Corporate social responsibility as a consulting product – The consultants’ perception

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THE CONSULTANTS’ PERCEPTION

Abstract: The article analyses the role of consultancy firms for the dissemination of socially responsible business practices. Based on six expert interviews with consultants and executive directors, it ascertains the perspective of consultancy firms. Predominantly, the consultants consider themselves to play an active role within this process. From their perspective, they are the ones who prepare the ground for the issue of corporate responsibility and deliberately pick up and strengthen trends. Therefore, the self-perception of the consultants complies with an interpretation in line with the sociology of management rather than with the perception of neo-institutionalist organisational research.

Keywords: Corporate Social Responsibility, Consultants, Germany, Management; Neo-Institutionalism

1. INTRODUCTION

Nowadays, voluntary commitment to society and the environment is given steadily greater priority in many companies (Lougee & Wallace 2008; Sahlin-Andersson 2006). More and more, the companies commit themselves to compliance with social and environmental standards that go beyond legal requirements or support social projects (Carroll 1999; Dahlsrud 2006; L’Etang 1995; Pinkston & Carroll 1996). In this context, they increasingly communicate their commitment by means of corporate social responsibility and sustainability reports, product and corporate advertising, press releases and own internet pages (Aras & Crowther 2008, Ballou et al. 2006, Hartmann et al. 2007, Morhardt et al 2002, Pomering & Johnson 2009). At organisational level, it turns out that the companies prepare for continued occupation with the corporate social responsibility issue. CSR is considered as a management task, CSR executives are hired or CSR departments set up (Brammer & Millington 2004; Cartland 2010; Windell 2007). In addition, numerous initiatives have been launched over the past years by government organisations, NGOs, foundations and companies, which disseminate the guiding ideas of corporate social commitment. The most renowned of these initiatives are the United Nations Global Compact (Cetindamar & Husoy 2007; UN 2009) and the Global Reporting Initiative (GRI 2010; Willis 2003). At European level, own CSR strategies have been developed for instance by the corporate network CSR Europe (CSR Europe 2011; Matten & Moon 2004) and the European Union (European Parliament 2007; Herrmann 2004). Parallel to this dissemination process, it can be observed that consultancy firms attach increased importance to the issue of corporate social responsibility, developing and offering corresponding consultancy products. The present article focuses on the perspective of corporate consultants who implement such CSR advisory processes. It is based on an evaluation of
interviews held in German consultancy firms. The objective of the analysis is to answer the question of which role corporate consultancy firms play for the dissemination of CSR activities. Do they – from the consultants’ own point of view – contribute actively to the establishment of CSR practices as a new management trend, are they rather restricted to the role of ‘diffusion agents’ (Hasse & Krücken 2005: 26; Matten 2005) for practices already asserting themselves in the organisational field of the companies asking for consultancy, or is their role in the process of establishing CSR practices actually to be considered as negligible?

2. DISSEMINATION OF MANAGEMENT KNOW-HOW BY MEANS OF CONSULTANCY

In the business world, the use of consultancy firms for the preparation of organisational change has come to be a matter of course (Clark 1995; Faust 2006; Kipping & Engwall 2002). The increased significance of corporate consultancy is reflected in the fact that consultants are being described as the new “reflection elite” (Deutschmann 1993) and some researchers even refer to the emergence of “consultancy capitalism” (Resch 2005). In most cases, attempts at explaining the high significance of consultancy firms refer to increased complexity of the business environment, which, in the meantime, managers could no longer comprehend and handle alone. As a result of globalisation, new technologies and stiffer competition, managers now had to draw on the support from consultants as a matter of routine (Ernst & Kieser 2002).

However, there are different assessments of the role played by consultancy firms in the process of disseminating management know-how. The sociology of management consultancy (Deutschmann 1993; Ernst & Kieser 2000, 2002; Faust 2002; Kieser 1997; Salaman 2002) holds that consultancy firms play an active role in the development and dissemination of management trends and fashions, thus giving rise to ever-new consultancy requirements. Consultants unveil and point to problems and, at the same time, promise to know the solution. From this perspective, the consultants’ power of definition regarding the interpretation of problems is considered as being extremely high. An important aspect of consulting activity is to first and foremost create problem awareness on the part of potential customers, i.e. see to it within the meaning of “agenda setting” that high importance is attached to certain issues by the decision-makers.

By implementing the management recommendations given by the consultants, the advised company’s management can then consider itself to be ‘in line with the trend’ and act appropriately. However, the consulting recommendations tend to be valid only for a short period of time, so that ever-new consultancy requirements result. As soon as the consultants have left the company, new questions and uncertainties are poised to arise, for instance about whether a lasting advantage over the company’s competitors has indeed been achieved. As a consequence, it seems required to take new management concepts into consideration, which were once again launched by consultants and once again require consultants to implement them in the company. In this way, a continuous change of management know-how is stimulated through consulting initiatives (Ernst & Kieser 2002; Kieser 2005). In this sense, it would be possible to attribute the
increased activity of companies in the area of corporate social responsibility to the activities of consultancy firms aspiring to establish CSR as a management trend.

Another theoretical approach to analyse the dissemination of CSR activities is the neo-institutionalist organisational theory (Boxenbaum 2006; Campbell 2007; Hiß 2006, 2009; Höllerer & Meyer 2007). This theory acts on the assumption that every society has a set of rules and guiding principles that define and establish a framework as to how organisations can be shaped and which tasks they are allowed to perform or not. Certain elements – such as accountancy, electronic data processing and perhaps also CSR – are hence considered as right and necessary on the grounds of shared social values and views. Organisations meet these social expectations in order to secure legitimacy and safeguard the flow of resources (Meyer & Rowan 1977, DiMaggio & Powell 1983). From a neo-institutionalist perspective, the structures and procedures of an organisation cannot simply be derived from efficiency and competition considerations, but are rather based on ‘myths of rationality’. These are understood as rules and sets of assumptions, which are rational insofar as they define social objectives and establish regulations governing which means are considered appropriate for the pursuance of these purposes (Walgenbach 2006: 359). They have a mythical character since their efficacy is based on shared beliefs.

In neo-institutionalism, the framework within which institutionalisation takes place is conceptualised as an ‘organisational field’ (DiMaggio & Powell 1983). A company’s organisational field includes all organisations capable of exerting influence on its structure, conduct and survival (Walgenbach 2006: 368). These can be providers and consumers of resources and products, public authorities and competitor companies, subcontractors, political regulators and scientific organisations, but also non-government organisations (Hasse & Krücken 2005). With respect to CSR, all organisations within a society are relevant according to Hiß (2006: 126), which deal with the issue of CSR from different points of view, i.e. not only the usual ‘stakeholders’ of companies, but also for instance churches, political foundations and technical and financial foreign aid organisations.

From the neo-institutionalist perspective, corporate or organisation consultancies contribute primarily to the dissemination of rationality myths. They are ‘diffusion agents’ (Hasse & Krücken 2005: 26) of these myths. Consultants provide companies with important aid to orientation by offering tried and tested problem solution practices. In this context, consultancy turns into a legitimisation resource for the companies seeking advisory services in three different ways (Meier 2004: 223): through the (1) mere involvement of a renowned consultancy firm, modern and rational organisational leadership can be demonstrated to the inside and, in particular, to the outside world; through (2) implementation of the changes proposed by the consultants, which comply with the respective prevailing management practice, legitimacy can be gained and (3) consultants are able to confirm existing or created structures as the standard of rationality. From a neo-institutionalist perspective, consulting firms are therefore of particular importance when it comes to securing the legitimacy of management activity and to the standardisation of such
management activity. However, shared organisation concepts are developed across the entire organisational field and can hence be attributed not so much to the initiative of consultancy firms.

Beside the views of management research and the perspective of neo-institutionalist theory, a number of further explanations on the increased dissemination of socially responsible entrepreneurial acting also play a role in the scientific debate. For instance, it is possible to distinguish in analytical terms between normative, capitalism- and globalisation-theoretical and economic approaches (Bluhm 2008), the joint characteristic of which is that they do not attach any importance to consultancy firms. Normative approaches are based on the assumption of norm-oriented, voluntary social commitment of the companies and their managers or owners. Capitalism- and globalisation-theoretical approaches consider social corporate commitment as being the consequence of market deregulation and the growing influence of capital markets. Capital market actors are seen as putting increased pressure on the companies for the adaptation of CSR concepts, which are then canonised and standardised by social responsibility investment funds and sustainability indices. The argumentation of economic approaches focuses on the competitive advantages, which companies hope to achieve by means of responsible acting (Kurucz et al. 2008). The possible advantages being referred to include for example image improvements, price advantages, higher employee motivation levels and enhanced sales opportunities for new socially or ecologically responsible products, services and capital investments. In these explanatory approaches, consulting firms do not feature as an independent factor, their role in the process of establishing CSR practices being either neglected or explicitly assessed as insignificant.

3. The Consultants’ Perception

How do the consultants themselves assess their influence? Do they consider themselves as being important actors who make active contributions to the establishment of CSR practices, do they see themselves as insignificant or do they restrict themselves to the mere role of diffusion agents for practices already having been established in the organisational field? The interviews conducted to answer these questions and quoted on the following pages were held in the autumn of 2009 with executive board members of consulting companies as well as with consultants specialising in the area of CSR advisory services. All in all, the survey included persons from six different corporate consulting firms. The interview passages have been anonymised. As a result of numbers having been assigned to each and every interview, however, it becomes clear which statements were made in which interview.

The interviews show that the persons surveyed consider CSR to be a rather difficult field of advisory services, which requires a lot of persuading. One of the interviewed persons said: “Consulting in the CSR segment cannot be compared to communications consulting or organisational consultancy, not to mention a strictly business-oriented consultancy assignment” [Interview 1]. A difficulty consists in the fact that most companies have relatively little prior knowledge as far as CSR is concerned: “There is very little knowledge about this issue, which is
often mixed up with other topics” [Interview 2]. In the opinion of the consultants, this results from the fact that the term CSR is not yet firmly established in the German companies despite its scientific popularity. For instance, companies are not able to understand already existing activities as CSR activities: “They ... are completely surprised when we tell them what CSR is actually about, i.e. that it is not necessarily something new and many entrepreneurs are involved in such activities already today” [Interview 3].

Since CSR is still a relatively young issue for the German companies, there is no clear allocation of competences either in the companies so far. Contact persons are not easy to identify; for instance, it is possible that several departments feel responsible for a certain area, which makes the consulting process more difficult. “CSR is part of different departments, which are partially staff departments and partially sub-divisions of the communications department, it is marketing and it is human resources. The picture in Germany is very diffuse” [Interview 1]. This circumstance implicates that CSR is difficult to offer as an advisory service. It is therefore classified by the consultants as a “not easily saleable product” [Interview 4].

The consulting firms therefore try to increasingly bring the issue into public focus. One possibility to “create public awareness” [Interview 4] are lectures and the participation in conferences, workshops and panel discussions on CSR in the broadest sense. Particularly suitable are “... workshops, in which there simply is an intensive thematic exchange on the subject, where one suddenly becomes important for a company on the basis of the issues discussed, and an assignment eventually results from this” [Interview 1]. At such events, the consulting firms can present their CSR and consultancy approach and arouse the interest of customers: “... one bank responded to our presentation by approaching us and asking: Can you also do this for us?” [Interview 5]. In the interview participants' opinion, such event forms are currently more suitable to establish contacts in the advisory field of CSR than the direct marketing (“cold calling”) of customers, “since, as a matter of course, we can very easily establish contacts there, i.e. come into contact with agents and then ... receive an invitation” [Interview 4].

The consultants are sometimes very frank in emphasising their active role in the process of issue prioritisation: “Either one sets the trend oneself, or one must exploit someone (...) who sets them for you” [Interview 5]. Another surveyed person said in a more reserved tone: “One can make a contribution to shaping such views and trends by voicing one’s opinion at the right time and place” [Interview 6]. By contrast, another interview partner emphasised the process of picking up thematic trends, using the example of climate change: “... this is now a major issue, and of course we as consultants are anxious to exploit this situation” [Interview 4]

Another possibility for the consultants to acquire assignments is personal contacts. The consultants keep their contact persons up to date about their current advisory area CSR in order to be approached or further recommended at a later point in time: “So that someone says: listen, you have to bring somebody in for this purpose, why don’t you call (name of the consulting
company), I know them” [Interview 5]. In this context, contact with the decision-makers is of the greatest significance: “I don’t need a network with many people who are enthusiastic about the CSR issue, but cannot take any decisions. Instead, I want to be able to get in touch with the executive board” [Interview 2].

Owing to the complexity of entrepreneurial responsibility and the fact that CSR has not been firmly established yet as an advisory subject, the consulting companies themselves do not use the term in a standardised way and partially replace it with a wide variety of similar terms (such as corporate citizenship or sustainability): “We have always avoided to use the word ‘social’, since the connotation of ‘social’ simply does not mean what we have in mind” [Interview 5]. Even where the term CSR is used, it can be filled “with different content”, depending on the individual company, according to the statement given by one of the consultants [Interview 1].

As some consultants point out, the term CSR also raises negative associations on the part of companies: “The term CSR has a number of disadvantages, one of them being that it always sounds a bit like: let’s direct some of our profits into social sponsoring” [Interview 6]. Therefore, all surveyed consultants try to dispel any impression on the part of their customers that CSR lacks economic benefit. The basic understanding that, at the end of the day, CSR also has to pay off economically for the company is hence seen as a precondition of the consulting process. CSR is deliberately emphasised as an “economic factor” in order to raise the companies’ interest in CSR, for: “Values also need to have a value for the company” [Interview 5]. From this expectation, however, a major difficulty results for the consulting activity. Since CSR is seen as a “very soft issue” [Interview 5], the question arises how the success of CSR is to be assessed for the company. Success measurement turns into a major problem for the consulting process: “… as it does not have a direct impact on the balance sheet, except perhaps as a cost factor” [Interview 4]. Insofar, the consulting process aims at emphasising the long-term advantages of CSR: “To make success in terms of CSR measurable, parameters have to be reassessed, i.e. they have to pursue medium- to long-term effects and not focus on quarterly figures …” [Interview 1].

To propagate CSR activities, the consultants point to social change, which the consulted company should respond to in an appropriate way. Beside the general advice that companies gain a competitive advantage through CSR, they particularly address the aspect of globalisation. They make clear that it has become indispensable for companies to react to globalisation by making increased use of CSR, as globalisation has led to a change in consumer attitudes: “… what many people notice in this environment is that consumers certainly tend to buy products with a clean background” [Interview 5]. Another particularly important aspect is to highlight the dynamic of social change in order to substantiate the need for immediate action: “We (...) are interested above all in pointing out that, the more urgent social problems are, the more urgent also is the demand for a solution” [Interview 6]. In the consulting process, it is therefore also made clear that, in the meantime, many companies have become involved in this area because the “inhibition threshold” can be lowered by this means” [Interview 3].
However, the consultants often have to do with decision-makers in the consulting talks who are only prepared for minor commitment to the field of CSR. As a result, the consulting process is made rather difficult, “... as one often needs to explain that CSR is more than just marketing and PR. It is not only about a CSR rating report, which you have to compile and publish, it is really about implementing something” [Interview 3]. According to the consultants, however, it is often possible also in these cases to convince the company that a primary focus on PR measures might produce more damage than benefit: “They tend to be rather grateful that one shows them once again in a very specific way what could happen” [Interview 1]. In this context, negative examples from the past can serve as a supporting argument: “If someone comes up tomorrow and claims that (name of the company) is producing in India with child labour, they will very quickly notice the decline of their sales” [Interview 5].

Once a customer relationship has been established, the consulting firms work with modular consulting products, as is also the case on other consulting occasions. In this way, the consulting process is provided with a structure. What results is a certain standardisation, which in practice however is still adjusted to the respective individual circumstances: “Of course, there are basic elements which always come in. But no company is like any other, ... and it is pretty difficult to say: let’s do 1, 2, 3, 4, and there you have your CSR” [Interview 3].

At present, the CSR consulting market is still dominated mostly by specialised consultancy firms, which have often focused on a partial aspect or on certain lines of industry. Primarily, these specialisations result from the consultancy firms’ further consulting services. Due to increased media attention, however, other actors have now also entered the market, the focal issue of which is not CSR, but who have extended their portfolio in this direction: “Basically, we are just about to leave the phase where CSR consulting was a predilection of small specialists. Now, the large agencies are increasingly entering the market with different levels of quality” [Interview 1]. According to the surveyed consultants, communication and PR agencies increasingly get involved in the CSR segment and put the focus especially on communications, true to the motto: “... I can report on everything the company does, so of course I can also report on CSR” [Interview 4].

Consequently, the consultants also differ in their assessment as to whether CSR will be relevant over the long term. Whereas one surveyed person said with determination: “It is not a fashionable issue” [Interview 2], another consultant points out that his consulting company has deliberately not set up a specialised CSR unit, as CSR was only a “luxury issue” and would inevitably become less relevant in a couple of years.

4. CONCLUSION

Over the past years, companies have increasingly occupied themselves with their social responsibility and reflected the consequences of their entrepreneurial acting for their reputation and public image. In this context, one often refers to corporate social responsibility, a term also picked up by the consulting companies offering specialised consultancy in this segment. Against
this backdrop, the article has dealt with the question of which role corporate consulting firms play for the dissemination of CSR activities. Do the consulting firms wish to make active contributions to the establishment of CSR practices as a new management trend? Do they rather restrict themselves to the role of diffusion agents for practices, which are already asserted themselves in the organisational field of the companies seeking consultancy or do they consider themselves to be relatively insignificant actors in the process of increased dissemination of socially responsible practices?

From the surveyed persons’ point of view, CSR has not been able so far to firmly establish itself as a consulting subject. The interviews indicate that the customers of consulting firms often have been convinced of the issue’s relevance. This fact militates against the interpretation that an unchallenged general notion of CSR has already developed in an organisational field. According to their own statements, the consulting firms often make a strong effort to awaken the interest of customer companies in the issue. The strategy to make companies familiar with the subject of CSR by means of participation in conferences, workshops and lectures is considered as far more promising than the direct approach of customers. The common perception of the surveyed persons is that knowledge about CSR is very low on the part of potential customers. Therefore, the consultants predominantly see themselves as playing an active role. It is they who prepare the ground for the issue and deliberately take up and reinforce the trends. Hence, the self-perception of the consultants is far more in line with the interpretation of management sociology than with the picture of neo-institutionalist organisational research. According to the statements made by the consultants, CSR consulting services have not reached the standardisation level either that is characteristic of other consulting services. CSR consulting is often tailored specifically to the needs of customer companies, and the consulting firms themselves do not base their activities either on a consistent basic understanding of CSR. With concern, however, small specialised consulting firms observe that, in the meantime, the large consulting companies have also begun to offer CSR advisory services. Insofar, a possible step towards the institutionalisation of CSR becomes apparent in the interviews. From the consultants’ point of view, however, this also indicates that, in the future, the focus of CSR will be shifted above all to the aspect of communications and PR.

REFERENCES


