“EVN is much more than a business organization that merely supplies electricity, gas, heat, and water. It is a reliable and strong partner with regard to all issues of energy supply [...]. The corporation also stands for environmental protection, safety, proximity, and solidarity with all citizens [...]. We are proud to contribute our share and to live up to the responsibility of one of the largest corporations [...]. Increasing shareholder value and an attractive dividend are by no means the only criteria by which we have to judge our conduct of business these days.”

Rudolf Gruber, CEO of EVN, Lower Austria’s leading utilities corporation (in: EVN Umwelt- und Sozialreport 2000/2001: 3, December 2001; translation by the author)

6 The career of CSR

So far, I have argued that corporate responsibility beyond the bottom line has been a taken-for-granted notion in the Austrian context for a considerable period of time. Although firmly anchored in the institutional framework of the country – something Matten and Moon (2008) call the “implicit” notion of CSR – the concept has been recently adopted by business organizations as a strategic instrument and rhetorical tool for managing and enhancing their legitimacy. As indicated above, the empirical study at hand is concerned with CSR as a managerial idea – i.e., with explicit CSR commitment as a distinct rationale for corporate decision making and organizational behavior. Against the backdrop of the increasingly stressed “problem” of societal responsibility/accountability of businesses I am especially interested in the local dissemination of the corresponding, and globally theorized, “solution”: the management concept of CSR.

At field level, this raises a number of interesting questions. First of all, business organizations make social investments in the face of compelling and undeniable economic reasoning not to do so (but see my remarks on the business case for CSR above). As Margolis and Walsh (2003: 285) point out, this “discrepancy between actual practice and the theoretically espoused purpose of the firm prompts a quest for explanation”. In order to make sense of corporations’ adoption of CSR, one first needs to understand which organizations are susceptible and respond to pressures from their environment. Thus, the chapter to follow will focus, at its very core, on an investigation of drivers and influence factors of CSR commitment among corporations. In addition, I will address various characteristics of the career of explicit CSR in Austria, among them the concept’s dissemination, significance, as well as its placement on the corporate agenda.

143 Implicit understandings are, however, not explicitly reported in corporate communication, the media, or elsewhere – which makes CSR difficult to measure prior to it becoming explicit, rationalized, and equipped with distinct labels.
6.1 Dissemination

The empirical design of this research qualifies for the precise measurement of the adoption rate of CSR at discursive level, but it is limited in gauging its actual practice. Questions about decoupling, for instance cannot be dealt with here adequately (see chapter on methodology for more). Nonetheless, rhetoric and the corporations’ explicit declaration of being committed to CSR, especially within such a prominent genre of corporate communication as annual reports, point to socially powerful expectations that may not be neglected by business organizations (see also Meyer, 2008). It thus allows for substantiated speculation on the increasing practical relevance of this management concept.

![Dissemination of CSR in Austria](image)

**Figure 8: Dissemination of CSR in Austria**

In total, I measure 259 annual reports from 69 different corporations that feature explicit CSR commitment through the use of issue markers.\(^{144}\) Figure 8 indicates the development of the main dependent variable – espoused *commitment to CSR* in

\(^{144}\) I will use the full count of 1,636 annual reports – corrected for missing values in variables (list-wise deletion) – for some of the following analyses (in particular, for the regression models). For others, however, I will employ a reduced sample that comprises only those annual reports that explicitly espouse corporations’ commitment to CSR through the use of specific issue markers (i.e., the sampling criterion is that the binary dependent variable *commitment to CSR* equals 1).
annual reports, measured in percentage of publicly-traded corporations in Austria per year – over time. This assault reveals a clear trend: Following rather low discursive activity throughout the 1990s, reference to the concept gains significant momentum after the turn of the millennium. While in 2000 only 10.0% of publicly-traded corporations referred to CSR in their annual report (0.0% in 1990, 4.9% in 1995), this figure increased to 65.9% in 2005.

Several developments and events might explain why explicit CSR appeared on the Austrian stage at that specific point in time. First, during the 1990s, various international documents on sustainability and CSR (for an overview, see Tully, 2005) set the tone on a more global scale. For Austria, like for other European countries, international standard setting activities – in particular the EU Green Paper (for details, see European Commission, 2001) and various other initiatives (e.g., CSR Europe [established 1995], World Business Council for Sustainable Development [1995], or United Nations Global Compact [2000]) – were highly influential for the national CSR agenda. Second, the period of emergence of CSR strongly corresponds with a series of corporate malfeasance, fraud, and accounting scandals (e.g., Enron, WorldCom, and Parmalat) that shocked the global business community and triggered a debate on issues of accountability and good corporate governance. CSR is therefore also regarded as a reaction to criticism and lobbying activities by interest groups, political parties, or social movements – and also an attempt to prevent further legal regulation. Third, one might argue that the rise of explicit CSR in Europe is (among other things) a response to changes in the historically grown institutional frameworks of European national business systems. Matten and Moon (2008), for instance, refer to changes in the European political system (e.g., regarding the capacity of the welfare state and corporatist policy making), the financial system (e.g., corporations increasingly using stock markets as a source of capital), the labor system (e.g., the weakening of the position of trade unions and industry associations), and the cultural system (e.g., increased awareness of the global impact of European MNCs and growing societal expectations regarding health, safety, the environment, and human rights issues).

The trend toward CSR is also perfectly mirrored in public discourse and CSR media coverage. For the years between 1996 and 2005, the dotted line in Figure 8 reflects the number of articles in selected Austrian daily newspapers employing CSR terminology. The overall tenor of CSR media coverage is overwhelmingly positive. Thus, and as in other continental European nations, CSR can be regarded a rather consensual issue in the Austrian context – although there is considerable

145 The media sample is extended for this illustration and comprises statistics from both quality press and tabloids. For each group, the two most important Austrian daily newspapers in terms of circulation are used: Die Presse and der Standard as well as Kronen Zeitung and Kurier. The samples date back as far as 1996. The data do not contain the issue markers sustainability and stakeholder approach, but they do contain the Anglo-American terminology CSR and CC as well as selected German equivalents.
disagreement among its proponents with regard to the concept’s actual design (see chapter on empirical context).

6.2 Emergence of CSR in annual reports

6.2.1 Significance: Anchorage at different levels and extent of reference

For the specific genre analyzed here, one could take into consideration not only the presence or absence of CSR, but the significance of reference. In this respect, the anchoring of CSR issue markers within the hierarchical superstructure of text (van Dijk, 1980) represents a first crucial piece of the puzzle. Figure 9 reports, as a proxy for significance, the appearance of CSR issue markers on divergent hierarchical levels of text (i.e., text, lead, title, preface, or cover/blurb). In addition, the overall extent of reference is measured as the proportion of space of the annual report devoted to CSR issues (based on a line count of all respective text fragments within the focal annual report). In order to illustrate developments and dynamics over time, data are divided by means of two time periods (1990-2000 versus 2001-2005); to depict the most recent trend, the last year (2005) is singled out.

Figure 9: Significance and extent of CSR in annual reports

146 Note that thematic content is usually organized by an abstract hierarchical schema, consisting of conventional categories that specify what the overall function of the topics of the text is. Van Dijk (e.g., 1980, 1985, 1988) calls such a schema the superstructure of text.
For the entire observation period, and with regard to hierarchical levels of text, in 94.2% of annual reports in which commitment to CSR is espoused, the level of text is used to position CSR issue markers. In 37.5%, these keywords can be found as a lead, while in 30.9% even the title of a section within the report is used to refer to the concept. The preface (16.2%) and the cover/blurb (4.2%) are used to a much lesser degree. In sum, this contradicts the frequent assumption that CSR is just another modern concept or “management fad” referred to only in passing (e.g., in the introductory address by the CEO). Over time, one witnesses a clear increase of CSR at all text levels. Particularly toward the end of the observation period, CSR becomes more and more prominently positioned (title, lead, and, to a lower degree, preface).

On average, in 57.4% of annual reports in which commitment is espoused, less than 1.0% of space is devoted to text fragments that explicitly employ CSR issue markers, thus indicating a low extent of reporting on CSR issues. In 13.2% of annual reports, more than 3.0% of space is devoted to CSR issues, thus showing a relatively high extent of reporting, while for another 29.4% I measure a medium extent of reporting (between 1.0% and 3.0% of space available). Over time, one recognizes a significant increase in the extent of reporting – although, in sum, still a rather small proportion of the text corpus is assigned to, and explicitly addresses, CSR issues.

6.2.2 Placement on the agenda: Anchorage in annual report sections

This more formal description of references to CSR in annual reports should be complemented by an initial and brief look at content. In this vein, it is important to understand the ways corporations position this issue. A starting point is to examine the annual report sections in which corporations primarily anchor CSR.

Like all genres of communication, annual reports have specific genre rules. In addition to hierarchical levels of text (see above), one can think of the standard template of an annual report – i.e., of the typical sequence of more or less standard sections – as another superstructural feature of the genre. As van Dijk (1985; see also footnote 146) notes, the “schematic superstructures organize thematic macrostructures, much in the same way as the syntax of a sentence organizes the meaning of a sentence” (van Dijk, 1985: 69; see also van Dijk & Kintsch, 1983).

In assigning CSR issues and vocabulary a specific place within a text, corporations also tentatively locate them on their agenda (e.g., as part of investor relations, human resource management, strategic considerations). Figure 10 illustrates –

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147 The variable is measured as the proportion of text directly devoted to CSR issues, and is based on a line count of all respective text fragments within the annual report. Therefore, my approach yields rather conservative results. For more details, see also the chapter on methodology as well as genre characteristics for the annual reports included in my sample (presented in the chapter on empirical context).
based on the main sections of a standard annual report (for coding, see chapter on methodology) – those sites that are most likely to serve as a “mooring” for CSR issue markers. It thus describes both the sequential superstructure of annual reports and, in a sense, the thematic macrostructure relevant for issues of CSR. On average, more than two report sections are used to refer to, and link up with, CSR.

![Diagram showing the percentage of sections referring to CSR](image)

**Figure 10: Anchorage of CSR in annual report sections**

In 49.9% of annual reports in which commitment to CSR is espoused, a specific – additional and novel – section refers to CSR; this section is usually labeled “sustainability” or “corporate responsibility”, or, in a more traditional way, alludes to environmental issues or the TBL. Such sections on *sustainability, environment, CSR* first emerged in my sample in the year 1995 and throughout the 1990s are only to be found in annual reports of large corporations listed on the ATX; activity in high impact industries (see above), however, does not differentiate.

I also measured a rather high level of presence of the issue in the corporations’ self-presentations – *preface* and interviews with corporate executives or board members (20.1%), and *presentation of the corporation* (21.2%) – that are usually positioned at the start of the annual report. Against the backdrop of “strategic corporate social responsibility” (Werther & Chandler, 2011) and the business case for
CSR, it somehow comes as a surprise that the data indicate a rather low level of presence of CSR in strategy (only 6.2%) and other sections that report on the primary processes within the value chain: review of operations (11.6%) and other functional areas (13.5%).

On the other hand, the concept is often referred to in communication with shareholders and investors – i.e., in corporate governance (31.3%) and investor relations (20.5%). With CSR historically being strongly related to employer-employee relations (see also the tradition of HSE reports in the Anglo-American context), I would have expected a more frequent anchoring within the section on human resources (only 17.8%); yet it might be important to add that human resource management has also recently been integrated in the CSR or sustainability section. On the whole, CSR issues virtually do not exist in terms of figures, that is, in the annual statements of accounts (2.3%, mainly as notes/comments) or in key indicators (0.0%). A glossary is often used to clarify terms and acronyms (10.4%). In 2.7%, another section than those mentioned here refer to the concept (special placement).

In sum, this analysis identifies three major thematic moorings of CSR and thus strategies of addressing the issue: First, to create a new, specific, and exclusive section within the annual report to communicate CSR commitment, which could also be interpreted as an attempt to tailor accounts in the face of competing claims and pressures (see also Meyer & Höllerer, 2009); second, to integrate CSR in the section most likely to be read by shareholders and financial market constituents (i.e., IR and corporate governance), and thus to aim at the reconciliation of competing claims and pressures; and third, to utilize CSR mainly for public relations and corporate self-presentation.

### 6.3 Who espouses commitment to CSR?

#### 6.3.1 Some basic considerations

**6.3.1.1 Model overview**

In order to make sense of the adoption of the new managerial rationale referred to as CSR, a central objective of this empirical study is to explore which corporations are likely to espouse commitment. Here, I build on previous research on the diffusion of policies, practices, and forms. Scholars inspired by work in the domain of organizational institutionalism have placed special emphasis on various factors that mediate the ways an innovation and its underlying logic spread within a field. In more detail, prior studies have investigated the diffusion of new practices by focusing on organizational characteristics on the one hand, and on institutional variables that cause, impede, or go hand in hand with a move toward a new practice on the other.
In the following, I will study these influence factors from various angles by formulating a series of hypotheses. A first cluster of hypotheses is linked to organizational characteristics and contingency factors. The second and third clusters examine key stakeholders’ power and the nature of environment to which organizations must relate. A fourth cluster looks at classic arguments of institutional research: exposure to public scrutiny, prevalence of the concept in the field, and processes of mimetic isomorphism. The fifth and sixth clusters carry some thoughts on normative orientation and broader discourse further, while a final hypothesis explores period effects. In sum, the binary logistic regression models in this study comprise 15 hypotheses, testing a total of 18 variables in eleven different models. All variables, and especially the operationalization of these variables, were explained in greater detail in the chapter on methodology (see above).

6.3.1.2 Controls

To account for alternative explanations and to provide a more conservative test for my hypotheses, I include, in addition to a range of independent variables, a number of control variables that I believe to be potentially relevant for the phenomenon studied here.

General economic development. The commitment to modern management concepts, such as CSR, might also be influenced by the more general economic development and activity within a field, or by global economic cycles (e.g., Barley & Kunda, 1992). Analyzing publicly-traded corporations, I use the index development of the ATX to control for the overall level of economic activity and development, though without proposing any direction of effect.

Dependence on capital market financing. The debt-equity ratio – also called leverage – is included as an indicator for a corporation’s reliance on capital market financing. Since my sample is limited to publicly-traded corporations – and thus might include a sampling bias with regard to the capital market – this will also serve as an important control for sampling issues. Generally, the literature argues that a high level of dependence will put corporations under greater pressure to conform to the expectations and logics of financial markets; several empirical studies have tested the impact of leverage on social and environmental disclosure (e.g., Richardson & Welker, 2001; Cormier & Magnan, 2003; Cormier, Magnan, & van Velthoven, 2005; Aerts & Cormier, 2009), albeit with mixed results. Thus, I refrain from postulating any a priori assumptions about the direction of effect.

Influence of professions. A management concept is further reinforced if key actors in the arena link up with it and actively promote it. In this context, the role of professions as carriers of diffusion has been highlighted in several studies (Greenwood et al., 2002; Sahlin-Andersson & Engwall, 2002a, among others). As corporations seek and receive essential support from external communication experts in editing annual reports, large and renowned public relations agencies might play a
substantial role in spreading new concepts: by mediating field and corporate levels, they regulate a vital intersection in the diffusion process of innovative practices. Hence, I control for whether or not a corporation’s annual report is co-edited by one of the “big players” from the Austrian PR industry. As this variable addresses specifics within the production process of annual reports, it is – at the same time – also a control for genre issues. A positive effect is expected.

**Development over time.** Timeline is introduced as a year-count variable to control for a secular trend and for an overall shift in the Austrian business environment. As explicit commitment to CSR is, as illustrated by Figure 8, on a constant rise, the expected positive effect of timeline seems obvious.\(^{148}\)

### 6.3.2 Hypotheses

#### 6.3.2.1 Organizational characteristics

Research in – more or less – related fields suggests that an array of organizational characteristics is crucial for the adoption of novel practices within an organization. I will be more specific on these variables in the following.

**Hypothesis 1:** Larger corporations are more likely to show explicit commitment to CSR.

*Firm size* affects corporate behavior in the context of various issues and in multiple ways and has thus been included as an independent or control variable in the majority of studies on the diffusion of new organizational practices (e.g., Fiss & Zajac, 2004, 2006; Sanders & Tuschke, 2007; on the relationship of firm size and CSR, see McWilliams & Siegel, 2001; Campbell, 2007; Matten & Moon, 2008; Udayasankar, 2008; Chih et al., 2010). Large corporations are frequently reference models for other organizations, are more visible to external stakeholders, and therefore are also under closer public scrutiny than smaller, less visible corporations. In addition, they are usually diversified to a higher degree, thus facing a more diverse range of stakeholders. In this study, I prefer to measure size primarily in terms of staff over a measurement in terms of sales in order to account for the sociopolitical perspective that is relevant here.\(^{149}\) Corporations with a high number

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\(^{148}\) As I am more interested in a secular trend and overall shift in the field – and in order to actually depict this – I refrain from using year dummies as controls. Since annual reports are written and issued in the year following the events they report on, there is a natural lag present within the dataset.

\(^{149}\) Firm size is also considered in hypothesis 7, which focuses on large corporations that are flagships of the Austrian stock market in terms of market capitalization and stock exchange turnover (i.e., corporations listed in the ATX). In this way, it is possible to include a second variable that measures different aspects of organizational size without encountering any statistical problems of multicollinearity.
of employees are regarded as bearing a greater degree of responsibility (for instance, as local employers; i.e., they provide jobs for the working population of a region) — and are thereby more likely to become the target of political intervention. Following prior research, I expect firm size to have a positive effect on the explicit commitment to CSR.

Hypothesis 2: Older organizations are more hesitant to adopt the idea and terminology of explicit CSR.

A hypothesis for firm age is included, as prior research has stated that corporations become more inert and develop resistance to change as they age (e.g., Sanders & Tuschke, 2007; see also Meyer & Höllerer, 2009); they prove to be less likely to link up with new management concepts that are regarded as modern. In Austria, older corporations are often owned by industrialist families. These businesses refer to shareholders that have long-established associations with the organization they originally founded or built up. Thus, these owners have also accumulated a considerable amount of power over time, based on the social influence that they develop through regularly occurring interactions in the context of formal organizational roles; through repeated interactions with managers; and through rich histories of relationships that have developed between employers and employees over several generations (Kang & Sørensen, 1999). Furthermore, given the strong paternalistic approach toward CSR in Austria (see chapter on empirical context), such corporations might have been practicing, for decades, what Matten and Moon (2008) characterize as implicit CSR — without explicitly talking about or reporting on it. Consequently, I hypothesize that old and well-established corporations are more unlikely to adopt the modern idea and terminology of explicit CSR.

Hypothesis 3: The higher the financial performance of the focal corporation, the more likely its explicit commitment to CSR.

One of the most vibrant lines in empirical CSR research focuses on the relationship, and mutual influence, of financial and social performance (e.g., McGuire, Sundgren, & Schneeweis, 1988; Waddock & Graves, 1997; for an overview, see Orlitzky, 2008, as well as the meta-studies of Margolis & Walsh, 2003; Orlitzky et al., 2003). In order to assess a corporation’s financial situation, I follow prior research (e.g., Chih et al., 2010) and include the return on assets as a profitability measure. While in existing studies profitability is an established indicator for the operative performance of a corporation, the association between profitability and CSR is inconclusive; decisive empirical evidence for a direct relationship between corporate social and financial performance is lacking. However, in line with, for instance, Waddock and Graves (1997), I propose a positive effect of slack resource availability and corporate social performance. In addition, more profitable corpora-
tions might find themselves under greater moral pressure to “give back” to society. Non-profitable corporations, on the other hand, aside from lacking funds for corporate giving and philanthropy, are likely to encounter difficulties when required to justify such social investments vis-à-vis their shareholders.

**Hypothesis 4:** Concentrated (private) ownership decreases the likelihood of explicit commitment to CSR.

Ultimate power over an organization lies with ownership (Kang & Sørensen, 1999). Consequently, a great number of studies have pointed to the crucial role of ownership structures – especially of concentrated ownership – and related power constellations for the adoption and implementation of management concepts (e.g., Aguilera & Jackson, 2003; for CSR, see Atkinson & Galaskiewicz, 1988, among others). This should especially hold true for concepts that touch on the legitimacy of vested interests. For instance, Fiss and Zajac (2004, 2006) and Sanders and Tuschke (2007) show that the divergent political and social interests of different types of owners affect the extent to which a shareholder value orientation is pursued in the corporations they control. With regard to CSR, Aguilera et al. (2007) argue that blockholders in a continental European governance system will push for CSR as they tend to prioritize long-term benefits for the corporation and to include the interests of a broader set of constituents. At the same time, however, Cormier et al. (2005) find a significant negative relation between blockholdings and the extent of environmental disclosure in German annual reports. High ownership concentration is one of the most central features of the Austrian corporate world (e.g., Gugler et al., 2002). Thus, my model includes the existence of concentrated ownership (see chapter on methodology for details). I expect corporations with concentrated (private) ownership – often in the hands of established industrialist families – to be less inclined to disclose their governance philosophy to the public (hypothesis 5 will clarify why I focus on private investors but exclude public entities here). Moreover, blockholdings are characteristic and a prerequisite for the traditional paternalistic approach toward CSR and hence run counter to the explicit commitment to CSR (see hypothesis 2 above). Consequently, I expect a negative effect of concentrated (private) ownership.

**Hypothesis 5:** Public sector influence decreases the likelihood of explicit commitment to CSR.

In Austria, a considerable number of corporations were nationalized in 1946 and 1947. Playing a substantial role during Austria’s post-war economic resurrection, privatization of these corporations only began in the late 1980s. Since then, several

150 Austria was de facto annexed to the German Third Reich in 1938 and, after the end of WWII, saw a ten-year presence of Allied Forces on its territory.
corporations have been sold to private investors directly or via IPO, with, in most cases, only part of the shares being offered and the rest remaining in public ownership. This way, a number of corporations – among them several included in the ATX – have been, directly or indirectly, partly owned by public entities at federal, state/Länder, or municipal level throughout my observation period. Corporations with significant public influence in corporate control will (or will even have to) attend to the interests of several groups of stakeholders and are thus perceived as acting more or less in line with general societal expectations. Therefore, a certain degree of social responsibility is an implicit feature of the governance policies within such organizations: I propose that corporations with a high level of public sector influence will experience less pressure to explicitly indicate their social responsibility as well.

6.3.2.2 Pressure from financial market constituents

The classic resource dependency argument (Pfeffer & Salancik, 1978) states that the greater an organization’s dependence on the resources provided by a particular stakeholder group, the greater this group’s relative power is: When forced to decide, corporate decision makers will turn to the most influential groups (Meyer & Höllerer, 2009). Given that explicit CSR, like the majority of modern management concepts, is of North American origin and, therefore, incorporates specific ideology (Djelic, 1998, among others), and that the financial markets – which are globally shaped by precisely this Anglo-American system of governance – play an important role in the diffusion process of CSR (see, for instance, the notion of ethical investment, or various sustainability indices), one cannot neglect to include the capital market in a study like this.

Hypothesis 6: The relevance of the international capital market increases the likelihood of explicit commitment to CSR.

For a long time, Austria’s domestic stock market has been characterized by mediocre activity on the national stock exchange in Vienna, as well as by low liquidity, underperformance, and little interest from international institutional investors (Meyer, 2004). This became a substantial burden to the Austrian corporate world during the 1990s: Corporations increasingly had to address the international financial market in order to raise capital. The pressure to conform to Anglo-American corporate governance and reporting principles rises to about the same degree to which these corporations are exposed to an international market for financing. Consequently, I propose that dependence on foreign investors and international financial capital – I use listing on a foreign stock exchange as a proxy here – increases the probability of explicit commitment to the global trend of CSR.
Hypothesis 7: The significance of the focal corporation for the national stock market increases the likelihood of explicit commitment to CSR.

In a similar vein, such considerations also apply to corporations that are regarded as flagships of the Austrian stock market in terms of market capitalization and stock exchange turnover. Compared to less central corporations, they are particularly dependent on the (national and international) financial market and consequently are under closer scrutiny by both national and international capital market actors. It is, in turn, more appropriate and conclusive for them to accommodate expectations of financial market constituents. With explicit CSR being increasingly important for consideration by investment funds and other institutional investors that adhere to an ethical investment strategy, or to appear on one of the various sustainability index lists, I expect a positive effect here. In addition – and as discussed in footnote 149 – listing on the Austrian Traded Index (ATX) is an additional measure of a corporation’s size, and thus importance.

6.3.2.3 The role of labor and industry

Unlike shareholder value, for instance, the primary addressees of CSR are less obvious (Meyer & Höllerer, 2009): Environments to which corporate managers must be responsive in terms of CSR activities are both internal and external. Historically and in terms of its current foci, contemporary CSR reporting is derived from, or goes hand in hand with, health and safety (i.e., employee-related) as well as with environmental issues.

Hypothesis 8: The higher the relative importance of the workforce for a focal corporation, the more likely its explicit commitment to CSR.

Employer-employee relations have been stressed as an important determinant of CSR by various research projects (Campbell, 2007). From a resource-based perspective (see chapter on CSR for more), one might assume that corporations that are more dependent on – and thus also more exposed to – the labor market will put more effort into demonstrating their ethical orientation toward the workforce and unions. Some researchers also draw on a labor cost argument (e.g., Navarro, 1988) or regard CSR as an institutional response to labor environments (e.g., Miller & Guthrie, 2007). In this study, however, I expect the relative importance of workforce – i.e., the labor-capital ratio – to have a positive effect on explicit commitment to CSR.

Hypothesis 9: Activity of the focal corporation in high impact industries increases the likelihood of explicit commitment to CSR.
Corporations within high impact industries – i.e., in industries where production processes consume large amounts of resources and energy and/or cause considerable pollution – are under greater scrutiny and pressure from state regulators as well as from environmental and consumer organizations (in particular the latter in the case of direct business-to-consumer links) or from other social movements. In this context, it is important to hold that CSR has developed as a response to increasing environmental awareness and a distinct eco-movement within society. In Austria, the notion of sustainability has been an important and early part of discourse (see chapter on empirical context for more). I expect a positive effect of business activity in high impact industries on explicit commitment to CSR.

6.3.2.4 Institutional pressures: Public scrutiny and prevalence of the concept

As mentioned above, business organizations are vulnerable to pressures from their environment (Pfeffer & Salancik, 1978). Organizational institutionalism states that organizations must gain legitimacy by signaling compliance with rationalized myths and with expectations of relevant audiences in the social context in which they are embedded (Meyer & Rowan, 1977; DiMaggio & Powell, 1983). However, the various organizations within an institutional field are not equally subjected to these audiences’ attention – and neither are issues, practices, or concepts (Meyer & Höllerer, 2009).

**Hypothesis 10:** The higher the visibility of the focal corporation in the media, the more likely its explicit commitment to CSR.

Prior research has suggested that a key indicator for the general public’s awareness is the degree of visibility of the corporation in the media (e.g., Meznar & Nigh, 1995; Fiss & Zajac, 2006; Meyer & Höllerer, 2009). Generally speaking, the higher a corporation’s level of visibility, the greater the external expectation that the focal corporation employs professional and state-of-the-art management concepts. Media coverage affects a firm’s reputation and legitimacy, at the same time making it an object of public attention and scrutiny (Fombrun & Shanley, 1990; Deephouse, 1996; Brown & Deegan, 1998; Deephouse, 2000; Pollock & Rindova, 2003). Several empirical studies (Bansal & Clelland, 2004; Bansal, 2005; Cormier et al., 2005; Branco & Rodrigues, 2008; Aerts & Cormier, 2009, among others) have shown that public pressure in the form of media exposure enhances corporations’ disclosure of social and environmental issues. Consequently, I expect – somewhat similar to firm size or listing on the Austrian Traded Index (ATX), but here with another conceptual focus – a positive effect of visibility of the corporation in the media.

**Hypothesis 11:** A high volume of and positive tenor toward CSR in the media discourse increases the likelihood of explicit commitment to CSR.
As Meyer and Höllerer (2009) note, public pressure is not only tied to the visibility of the corporation, but also to the attention certain issues receive. Agenda-setting indeed lies at the beginning of all diffusion processes (Rogers, 1995), with the media being one of the most influential arenas in which the relevance and legitimacy of innovative practices are negotiated. Media coverage of issues influences the awareness of the general public and significantly raises the salience of an issue on the public agenda (McCombs & Shaw, 1972). Both corporate decision makers and audiences draw on the media to assess the relevance of an issue. Thus, the higher the level of media coverage of a certain management concept, the higher the expectation that this concept – representing state of the art of modern, professional management – is used in the corporate world. As Gamson (1992) points out, the media are not only a mirror of reality, but also constitute a “resonance chamber” that serves as a mediator between the locally prevailing cultural belief system and new ideas. More than merely raising the audiences’ attention, the media can also promote evaluations of an issue by either endorsing or challenging it (see also Meyer & Höllerer, 2009). Thus, while the volume of media coverage is an indicator for the flow of public attention, the tenor of media coverage influences the perceived level of appropriateness (e.g., Fombrun & Shanley, 1990). One will expect favorable media coverage to positively influence the extent to which corporations espouse commitment to a specific management concept. In this study, I depict CSR in the media discourse by combining the volume and tenor of media coverage (see chapter on methodology for details).

**Hypothesis 12:** The prevalence of commitment to CSR among model corporations’ annual reports in the previous year increases the likelihood of explicit commitment to CSR in a focal corporation’s current report.

One of the fundamental arguments in organizational institutionalism has been that corporations follow – i.e., imitate – other organizations in the field (DiMaggio & Powell, 1983). As an innovation diffuses and the number of its adopters grows, a threshold will be reached beyond which non-adopters increasingly risk reputation and legitimacy losses (“institutional bandwagon”, according to Abrahamson &

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151 Especially where innovations spread among structurally equivalent actors rather than via inter-organizational ties, the media also play a central role in the theorization as they are both the stage and the leading actor in these processes (Meyer & Höllerer, 2009). Several scholars (Hirsch, 1986; Abrahamson, 1991; Kieser, 1996, 1997; Strang & Soule, 1998; Lounsbury, 2001; Fiss & Zajac, 2006, among others) have pointed to the media as the broadcaster of success/failure stories or best practices as well as to their role as a promoter of new policies and strategies.

152 A “rhetorical bandwagon pressure”, according to Abrahamson and Fairchild (1999: 732), “occurs because managers read discourse telling them that many organizations are adopting (or rejecting) this technique”.

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Rosenkopf, 1993) or fall behind their competitors (“competitive bandwagon”).

Despite considerable criticism with regard to an overly passive conception of adopters and over-optimistic assumptions concerning transferability of concepts from one social context into another (e.g., Sahlin-Andersson, 1996; Strang & Soule, 1998; Snow & Benford, 1999; Lounsbury, 2007), this model is still very prominent in institutional research. One of the main questions here is how organizations establish the relevant reference category. Frequency-based imitation (e.g., Haunschild & Minar, 1997) builds on the assumption that potential adopters are receptive to the number of prior adopters; empirical support for this effect has been shown in several studies (Burns & Wholey, 1993; Palmer, Jennings, & Zhou, 1993; Kraatz, 1998; Rao & Sivakumar, 1999; Zorn, 2004; Sanders & Tuschke, 2007, among others). Trait-based imitation holds that not the sheer number but rather specific characteristics of prior adopters are influential for a decision to follow suit. Previous arguments have pointed to a variety of “traits” that single out high status or otherwise outstanding roles of model organizations; size (as an indicator for general visibility) and success (as an indicator for qualifying as role model for others) are among the most prominent (e.g., Burns & Wholey, 1993; Haveman, 1993; Davis & Greve, 1997; Kraatz, 1998; Strang & Soule, 1998; Rao, Greve, & Davis, 2001). For this study, I suggest that highly visible corporations within the field (largest corporations in terms of sales and/or listing on the ATX) serve as models for other corporate actors. Thus, the prevalence of CSR among model corporations in $t_1$ is expected to have a positive effect on a focal corporation’s explicit commitment to CSR.  

6.3.2.5 Normative orientation and/or copy-paste effect

While the hypotheses in the previous subsection focus more on the field level, the following hypothesis will investigate, in greater detail, how individual corporations deal with the situation.

Hypothesis 13: A focal corporation’s explicit commitment to CSR in the previous year’s annual report is relevant and increases the likelihood of explicit commitment to CSR in the current report.

Models of governance – at field level as well as at organization level – are highly normative constructs. For CSR, in proclaiming organizational values and beliefs as

153 Based on individually varying thresholds, the well-known S-curve of diffusion comes into play (Granovetter, 1978; Rogers, 1995).

154 I had to drop an original measure for prevalence at the field level (i.e., among all publicly-traded corporations) due to a multicollinearity problem with the media variables. I also refrained from using industry as a referent category due to the fact that some industries in Austria consist of a very small number of corporations.
well as addressing issues of corporate ethics, this remains true to a greater extent. One might argue that commitment to CSR partly involves features of a quasi-religious creed. However, even in the case of management originally intending the commitment to be merely rhetorical and decoupled from actual practice, substantial effects might occur as internal and external audiences start to take this published information at face value and come to expect a certain type of behavior from the focal corporation (Meyer & Höllerer, 2009). This, then, makes it difficult for a corporation to switch back and forth between commitment and non-commitment without losing its credibility toward audiences in the long run (although corporations obviously can, and do, alter their positions). However, I expect an overall positive effect of commitment to CSR in \( t_1 \) on commitment in the current year. In addition, this hypothesis controls for any copy-paste effect that may occur in periodically issued communication genres.

6.3.2.6 Part of a discursive bundle? CSR and corporate governance

Meyer and Höllerer (2009) argue that CSR moves in tandem with other management concepts concerned with questions of corporate control. It is in this regard that CSR is part of a broader discursive bundle. The authors, in line with Drori (2006), among others, point at the important role of the meta-discourse of corporate governance.

Hypothesis 14: Reference to the meta-discourse on corporate governance issues increases the likelihood of explicit commitment to CSR.

In modern societies, corporations often find themselves confronted with competing demands and expectations from divergent audiences. For the case of shareholder value and CSR, Meyer and Höllerer (2009) illustrate, that the very same corporations simultaneously claim to be committed to different management concepts – even at the price of inconsistency. As the normative contradiction between such concepts cannot be removed, and subordination is not convincing, there is a strong demand to create other, higher-level concepts that are able to function as an “umbrella” or “bridge” to integrate divergent interests, at least to some extent. Invoking corporate governance – a concept that has existed since the late 1980s and early 1990s (Aoki, 2004; for a study of the global institutionalization of corporate governance see, for instance, Drori, 2006) – represents a practicable solution. Relabeled as “good corporate governance”, and positioned as a remedy and preventative measure against unintended or harmful behavior of executive

155 Meyer and Höllerer (2009), for instance, empirically investigate rhetorical strategies of corporations referring to, and switching between, several management concepts – even at the price of normative inconsistency.
managers, it has a highly positive connotation and has been regarded as a rather consensual issue since the early 2000s. Like in most other countries, the call for general standards and soft law regulation in Austria was a direct consequence of corporate malfeasance; this also led to the formulation of a formal Austrian Code of Corporate Governance in 2002 (after two years of consultation, and with involvement of -- among others -- the social partners and board members of major corporations). Corporate governance, I hypothesize, fuels and enables -- in particular for publicly-traded corporations -- explicit commitment to CSR. I expect a positive effect of reference to corporate governance.156

6.3.2.7 Period effects

In all processes of diffusion and institutionalization, dynamics over time play an important role. While a secular time trend is, as a control variable, included in the models specified above, period effects are not.

Hypothesis 15: Early adopters of explicit commitment to CSR will differ from late adopters.

A core assumption of organizational institutional research postulates that early adopters of innovative practices or of new concepts differ from late adopters; moreover, that adopters' organizational characteristics are of decreasing relevance as the respective practice or concept spreads widely within an organizational field (Tolbert & Zucker, 1983, 1996). Above all, empirical research on the so-called two-stage model of diffusion (e.g., Abrahamson & Rosenkopf, 1993) or institutionalization (e.g., Dobbin & Sutton, 1998) goes in that direction (for an overview, see also Walgenbach & Meyer, 2008, among others). In order to test this assumption, I eventually drop the variable timeline and split the dataset according to two relevant time periods: the early years from 1990 through 2000 versus the late years from 2001 through 2005 (see chapter on methodology for details). For both periods, a comprehensive model -- including control and all independent variables according to hypotheses 1 to 14 -- will be estimated.

6.3.3 Results

Empirical data (14 independent variables and four control variables) are employed in eleven binary logistic regression models (see chapter on methodology for details). Table 12 presents basic descriptive statistics and correlations for all

156 In a sense, adding corporate governance to my statistical model should also improve explanatory value and control for a very prominent -- separate but nonetheless closely related -- concept.
variables involved. Table 13 then reproduces the different models that test my hypotheses. The anticipated direction of effect is indicated in the first column. I also report important indicators and measures for overall quality at the bottom of the table. In particular, and despite occasionally high correlation coefficients stated in the descriptive statistics, there is no indication of multicollinearity problems: Variance inflation factors (VIFs) range between 1.10 and 4.71 (mean VIF = 2.10), with a condition number of 5.31 for the full set of (centered) variables. As another technical note: For some variables, my results imply a change of sign when comparing different models. As multivariate regression models implicate mutual interdependencies of variables, such changes happen regularly when moving from less specified models (i.e., hypothesis testing) to more specified models (i.e., various full models) and are thus of no real consequence (StataCorp LP, 2007a). In all cases, however, no move from a significant positive to significant negative prediction occurs; the results rather point to a clear trend that can be interpreted in a meaningful way (see below).

In Table 13, model I presents results for control variables. Models II to V test the first four clusters of hypotheses as outlined above, with model VI providing an overall outline. All hypotheses but one are supported by these models; the variable tested for the non-confirmed hypothesis is also significant – however, with a contradicting direction of effect. Models VII and VIII add additional variables stepwise (i.e., hypotheses) that are both strongly supported by my data. In sum, the comprehensive model (model VIII) shows seven independent variables and two controls significant with the anticipated direction of effect, and one independent variable significant, but with a contradicting sign. This highly explanatory comprehensive model can be reduced and optimized, maintaining almost the same level of quality (see log likelihood, McFadden’s adjusted $R^2$, Wald $\chi^2$): I therefore conduct a step-by-step elimination of the least significant variable (i.e., for variables with $p$-values below significance) in each case. This way, I end up with a lean, parsimonious/optimized model (model IX, comprising a total of only eight significant variables). Finally, models X and XI test the comprehensive model for the two time periods identified, demonstrating that a different set of variables is significant for each period.

157 Alongside basic information, like the degrees of freedom, or the number of observations for each model, I report Wald $\chi^2$ and – as a global measure of fit – McFadden’s adjusted $R^2$ (for details on interpretation of these measures, see, Long & Freese, 2006, among others).

158 I used the `collin` command in STATA 10 to analyze the magnitude of multicollinearity. A common rule of thumb states that multicollinearity is not a concern if individual VIFs are below 10.0 and condition number is below 15.0 (see Kutner, Nachtsheim, & Neter, 2004; StataCorp LP, 2007a, among others).
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<td>6. Firm age</td>
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<td>16. Prevalence of CSR among model corporations in 1</td>
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<tr>
<td>Economic activity and development</td>
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<td>Timeline</td>
<td>2.356***</td>
<td>2.763***</td>
<td>2.429***</td>
<td>2.388***</td>
<td>1.849***</td>
<td>1.976***</td>
<td>1.696***</td>
<td>1.395***</td>
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<td>Firm size</td>
<td>0.484***</td>
<td>0.768***</td>
<td>0.621***</td>
<td>0.608***</td>
<td>0.481***</td>
<td>0.862***</td>
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<tr>
<td>Firm age</td>
<td>-0.237*</td>
<td>-0.369***</td>
<td>-0.385***</td>
<td>-0.368***</td>
<td>-0.400***</td>
<td>-0.362***</td>
<td>-0.321***</td>
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<td>Concentration</td>
<td>-0.831*</td>
<td>-0.535</td>
<td>-0.410</td>
<td>-0.549</td>
<td>-1.131*</td>
<td>-1.131*</td>
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<td>Private ownership</td>
<td>-0.387</td>
<td>-0.404</td>
<td>-0.322</td>
<td>-0.349</td>
<td>-0.497</td>
<td>-0.497</td>
<td>-0.455</td>
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<tr>
<td>Public sector influence</td>
<td>-0.662*</td>
<td>0.273</td>
<td>0.272</td>
<td>-0.125</td>
<td>-0.158</td>
<td>-0.254</td>
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<tr>
<td>Listing on a foreign stock exchange</td>
<td>1.525***</td>
<td>1.525***</td>
<td>0.313</td>
<td>0.638</td>
<td>0.445</td>
<td>0.572</td>
<td>-0.018</td>
<td>1.540***</td>
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<tr>
<td>Trading Index (ATX)</td>
<td>0.006</td>
<td>-0.549***</td>
<td>-0.473***</td>
<td>-0.368***</td>
<td>-0.239***</td>
<td>-0.258</td>
<td>-0.327***</td>
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<td>Visibility of the corporation in the media</td>
<td>0.668***</td>
<td>0.474</td>
<td>0.499</td>
<td>0.704*</td>
<td>0.755***</td>
<td>-0.371</td>
<td>1.790***</td>
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<td>CSR in the media discourse</td>
<td>0.607***</td>
<td>-0.184</td>
<td>-0.169</td>
<td>-0.240</td>
<td>-0.152</td>
<td>-0.245</td>
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<tr>
<td>Prevalence of CSR among model corporations in t</td>
<td>0.002***</td>
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<tr>
<td>Commitment to CSR in t</td>
<td>2.550***</td>
<td>2.423***</td>
<td>2.567***</td>
<td>2.312***</td>
<td>2.396***</td>
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<td>Reference to corporate governance</td>
<td>0.125***</td>
<td>0.832</td>
<td>0.124</td>
<td>-0.756</td>
<td>-2.957</td>
<td>-0.627</td>
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<td>McFadden’s adjusted R²</td>
<td>0.253</td>
<td>0.346</td>
<td>0.333</td>
<td>0.250</td>
<td>0.309</td>
<td>0.384</td>
<td>0.481</td>
<td>0.517</td>
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<td>0.269</td>
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<td>N</td>
<td>1,529</td>
<td>1,358</td>
<td>1,529</td>
<td>1,459</td>
<td>1,426</td>
<td>1,269</td>
<td>1,261</td>
<td>1,261</td>
<td>1,350</td>
<td>824</td>
<td>437</td>
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*p < 0.05  **p < 0.01  ***p < 0.001 (two-tailed test); robust standard errors in parentheses
6.3.4 Interpretation and discussion

I will interpret and discuss, in the following, the individual models presented in Table 13 – or, more precisely, the variables introduced and added by each model. I will thereby comment on the result for the respective variable and, in addition, give an outlook on its performance throughout the various models to follow. Period effects (models X and XI) are dealt with separately.

6.3.4.1 Model I (base model)

To begin with, I will offer some remarks on the control variables introduced by model I. Economic activity and development has a clear positive effect on CSR commitment throughout models I to IV, but drops below significance as soon as the variables on institutional pressures are taken into consideration. I find no evidence that leverage – a corporation’s reliance on the capital market as opposed to debt financing – is a significant predictor. The positive effect of involving major public relations agencies in crafting reports is confirmed throughout almost all models (with the exception of the parsimonious/optimized model\(^{159}\)), emphasizing the influence of this profession on the genre and/or management concept analyzed in this empirical study. As expected, timeline is highly significant; the fundamental importance of the linear time trend as a control variable is displayed throughout all the models.

6.3.4.2 Model II (hypotheses 1-5)

Model II adds the cluster of organizational characteristics that are supposed to influence a focal corporation’s likelihood to espouse explicit commitment to CSR. Among those predictors (which are most commonly referred to in related studies; see above), firm size is of highest significance, and its positive relationship is clearly confirmed. The same statement holds true for profitability. My study thus provides additional affirmation that CSR is especially carried forward by large and successful corporations.

Firm age, on the other hand, is also a very powerful independent variable, yet one that is significantly negatively related to explicit commitment to CSR: Older corporations are obviously much more hesitant to adopt the concept. But does this mean that these corporations do not feel socially responsible at all? Drawing on

\(^{159}\) Note that, for the parsimonious/optimized model, I conducted a step-by-step elimination of the least significant variable in each case (i.e., for variables with p-values below significance); due to interdependencies, public relations agencies and public sector influence (see below) drop below significance during this process and are thus eliminated from the parsimonious/optimized model.
Matten and Moon (2008), I would not necessarily argue in this direction. Considering a continental European tradition of implicit CSR and the specific context of Austria, the opposite might be true. For long-established organizations, especially those with stable relationships with a broad range of stakeholders, the social responsibility of business is something that is taken-for-granted – and thus certainly nothing they need to explicitly discuss: It is something that is simply done and fulfilled in day-to-day business activities.

To a lesser degree (i.e., significant only in hypothesis testing, but not throughout the full models), such findings hold true for corporations with private blockholdings. As argued above, long-established corporations in Austria are, in many cases, characterized by concentrated (private) ownership, often with the second, third, or even fourth generation of an industrialist family in charge of corporate decision making. Among this socioeconomic elite, a paternalistic approach toward CSR as well as borrowing from Christian-ethical thinking with regard to social obligations is not uncommon. Moreover, concentrated ownership results in a rather low number of shares owned by anonymous/dispersed shareholders to whom annual reports particularly cater, whereas other and more direct communication channels qualify for the exchanging of information between corporate decision makers and core owners.

Public sector influence – by means of ownership – is another variable that negatively influences corporations’ explicit commitment to CSR. Although not confirmed in hypothesis testing, it gains significance in the various full models. As argued above, corporations with considerable influence of public entities in corporate control – often, these corporations are also characterized by large blockholdings of public entities – are perceived as acting in line with broader societal expectations. They are organizations “owned” by agents of the general public and should thus reflect its multiple interests in their behavior. My results indicate that, for corporate decision makers, this reduces the need to emphasize such alignment of interests by espousing explicit commitment to CSR.

6.3.4.3 Model III (hypotheses 6-7)

A second cluster of hypotheses predicts the influence of financial market constituents. Both listing on a foreign stock exchange and listing on the Austrian Traded Index (ATX) are confirmed in hypothesis testing but lose significance in the full models.160 In this way, my study illustrates that corporations’ need to attract international financial capital is of less importance for the commitment to CSR than often argued. The role of being among the flagships on the national stock exchange – simultaneously a measure of visibility and size – is also put into perspective.161

160 Note that I will comment on period effects separately below.
161 These results also have implications at the methodological level. Together with the non-
6.3.4.4 Model IV (hypotheses 8-9)

Model IV introduces two interesting variables that allude to the historic roots of CSR reporting: the role of labor (as opposed to capital) and industry. Relative importance of workforce shows the expected sign in hypothesis testing but remains below the significance mark. Most interestingly, this radically changes for the more specified models: A highly significant and negative prediction of CSR becomes evident in the full models. Relative importance of workforce thus marks the only hypothesis in this study that is not confirmed and must even be rejected entirely. This insight urges us to make sense of the fact that explicit CSR in Austria is not—as, for instance, Miller and Guthrie (2007) argue—a response to the focal corporation’s dependence on labor markets, but, to the contrary, that CSR commitment increases with decreasing relevance of this means of production.

One possible explanation is that corporations that rely more on capital instead of labor (i.e., human capital) to produce economic value seem to be forced to legitimize their role and position within society to a much higher degree. For instance, in the case of fully automated production, corporations might wish to undergo somewhat of an image change replacing the negative perception of a factory full of machinery and “robots” with the positive imagery of a modern workplace (essentially displaying a human face in creating, designing, and maintaining it for the good of society). This, however, corresponds well with interests at play in the recent debate on the taxation of the factor capital analogous to the factor labor.162 So, contrary to my expectations, commitment to CSR is not so much directed at labor markets but at civil society and state authorities in order to prevent further regulation. An alternative explanation comes to mind when recalling the construction of the underlying variable: the relation of staff number to total assets. Its reciprocal163—i.e., total assets per staff—in some manner depicts the dependence of the corporation on the single employee as it indicates the amount of capital that is to be “cultivated” by the individual employee. Admittedly, this is a speculative thought insofar as my empirical design cannot capture structural elements of workforce composition; nonetheless, it is very tempting to think of the indispensability of the individual employee—and thus of human capital—as a significant results for leverage, they provide ample argument against potential reservations of a financial market bias in sampling decisions (i.e., the criticism that my sample comprises only publicly-traded corporations).

162 See also the German catchphrase of the so-called Maschinensteuer (i.e.,—loosely translated—“taxation of tangible fixed assets”: a controversially discussed sociopolitical term for the introduction of a supplementary social insurance payment to offset a loss in contributions caused by the increased rationalization of jobs through automation) as well as the discussion centering on the high level of non-wage labor costs, both aiming at mitigating the “unfair taxation of labor”.

163 Note that this will change the sign of coefficients, with all other the values (coefficients, standard errors, p-values) remaining the same.
The career of CSR

161

predictor for CSR in less-labor-intense corporations. Seen this way, explicit com-
mmitment to CSR in annual reports is a clear signal decision makers send to existing
staff. This is also manifested in the actual wording within annual reports, playing
with the metaphor of “being one family”: the family (i.e., organization) is depend-
ent on its members, and family members (i.e., human capital) cannot be dismissed
at will.

I refrained from using industry dummy variables in my study as some industries
in Austria consist of a rather low number of corporations. Defining high impact
industries, however, seems an appropriate way to integrate this aspect in the regres-
sion models. The positive effect of environmentally high impact industries is
confirmed in hypothesis testing and in the comprehensive (and also in the parsim-
onious/optimized) model, but reported below significance in the other models.
Nonetheless, it provides evidence that corporations from these industries are more
susceptible to explicit CSR policies and activities. It is also important to note that a
strong environmental discourse has been established in Austria which constitutes
yet another rationale and terminology under which references may have been made
to the environmental dimension of social responsibility. I will return to this point
later in greater detail.

6.3.4.5 Model V (hypotheses 10-12)

Finally, I introduce and test a number of classic institutional hypotheses for my
data. I argue that the cultural and social embeddedness of governance issues –
together with the broad variety of addressees of annual reports – links issues of
overall public visibility and a focal corporation’s explicit commitment to CSR. I
assume the visibility of corporations to be a factor that increases public exposure
and scrutiny, and the media discourse (i.e., volume and tenor of media coverage) to
be an indicator of cultural resonance and legitimacy of the concept within the field.
I also argue, drawing on core institutional arguments, that corporations follow and
imitate leading organizations in the field.

Visibility of the corporation in the media proves to be a highly significant predictor
for CSR during hypothesis testing. However, the variable loses its significance in
the full models: As soon as firm size and other organizational characteristics are
added, I even witness a change of sign with values, albeit still below the significance
mark. Aside from corroborating the strong explanatory value of these organiza-
tional variables, I also interpret this as evidence that public scrutiny of corpora-
tions, in the context of rather consensual issues like CSR (see above), is less
influential than individual characteristics of adopting organizations.

CSR in the media discourse – a combined measure of volume and tenor of media
coverage – determines the visibility and resonance of the concept of CSR at field
level. It is important to note that CSR did not receive much media attention until it
became explicit around 2000, and that the tenor of media coverage is almost
unanimously positive – critical statements thrive exclusively on the admonishment that it is much ado about something that should be self-evident. Consistent with my assumption, the rising and overwhelmingly favorable media coverage has a positive effect on CSR commitment in annual reports. The variable remains highly significant, even after adding other clusters of hypotheses; only at the point when introducing corporate governance, I witness a reduced effect (i.e., below significance). Obviously, CSR is part of a broader discourse on corporate governance issues, with the latter being more relevant for indicating conformance with socially agreed values and norms than media discourse.

Hypothesis testing in model V also suggests mimetic pressures at work: The prevalence of CSR among model corporations in $t_1$ significantly increases the likelihood that a focal corporation will also indicate commitment. This effect, however, ceases and actually turns negative (albeit below significance) when other variables complete the picture. Although I find – as suggested by the broad literature on diffusion – evidence for some mimicry, its relevance is less important in the case studied here.

6.3.4.6 Model VI (hypotheses 1-12, full model)

Model VI presents a first full model that integrates the previous hypotheses in one single picture. Overall, I witness considerable influence of almost all organizational characteristics – firm size, firm age, profitability, and public sector influence – as anticipated, a significant negative effect of relative importance of workforce, and a significant positive effect of CSR in the media discourse. From the controls, public relations agencies and timeline are reported as significant. All variables were also addressed, and interpreted, in more detail above. In the sections to come, I will add two important variables to the full model in order to eventually obtain a comprehensive model. I will then present a parsimonious/optimized model that contains the most essential variables. Finally, I will test my data for distinct time periods to account for period effects.

6.3.4.7 Model VII (hypotheses 1-13)

It is not only organizational characteristics and field level pressures that influence a focal corporation’s commitment to CSR. Management concepts are highly normative constructs, especially with their underlying governance models referring to normative belief systems. As argued above, this makes it difficult for organizations to switch back and forth between commitment and non-commitment without losing credibility. However, examining my data I witness – especially for the early years of CSR in Austria – a substantial amount of casual commitment. Model VII introduces an additional variable that statistically tests, and confirms, the assump-
tion that commitment to CSR in $t_i$ is highly significant for commitment in the current annual report.

This variable also controls for another organizational practice that is relevant here: namely the fact that organizations potentially copy-paste texts from one document to another (i.e., from the previous year’s issue of an annual report to the current one).\textsuperscript{164}

6.3.4.8 Model VIII (hypotheses 1-14, comprehensive model)

Finally, a hypothesis is devoted to the meta-discourse on corporate governance issues; results show a significant positive effect of reference to corporate governance on the dependent variable. More generally speaking, these findings indicate that management concepts are not singular points of orientation but rather deeply linked with related issues and/or concepts and therefore also integrated in complex discursive bundles (see also Meyer & Höllerer, 2009).

Figure 11 illustrates the relationship between CSR and corporate governance over time – and depicts a rather simultaneous diffusion process within my sample. While explicit CSR existed to some extent throughout the 1990s, the label “corporate governance” entered the genre of annual reports for the first time in 1999 and skyrocketed in the following years, surpassing commitment to CSR only three years later when the formal Austrian Code of Corporate Governance was published in 2002. Over time, I also notice increasing joint appearance of CSR and corporate governance issue markers in a corporations’ annual reports: In 2005, 63.4% of publicly-traded corporations refer to both CSR and corporate governance, while 2.5% refer to CSR exclusively, and another 14.6% to corporate governance exclusively; however, this leaves a remarkable number of corporations (19.5%) that do not fall in line with these global trends at all.

\textsuperscript{164} However, while this certainly may apply for specific parts of an annual report (such as the mission statement, statement of corporate values, and glossary), and annual reports follow certain templates, most parts of the text are altered and drafted anew each year.
For both concepts, the events around 2000/2001 (i.e., corporate malfeasance that shocked the global business community) boost relevance and dissemination, with corporate governance being the more direct answer addressing the problematic nature of principal-agent relations. Framed as good corporate governance, however, the link between corporate governance and CSR becomes evident for reestablishing trust in corporations and reassuring business’ role within society.

Nonetheless, I suggested a causal relationship. My argument is twofold: On the one hand, corporate governance, in particular, has offered the rhetorical tools “to reframe issues in institutionally-consistent terms” (Miller & Guthrie, 2007: 2; Suddaby & Greenwood, 2005) in the face of divergent institutional environments, global and local alike. Only this has enabled the implicit understanding of CSR to metamorphose into an explicit commitment in an arena characterized by a focus on shareholder interests. On the other hand, good corporate governance, despite its global theorization, remains rather abstract. For the continental European as well as for the Austrian context, CSR has provided an existing, indigenous solution at hand. For this reason, the reference to corporate governance might provide an important piece of the puzzle within this study.

165 Note that this study investigates publicly-traded corporations and financial annual reports addressing a national and international capital market. Meyer and Höllerer (2009) show how corporate governance, as a conceptual and discursive mediator, is able to link the – at normative level opposing – concepts of shareholder value and CSR.
6.3.4.9 Model IX (parsimonious model)

The parsimonious/optimized model IX carries forward the previous model and – by means of a step-by-step elimination of non-significant variables – reduces complexity without compromising statistical quality. Two variables that are flagged as significant in the comprehensive model drop below significance during this process due to interdependencies: public relation agencies and public sector influence. For all other values included in model IX, results corroborate previous interpretation: I witness the same or an improved level of significance (at least $p < 0.01$), thus presenting very strong evidence.

6.3.4.10 Models X and XI (period effects)

Finally, the comprehensive model is tested for two selected time periods in order to shed some light on dynamics over time: specifically, the years before and after the corporate malfeasance scandals. In this manner, I am empirically able to confirm a core assumption of institutional and diffusion research, namely that early adopters of an innovative practice differ from late adopters in terms of organizational characteristics (see Table 13 for details). Beyond demonstrating for each period that a distinct set of variables characterizes corporations indicating explicit commitment to CSR, I also show that field-level pressures gain significance over time while organizational characteristics tend to lose relevance with an increasing institutionalization of the practice.

Some variables retain their level of importance throughout the whole observation period: firm size, firm age, and commitment to CSR in $t-1$. Other characteristics, like leverage and listing on a foreign stock exchange, or institutional factors like visibility of the corporation in the media, CSR in the media discourse, or prevalence of CSR among model corporations in $t-1$, are not significant in any particular period.

In more detail, early adopters – corporations espousing explicit commitment to CSR in the period 1990 through 2000 – can be portrayed as large (firm size, positive effect) and rather young (firm age, negative effect) organizations, with dispersed ownership – i.e., without blockholdings or substantial state influence (concentrated (private) ownership and public sector influence, both negative effect). In the case of a focal corporation indicating commitment in the previous year, this significantly raises the odds for commitment in the current annual report (commitment to CSR in $t-1$, positive effect).

In the period 2001 through 2005, proponents of CSR are again large (firm size, positive effect) and young (firm age, negative effect) organizations that espoused commitment in the previous year (commitment to CSR in $t-1$, positive effect). My data also suggest that for late adopters, the slack resource argument is valid as they are, to a significant degree, profitable corporations (profitability, positive effect). These business organizations also draw considerably on support from major public
relations agencies (*public relations agencies*, positive effect): PR agencies (like other knowledge entrepreneurs including consultants and professions), fulfill an important role in the dissemination of new ideas, practices, and forms. Ownership structures, on the other hand, are not significant for late adopters.

Compared to the 1990s, however, distinct field-level pressures come into play: pressure from national capital market constituents (*listing on the Austrian Traded Index* (*ATX*), positive effect), business activities within environmentally¹⁶⁶ high impact industries (*high impact industries*, positive effect), and consequences of capital-intensive production technologies (as opposed to labor-intensity; *relative importance of workforce*, negative effect). In sum, this clearly points to broader societal implications and an ongoing institutionalization of explicit CSR within the business community and society. Linkage with the meta-discourse of corporate governance also proves to be a significant predictor for commitment to CSR (*reference to corporate governance*, positive effect), despite the fact that it did not exist at all in Austria during the 1990s.

### 6.4 Summary

This – more quantitative – part of the study conveys a clear idea of the emerging CSR discourse in Austria during the 1990s and early 2000s. First, both for the genre of annual reports as well as for print media, it was possible to witness a rapid dissemination of explicit CSR after the turn of the millennium. I briefly discussed several possible triggers for this development: international standardization on CSR-related issues, a series of corporate malfeasance in the aftermath of shareholder value euphoria (also leading to the increased relevance of issues of good corporate governance), and changes in the historically grown institutional framework in Austria.

Second, I empirically illustrated the increasing significance of CSR within the genre of annual reports, both in terms of anchoring in text superstructure, as well as in terms of extent of reference. The picture was completed by a first examination of the concept’s content: I showed that the three major thematic moorings and strategies of addressing the issue of CSR in annual reports were either to create a new and exclusive section, to integrate CSR with issues concerning investor

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¹⁶⁶ One might have expected corporations within *high impact industries* to be among the CSR pioneers – however, they are late adopters: A plausible explanation is the existence of yet another, and well established, discourse in Austria: the discourse on environmental issues. A negative sign for the variable in the first period (although below the significance mark), and a highly significant positive effect in the second period, can be interpreted such that corporations in these industries continued to adhere to the specific environmental discourse, and only with increasing institutionalization of explicit CSR shifted attention to the CSR sub-discourse of sustainability (including notions like sustainable development, or the TBL, for instance).
relations and corporate governance, or to utilize CSR for public relations and marketing purposes.

Third, at the very core of this chapter, I examined which corporations would be likely to espouse explicit commitment to CSR. Testing a broad range of organizational characteristics and institutional variables, I presented and discussed results from various binary regression models, with a parsimonious/optimized model providing a compact overview. Generally speaking, I found large, young, and profitable corporations that employ capital-intense technologies and operate in high impact industries to be more inclined to espouse explicit commitment to CSR policies and activities. This very much corresponded with my initial proposition that it was not the typical Austrian corporation (i.e., medium-sized, traditional, family-owned) that primarily linked up with, and adopted, explicit CSR policies and practices. Such corporations were already seen, by their owners and executives alike, as being in line with societal expectations, and as behaving responsibly within the broader institutional framework of the country. In other words: Business organizations that have actually practiced CSR implicitly for a long time – mainly as part of their self-understanding and identity – picked up the explicit terminology rather late. For them, CSR was “something you do – but that you don’t talk about too much”. A media quote illustrates this point well:

“It is true that corporate social responsibility […] is being practiced, but it is not recognized as a strategic instrument and is thus not employed as profitably as it could be. And, above all, it is not being communicated” (Roman Mesicek, managing director of the platform respAct/CSR Austria, cited in: Die Presse, page R4, September 15, 2005; translation by the author).

In sum, several pieces of evidence clearly point to broader societal implications and an ongoing institutionalization of explicit CSR, both within the business community and society: the normative aspect of uttering a “CSR creed” in the past, the co-occurrence of CSR with issues of corporate governance, the insight that early adopters of CSR differed from late adopters in terms of organizational characteristics, and the fact that field-level pressures gained significance with the increasing institutionalization of explicit CSR.