critical perspectives on international business

Corporate social responsibility, governance and stakeholders: a bank in the upbeat of the crisis

Frank Jan de Graaf

Article information:

To cite this document:
Frank Jan de Graaf , (2016),"Corporate social responsibility, governance and stakeholders: a bank in the upbeat of the crisis", critical perspectives on international business, Vol. 12 Iss 4 pp. 388 - 412
Permanent link to this document:
http://dx.doi.org/10.1108/cpoib-11-2013-0048

Corporate social responsibility, governance and stakeholders: a bank in the upbeat of the crisis

Frank Jan de Graaf
Centre for Applied Research on Economics & Management, Amsterdam University of Applied Sciences, Amsterdam, The Netherlands and University of Amsterdam Business School, Amsterdam, The Netherlands

Received 20 November 2013
Revised 4 July 2014
7 January 2015
8 April 2015
6 July 2015
Accepted 23 November 2015

Abstract

Purpose – Using the global financial crisis as a critical event and based on institutional theory and stakeholder theory, this paper aims to explore the relationship between corporate governance and corporate social responsibility (CSR). The question is how stakeholders can influence corporate responses to societal change by using their position in the governance structure.

Design/methodology/approach – The analysis is based on a historical analysis of data collected mainly between 2002 and 2004. The historical perspective enables an understanding of the response of the company to environmental changes.

Findings – The approach enables researchers to relate the normative component of CSR to specific governance mechanisms. These governance mechanisms are specified in direct and indirect influence pathways. Historical data shed light on how, in the upbeat of the crisis, stakeholders have influenced the principles and policies of the ING Group, a Dutch financial company.

Research limitations/implications – The paper suggests that stakeholders influence principles – normative assumptions that guide corporate decisions – mainly in dialogue-based meetings (direct influence pathways). Companies are made accountable in indirect influence pathways such as regulations. The author also demonstrates that a historical approach enables an understanding of long-term historical developments and the linking of corporate policies to the normative assumptions of stakeholders.

Practical implications – If stakeholders wish to assess the social responsibility of a company, then they should assess the governance structure in relation to the principles and policies. The power structure within a company and that within the institutional framework in which the company operates (the governance system) strongly influences how a company executes its social responsibilities.

Social implications – The paper demonstrates how stakeholders can use the governance structure to influence a bank. If society – or a specific group in society – wants banks to play a different role, this paper points to what could be the levers of change in the governance system and the governance structure.

Originality/value – Insights into the complex relationship between corporate governance and the processes in which the social responsibilities of a company are developed.

Keywords Corporate governance, Corporate social responsibility, Stakeholders, Influence pathways

Paper type Case study

The author thanks two reviewers, the editor Matthew Haigh, Johan de Jong and Franz Josef Gellert for comments on earlier versions of this article, and Eline van der Steen for preparing the final draft.

critical perspectives on international business
Vol. 12 No. 4, 2016
pp. 388-412

1742-2043
DOI 10.1108/cpoib-11-2013-0048

Introduction

Governance issues in the finance sector reflect serious tension in societies. Since the collapse of Lehman Brothers, the near demise of AIG and RBS and the associated government bailouts, the links between the stability of governance in the financial services sector and their social impact have become increasingly apparent (De Graaf and Williams, 2009). The salience of banking governance is underlined by homeowners' problems, companies' diminishing credit lines and public fury about bonuses. Governments are urged to stand up and safeguard the social responsibility of financial companies. What has happened and what the role of various stakeholders has been within these processes has become a critical issue, both in theory and in practice.

While assessing these processes, the intertwined concepts of corporate governance and corporate social responsibility (CSR) should be considered (Freeman and Reed, 1993; Reich, 1998; McCarthy and Puffer, 2008; Jamali *et al.*, 2008; Fassin and Van Rossem, 2009; Dzisah, 2012).

Recently, institutional conditions of CSR have been stressed in research (Campbell, 2007; De Jonge, 2011), and as such, governance systems are critical in (re-)shaping normative positions (Matten and Moon 2008; Scherer and Palazzo, 2011). Stakeholder influence is crucial in this matter, although an assessment of the role of stakeholders in the governance structure of an individual company is yet to be conducted.

This article presents a case study that elucidates how stakeholders can use their position in the governance structure to influence corporate responses to societal change and how these processes are related to an institutional context. Insights into this matter could contribute to attempts to uncover the relationship between corporate governance and CSR. It also sheds light on how the development towards a strong neo-liberal economic system (Radice, 2014) influenced a continental European company.

The distinction between indirect influence pathways and direct influence pathways for stakeholders made by Frooman (1999) forms the foundation for a conceptual model of the role of stakeholders in the governance structure. This case focuses on issues related to influence pathways, but does not assess the nature or quality of the interaction or dialogue.

The case study is based on earlier work (De Graaf, 2005) which became relevant to reassess subsequent to the financial crisis in 2008. Major US and European governmental intervention was necessary to save banks and led to serious debate about the governance required for banks acting in the interest of society.

The following section amplifies a conceptual model used to describe the relationship between corporate governance and CSR. The subsequent section explains the case approach methodology used. The case itself is then described, analysed and discussed. Prior to the conclusion, implications for research and society are discussed.

Corporate social responsibility and corporate governance: towards a conceptual model

Within the extensive literature available on CSR, authors distinguish three interwoven characteristics:

1. the normative side of CSR, where certain principles are related to;
2. the responsiveness of companies to stakeholder interests, which together lead to; and
3. social performance, the policies and the company's outcomes (e.g. Wood, 1991, 2010).

The interrelationship between the three areas is critical, and as a result, the concept is difficult to study (Windsor, 2006; Schwartz and Carroll, 2008; Wood, 2010). Responsiveness is the critical concept that binds the two other elements together. In processes of responsiveness, normative, relational and instrumental intentions "merge".

The conceptual model starts with the critical distinction between principles of CSR, processes of responsiveness and policies and outcomes, developed by Wood (1991). In this model, processes of responsiveness (company-specific interaction processes with stakeholders) are seen as a critical starting point of CSR research (Griffin, 2000; Rowley and Berman, 2000; Margolis and Walsh, 2003). The governance system and governance structure are crucial in these processes (De Graaf and Herkströter, 2007).

To assess the role of stakeholder influence in corporate governance, a pluralist approach to corporate governance has been adopted that not only takes an economical logic into account but also is shaped and influenced by politics, ideologies, legal systems and social conventions (Letza *et al.*, 2004; Sanders 2012). Economic and other objectives all have a normative element, can become instrumental and also have relational aspects. It is incorrect to separate economic arguments from other arguments when discussing the social responsibility of companies (Purnell and Freeman, 2012). This implies that every policy expresses a companies' interpretation of its social responsibilities.

Corporate governance is defined within an institutional theoretical setting. More research is gradually being published about the influence of institutional and structural conditions on CSR (Campbell, 2007; De Jonge, 2011), suggesting the critical role of the governance system (Matten and Moon 2008; McCarthy and Puffer, 2002, 2008; Scherer and Palazzo, 2011) and the governance structure (Luoma and Goodstein, 1999; De Graaf and Herkströter, 2007; Filatotchev and Nakajima, 2014). DiMaggio and Powell's (1983) work on the institutional context of a company is extremely pertinent in this respect. Institutional theory enables researchers to take into account normative, regulative and mimetic influences (Scott, 2001) on a company and its managers. For this reason, both Campbell (2007) and De Jonge (2011) explicitly plead for an institutional perspective on CSR, suggesting that the behaviour of companies is rooted in institutional logics (Nigam and Ocasio, 2010). Matten and Moon (2008) have demonstrated the institutional implications of CSR policies at a country level, suggesting that a country's governance system plays a critical role.

On the basis of institutional theory, a governance system has been defined as the nationally oriented legal and cultural framework in which a company operates and where the governance structure is the set of rules and processes, which are formalised at an organisational level in the articles of association (Moerland, 1995; Nooteboom, 1999; Weimer and Paape, 1999; Whitley, 1999; Jackson and Deeg, 2008). The focus will be on the regulative characteristics of corporate governance, following De Jonge (2011), assuming that they are a reflection of certain cultural and normative determinants.

In the governance structure, the company structurally interacts with a group of stakeholders (Nooteboom, 1999). Besides shareholders, other stakeholders can also play a crucial role. In European countries, employees often participate via the works council, in some sectors supervisory authorities and councils (e.g. banks and insurance companies) are critical, and in cooperatives, clients or suppliers have a guiding role.

Following Sachs *et al.* (2002), a corporation's stakeholders are defined as individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and who are therefore its potential beneficiaries and/or risk bearers. Stakeholders have at least two of the following characteristics: a certain authority over the company, a legitimate claim (e.g. as seen by the public) and a form of urgency (Mitchell *et al.*, 1997). The focus in this study is on the primary stakeholders (Clarkson, 1995), customers, shareholders and employees, all of whom meet the three characteristics of Mitchell *et al.* (1997). In this case, the notion of government and supervisory authorities that represent the interests of one or more of these three groups being a "strategy" is introduced, a strategy by which these three stakeholder groups can indirectly influence a company. Another primary reason for focusing on three groups of stakeholders is that at least two – employees and shareholders – have to be represented in the governance structure by the Dutch law, or that the company has opted to give them a position (the clients). In the explorative study, the focus was on relationships that are relatively easy to assess. In finance, suppliers did not need to be taken into account. The main suppliers in finance (the suppliers of capital) are shareholders and clients. Other stakeholders such as NGOs or citizens in general were not taken into account.

Stakeholder theory (Freeman, 1984) assumes that the company has to balance the various interests to be successful in the long term. To achieve this, a company must deliver a set of responses that are appropriate to the social conditions in which it finds itself. This usually happens through a constant and mostly implicit interaction with stakeholders within the operational decision-making process. At critical moments, more structural interaction occurs, and at these times, the governance structure is important. For example, if decisions involve the position of employees, the Dutch law stipulates that the works council has a critical say (De Graaf and Herkströter, 2007).

Within governance systems and governance structures, there are various ways in which stakeholders can influence corporate principles and policies (Frooman, 1999; De Graaf and Herkströter, 2007). Stakeholders can use direct or indirect influence pathways. For example, stakeholders can directly influence company policy through a works council, the shareholder meeting or the advisory meeting of clients, during which they directly engage with the company and enter into dialogue. With indirect influence pathways, they use a third party, such as the government or supervisory authority, to influence a company. Stakeholders try to, for example, strengthen regulations concerning working conditions or legislation that ensures more transparency regarding financial products.

Direct influence is emphasised in network models of corporate governance (Freeman and Reed, 1993; Moerland, 1995; Nooteboom, 1999). In this system, formal or informal consultation before making a decision is an important means of taking responsibility. In a second approach, the emphasis is placed on indirect influence pathways (De Graaf and Herkströter, 2007), such as regulatory measures. Theorists suggest that this second, market-oriented system emphasises measures of indirect control. Through shareholder meetings, only the shareholders will have a direct influence on the board. Governments and other stakeholders rely on "demands at the gate", that is, regulations. Within federal US jurisdiction, the emphasis is placed on auditing (external reporting), powerful supervisory authorities and the role of economics in corporate and securities legislation. This approach contrasts with a consultative approach that might exist in, for example, a network-based governance system. In the USA, regulation is the mechanism that transfers responsibilities from the state to private hands.

These contrasting influence pathways are summarised in Table I.

Based on their understanding of Frooman (1999), De Graaf and Herkströter (2007) suggest that direct influence pathways have more influence on the normative side of CSR, namely, the principles, whereas indirect influence pathways have a more regulative nature and are more concerned with the accountability aspect of CSR, that is, a company's social performance. This would imply that if stakeholders want to influence the normative assumptions behind a company's policies – the principles of CSR – they should use direct influence pathways such as consultation mechanisms, shareholder meetings or meetings with the board of the works council. This suggests that stakeholders influence the principles of a company using direct influence pathways. In addition, if stakeholders want to influence how certain objectives are met, this theoretical perspective suggests that they should use indirect influence pathways, such as reporting standards and other regulative measures. If this is correct, stakeholders influence the policies of a company using indirect influence pathways. The aforementioned theory leads to a conceptual model, displayed in Figure 1. In the model, the principles of CSR are represented by the notions stakeholders have about the social responsibility of a company. It is fair to assume that some stakeholders have a role in direct and indirect influence

	Direct influence pathways (Emphasize on)	Indirect influence pathways (Emphasize on)
Main influence mechanism	Dialogue	Regulation
Control mechanism	Meetings, networks	Reporting
Enforcement	Voice (Reputation)	Legal (Court)
Governance system with the emphasis on one of the pathways	Network systems, e.g. The Netherlands	Market systems, e.g. the USA

Table I.
Characteristics of influence pathways in corporate governance systems

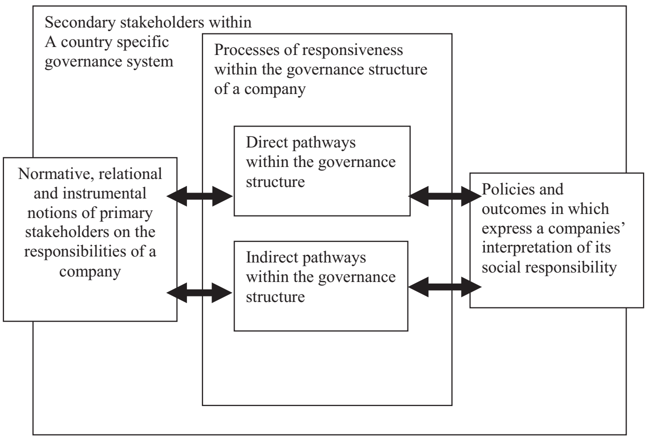


Figure 1.
A conceptual model of the relationship between corporate governance and CSR

pathways. Their influence shapes the interpretation of the corporate policies, and as such, corporate policies should reflect certain ideas of stakeholders.

Assessing part of the historical development of the ING Group – a Dutch financial holding company consisting of various insurance companies and various banks – over the past two decades enables us to further develop these insights. By exploring the validity and relevance of the theoretical assumptions, changes can be detected within the governance structure, in stakeholder positions in the influence pathways of a company. This case will examine how stakeholder positions changed in the various influence pathways and whether it is possible to relate this development to changing ING principles and policies between 1990 and 2004 – a period in which a strong neo-liberal order developed with the USA, a market-based system, as the dominant role model (Radice, 2014).

Methodology and data collection

Keating (1995, p. 61) states that to establish the plausibility of a specific theoretical perspective, its capacity to illuminate a previously unappreciated aspect has to be demonstrated. In the case of ING, the approach should make it possible to further distinguish certain normative assumptions in corporate governance and relate them to a company's interpretation of its social responsibilities. Within Malsch *et al.*'s (2012) pragmatic epistemology, it is assumed that some narratives have more value than others. To analyse the case, an important assumption is that companies in continental Europe tended to implement more market-based practices within the period examined, so that market-based practices were seen as best practices. Within this ethnohistorical perspective, every policy change helps to illustrate the influence of the normative assumption (the best practice) on corporate principles and policies.

The sociohistorical approach (Newton, 2010) in this study enables a more accurate understanding of value judgements, as it reflects on the normative assumptions behind decisions made at least eight years ago. It is therefore easier to understand whether stakeholders really have had an influence or whether observers, at that moment, suggested that they had an influence. If certain position changes really had an impact, they should, at some point, be reflected in corporate principles and policies. In addition, this approach dovetails with the institutional perspective on CSR.

In further developing the theory (Pettigrew, 1990, 1992; Yin, 1994), this case focuses on changes in policies, processes and structures to relate critical incidents to developments in and around an organisation (Pettigrew, 1990, 1992). By relating critical incidents to each other, a narrative is created regarding the role of influence pathways in the governance structure on changing principles and policies.

The longitudinal and descriptive character of the data enabled a study of how complex processes in the governance structure affected a company's principles and the outcome of the policies. Changes in principles and policies in an individual company that solely relate to the governance structure of that company can be located in light of the fact that the main tendencies in Dutch finance between 1990 and 2004 are clear and non-disputed.

This study uses the categorisation of De Graaf and Herkströter (2007, p. 184) to relate changes, displayed in specific incidents, to influence pathways: the various company stakeholder meetings are indicators for direct influence pathways, while indicators for indirect influence pathways are the various policy measures, contracts and other formal agreements that are subject to the regulation of supervisory authorities or governments (Table I).

The role of stakeholders in direct and indirect influence pathways is assessed by examining how a company within a network-based governance system (i.e. in The Netherlands) has implemented more market-based practices. As previously mentioned, some scholars believe that within network-based systems, more best practices for direct influence pathways can be found – for example consultation mechanisms – whereas in market systems, indirect influence pathways, for instance regulation, are critical (Nooteboom, 1999).

The changes at the national level consisted of deregulation, internationalisation and more shareholder orientation. This implied that Dutch financial companies developed the ambition to become part of the global market and that banks should be controlled by market mechanisms. In The Netherlands, various authors imply that this suggested a shift from network-oriented governance practices to more market-oriented practices (Nooteboom, 1999; Kalff, 2006). Based on our theoretical framework, and derived from this case, direct influence pathways appear less important and indirect influence pathways deserve more attention. The company's response to this change should presently facilitate the identification of the changing influence of stakeholders within the governance structure. The study focuses on a limited group of stakeholders, as reasoned in the above section. Representation in influence pathways is a critical determinant.

The data were gathered in the period 2002-2004. Interviews were conducted with several companies' top management members. Seventeen interviews were conducted with managers in internal audit, risk management and financial control, and with former CEOs and Supervisory Board members. The objective of these interviews was to gain insight into the company's responses to developments in society. Internal documents covering the period until 2003 were also studied. In addition to interviews, an extensive list of corporate documents was researched (Appendix).

Information available in the public domain was used to aid understanding of the interests of stakeholders in the studied period. All articles concerning the company that were published in the *NRC Handelsblad* and *Het Financieele Dagblad* (the main financial media in The Netherlands) between 1990 and 2004 were analysed. This shed light on how stakeholders interpreted developments within the company. The clash between corporate representatives' and newspapers' interpretations of corporate policies and their reporting of stakeholder responses facilitated the formulation of a narrative (Boudes and Laroche, 2009) concerning corporate responsiveness to stakeholder interests.

In this case, quotations are codified, ensuring optimal confidentiality for the interviewees (Appendix). The gathered data were interpreted using the above conceptual model.

Stakeholder influence within the ING Group 1990-2004

ING Group and the financial crisis as a critical event

In September 2008, the ING Group – a bank and an insurance company that in 2004 had been ranked eighth in world finance – had to approach the Dutch government for a capital injection. Alongside beneficial financial conditions, the Dutch government acquired two seats on the Supervisory Board with the authority to veto certain decisions. Interestingly, it was mentioned that they would especially be looking at remuneration issues, which had been heavily debated in The Netherlands during previous years. Although the company was not nationalised like ABN AMRO, government support made clear that ING's international all-finance strategy had failed.

Approximately one month later, CEO Michel Tilmant – a Belgian banker with a solid track record on Wall Street – resigned, as he was no longer able to deal with the crisis. The former CFO of Philips, a Dutchman, took over his position. In 2009, the bank announced it would divide again, de-merging its banking and insurance activities. By the demerger, the bank began to resemble the organisation it was in 1990, when it had had a comparable governance structure and regional focus (Indirect influence pathways within ING 1990-2005, p. 17). The abrupt abandonment of ING's international strategy and the Dutch stakeholder takeover brought restoration. A period of radical restructuring had started which saw the disappearance of global ambitions. The organisation would become a separate banking and insurance company (again), mainly active in northern Europe.

Less than 20 years earlier, in 1990, the ING Group had come into existence as the result of a merger between NMB Postbank, which was partly owned by the Dutch government, and insurance company Nationale Nederlanden. Dutch regulations had to be changed to enable the merger. Until then, the Dutch Central Bank had strict regulations to block huge mergers on the Dutch market, as such mergers would limit the choice and market power of Dutch clients/consumers and could lead to systemic risks. Partly because of the movement towards a single European market, the emerging international financial markets legitimised the development of three major banks in The Netherlands, which had a combined market share of approximately 80 per cent. However, during the initial years, the Dutch government still had a stake and a special representation on the Supervisory Board. In 1994, the government withdrew from the board and as a shareholder. The ING Group was one of the first companies in the world to combine banking and insurance activities and soon became a strong global player on the emerging international financial markets.

After 1990, ING expanded rapidly, especially in Europe, the USA and some Asian countries (Table II). The expansion in Asia became possible mainly through greenfield operations and the takeover of the UK bank Barings. This created a company that, in 2004, had 115,000 employees and a balance sheet of approximately €800 billion and was the world's eighth largest financial company (Table III).

1994	Participation in Bank Slaski (in 1995 major stake)
1995	Acquisition of Barings, after the bankruptcy of the British bank
1997	ING acquires Equitable of Iowa and Furman Selz (USA)
1998	Acquisition of the Belgian bank, Bank Brussel Lambert (BBL)
1998	49% interest in Allgemeine Deutsche Direktbank (in 2001 ING acquired the majority of shares
1999	Acquisition of the German BHF-Bank
2000	Acquisition of US insurance company Reliastar (USA)
2000	Acquisition of insurance company Aetna (USA)

Source: Annual Report ING Group (2000)

Table II. ING's main acquisitions between 1990 and 2004

Total assets, 2004	800 billion euro (appr.)
General description of the incorporation	An "all finance" company with a stakeholder orientation was established during the time of the merger in 1990
Financial structure	Quoted on Amsterdam stock exchange. Since 1998 also quoted on the New York Stock Exchange The Dutch government holds a golden share (veto right) until 1994
Statutory policy orientation	Stakeholders are mentioned in the Dutch governance regulation
Supervisory body	Independent supervisory board responsible by law for the "well being of the company". Shareholders and works council can nominate members
International strategy in response to deregulation of the Dutch financial market in 1990	Major acquisitions, international growth strategy while integrating bank and insurance activities. Conservative profit targets and no profit forecasts. Shareholders are considered important. Responds to public pressure on remuneration of top management

Table III.
Overview of the ING Group in 2004

Direct influence pathways within ING 1990-2003

In 1993, ING was a good example of the Dutch stakeholder model (Figure 2), but by 2003, some main characteristics disappeared (Figure 3). During the period that was studied, this model was under scrutiny. Given these institutional pressures, the company developed a more market-based approach, mainly because of shareholder pressure. One former CEO stated:

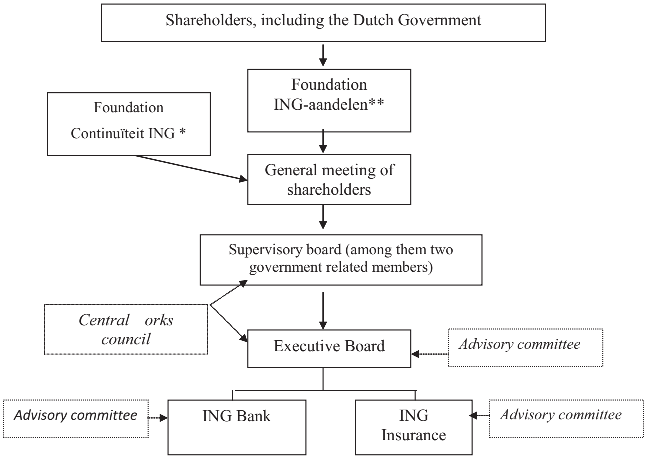
> At road shows, financial analysts – often very young – kept questioning certain Dutch practices, for example our conservative forecasting. Some we didn't even try to explain, for example our works council. There comes a time when you just have to accept certain practices.

Another retired CEO explained the guiding principle of the Dutch stakeholder model. Commenting on the reactions of the firm's stakeholders following a year of particularly good results, the interviewee said:

> All our stakeholders were disappointed. Shareholders wanted more dividends, employees wanted higher wages, creditors wanted lower interest rates and retail clients wanted to earn more interest on their savings. Such criticism was a signal that we'd done a good job. We would've had a problem if one of the groups had not complained. That would've meant that we'd favoured one of the groups over the others.

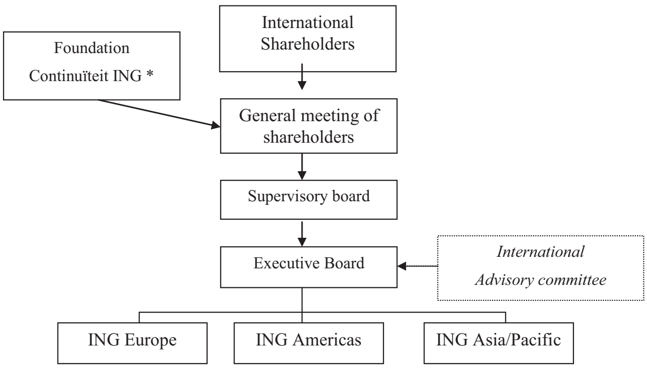
Although the focus shifted more towards shareholders, the Dutch governance system, with its stakeholder orientation, remained an important point of reference. In its principles up until 2003, ING targeted specific groups, namely, its customers, shareholders and employees. After 2003, a statement concerning its broadened responsibility disappeared from ING's annual financial reports.

The stakeholder orientation was related to characteristics of the Dutch governance system, which only allowed anti-takeover measures when the company formulated a stakeholder perspective in its statutory arrangements. Unlike ABN AMRO – which at that time was the role model in Dutch finance – ING did not remove all anti-takeover measures in 2003 (Figure 3).



Notes: The arrows explain the direct influence pathways. The foundations Continuïteit ING and ING aandelen are anti-takeover measures. During a hostile takeover, they can take over or block the voting rights (Foundation ING Shares) or issue extra shares (foundation Continuïteit ING). The central works council could nominate two members for the supervisory board and had various rights concerning the strategy and HR policies

Figure 2. Simplified governance structure of ING in 1993



Notes: The arrows explain the direct influence pathways.The foundation Continuïteit ING could issue extra shares (foundation Continuïteit ING) to hinder a hostile takeover

Figure 3. Simplified governance structure of ING after the governance reform in 2003

Within the initial years of the new organisation, the stakeholder orientation required ING to pay a lot of attention to the consultation processes (direct influence) before finalising many of its strategic decisions and redefining its principles.

Compared to practices applied in a more market-like model of governance (e.g. the USA), with an emphasis on external reporting, relatively little attention was paid to independent reporting – an issue that is more related to indirect influence by stakeholders. For example, ING's internal auditor certified only part of the annual accounts. This practice was unthinkable in market-based systems, as it could suggest that the accounts had not been verified by an independent auditor. However, in a network-based governance system like The Netherlands, with an emphasis on reputation, an independent audit to check that the rules had been followed was seen as less relevant.

Although the company maintained a stakeholder orientation between 1990 and 2004, employees lost power in direct influence pathways in favour of the shareholders. This is illustrated by various crucial incidents, starting with the merger in 1990 and continuing until the articles of association were changed in 2003.

Various changes within the governance structure illustrate that increased emphasis was placed on other principles, for example, the balance between various stakeholders changed and became more Wall Street-oriented. For instance, the Dutch government sold its shares in ING and no longer asked for special representation in the Supervisory Board. The listing on the New York Stock Exchange in 1998 was another implication of a serious change in principles and policies (Tables IV and V). Individual actions sometimes influenced this process; for example, in the final stage of producing the 2000 annual report, a top executive replaced the word "stakeholder" with "shareholder".

This was partly motivated by changing regulations in The Netherlands, which gave shareholders more influence. Most anti-takeover measures disappeared. However, ING did not follow ABN AMRO, which scrapped all anti-takeover measures. ING kept an anti-takeover measure that could slow down a hostile takeover. As long as companies had a stakeholder orientation in their statutes, this measure was still accepted by the Dutch regulator.

The abolition of the corporate-level works council in 2003 formalised a new balance between employees and shareholders. The formal reason for this was that ING was an international company, and it was no longer appropriate for the Dutch works council to make decisions for the non-Dutch employees. Since then, the formal role of the works councils has been at the level of Dutch subsidiaries.

Bound by Dutch law, the works council had had a direct influence on human resource management policies and other corporate policies that could have an impact on employees. This implied that employee representatives had to be consulted regarding not only strategic decisions but also foreign subsidiaries. In 2003, this situation changed. ING, stating that it was a multinational company, opted for a more shareholder-oriented system. The company became exempt from the Dutch legislation, which gave the works council influence at a corporate level, as most of its operations were outside The Netherlands.

The shift from employees to shareholders also became visible in various policy changes (Table IV). For example, the remuneration policies became more structured in line with the wishes of shareholders, who after 1990 were also able to vote on every relevant merger and could also vote on other strategic and remuneration issues. After 2003, they could also vote for new board members. These developments started after 1994, when the Dutch government sold its last shares and no longer had two special seats, with veto rights, on the Supervisory Board.

However, some Dutch influences kept their relevance in policy, for example in remuneration policies. The company was responsive to resistance in The Netherlands and, after fierce criticisms in the Dutch media, reduced the remuneration of the top management twice.

Another example in the shift towards shareholder dominance was the voting. In 1990, the shareholders of ING could not vote on the merger, which was typical for The Netherlands at that time. Direct shareholder influence on policies increased in the years thereafter. Especially after 1994, when the Dutch government sold its last shares in the company, shareholders became more leading and had to agree on every major strategic decision. The quotation on the New York Stock Exchange in 1998 was a milestone in this

Stakeholders	Direct influence pathways 1990	Direct influence pathways 2004
Shareholders	Were not able to vote on the merger between NMB Postbank and Nationale Nederlanden (decision of supervisory board) Dutch government is an important shareholder and also has a golden share, which gives it the right to vote No debates about principles/profile of the company, besides a discussion about combining bank/insurance activities	Dutch government withdraws as a shareholder in 1994 The influence of Shareholders increases, for example shareholders vote on mergers since 1994, and have more influence on remuneration and strategic decisions After 1998 and especially after 2003, shareholders formally gain more influence, for example with nominations for the supervisory board No debates about principles/profile of the company take place. Only analysts sometimes question the combination bank/insurance
Employees	Critical role in various business units by the works council and a strong position at a corporate level Co-deciding on all topics that involved employee interests Influence on strategic decisions when Dutch employees are involved. Had to agree on the merger	In 1998, a works council at a European level is created; however, this council does not have a strong position Central works council is relegated to a national level in 2003 Central works council no longer able to co-decide on major takeovers Strongly focused on the limited interest of the Dutch employees, no specific remarks about the general profile, principles and the strategy of the company
Clients	Three advisory councils: One general, and two focused on market segments (SME's and health care)	Various sector-oriented councils disappeared in 1998 After 1998, only a general international advisory council exists

(*continued*)

Table IV. Characteristics of direct influence pathways within ING between 1990 and 2004

Stakeholders	Direct influence pathways 1990	Direct influence pathways 2004
Stakeholder orientation supervisory body	Board members are not representative of the interest of a specific stakeholder (e.g. shareholder), but are considered collectively responsible for (by law) for the "well being of the company". So as to provide independence, members are chosen by cooptation (board members choose new board members) Board members are Dutch oriented	Increasing number of foreign board members Choice for limited structure regime in 2003 limits influence of works council on composition of board, and shareholders get more influence on board composition (have to agree on an appointment) After 1998, Dutch board members questioned the relevance of various market system-based practices, for example quarterly financial targets, especially by the CEO Jacobs. Two former union chairman where active in the supervisory board, for several years

Table IV.

respect, requiring more specific and frequently published profit targets and results, a new, bonus-driven remuneration system and more attention to the criticism by ING's financial analysts of its conservative financial policies.

Indirect influence pathways within ING 1990-2005

In assessing indirect influence pathways, the influence of regulation on the principles and policies of the company in the studied period was specifically assessed. Critical in the development of ING was its inability to become a *banque d'affaires*, a form of banking that is well known in European countries such as Germany and France. Within this form, the bank both invests in and lends money to a company and thus has a close and long-term relationship with it. This makes the bank an even more critical player in economic networks. Through the merger, the investments of the insurance company Nationale Nederlanden could be combined with the banking activities of NMB Postbank. However, regulatory measures and changing market preferences – practices that are uncommon in the USA and the UK – made it impossible for the organisation to develop in this direction. Regulation prevented this strategic shift and led to the development of a more shareholder-oriented modelled bank comparable with banks in the UK and the USA.

Table V outlines the characteristics of indirect influence pathways within ING in the period 1990-2004.

The shift from Dutch to more international practices meant the acceptance of practices originating from market systems in countries such as the USA and the UK. This became visible in the regulatory requirements that ING had to meet. Because of its international expansion, ING also had to accept certain regulatory and market practices in other countries. Again, the quotation on the New York Stock Exchange in 1998 can be seen as a milestone. This influenced the reporting standards ING had to follow and

Table V. Change in indirect influence pathways within ING between 1990 and 2004

Stakeholders	Indirect influence pathways 1990	Indirect influence pathways 2004
Shareholders	Dutch oriented, which implied limited attention. For a long time, this was not necessary, given the structure of the financial markets, for example the government operating as large shareholder No profit targets Conservative financial policies, backed by regulators No international road shows and conference calls	In 2000, prominent in corporate profile; after 2000, back to stakeholders again Shareholders receive much attention, although there is often also some hesitance in responding to shareholder demands (still anti-takeover measures) Many accounting practices are accepted, but there is still hesitation in accepting accounting practices appreciated by shareholders
Employees	Modest remuneration schemes, when for excellent performance, possible 15% extra maximum (is decided by management) Except very specific trading and sales positions, no specific bonus structure, only the very general rule that when someone performs exceptionally, his manager can decide on a 15% bonus	More modest remuneration schemes than competitors More modest restructuring policies then competitors After 2003, more international policies appear. More non-Dutch in board functions, more critical comments on Dutch policies
Clients	The merged companies had very different products and markets Ambition to become a Banque d'Affaires	After attempts to develop one bank/insurance product portfolio After 2002, no more attempts to integrate banking and finance, given international operational and legal difficulties Not possible to be a Banque d'Affaires because of new regulatory preferences
Government/Regulators	In 1990, before the merger, limitation on the structure of financial institutions in size and product portfolio ING had specific policy attention (and for long state ownership) because it executed various governance programs, supporting SME's and enabling big groups of clients to open a bank account. Bank social role was a reason for government involvement Only the Dutch regulators critical	Government focuses on more regulations, for example by a new regulator overseeing the behaviour of financial companies in the market ING became a financial institution as any other institution. An attempt to become a "banque d'affaires" (being both investor, banker, shareholder and the dealmaker between Dutch companies, involved in everything) was not possible because the government questioned this continental European model The government should not intervene in market-system practices, especially not those of individual companies, should only set boundaries and protect market participants. This was also driven by the EU-regulation Non-Dutch regulators are also very important

provided the company with fewer opportunities to follow its own principles and policies on reporting targets. "When analysts criticise our lack of transparency year after year, there comes a time when you have to accept their market practices", one former executive said, with regret. ING had to follow most practices, but often seemed hesitant or even reluctant to do so.

In 1999, ING followed suit with all other companies and started releasing profit forecasts. However, after the internet bubble burst, some observers started to question this practice. After 2000, ING was one of the first companies to stop publishing profit forecasts. With these and other tensions in financial accounting and reporting, ING concluded that it had to try to influence international standards. It therefore became more active in organisations such as the International Accounting Standards Board (IASB). From 2001 to 2004, the Chairman of the Supervisory Board was also chair of the oversight committee of the IASB. Its support of the Equator Principles (2003) – a set of standards for international project financing – can also be seen in this perspective. The international company was seeking international standards.

Regulators became far more important in day-to-day operations. A Compliance Department was formed, specifically focused on regulations concerning clients and shareholders and rapidly expanded. More attention also had to be paid to internal audit practices. As mentioned, in 1990, the Internal Audit Department was partly responsible for auditing the annual accounts, an unacceptable situation in Anglo-American countries in which the independence of an auditor is critical. ING followed the US standards around 2000. The Sarbanes Oxley Act also had a significant impact on ING's internal policies.

A lot of attention had been paid to financial reporting. Important changes to the company's financial economic policy included the introduction of American reporting methods in addition to Dutch methods and the application of internationally accepted accounting and risk management methodologies. The company saw it as important to invest in developing new financial and non-financial standards and became active in international networks in which these new standards were developed.

In the development of the company, supervisory authorities and regulators gained a more significant role when it came to defending certain stakeholder interests, which suggests the growing importance of indirect influence pathways. Most of this regulation was based on practices common in market-based governance systems.

Discussion

This case demonstrates that stakeholder influence in the governance structure is relevant in understanding CSR. It also suggests a certain model of the role of stakeholders in direct and indirect influence pathways, although this cannot be comprehensively substantiated as yet. In general, ING responded to developments in society and paid more attention to shareholders and less attention to other stakeholders. However, ING did not change some of its critical stakeholder-oriented policies such as the anti-takeover measures. In some instances, these Dutch standards continued to prevail, as reflected in, for example, a relatively moderate remuneration package compared to the UK, the USA and some other countries.

In some issues, ING had to follow changing regulatory preferences (indirect influence pathways) that also were related to shareholder assumptions. For example, the bank wanted to integrate investment and lending activities and thus become a *banque* *d'affaires*. This contrasted with market-oriented regulations in which investors become shareholders and lending activities to companies were not related, a practice common in continental European countries such as Germany and France. In this case, ING had to follow neo-liberal, Anglo-American market preferences.

During ING's initial five years of existence, a significant amount of attention was given to the principles of CSR in direct-influence pathways. For example, the works council, Supervisory Board and shareholders discussed the organisation's mission in society. Around the year 2000, less discussion is reported about the principles of CSR. International standards related to CSR such as the Equator principles – indirect influence pathways – received more attention.

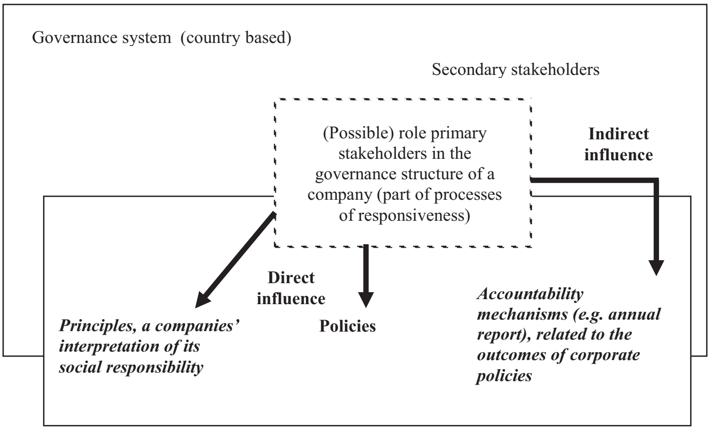
An important change in the direct influence pathways was the position of employees – represented by the works council – who lost their influence at the corporate level, while shareholders became far more important (compare Figure 2 with Figure 3). In the year 2000, the word "stakeholder" was replaced by "shareholder" in the corporate profile. Although some ING employees stated that this was not a significant change, they confirmed the growing importance of shareholders and some regretted this development.

The case suggests that the indirect influence pathways became more critical in the period studied (Tables IV and V and Figures 1 and 2), in line with the movement towards more market-related practices in Dutch finance. For processes of corporate responsiveness, this made reporting practices, performance targets and other measurement practices more important. While corporate practices changed under the pressure of foreign legislators, a special department for compliance was established. The quotation on the New York Stock Exchange in 1998 was a milestone in that respect. For example, reporting standards became much more detailed.

The case demonstrates that a process of "value attunement" – the process in which companies balance competing views on their CSRs (Swanson, 1995, 1999) – took place within institutional frameworks (Campbell, 2007), represented by the governance system and the governance structure. Interaction processes are linked to principles and policies that ultimately lead to changes in the governance structure. Although these processes of responsiveness (value attunement) have not been illuminated in this case, the description suggests that this could imply that value attunement should have a place in corporate governance theories and can even be related to a regulative institutional perspective.

The observations suggest that direct and indirect influence pathways can be used to gain a better understanding of the relationship between governance and CSR – as illustrated in Figure 4, in which a conceptual model is specified further. Although the "proof" presented here is only illustrative, the case suggests that principles are influenced in direct influence pathways. It also suggests that interaction between a company and stakeholders is critical in changing certain normative assumptions. The outcome suggests that stakeholders influence the principles of a company using direct influence pathways. Also, the case suggests that there are primary and secondary stakeholders within a certain jurisdiction and stakeholders outside a jurisdiction (Figure 4). Does this implicate a third category of stakeholders?

Changes in the governance structure can be related to changes in the principles of the company. The diminishing influence of the Dutch government and the employees



Notes: *Including possible primary and secondary stakeholders that are not part of the governance system nor governance structure

Figure 4.
Direct and indirect stakeholder influence on the social responsibility of a firm

alongside the growing emphasis on the interests of profit-driven international shareholders are in line with this suggestion.

In addition, the case demonstrates that stakeholders can also use direct influence pathways to influence corporate policies. Indirect influence pathways are also important, but influence the policies ex ante. Therefore, companies' policies are influenced by stakeholders through direct and indirect influence pathways, and stakeholders use indirect influence pathways to make companies accountable.

This implies that indirect influence pathways are related to responsibility ex ante, after something has happened. These conclusions are based on the growth of legislation according to which the company had to report on certain policies, for example remuneration.

A more detailed model indicating the influence of stakeholders in CSR can be developed based on these findings, as illustrated in Figure 4. The stakeholder position in the governance structure enables the exertion of a degree of influence. Principles are mainly influenced by being discussed, whereas policies can be influenced directly and by regulation (i.e. indirectly); indirect influence pathways have a stronger influence on the outcomes of a company.

The preliminary results suggest a kind of cycle involving principles, policies and accountability. According to certain principles, policies based on accountability standards that have been developed under stakeholder influence are being developed and at some point can lead to an adjustment of the principles.

The distinction between direct and indirect influence pathways sheds light on the relationship between ethics and behavioural standards. The scheduling also suggests a novel direction in the institutionalisation of CSR. Managers' values are revealed in interaction processes and mediated by structures. Both types of governance mechanisms can be used for legitimacy purposes.

Although direct and indirect influence pathways offer a relevant perspective on the processes of responsiveness in governance structures, the results of this study are rather tentative. The data are limited to one company, which makes it difficult to determine whether developments are exclusively related to the certain characteristics of a company. A multi-case study approach could help. Also, in analysing the data, it was not always easy to distinguish between the principles and policies and the direct influence pathways.

The results offer more insight into the relationship between CSR and stakeholder orientation in banking (Chih *et al.*, 2010; Lee and Yoo, 2008). ING developed CSR policies, but some stakeholders lost influence, for example the employees. This seems to contradict Chih *et al.* (2010), who suggest that CSR is related to stakeholder orientation. An explanation for this could be that ING is moving from implicit CSR, related to continental Europe, towards explicit CSR (Matten and Moon, 2008). In relation to this, it also makes clear where and how managerial decisions are making sense within business systems.

A last issue for discussion is the rapid national recall of certain internationalisation policies of companies within the global financial crisis. This raises the question of whether the financial crisis is related to the implementation of practices that originated from market systems (Table I). To facilitate the merger, regulative policies that were intended to prevent systemic risks – for example, a strict division between traditional banking, investment banking and insurance services – were changed. This tendency is underpinned by the collapse of ABN AMRO, a bank that was even more responsive than ING to market system practices (Smit, 2008; De Graaf and Stoelhorst, 2013).

Implications for research and society

Future research could make influence pathways more specific by questioning a large group of corporate executives regarding the impact of various direct influence pathways on their decision-making processes and what the implications are for the decision-making processes of various regulatory measures. The case suggests that the mindset of executive management is shaped in interaction between a company and stakeholders, which could have policy implications. Regulators sometimes proactively respond to societal developments, while it is sometimes the companies that do so. A related topic for further research would be the order of certain changes. Is a change in principles necessary to bring about a critical policy change, or do principles and policies change at the same time?

The nature of the interaction between a company and stakeholders also deserves more attention by researchers. How do they communicate with each other? Is there room for discussion and dialogue and what is the nature of this dialogue? Can it be related to Habermas, as Scherer and Palazzo (2007) suggest?

The governance perspective offers opportunities for further research into the role of multinational companies in global public policy networks, an emerging focus in both business and society research (Detomasi, 2007; Scherer and Palazzo, 2011; De Jonge, 2011; Sanders, 2012). The case suggests that companies are driven to become active in international policy networks. They need to find or perhaps even create a new institutional framework to ensure their legitimacy. This might be extremely difficult for companies, at least in certain industries. Further research is necessary to determine whether it is possible to create global public policy networks.

In addition to this, the case makes clear that dialogue is occurring within the governance structure of the company. Habermas has discussed some characteristics that influence the ethics of discussion. Although our analysis has not focused on the ethical side of the discussion, the results do provide some suggestions for future research. It certainly draws the distinction Noland and Philips (2010) recognise between a moral discourse and the integrative perspective on moral decision-making into question. A significant amount of additional research is needed here, but the case suggests that Habermas enables researchers to critically assess the quality of the discussions in the power structures, in line with Gilbert and Rasche (2007).

For practitioners in business and society, this study makes clear that politicians – being responsible for corporate governance regulation (the governance system) – are partly responsible for corporate policies that led to the financial crisis. They strongly supported increased shareholder influence. It also demonstrates that some stakeholders, especially the employees, also hold part of the responsibility. Within the Dutch law, they have a critical stake in formulating corporate policies. This suggests that if stakeholders want other banks, they have to redesign the governance system and the rules in the system for the governance structure of individual companies.

The study suggests that the direct influence pathways are critical in developing and maintaining principles of CSR. Although further research is required, this could have serious implications for companies and stakeholders. Engagement policies, in which stakeholders start an active dialogue with the company, seem to offer significant opportunities to influence a company's long-term objectives. However, it is important that stakeholders not only ask questions about corporate policies and outcomes: engagement should be used to discuss the company's leading principles. It is currently questionable whether stakeholders critically assess and query the company's objectives. A potentially related issue is the lack of attention to power relations in the governance structure and the quality of stakeholder dialogue. Where Scherer and Palazzo (2011) suggest a critical role for dialogue in CSR and point to the value of the ideas of Habermas, the case suggests that this should have implications for companies and stakeholders. Although, as mentioned previously, this study does not discuss the character or quality of the "dialogue(s)" within ING, it underpins the critical importance of discussing the company's objective and the ethical implications of these discussions. Again, much more attention should be paid to the role of power in these discussions.

Conclusion

How companies take on their social responsibilities is related to the governance system and governance structure, and the notion of institutionalising certain responsibilities. The governance structure decides partly with whom managers will have to engage within decision-making processes and to whom they will be accountable.

The case suggests that stakeholders influence principles using direct influence pathways based on dialogue, whereas the outcomes of corporate policies are primarily influenced by indirect influence pathways, namely, regulation. Institutional change, such as the development towards more market-based governance practices, influences stakeholder positions and thereby a company's principles and policies. Because of institutional pressure – in this case, the necessity to accept the "international" practices of financial markets (practices that for a long time appeared only in the USA and the UK) – stakeholders even accepted a more limited influence, as is suggested in this case by the works council agreeing to have less power within the company.

The historical nature of this study facilitates a better understanding of how the stakeholders, in their position within the governance structure, represent certain values. Although ING was heavily intertwined with Dutch stakeholders and nationally related practices, the organisation chose market-oriented (Anglo-American) governance practices, a step related to the dominance of neo-liberalism and related financialisation in this era (Radice, 2014). The study demonstrates that longitudinal historical research enables increased understanding of the impact of certain norms and values on the influence pathways of stakeholders within a company.

References

Boudes, T. and Laroche, H. (2009), "Taking off the heat: narrative sensemaking in post-crisis inquiry reports", *Organization Studies*, Vol. 30 No. 4, pp. 377-396.

Campbell, J.L. (2007), "Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility", *Academy of Management Review*, Vol. 32 No. 3, pp. 946-967.

Chih, H.L., Chih, H.H. and Chen, T.Y. (2010), "On the determinants of corporate social, responsibility: international evidence on the financial industry", *Journal of Business Ethics*, Vol. 93 No. 1, pp. 115-135.

Clarkson, M.E. (1995), "A stakeholder framework for analyzing and evaluating corporate social performance", *Academy of Management Review*, Vol. 20 No. 1, pp. 92-117.

De Graaf, F.J. (2005), "De bestuursstructuur en de maatschappelijke verantwoordelijkheid van ondernemingen", de invloed van stakeholders en de deregulering van de Nederlandse financiële sector, Eburon, Delft.

De Graaf, F.J. and Herkströter, C.A.J. (2007), "How corporate social performance is institutionalized in the governance structure: the Dutch governance model", *Journal of Business Ethics*, Vol. 74 No. 2, pp. 177-189.

De Graaf, F.J. and Stoelhorst, J.W. (2013), "The role of governance in corporate social responsibility: lessons from Dutch finance", *Business and Society* Vol. 52 No. 2, pp. 282-317.

De Graaf, F.J. and Williams, C. (2009), "The intellectual foundations of the global financial crisis: analysis and proposals for global reform", *UNSW Law Journal*, Vol. 32 No. 2, pp. 390-415, available at: www.ssrn.com/abstract=1523831

De Jonge, A. (2011), "Transnational corporations and international law: bringing TNCs out of the accountability vacuum", *Critical Perspectives on International Business*, Vol. 7 No. 1, pp. 66-89.

Detomasi, D.A. (2007), "The multinational corporation and global governance: modelling global public policy networks", *Journal of Business Ethics*, Vol. 71 No. 3, pp. 321-334.

DiMaggio, P.J. and Powell, W.W. (1983), "The iron cage revisited: institutional isomorphism and collective rationality in organizational fields", *American Sociological Review*, Vol. 48 No. 2, pp. 147-160.

Dzisah, J. (2012), "The responsible corporation in a global economy", *Critical Perspectives on International Business*, Vol. 8 No. 3, pp. 259-262.

Fassin, Y. and Van Rossem, A. (2009), "Corporate governance in the debate on CSR and ethics: sense making of social issues in management by authorities and CEOs", *Corporate Governance, an International Review*, Vol. 17 No. 5, pp. 573-593.

Filatotchev, I. and Nakajima, C. (2014), "Corporate governance, responsible managerial behavior, and corporate social responsibility: organizational efficiency versus organizational legitimacy?", *The Academy of Management Perspectives*, Vol. 28 No. 3, pp. 289-306.

Freeman, E.R. (1984), *Strategic Management: A Stakeholder Approach*, Pitman, Boston.

Freeman, R.E. and Reed, D. (1993), "Stockholders and stakeholders: a new perspective on corporate governance", *California Management Review*, Vol. 25 No. 3, pp. 88-106.

Frooman, J. (1999), "Stakeholder influence strategies", *Academy of Management Review*, Vol. 24 No. 2, pp. 191-205.

Gilbert, D.U. and Rasche, A. (2007), "Discourse ethics and social accountability: the ethics of SA 8000", *Business Ethics Quarterly*, Vol. 17 No. 2, pp. 187-216.

Griffin, J.J. (2000), "Corporate social performance, research directions for the 21st century", *Business & Society*, Vol. 39 No. 4, pp. 479-491.

Jackson, G. and Deeg, R. (2008), "Comparing capitalisms: the implications of national diversity for the study of international business", *Journal of International Business Studies*, Vol. 39 No. 4, pp. 540-561.

Jamali, D., Safieddine, A.M. and Rabbath, M. (2008), "Corporate governance and corporate social responsibility synergies and interrelationships", *Corporate Governance, An International Review*, Vol. 16 No. 5, pp. 443-459.

Kalff, D. (2006), *An UnAmerican Business, The Rise of the New European Enterprise*, Kogan Page, London.

Keating, P. (1995), "A framework for classifying and evaluating the theoretical contributions of case research in management accounting", *Journal of Management Accounting Research*, Vol. 5 No. 1, pp. 66-86.

Lee, S.H. and Yoo, T. (2008), "Competing rationalised for corporate governance in France: institutional complementarities between financial markets and innovation systems", *Corporate Governance, An International Review*, Vol. 16 No. 2, pp. 63-76.

Letza, S., Sun, X. and Kirkbride, J. (2004), "Shareholding versus stakeholding: a critical review of corporate governance", *Corporate Governance, An international Review*, Vol. 12 No. 3, pp. 242-261.

Luoma, P. and Goodstein, J. (1999), "Stakeholders and corporate boards: institutional influences on board composition and structure", *Academy of Management Journal*, Vol. 42 No. 5, pp. 553-564.

McCarthy, D.J. and Puffer, S.M. (2002), "Corporate governance in Russia: towards a European, US or Russian model?", *European Management Journal*, Vol. 20 No. 6, pp. 630-640.

McCarthy, D.J. and Puffer, S.M. (2008), "Interpreting the ethicality of corporate governance decisions in Russia: utilizing integrative social contracts theory to evaluate the relevancy of agency theory norms", *Academy of Management Review*, Vol. 33 No. 1, pp. 11-31.

Malsch, B., Tremblay, M. and Gendron, Y. (2012), "Sense-making in compensation committees: a cultural theory perspective", *Organisation Studies*, Vol. 33 No. 3, pp. 389-421.

Margolis, J.D. and Walsh, J.P. (2003), "Misery loves companies: rethinking social initiatives by business", *Administrative Science Quarterly*, Vol. 48 No. 2, pp. 268-305.

Matten, D. and Moon, J. (2008), "'Implicit' and 'explicit' CSR: a conceptual framework for a comparative understanding of corporate social responsibility", *Academy of Management Review*, Vol. 33 No. 2, pp. 404-424.

Mitchell, R.K., Agle, B.R. and Wood, D.J. (1997), "Toward a theory of stakeholder identification and salience: defining the principle of who and what really counts", *Academy of Management Review*, Vol. 22 No. 4, pp. 853-886.

Moerland, P.W. (1995), "Alternative disciplinary mechanisms in different corporate systems", *Journal of Economic Behavior and Organization*, Vol. 26 No. 1, pp. 17-34.

Newton, T. (2010), "Knowledge and practice: organization studies within a historical and figurational context", *Organization Studies*, Vol. 31 Nos 9/10, pp. 1369-1395.

Nigam, A. and Ocasio, W. (2010), "Event attention, environmental sensemaking, and change in institutional logics: an inductive analysis of the effects of public attention to Clinton's health care reform initiative", *Organization Science*, Vol. 21 No. 4, pp. 823-841.

Noland, J. and Phillips, R. (2010), "Stakeholder engagement, discourse ethics and strategic management", *International Journal of Management Reviews*, Vol. 12 No. 1, pp. 39-49.

Nooteboom, B. (1999), "Voice- and exit-based forms of corporate control: Anglo-American, European, and Japanese", *Journal of Economic Issues*, Vol. 33 No. 4, pp. 45-60.

Pettigrew, A.M. (1990), "Studying decisions: an exchange of views between Mintzberg and Waters, Butler and Pettigrew", *Organization Studies*, Vol. 11 No. 1, pp. 2-16.

Pettigrew, A.M. (1992), "On studying managerial elites", *Strategic Management Journal*, Vol. 13 No. 1, pp. 163-182.

Purnell, L.S., Freeman, R.E. (2012), "Stakeholder theory, fact/value dichotomy, and the normative core: How Wall Street stops ethics conversation", *Journal of Business Ethics*, Vol. 109 No. 1, pp. 109-116.

Radice, H. (2014), "Transnational corporations and global capitalism: reflections on the last 40 years", *Critical Perspectives on International Business*, Vol. 10 Nos 1/2, pp. 21-34.

Reich, R.B. (1998), "The new meaning of corporate social responsibility", *California Management Review*, Vol. 40 No. 2, pp. 8-17.

Rowley, T. and Berman, S. (2000), "A brand new brand of corporate social performance", *Business & Society*, Vol. 39 No. 4, pp. 397-418.

Sachs, S., Preston, L.E. and Post, J.E. (2002), "Managing the extended enterprise: the new stakeholder view", *California Management Review*, Vol. 45 No. 1, pp. 6-28.

Sanders, P. (2012), "Is CSR cognizant of the conflictuality of globalisation? A realist critique", *Critical Perspectives on International Business*, Vol. 8 No. 2, pp. 157-177.

Scherer, A.G. and Palazzo, G. (2007), "Toward a political conception of corporate responsibility: business and society seen from a Habermasian perspective", *Academy of Management Review*, Vol. 32 No. 4, pp. 1096-1120.

Scherer, A.G. and Palazzo, G. (2011), "The new political role of business in a globalized world: a review of a new perspective on CSR and its implications for the firm, governance and democracy", *Journal of Management Studies*, Vol. 48 No. 4, pp. 899-931.

Schwartz, M.S. and Carroll, A.B. (2008), "Integrating and unifying competing and complementary frameworks: the search for a common core in the business and society field", *Business & Society*, Vol. 47 No. 2, pp. 148-186.

Scott, R.W. (2001), *Institutions and Organizations*, Sage, Thousand Oaks.

Smit, J. (2008), *De Prooi, Blinde trots breekt ABN AMRO*, Prometheus, Amsterdam.

Swanson, D.L. (1995), "Addressing a theoretical problem by reorienting the corporate social performance model", *Academy of Management Review*, Vol. 20 No. 1, pp. 43-64.

Swanson, D.L. (1999), "Toward an integrative theory of business and society: a research strategy for corporate social performance", *Academy of Management Review*, Vol. 24 No. 3, pp. 506-521.

Weimer, J. and Paape, J. (1999), "A taxonomy of systems of corporate governance", *Corporate Governance, an International Review*, Vol. 7 No. 1, pp. 152-166.

Whitley, R. (1999), *Divergent Capitalisms: The Social Structuring and Change of Business Systems*, Oxford University Press, Oxford.

Windsor, D. (2006), "Corporate social responsibility: three key approaches", *Journal of Management Studies*, Vol. 43 No. 1, pp. 93-114.

Wood, D.J. (1991), "Corporate social performance revisited", *Academy of Management Review*, Vol. 16 No. 4, pp. 691-718.

Wood, D.J. (2010), "Measuring corporate social performance: A Review", *International Journal of Management Reviews*, Vol. 12 No. 1, pp. 50-84.

Yin, R.K. (1994), *Case Study Research: Design and Methods*, second edition, Sage, Thousand Oaks, CA.

Appendix. Interviewees

List of interviewees

To ensure confidentiality, codes are in a separate document which can be sent to the editor upon request. The interviews are recorded on audio tape.

Henk Snijders, former secretary of the executive board, head corporate affairs, 17 January 2002, 16:00-17:30.

Pieter Kroon, Head of Public Affairs, 18 January 2002, 1.5, 16:30.

Diederick van Wassenaer, General Council, 23 January 2002 1.5, 13:30.

Hans Hooijmans, Director of Human Resource Management, The Netherlands, 24 January 2002, 10:00-11:00.

Jan. Boers, Head of Operational Audit of ING Group, 25 January 2002, 1.5, 11:00-12:30.

Jan Zegering Hadders, Former Director of Corporate Communications, Strategy and Operations, 30 January 2002, 1.5, 13:00.

Joost van der Does de Willebois, Director of Corporate Communications, Strategy and Operations, 30 January 2002, 15:00-16:30.

Hans Zuidema, Chairman of the Works Council, 31 January 2002, 10:00-11:00.

Two meetings with Ewald Kist, Chairman of the Executive Board 2000-2004, 11 September 2001, 9:30-10:30 and 19 September 2002, 9:30-10:30 (together with Van der Does de Willebois).

Willem Scherpenhuijsen Rom, 19 January 2002, 9:00-11:00.

Godfried van der Lugt, 8 February 2002, 14:00-15:30.

Ad Jacobs, 15 February 2002, 13:00-14:30.

Jan van Rijn, 22 February 2002, 11:00-12:30.

Interviewed in 2004

Henk Bruisten, Legal Council, 28 January 2004, 10:00-11:30.

Wilfred Nagel, Head of Credit Risk Management, Eveline van Enk, Head of Credit Risk Management Policy Desk, 1 March 2004, 11:00-12:30.

Lex Steenbergen, Head of Corporate Audit Services, Leen van der Plas, Chief Auditor, 5 March 2004, 9:00-10:30.

Hans van Barneveld, Head of Corporate Control and Finance, 16 March 2004, 15:30-17:00.

Newspapers

Het Financieele Dagblad, 1995-2005, articles about ING Group.

NRC Handelsblad, 1991-2005, articles about ING Group.

Company documents

ING GROUP, (2003), *Annual report 2002*.

ING GROUP, (2002), *Annual report 2001*.

ING GROUP, (2001), *Annual report 2000*.

ING GROUP, (2000), *Annual report 1999*.

ING GROUP, (1999), *Annual report 1998*.

ING GROUP, (1998), *Annual report 1997*.

ING GROUP, (1997), *Annual report 1996*.

ING GROUP, (1996), *Annual report 1995*.

ING GROUP, (1995), *Annual report 1994*.

ING GROUP, (1994), *Annual report 1993*.

ING GROUP, (1993), *Annual report 1992*.

ING GROUP, (1992), *Annual report 1991*.

ING Group, (1994), Beleid, ING Groep, Herijking van het meerjarenplan 1993-1995 en de update op hoofdlijnen tot en met 1996.

ING Group, (1995), Medium Term Plan ING Group 1995-1997.

ING Group, (1996), ING Group strategic policy 1996-1998.

ING Group, 1996), Medium Term Plan ING Group 1996-1998.

ING Group, (1997), Medium Term Plan ING Group 1997-1999.

ING Group, (1998), Medium Term Plan ING Group 1998-2000.

ING Group, (1999), Medium Term Plan ING Group 1999-2001.

ING Group, (2000), Medium Term Plan ING Group 2000-2002.

ING Group, (2001), Medium Term Plan ING Group 2001-2003.

ING Group, (2002), Medium Term Plan ING Group 2002-2004.

ING Group, (1998), Corporate Governance in Nederland, De Standpunten van de ING Groep.

ING Group (1999) Business Principles.

ING Group (2003), Corporate Audit Services, Making risks visible.

ING Group (2003), Basel II at ING, CCRM – Basel II program for Credit Risk.

ING Group (2004), Corporate Control and Finance.

ING Group (2003), Shareholders' bulletin, nr 1, vol. 12, January 2003.

Statutenwijziging Stichting Cumulatief Preferente Aandelen ING Groep (Nieuwe naam Stichting Continuïteit ING), 07-01-2003.

Statutenwijziging stichting Administratiekantoor ING Groep, Nieuwe Naam Stichting ING Aandelen Akte, 23 June 2003.

Internal documents

ING Group (1994), Beleid, ING Groep, Herijking van het meerjarenplan 1993-1995 en de update op hoofdlijnen tot en met 1996.

ING Group (1995), Medium Term Plan ING Group 1995-1997.

ING Group (1996), ING Group Strategic Policy 1996-1998.

ING Group (1996), Medium Term Plan ING Group 1996-1998.

ING Group (1997), Medium Term Plan ING Group 1997-1999.

ING Group (1997), Profile of ING Group N.V Supervisory Board. Adopted in the Supervisory Board meeting of 9 October 1997.

ING Group, (1998), Medium Term Plan ING Group 1998-2000.

ING Group (1999), Medium Term Plan ING Group 1999-2001.

ING Group (2000), Medium Term Plan ING Group 2000-2002.

ING Group (2001), Medium Term Plan ING Group 2001-2003.

ING Group (2001), Profile ("Proefielschets") for the appointment of members of the Supervisory Board of ING Group N.V., Draft of 21 November 2001.

ING Group (2002), Medium Term Plan ING Group 2002-2004.

ING Group (2003), Profile Corporate Audit Services, Making risks visible.

ING Group (2003), Basel II at ING, CCRM – Basel II program for credit risk.

ING Group (2004), Profile Corporate Control and Finance.

About the author

Dr Frank Jan de Graaf is a Professor of Corporate Governance and Leadership at the Amsterdam University of Applied Sciences and a Lecturer in the Executive Education Programme of the University of Amsterdam Business School. His research focuses on governance and leadership, with special interest in financial institutions and the relationship between CSR and internal control. He is a Co-founder of the Network for Sustainable Financial Markets (NSFM). Frank Jan started his career as a financial journalist. He has published articles in *Journal of Business Ethics*, *Critical Perspectives on Accounting*, *UNSW Law Journal*, *International Journal of Pension Management*, *Journal of Investing*, *Business Ethics*, *A European Review*, *EFMD Global Focus* and *Business & Society*. Frank Jan de Graaf can be contacted at: f.j.de.graaf@hva.nl