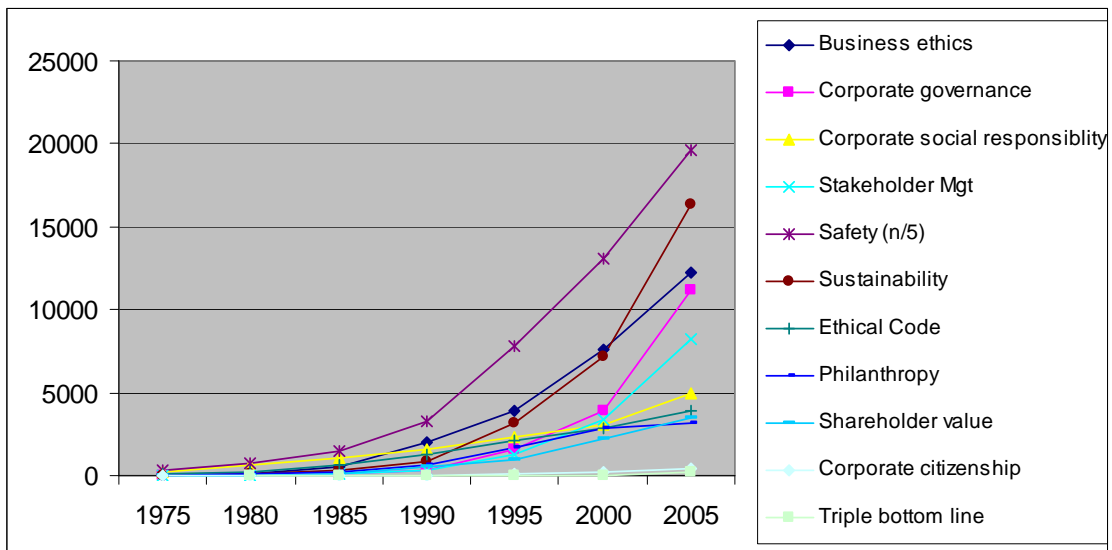
<i>Euclidean Distances</i>	<i>Corporate</i>			<i>Stakeholder</i>			<i>Shareholder</i>
	<i>Business Ethics</i>	<i>Governance</i>	<i>CSR</i>	<i>management</i>	<i>Sustainability</i>	<i>Philantropy</i>	<i>Value</i>
Business Ethics	0.00	2.68	1.92	2.19	1.93	3.28	3.29
Corporate Governance	2.68	0.00	1.89	1.14	1.74	3.97	1.92
CSR	1.92	1.89	0.00	0.78	0.26	3.24	3.06
Stakeholder management	2.19	1.14	0.78	0.00	0.67	3.41	2.49
Sustainability	1.93	1.74	0.26	0.67	0.00	3.45	3.06
Philantropy	3.28	3.97	3.24	3.41	3.45	0.00	3.21
Shareholder Value	3.29	1.92	3.06	2.49	3.06	3.21	0.00

TABLE 5**Hierarchical Position of the Concepts**

	<i>Business Ethics</i>	<i>Corporate Governance</i>	<i>CSR</i>	<i>Stakeholder Management</i>	<i>Sustainability</i>	<i>Philanthropy</i>	<i>Shareholder Value</i>	<i>Safety</i>	<i>Ethical Code/charter</i>
Top	7	7	20	4	14	0	7	1	0
Sub-top	10	10	14	5	11	0	5	2	1
Mid	14	13	4	21	15	1	14	14	23
Low or isolated	10	11	3	11	1	40	15	24	17
Total	41	41	41	41	41	41	41	41	41

FIGURE 1

Quantitative Literature Overview (Citation analysis) of CSR- and Business Ethics Related Concepts between 1975-2005 (Umi-Proquest database)



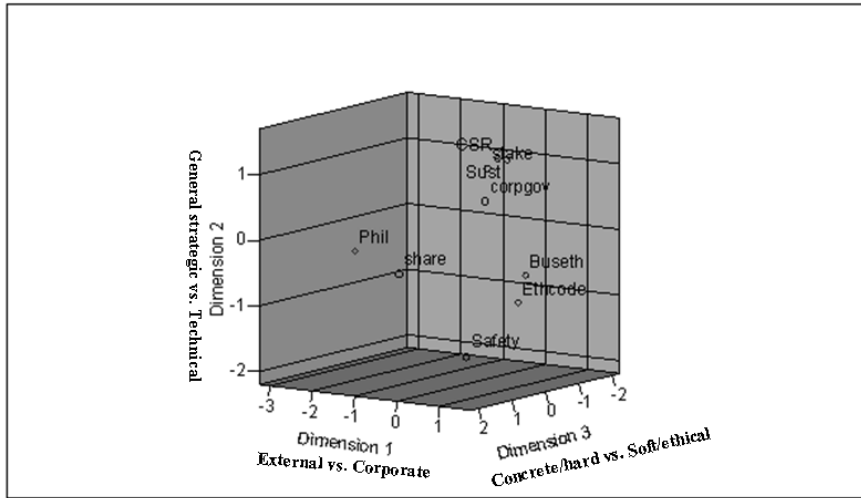
The number of appearances of safety has been divided by 5 since safety in its very broad sense was used and in order to fit the graph.

FIGURE 2

Three-dimensional Group Space for the Full Sample of Opinion Leaders representing the 9 Elements (N=41; Stress = 0,22; RSQ =0,61) (ALSCAL Level = ordinal untie)

Derived Stimulus Configuration

Individual differences (weighted) Euclidean distance model



ENDNOTES

¹ <http://www.ethicsphere.com>

² Besides these advantages, many other advantages can be attributed to RGT. One of the primary strengths of RGT lies in its inherent flexibility, both from the point of view of data collection and of data analysis (Kaish and Gilad, 1999; Hodgkinson, 2005). In addition, RGT allows eliciting dimensions that should be lost using other methods (Huff, 1990) and is useful for participants who are not likely to fill in surveys such as directors and senior managers (Brown, 1992). RGT has many applications within different disciplines, especially in management research (Reger and Palmer, 1996).

³ Elements (in our case corporate governance and businesses ethics related concepts) were written down on blank cards. A sort of cards is taken by the interviewee. Many variations are possible concerning the number of elements considered in a sort (one, two, three or all elements) and the way sorts are composed (e.g., at random, predefined, etc). We opted for triads composed at random as described in Kelly's original procedure.

⁴ Two major methods exist in order to generate elements (Easterby-Smith et al. 1996): *supply of elements*, and *elicitation of elements*. Supply of elements involves that the researcher provides the elements. This is recommended when the researcher is interested in learning more about a given set of elements from various research participants, when the researcher wants to test a theory (Kaish and Gilad, 1999) and when the researcher wants to compare responses of (groups of) respondents (Reger, 1990). Eliciting elements involves that the research participant provides the elements.

⁵ Elements that were close to each other were combined to one single element (e.g., corporate social performance corporate social responsiveness and corporate citizenship were combined into Corporate social responsibility; sustainable development and corporate sustainability were combined into sustainability). In the first stage, 13 elements were retained. A test case with these 13 elements was carried out. Due to the difficulties when supplying 13 elements and since it is argued when using triadic combinations the number of stimuli (in our case elements) may be relatively small (Bijmolt & Wedel, 1995), it was decided to continue with 9 elements chosen by two experts. The concepts corporate citizenship and triple bottom-line were not retained to be included in the final nine concepts, since it has been introduced quite late in management literature (see the citation analysis) and has only been partially introduced in the Belgium business world. Also human rights and product liability were not retained.

⁶ As instructional set, we opted for Kelly's original procedure for eliciting constructs: the minimum context from or the triadic difference method. Groups of three elements (triads) are selected (in our study at random) and the respondent is asked to identify and label two alike elements from the third different element forming the emergent pole, and why the third one is found to be different forming the implicit pole (Kelly, 1955: 222). In this method all elements in the sort must be taken into consideration by the respondents and produces constructs that are less functionally independent of other constructs, are more discriminating a set of elements and are higher cognitive complex (Caputi and Reddy, 1999).

⁷ These constructs are: relevance for my company/not relevant; practical concept/theoretical concept; opportunism, marketing or public relations/sincere conviction; ethical concept/has nothing to do with ethics; decency of governance/has nothing to do with decent governance; fashion or hype/classic concept.

⁸ The supplied constructs are marked with an asterisk in the tables 1 and 3.

⁹ Since Belgium lays in the center of Europe, Belgium lies at the cross-road of Anglo-Saxon and Latin influences, with each their law system and traditions. Where many American business and management concepts come over to Europe, UK is generally considered the leader and the Latin countries the laggards. Benelux is often considered an intermediate step. To have a more homogeneous sample we restricted our sample to the Flemish speaking opinion leaders.

¹⁰ The academics were specialists from various academic fields as management, economics, CSR, ethics, corporate governance, entrepreneurship, law and in addition were active as president of important institutions or associations dealing with CSR and corporate governance such as being dean of a leading business school, vice-chancellor of a major university.

¹¹ Two researchers independently put the bipolar constructs in freely chosen categories including a miscellaneous category. Afterwards the individual categorizations were compared and measures of agreement were calculated.

¹² Analyzing the reliability table (for more details see Janckowicz, 2003) following measures of agreement were computed: Agreement as a percentage of all constructs $(340/460) = 73,9 \%$; Agreement as a percentage of the constructs that have been allocated to categories both agreed on $(340/401) = 84,8 \%$. These findings indicate that the content analysis may be considered reliable. After this exercise, both researchers negotiated and obtained 100 % accordance. This agreed coding by the two researchers was used in subsequent analyses.

¹³ The variance accounted for for a four-dimensional solution amounted to 58 % and for a five-dimensional solution to 68 %.

¹⁴ Degenerate solutions are characterized by either a circular pattern in which all objects or elements are shown to be equally similar, or a clustered solution, in which the objects are grouped at two ends of a single dimension.

Degenerate solutions are most often caused by inconsistent data which may imply that elements offered have no meaning for the respondents (Hair et al., 1998).

¹⁵ Also a subjects' space map measuring individual perceptions v.a.v. the group space (general model) was drawn (not published), which shows that individuals possess differing mental models.

¹⁶ Also more particular critiques using spatial techniques such as WMDS and the applied algorithm ALSCAL are relevant. The common space of WMDS is an aggregated map, which has been criticized to ignore the influence of group dynamics. However, it was not our objective to look for intra-organizational differences within the mental models. In addition, the used algorithm (ALSCAL) bears an influence on the common spaces they generate (Hair et al., 1998).

¹⁷ For the present study the translation of the terms into Flemish (Dutch) has been agreed on by three independent experts and the original English terminology was added to the Flemish translation when performing the RGT interviews. The clear link between CSR and sustainability and the clear differentiation from corporate governance and business ethics on the one hand, and from stakeholder management on the other hand may probably have been influenced by the content and format of the terms in the Flemish language: CSR (Maatschappelijk Verantwoord Ondernemen or MVO) and sustainability (Duurzaam Ondernemen) are used in Flemish (Dutch) in the verb-form 'ondernemen' (to enterprise), while corporate governance (deugdelijk bestuur) uses the noun 'bestuur' (governance). Those three terms have received considerably market attention during the last years, from different sides, professional associations and the press. The verb-form of CSR and sustainability compared to the noun-form of the other concepts can also contribute to elucidate the extremely high interconnection between both concepts, hereby reinforcing the encompassing

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