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The glass ceiling of corporate social responsibility: Consequences of a business case approach towards CSR

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Abstract

Purpose – This paper aims to clarify that corporate social responsibility (CSR) has come a long way by the prevailing business case approach, but increasingly hits a glass ceiling. The glass ceiling metaphor refers to the inherent limitations created by a business case approach towards CSR.

Design/methodology/approach – The main findings are based on an analysis of existing literature on strategies for CSR. The findings are illustrated with a case from the Dutch National Research Program on CSR.

Findings – The very term corporate social *responsibility* suggests that the debate about CSR is all about responsibilities of corporations. Maybe it once was, but nowadays it is much more about new market opportunities and a business-wise approach to ecological and social problems. CSR has evolved into a marketable asset of companies, in which profit-oriented managers and entrepreneurs are willing to invest. This "commodification" of CSR has helped to make it acceptable in the business world, but this comes at a considerable price from the perspective of the social responsibility of business. It is especially argued in the paper that a business case approach results in opportunism, leaves institutional blockades intact and drives out the intrinsic motivation for engaging in CSR.

Research limitations/implications – Because of the chosen conceptual research approach, the propositions put forward in the paper need further grounding in empirical research.

Practical implications – In order to shatter this glass ceiling, managers have to deal with a paradoxical situation. They should maintain their appreciation of economic constraints and at the same time combine this with a sincere recognition of moral values. This at least requires that managers should show commitment to certain social values, be able to defend it in good and bad times and prepare all employees to deal with the inherent dilemmas of bearing different responsibilities.

Originality/value – Although the paper builds on earlier articles on limitations of a business case approach, it is the first paper to argue for a glass ceiling of CSR created by the inherent limitations of such an approach.

Keywords Corporate social responsibility, Glass ceilings, Business policy, The Netherlands, Ethics

Paper type Conceptual paper

1. Introduction

At a major bank in Europe the board decided in 2007 to integrate corporate social responsibility (CSR) more into the core processes of the organization. The bank already had a long history of corporate philanthropy, micro credits, green funds and transparent reporting, but CSR was not yet a key ingredient in their lending and investment activities. It was decided to start at the corporate client department and to develop a policy to assess every prospect not only on financial criteria, but also on CSR criteria. In the implementation of this policy the supervisors regularly communicated their commitment to the new policy. All financial analysts had to do an e-learning session on CSR and CSR checklists were developed for the relevant sectors. Still, most

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employees talked about the project as a waste of time and filled in the checklist just by box ticking, without putting much effort into really probing the specific CSR characteristics of their clients. When this was discussed in the team it turned out that the CSR analysis just did not make sense to most of the employees. Having a background in economics they understood their professional role strictly in financial terms. CSR did not fit that self image. In a second phase of the project, therefore, the team supervisors took much more time to discuss how analysts could add value both to the bank and to the clients and what that meant for their own performance. One of the points discussed was that banks have a strong influence on the way clients manage their business and how this influence engenders specific responsibilities. Next, it was discussed how each employee felt about assessing and discussing CSR issues with their clients. Most employees felt proud about it, although it still was a bit strange and unreal to them. Gradually many analysts started to make sense of CSR as an integral part of their functioning, resulting in much more substantial assessments of the CSR issues of their clients.

It is our claim in this paper that the problems with implementing CSR programmes illustrated in this case refer to a much more general problem in the CSR discourse. In essence this problem is that CSR is increasingly stepping aside from its moral foundation, whereas this foundation is an inherent and necessary condition of success when companies want to embed CSR in the whole organization. More specifically, we will argue that first CSR tends to become irrelevant and inherently limited if it loses its foundation in ethics and second that this foundation in ethics is jeopardized by the prevailing business case approach towards CSR. By the latter we mean that initiatives in the field of CSR are motivated in companies merely through their contribution to business success defined purely in terms of business economics (such as customer attraction, employee motivation and free publicity), but not in terms of the ethical betterment of the company or its responsibility *vis-à-vis* stakeholders. The implications for embedding CSR in organizations are discussed at the end of this paper.

2. The business case approach towards CSR

2.1 Conceptualising CSR

The term corporate social responsibility became familiar at the end of the 1990s, but its origins can be traced back to decades if not centuries earlier. Industrialists have often looked at broader societal issues rather than just profits, whether it be housing for employees, their cultural development or employment in general. In the Netherlands, a famous example is Philips. In the city of Eindhoven, from where the multinational originates, there are still numerous examples that recall the company's social activities: residential areas originally built for Philips factory workers, sports facilities (such as the still famous sporting club Philips Sport Vereniging, or PSV), college grants for employees' children, cultural halls, etc. Examples are available of businesses in England that built towns, schools and libraries for families and workers as early as the eighteenth century. Incorporating social and environmental issues on the business agenda is, therefore, not a new phenomenon. What is new, though, is the intensity and breadth of the efforts made by private firms in this respect, as well as the increasingly strong societal demands placed on companies to behave more socially responsible (SER, 2001; Zadek, 2004).

In the discourse on CSR, a wide variety of connotations and definitions exist, ranging from corporate philanthropic activities to the strategic repositioning of enterprises in society. Habisch and Jonker give an empirically grounded insight into the emerging movement in the various nation states of Europe showing the linkages between the concept of CSR and the context-specific historical, political, cultural, and business developments. They state that, in essence, CSR addresses the reconfiguration of the balance between those institutions that together make up society (Habisch and Jonker, 2004, p. 2). In such a definition there is a profound role for various societal actors in shaping CSR, including enterprises, NGOs and the government (Van Tulder and Van der Zwart, 2006). Strikingly, the European Commission, unlike the US government, rejects a substantial governmental role in CSR and instead proposes a concept based on direct interactions between companies and their stakeholders: self-regulation in short. The EU Green Paper "Promoting a European Framework for Corporate Social Responsibility" (2001) defines CSR as a "concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". In this perception of CSR it is recognized that companies have responsibilities towards all their stakeholder groups – and not just their shareholders – which are above and beyond that required by law. This definition was maintained in the subsequent EU White Paper of 2002. This view is rooted in a diffuse stakeholder "theory", requiring business to give societal groups that are affected by, or are affecting a business, a voice in corporate decision-making processes (Freeman, 1984).

This overall perspective on CSR can be translated into several approaches to CSR, like the three approaches identified by Windsor (2006). Based on ethical responsibility theory she identifies a first approach based on strong corporate self-restraint and altruistic duties. Second, economic theory advocates an approach to CSR based on market wealth creation and perhaps customary business ethics. Third, she identifies a corporate citizenship approach drawing on political theory and stressing the responsibilities of companies as citizens of the world. Berger *et al.* (2007) described another overview of strategies in their article on mainstreaming CSR. First, they describe a social values-led model that has strong similarities with the ethical responsibility view of Windsor. Second, they distinguish a syncretic stewardship model that builds upon a broad, holistic view of communities, stressing the interdependence between different actors and the struggle to integrate multiple goals – both economic and non-economic (Berger *et al.*, 2007, p. 143). The stewardship model is most similar to the corporate citizenship approach of Windsor although it is less inspired by a political perspective. Finally – and especially relevant for this article – is the business case model of CSR which resembles the economic approach discerned by Windsor. The business case approach is characterized by the assumption that any CSR effort should be legitimized by instrumental arguments towards increasing corporate profits. According to this logic, CSR is best approached through a cost-benefit perspective (McWilliams and Siegel, 2000; McWilliams *et al.*, 2006).

2.2 The business case approach to CSR

At first sight, a business case approach to CSR seems an oxymoron. Solving environmental problems and dealing with societal problems will involve costs for a business. This will put a business at a disadvantage compared to competitors, so it is hard to grasp how CSR can help increase corporate profits (Van de Ven and Jeurissen, 2005) . The bridge across the abyss between CSR and corporate profits was erected by the enlightened self-interest argument: CSR brings *indirect* benefits to business, that will pay out in the longer term. CSR delivers intangible assets to a company, such as brand loyalty, a better supply chain integration and risk reduction. The optimistic message of the enlightened self interest argument is that in the longer term, companies that do good will also do well. The business case approach changed the debate about

CSR drastically (Salzmann *et al.*, 2005). For many years this debate fluctuated between the poles of Milton Friedman's economistic claim that the social responsibility of business is to increase its profits (Friedman, 1970) and the moralistic claim that companies should be willing to even forego profits for the sake of their societal responsibilities, when that is the morally right thing to do (Mulligan, 1990; Jeurissen, 2000).

But seen from the perspective of the enlightened self-interest argument it is not necessary to take a side in this debate. There does not have to be a choice between profits and ethics, when it is in a corporation's long term self-interest to live up to its ethical duties. If companies can achieve win-win solutions that promote ethics and boost profits at the same time, the hard choice between profits and principles disappears. It was just a matter of using your imagination to, as Peter Drucker famously put it, "make the resolution of a social problem into a business opportunity" (Drucker, 1973, p. 337). Since the late 1990s, this business opportunity approach based on economic rationale gained a widespread adoption by practitioners (Windsor, 2001; Vogel, 2005). This adoption was paralleled by academic attention to strengthen the link between competitive advantage and CSR (McWilliams *et al.*, 2006; Kotler and Lee, 2004) and to argue for the principle of "shared value"; choices must benefit both business and society on a win-win basis (Porter and Kramer, 2006, p. 34).

In theory there are different lines to show the business case behind CSR initiatives. For example Weber (2008) points at five key areas where these positive relations can be created:

(1) positive effects on company image and reputation;

(2) positive effects on employee motivation, retention and recruitment;

(3) cost savings;

(4) revenue increases from higher sales and market share; and

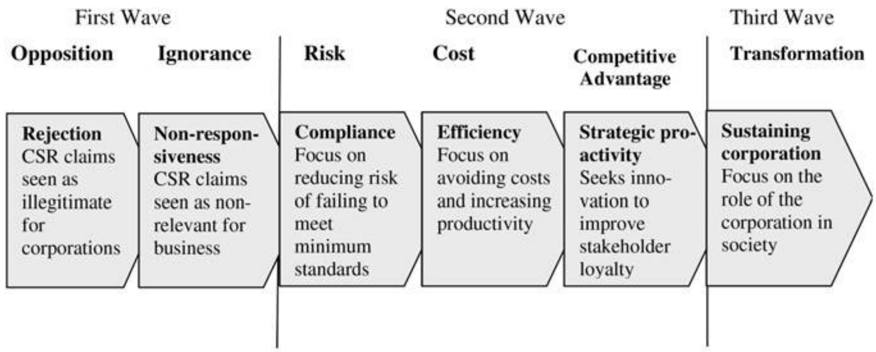
(5) CSR-related risk reduction or management.

On a corporate level many empirical studies have sought to prove a positive relationship between CSR and profits, by measuring the relationship between corporate social performance (CSP) and corporate financial performance (CFP). Within the still growing body of literature on this correlation, especially the meta-studies of Margolis and Walsh (2003) and Orlitzky *et al.* (2003), there has been a mixed result. There are studies showing a positive relationship between CSP and CFP, but other studies show a non-significant or even a negative relationship. Furthermore these studies resulted in a reflection on what is actually measured. Even if there is a positive correlation between CSP and CFP it should not be interpreted as a causal relationship. It could also be that CSR expenditures are more likely made by more profitable firms (Vogel, 2005).

2.3 Stage models in relation to the business case approach to CSR

To illustrate the business case approach to CSR, consider the stage model of Figure 1. The model describes the successive stages of a company's maturity in CSR, summarized from the extant CSR literature.

At most of the stages in CSR maturity, according to this model, it is not necessary for a company to engage in ethical reflection about CSR at all. For example, in the risk oriented stage stakeholders outside the organization will have ethical views about CSR issues, but it is solely the role of the organization to recognize the relevant issues timely and take adequate measure to control the risks. Also in the "cost" stage and in the



Source: Dunphy *et al.* (2007)

Figure 1.
Stage model for CSR

"competitive advantage" stage, no ethical thinking is required of the company. It can guide itself through these stages purely by following the logic of commerce. CSR activities should contribute to the profit of an organization by reducing energy costs, economizing on material inputs and seizing strategic business opportunities (Porter and Kramer, 2006). So, it seems as if CSR can successfully go a very long way without any ethical reflection. Only at the highest stage of "transformation", does ethical reflection seem to come into play. At this stage, the company has to think of its own nature and has to define its own societal role. This requires ethical self-reflection, in terms of identity, values and responsibility. Will economic calculations of costs, benefits and opportunities be able to propel a company forward along the scale of CSR maturity, until it finally reaches this realm of ethical reflection, without some prior ethical exercise? Can ethics thus be the fulfillment and product of economics, provided that self-interest is grasped in an enlightened enough way? We argue that this is *not* the case. A primer in ethics will have to start much earlier in a company's CSR career, for it to emerge as an ethical actor in the last stage. In fact, from the risk-oriented stage onward, none of the developmental stages in CSR can successfully be passed without at least an embryonic understanding of ethics. Just like a parrot can imitate human speech but cannot reproduce human intentions, so a company that only manages risk is not exercising corporate responsibility in any meaningful way. Such a company in fact does not really know what it is doing.

An important argument in favour of a business case approach to CSR has been brought forward by business ethicists who do not believe that individual firms, let alone individual managers, can be properly charged with ethical responsibility (Boatright, 1999; Homann and Blome-Drees, 1992; Homann and Lütge, 2005). They argue that the ethics of business is better organized at the level of institutions than at the level of individual actors. These authors mistrust either the propensity or the ability of individual economic actors to carry through ethical decisions in a business environment dominated by the constraints of competition. Thus, Boatright pleads for a "moral market model", as opposed to a "moral managers model". Instead of increasing the responsibilities of managers, it would be better to (institutionally) reduce their options, he maintains (Boatright, 1999, p. 586). We do not want to go deeply into the philosophical debate on moral manager vs. moral market here. Our position in this discussion is that individual ethical responsibility in business can never completely be replaced by institutional arrangements, for reasons related to the inevitable imperfections of these institutions (see Jeurissen 2000) for a more extensive account of this position). In perfect markets and perfect hierarchies, individual actors would, theoretically, no longer need to navigate by their personal ethical compasses. But in the real world this is just wishful thinking. In this respect, Gauthier hit the nail right on the head, when he wrote that "morality arises from market failure" (Gauthier, 1986, p. 84).

3. Objections to a business case approach towards CSR

Despite the widespread adoption of the business case approach towards CSR, there are also some objections. From a critical business ethics perspective some authors claim that a strictly instrumental approach of CSR detracts attention from the imperative moral justification of business behaviours (Margolis and Walsh, 2003; Jensen, 2001; Scherer and Palazzo, 2007). A major risk of adopting an instrumental approach to CSR "lies in an emphasis on the means of achieving CSR reputation rather than the end of social welfare" (Gond *et al.*, 2009, p. 76). In this article we will build upon this literature and concentrate our argument on the internal mechanisms that hamper the potential impact of a business case approach to CSR. For this, we introduce the metaphor of a glass ceiling of CSR. With this metaphor we want to stress that companies adopting a business case approach to CSR create their own limitations –a ceiling- with respect to the possible results. Furthermore we want to emphasize that many people working on CSR will not be aware of these limitations – a ceiling from glass – because the limitations result from indirect effects of a business case approach to CSR. In the next paragraph we will present a more detailed account of these indirect effects creating this glass ceiling. Here we just give an overview of them:

- a business case approach to CSR results in opportunism: business cherry-picking the social issues agenda;
- a business case approach to CSR leaves the institutional blockades intact; and
- a business case approach to CSR drives out intrinsic motivation for CSR.

3.1 A business case approach to CSR results in opportunism

This first argument for the glass ceiling of CSR is based on the resource dependency theory of the firm (Wernerfelt, 1984; Barney, 1991). In order to do well, a business needs resources from many different stakeholders. These stakeholders have the possibility to reward or punish a company and many stakeholders will favour a broader positive impact of companies on society. Therefore it can be theorized that companies that do good will also do well. This is a key point in a business case approach to CSR because it asks for the business case of every CSR initiative: How will we do well when we implement this CSR initiative?

The basic problem with the "do good and you will do well" doctrine is that it assumes that, first, behaving more responsibly is in the self-interest of *all* firms, and second, that CSR *always* makes business sense (Vogel, 2005, p. 34). It is not hard to see that both claims can never be met in practice. When we are honest we have to admit that sometimes good ethics will result in good business and sometimes it will not. As with many business opportunities, "the chances to make money by being good must be created, not found" (Zadek, 2004, p. 130). From a business case approach to CSR this inevitably results in opportunism: companies will favour the most profitable CSR projects, instead of the socially most needed ones (Shamir, 2008). Or to put it in more popular terms: a business case approach of CSR results in business cherry-picking the social issues agenda.

This reasoning easily results in an attitude where it does not matter what you do, as long as you do some good (Cerin, 2004). We observe this attitude many times as a response to responsible purchasing activities in the business-to-business market: "our client expects us to behave responsibly and therefore we will use green energy from now on and we offer fair trade fruits in our company restaurant". This attitude fits in a business case approach to CSR, but it basically just distracts company leaders from the urgent issues when it comes to their core processes. Rather, business leaders should start with questions like how their company has an impact on society, what responsibilities are related to that impact and what kind of value the company adds to its various stakeholders. For example for a consultancy firm this approach would focus CSR not on green energy and fair trade products, but on the environmental and social impacts of their consultancy activities. In this line of reasoning, Cummings and Keen (2008, p. 102) point at the importance for leaders to frame their actions in a broad perspective: "Sometimes we say to leaders": "Don't just stand there, do something!" but in many cases, we should be saying: "Don't just do something, stand there"[1].

As a consequence, for employees and managers a business case approach tends to make the debate about CSR seem irrelevant. When there are customers interested in buying green products, companies will produce them. And when costs can be saved through energy reductions, managers would be stupid if they do not explore this. Companies do not need a CSR discourse for that. It is just economic rationality applied to business and the market will thus produce CSR by itself. The problem with this argument is the hidden assumption that market outcomes are the best possible outcome that an economy can have, as if our world of market-based economies is the best of all possible economic worlds. This seems quite far fetched to believe. To the extent that it is not plausible that all market outcomes are automatically morally good outcomes, one cannot assume that economic motives will suffice to promote CSR. Rather, it is likely that there will be at least some ethically desirable CSR initiatives that happen to be not profitable. It is also likely that there are at least some profitable initiatives in the realm of CSR that are in fact not desirable from an ethical standpoint. This is the part of the social responsibility of companies that the business case paradigm of CSR will never disclose (Scherer and Palazzo, 2007). In other words, the business case model leads to a deficient CSR orientation and motivation of companies and may well create a serious risk of ethical complacency and ethical detachment, when business people feel that they are not morally obliged to act ethically outside the realm of the profitable.

Examples abound. Charity initiatives for children are much more popular as CSR projects than initiatives aimed at older people, for example. Obviously, children create more desirable brand associations than "old folks" do. For most brands, "young" is a better brand association than "old". But are companies' responsibilities towards children greater than their responsibility towards older people? Maybe not. Where companies could pool resources to jointly tackle a social issue more effectively than they could do on their own, the motivation of each individual company to cooperate is diminished by their need to be individually recognizable in the project. If the individual contribution of a company is no longer identifiable in the cooperation, then the business case for CSR is seriously undermined. Also, a company that can create a competitive advantage through CSR, could perhaps create even greater competitive advantages through other ways. Or the company could after time discover investment areas that yield higher returns than through CSR. How can the profit motive sustain a company's enduring commitment to CSR, when so many potential distractions are built into it?

3.2 A business case approach to CSR leaves institutional blockades to CSR intact

A business case approach to CSR implies that when it is true that it is in the corporation's self-interest to be responsible, it is all right to focus the corporate mindset strictly on the success of the organization. Therefore it is no problem if employees are rewarded only on financial results, if people just talk about the business case for new investments and so on, because in the long term this orientation also facilitates CSR activities. Therefore, according to the business case approach to CSR it is just about business as usual. But at the same time, several studies show that the institutional arrangements within organizations are important blockades for making progress in CSR (Avastone Consulting, 2007; Krauthammer, 2009). Embedding CSR requires therefore both actions on a collective level in order to encompass the conditions of the market system and actions on the individual level in order to encompass the personal mindset about what people want in their work. This challenge to combine individual and collective aspects is captured well in a quote from a Lifeworth report. Lifeworth produces a quarterly review of developments in the area of CSR. In the review over 2009 they state: "Our understanding has been that much of the emphasis in the professional services field focuses on the organisation – not on the person within it or the system around it. We believe that the most important work today is both deeply personal and highly systemic. People need to find ways of succeeding in their organisations, by transforming those organisations to succeed in societies, by transforming those societies to succeed in the world. More simply: people need to be able to serve the world while not bankrupting their organisation or getting the sack!" (Bendell, 2009, p. 15).

Several studies show that companies increasingly understand the importance of embedding CSR but struggle with the how-question: "The common overriding challenge described by all participants was that of embedding sustainability – planting sustainability roots deeply into the business" (Avastone Consulting, 2007, p. 6). In a study at Nyenrode Business Universiteit in 2008 amongst 40 multinational companies located in the Netherlands, it appeared that the biggest challenge for embedding CSR was the link between HR instruments with the objectives behind CSR programmes. In all, 91 per cent of the respondents stated that they think it is (very) important that HR instruments – like rewards, training and management development – support CSR while only 24 per cent of the same respondents reported that these instruments *are* supporting CSR. This is a striking outcome because it manoeuvers employees in an impossible position; on the one hand it is expected that they are actively engaged in CSR initiatives while on the other hand they are not selected, trained or rewarded to do so. This constitutes a paradoxical situation for employees. Due to societal developments like globalization and the public debate about CSR, employees increasingly acknowledge that it is important to include a broader responsibility in corporate decision making. However, employees are still selected, trained and rewarded based on a small set of financial indicators.

The only way out of this paradox is a different corporate mindset. CSR is not about doing business as usual. It is about doing business responsibly in a dynamic market where many risks and opportunities exist. As in any other business strategy, the success of a CSR strategy depends on the market dynamics of what competitors do, it depends on whether clients trust your fair trade labels, it depends on how it affects the loyalty of the employees. Such an approach requires embedding CSR in the entire business, so people at all levels of the organization are triggered to think, communicate and act on the specific CSR issues they face in their work (Brown, 2005). If the corporate mindset is not changed, then it becomes very difficult for employees to initiate CSR activities. They might see opportunities to act more responsibly and even create long term benefits for the organization, but on a daily basis, they are evaluated by other criteria.

3.3 A business case approach to CSR drives out intrinsic motivation for CSR

The business case approach to CSR can be used very well to activate the people who are sceptical about CSR: you don't have to convince them of the importance of CSR, you just have to show that there is a business case for CSR activities. The downside however is that you risk losing the "believers". With this term we refer to the group of people who are intrinsically motivated to pursue CSR, who are initiating an activity for its own sake because it is interesting and satisfying in itself, as opposed to doing an activity to obtain an external goal (Deci and Ryan, 2000).

It is especially self-determination theory that puts forward relevant points in relation to intrinsic and extrinsic sources of motivation. First of all, this theory states that employees will be more committed, creative and productive if they have the perception that they are intrinsically motivated to do that task (Deci and Ryan, 2000). For simple tasks this might not be necessary. The use of "carrot and stick motivators" will probably be more effective, but for complex tasks intrinsic motivation proves to be more effective (Pink, 2009). Employees who consider themselves autonomous, competent and working on something that is larger than themselves (loyalty, purpose) tend to be initiators of actions rather than followers. This is very important in an area like CSR, where new approaches are a key to overcoming unsustainable environmental and social practices.

Second, self-determination theory builds upon earlier experiments on human behaviour showing that external tangible rewards decrease a person's intrinsic motivation to perform a task (Greene, Sternberg and Lepper, 1976). This is called the overjustification effect: If you start rewarding people for tasks they already enjoyed, people create the perception that they are performing the behaviour for the reward. The overall effect is a shift in motivation to extrinsic factors and the undermining of pre-existing intrinsic motivation (Deci *et al.*, 1999). This is exactly what is happening when you introduce a business case approach to people who are intrinsically motivated to work on CSR. Framing the debate about CSR in a business case language in order to convince the sceptics will at the same time alienate the believers. This is also illustrated by a statement like: "Finally I thought I worked for a company that cares about the environment and acts on social injustice, but now it turns out that my colleagues only care about the interests of the corporation".

So when people are intrinsically motivated for CSR this is something to cherish and to build upon. But how many people are intrinsically motivated for CSR? This is difficult to examine and is changing over time. The ongoing debate about CSR and the increased awareness of social issues, both within the local context as well as on a global level, probably results in a broader base of employees who consider environmental care and contributing to society as a vital part of their working life. For some indication, research on "cultural creatives" shows that in most developed countries almost 30 per cent of the inhabitants intrinsically care for the environment, feel connected to citizens all over the globe and want to act on this in their daily activities. This percentage has been growing over the years (Ray and Anderson, 2000). On the other hand, there are also many people who are still willing to, or are actively looking for opportunities to, "live on the credit card of someone else's children". But for making progress in the area of CSR it is more important that a large group of the workforce is willing to initiate change and, by doing so, might trigger others to work along. It would be a missed opportunity for companies not to unleash the knowledge and societal concerns of an increasingly large part of the workforce.

It seems as if there is a paradox between developing CSR based on the intrinsic motivation of employees and the previous mechanism of removing the institutional blockades to CSR. This is a difficult dilemma that is also noted by Trevino *et al.* (2006, p. 966). They argue that there is a way to overcome this dilemma when we take a closer look at it. The main issue is not that people want to be rewarded for ethical behaviour, but they expect at least not to suffer from it. So first of all it is about removing the disincentives for working on CSR. Furthermore it is especially difficult to reward good behaviour in the short term; however, in the long term there are possibilities to reward CSR in the long term. For example, employees are aware of how one gets promoted. If this is related to working on CSR, this gives a clear message that there is room within that company for CSR initiatives. "So, rewards are a limited tool for influencing specific behaviours today and tomorrow, but they can certainly set the tone for what's expected and rewarded in the long term" (Trevino and Nelson, 1995, p. 150).

4. Discussion and conclusions

In this article we have argued that companies hit a glass ceiling when they use the assumption that any CSR effort should be legitimized by instrumental arguments towards increasing corporate profits. Such a business case approach to CSR has inherent limitations because it results in opportunism with respect to the social issues agenda, it leaves the institutional blockades to CSR intact and it drives out the intrinsic motivation for CSR that is prevalent in an increasingly large part of the workforce. Simply stating that good ethics is good business does not help.

But can companies adopt CSR policies based on other approaches than the business case approach? Of course. In the introduction of the CSR concept, we already pointed at two other approaches, namely a social values-led approach based on ethical responsibility theory and a syncretic stewardship approach based on corporate citizenship theory. Instead of a profit oriented starting point towards CSR, these other approaches use different starting points like moral responsibilities of corporations or the interdependence between different actors in production and consumption system. Also, for these other approaches it is important to take the economic constraints into account. A bankrupt company is of no use to anyone. But the road towards sound economic results is different. Companies like Interface, Patagonia and Triodos Bank have demonstrated for many years that these other approaches to CSR can generate good results. Hence, it is not our claim in this article that all companies use a business case approach, but when companies are using the business case approach towards CSR they should be aware of the inherent limitations.

Our argument about the inherent limitations of a business case approach to CSR should not be misunderstood as going back to ethical idealism or non-economic models of an organization. Paying close attention to the economic constraints is a prerequisite for every organization working in a competitive environment. Our argument is that to embed CSR in an organization it is necessary to combine this orientation towards economic constraints with an orientation towards individual and collective moral values and to integrate these values in corporate decision making. In order to shatter the glass ceiling, business leaders should reflect on what ethical guidelines they want to hold up in good and bad times and use this sincere commitment as a foundation for developing business models that are also economically sustainable. This makes embedding CSR more complex and demanding, but it will also make it more apt to meet the dilemmas and challenges inherent in CSR policies.

For regulators or business partners it is difficult to evaluate whether a company is engaged in CSR based on a business case approach or on another approach. Ex post, also companies who use a social values led or a stewardship approach the CSR policy have win-win results; otherwise the results would not be economically sustainable. But in the process of creating these results the other parties involved will notice to what extent a company has shown a stable commitment to achieve these results or whether the CSR commitment was switched on and off depending on the calculated benefits of its business impact (Weaver *et al.*, 1999). Furthermore, the results will address a broader range of issues because companies who work on CSR from a business case approach will more easily keep aloof from issues where a win-win outcome is uncertain because it is still to be created in the future (Zadek, 2004). For people inside a company it is even more noticeable. They will perceive to what extent it is legitimate to bring forward other arguments for CSR initiatives that are not directly linked to corporate profits. For managers this requires a balancing act. They have to create a "culture of responsibility" where it is legitimate to bring forward all considerations that are valued by the human beings involved and they must use these considerations as a foundation for innovating the products, services and business propositions of the company.

Our article also has important implications for stage models of CSR. For example the stage model of Dunphy *et al.* (2007) points towards the ultimate goal of a "sustaining corporation", emanating from five developmental stages that all focus on a business case approach to CSR. Especially for this last stage it becomes increasingly important to address the moral foundations of CSR. Some companies started as a sustaining company – especially double-goal companies like Ben & Jerries, The Body Shop[2], Innocent Drinks and Agro Fair – and thinking about the moral responsibility of their corporation might be natural to them. But for many contemporary companies entering the stage of a sustaining corporation is not more of the same, but requires a novel approach to CSR based on a moral compass. This will be increasingly difficult when they have not learned, or have even unlearned, to frame CSR as a moral debate in the preceding stages.

Notes

1. Quote based on a statement of David Kreuzer of the Masssachusetts, Institute of Technology.
2. An interesting development for especially the successful social ventures is that some of them are taken over by multinationals. Then the question becomes how these companies can maintain their collective mindset after the take-over or even how their distinct background can be a stimulating factor for embedding CSR in the other parts of the multinational company.

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