What Discretion for Socially Responsible Engagement Do Top Managers Have?
Issues and Perspectives of Corporate Governance

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Abstract. From a socio-political perspective, this article examines the influence of corporate governance mechanisms at the organizational level on the engagement and discretion of top managers with regard to corporate social responsibility (CSR). An exploratory, empirical and qualitative study was conducted among 20 French top managers of listed companies, and our results highlight two main contributions. First, we identified three "types" of corporate governance system, each with a set of perceived consequences for the CSR engagement and discretion of these managers. Second, for each of the governance systems, we characterized the voluntary aspect the top managers' engagement in and discretion for CSR. Our research provides new insights into how the motivations of both top managers and the most salient stakeholders in corporate governance codetermine CSR engagement. Top management discretion becomes redefined around a game of power and influence within the corporate governance system, which we describe.

In 2001, the European Commission (EC) defined corporate social responsibility (CSR) as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis." This definition focused mainly on the freedom of businesses to choose whether or not to include social and environmental issues in their strategies. Since then, the definition has changed and in 2011 the EC redefined CSR as "the responsibility of enterprises for their impacts on society," which is the working definition we use in this research. It should be noted that the phrase "on a voluntary basis" has disappeared. Does this mean that CSR has become one more response to the institutionalized pressures and obligations imposed by stakeholders in our society, similar to the process that occurs in all organizations? (Campbell, 2007).

In fact, the notion of "voluntary" engagement has not disappeared from the issues of CSR (Fernando & Sim, 2011), and even though certain pressures inevitably push businesses to take CSR into account, other pressures exert an opposite effect (Johnson & Greening, 1999). Moreover, in an increasingly complex and uncertain context (Mercier, 2004), companies today are dealing with so many pressures coming from so many directions that it is often quite difficult to identify them, never mind prioritize them for strategic decision making (Lee, 2011). Whatever the company environment and even when the movement toward

CSR seems unstoppable, consequential CSR engagement presupposes a deliberate choice on the part of top management (Crilly, Zollo & Hansen, 2012). This kind of engagement is defined as the support expressed and defended through concrete action following on the choices and strategic options taken to address social and environmental issues (Fernando & Sim, 2011; Weaver, Trevino & Cochran, 1999). It is based on executive choices that reflect both the perceived interests for the companies and personal motivations (Christensen, Mackey & Whetten, 2014).

However, top managers must deal with the diverse constraints imposed by corporate governance bodies, defined as "organizational mechanisms that limit power, influence management decisions, and define managerial discretion" (Charreaux, 1997: 1). The influence of corporate governance is particularly significant with regard to CSR because, although a relationship between CSR and financial performance has been demonstrated (Margolis, Elfenbein & Walsh, 2009), it is not yet well understood, a situation that may generate resistance to efforts to support CSR engagement. Moreover, in the absence of a clear definition—notably legal—of the "social impacts" of companies (Robé, 2009; Tchotourian & Rousseau, 2008), stakeholders coming from many horizons may attempt to influence strategic decisions and orientations in order to satisfy their own interests, thereby challenging the perceptions and preferences of the top managers (Crilly et al., 2012).

Our research thus aims to explore how the organizational[1] mechanisms of corporate governance influence top manager engagement and discretion regarding CSR. Semi-structured interviews were conducted with 20 top managers from listed French companies. Rooted in a socio-political governance perspective (Aguilera, Rupp, Williams & Ganapathi, 2007), our research makes two main contributions. First, it highlights three "types" of corporate governance systems with differentiated perceived consequences for top manager CSR engagement and discretion. Second, it characterizes the voluntary aspects of top manager engagement in and discretion for CSR within the three corporate governance systems, from the perspective of the codetermination of engagement.

Our paper is structured as follows. First, we briefly review the theoretical foundations of our research and the socio-political perspective from which we analyzed top manager engagement in CSR and the discretion offered by corporate governance. We then present the methodology for our empirical study, and in the following section we present the results. We conclude with a discussion of the results and highlight the main contributions of our research.

THEORETICAL FRAMEWORK

UNDERSTANDING TOP MANAGERS' ENGAGEMENT IN CSR: A "VOLUNTARIST" PERSPECTIVE

The literature on CSR has for the most part overlooked the motivations governing corporate commitment to CSR. However, the business reasons for engaging a company in CSR (e.g., to improve its performance) are sometimes different from personal motivations for engagement (i.e., two distinct levels of analysis) (Agle, Mitchell & Sonnenfeld, 1999). Top managers are central actors in their company, and not only do they need to interpret the signals and preferences of their various stakeholders on CSR, but they may also be driven by personal motivations (Aguilera et al., 2007). A "voluntarist" approach to top manager engagement in CSR thus assumes the primacy of top managers in the process of

1. Other levels of analysis (national and transnational) were mobilized to investigate the influence of corporate governance on top managers and/or business practices in a socio-political perspective (Aguilera, Rupp, Williams & Ganapathi, 2007). We focus our research here on the organizational level.

making strategic decisions about CSR based on the perceived interests for the company and personal preferences.

Three main motivations have been identified to explain business engagement in CSR. The first type of motivation is moral. In this case, the company engages in CSR to comply with the moral values that arise naturally from its status as an institution within a given society. A collective sense of responsibility about rights and duties thus expresses a willingness to contribute to building a better society (Logsdon & Wood, 2002). Donaldson and Davis (1991), for example, referred to the mechanism by which some stakeholders impose moral obligations on businesses as a binding "social contract." The second type of motivation is instrumental. Here, ethical and moral issues are of little importance as the focus is on how CSR can be used for profit maximization. CSR can be seen as constraint (Dincer, 2011), as when a business shows minimally socially responsible engagement merely as a means to prevent the erosion of financial value. In this case, it acts as a mechanism of insurance by reducing potential problems, costs and penalties arising from corporate failure to take into account social and environmental issues (Kagan, Gunningham, & Thornton, 2003; Quinn & Jones, 1995). CSR can also be seen as an opportunity since it may very well stimulate creativity, innovation and access to new markets (Hillman & Keim, 2001). Last, companies can engage in CSR for relational reasons. In this case, CSR is used to build corporate legitimacy and secure relationships with the stakeholders in its environment (Aguilera & Jackson, 2003), and it appears as an essential condition for sustaining the company's activities and ensuring its right to operate (Livesey, 2001).

The nature of a business's engagement in CSR stems from the above-mentioned motivations and is greatly influenced by top management's preferences (Carroll, 1991; Thomas & Simerly, 1995, Wood, 1991). Although many actors are involved in company CSR, top managers, with the power they possess, have considerable influence. Banerjee (2001) reinforced this idea by pointing out that the CSR engagement of top managers is a major factor and is very often the most critical factor in understanding corporate choices and strategic decisions in CSR. They are expected to interpret the expectations from their environment (Jennings & Zandbergen, 1995; McWilliams & Siegel, 2000) and then choose the modalities of engagement that both satisfy stakeholder expectations and enhance corporate performance. It nevertheless needs to be kept in mind that these managers may also have their own motivations for engaging in CSR.

Top managers may be morally motivated. For example, certain personal values may prompt their engagement (Egri & Herman, 2000; Fernandez-Kranz & Santalo, 2010), such as openness to change or a strong sense of belonging to a community (Reynaud et al., 2007). These executives are expressing a personal commitment to societal well-being (Bowen, 1953, Crilly, Schneider & Zollo, 2008) that is beyond economic interest or personal satisfaction. Moreover, the personal motivations for engaging in CSR may also be instrumental. In this case, they might choose CSR activities that create or augment the financial value of their company, while at the same time increasing their compensation packages (Johnson, Porter & Shackell-Dowel, 1997) and/or protecting them from possible dismissal by shareholders (Aguilera et al., 2007; Surroca & Tribo, 2008). Last, their personal motivations may also be relational. In this case, CSR enhances top management's legitimacy. CSR serves to further embellish reputations and more deeply entrench top managers in the company or the environment, thereby preventing dismissal or helping to prepare for future employment opportunities (Cespa & Cestone, 2007).

However, the voluntary engagement of high-level executives, whether they are acting for the company or for themselves, cannot be dissociated from the context in which it occurs. There are two main reasons for this. First, the top

managers of listed companies must deal with considerable pressure from shareholders and other stakeholder groups (Jensen, 2002; Johnson & Greening, 1999; Lee, 2011). Moreover, these stakeholders may themselves have conflicting views on the value of investment in CSR (Ingenbleek & Immink, 2010). Thus, the social role of top managers in decision making always requires them to build compromises between individual and collective spheres (Aguilera et al., 2007), which may provoke cognitive conflict between personal motivations and stakeholder requirements as they attempt to exercise their social role (Bowen, 1953). The actual influence of top managers and the impact of their personal preferences is therefore an important issue and suggests questions about their discretionary power.

UNDERSTANDING THE INFLUENCE OF CORPORATE GOVERNANCE ON TOP MANAGER DISCRETION FOR CSR: A SOCIO-POLITICAL PERSPECTIVE

At least in theory, top managers have the greatest discretionary power to influence core business strategies and to allocate resources to various activities and projects (Finkelstein, 1992). Organizational theory has shown, however, that the corporate decision-making process results from a kind of political game in which negotiations are carried out by the members of the dominant coalition (Cyert & March, 1963) and that the decision-making power is always given to those with the resources to exercise their power (Pfeffer & Salancik, 1978). Put simply, this means that top managers who want to give priority to certain objectives must have the necessary discretion to include them in the business agenda in line with strategy (Hambrick & Finkelstein, 1987; Hambrick & Fukutomi, 1991). Barnard (1938) defined this executive discretion as "the area of power or authority" in which they can implement choices that match their personal preferences (Child, 1972).

Top managers, as key actors with high status and authority, thus engage in a game of influence to defend their vision, whether it is based on corporate interests or personal preferences, and they are engaged in this game with many others, each having their own power to influence and defending special interests (Aguilera, Williams, Conley & Rupp, 2006). At this point, the discretion of these top executives becomes a co-construction because of the impact of other stakeholders, and at different levels of analysis (Baiada-Hireche, Pasquero & Chanlat, 2011). At the organizational level, Aguilera et al. (2007) emphasized the importance of understanding how compromises are built between the main actors in the corporate governance system—in which top managers have an integral role.

The socio-political conception suggests several consequences of the influence of corporate governance mechanisms at the organizational level. First, to effectively exercise discretion, the top manager must take into account the influence exerted not only by shareholders but also by other internal or external stakeholders. It then becomes important to identify the stakeholders with the most power or discretion—that is, the most salient stakeholders (e.g., Agle et al., 1999; Vilanova, 2007). Furthermore, top manager discretion is not strictly the result of an imperfection in the disciplinary mechanisms of corporate governance (Shleifer & Vishny, 1997) or the deterministic influence of the different stakeholder groups (Freeman, 1984): it is co-constructed by the actors and the top managers themselves are likely to develop personal strategies for this purpose.

Top managers should therefore not be considered as "passive": they are indeed "active" in corporate governance. They interpret the environment by closely reading its characteristics (Hambrick & Mason, 1984; Key, 1997) and then build compromises between the various stakeholders in order to both meet the needs of the company and ensure the satisfaction of their own interests (Chin, Hambrick & Trevino, 2013; Key, 1997). This suggests interesting questions about

the nature of their financial and social responsibility (Berle & Means, 1932), and the responsibility of the most salient stakeholders in the corporate governance system should also be questioned (Vilanova, 2007). In any event, the strategic choices and decisions become codetermined by the actors in corporate governance at the organizational level. Conflicts and confrontations cannot excluded from the socio-political perspective, as the actors may have preferences giving rise to visions that differ widely and inevitably clash over time, though this may help to build dynamic compromises (Adams, Licht & Sagiv, 2011).

From this perspective, CSR is a socio-political object resulting from a game of power and influence among the actors or stakeholders who are most likely to give it shape (Aguilera et al., 2006; Vilanova, 2007). This process will have important consequences on the place that CSR occupies within a given company. For example, if those shareholders who exert strong pressure for short-term financial performance turn out to be the most salient stakeholders in corporate governance at time "t" in the life of the company, short-term investment in CSR that directly enhances financial performance is likely to be favored by the top manager if there are no counterpowers exercised by other stakeholders; this decision might be motivated by the need to protect against dismissal or to hold on to one's compensation package (instrumental motivations). Even an executive with moral or relational motivations for CSR would feel pressured to follow this path. However, the wise use of discretion might, in certain circumstances, help a top manager to reduce shareholder pressure that is unfavorable to CSR. Conversely, a top manager engaged in corporate governance characterized by the strong influence of employees and/or other societal stakeholders would be able to choose CSR activities based on more relational or moral foundations. These choices could, moreover, further strengthen his or her personal legitimacy in the corporate environment.

RESEARCH METHODOLOGY

METHODOLOGICAL APPROACH AND RESEARCH CONTEXT

Our empirical study was conducted from an exploratory perspective in order to elucidate a phenomenon that has received little attention to date. A qualitative approach is well suited to our intention to distinguish major patterns in the field, which can then be tested in future studies. The study is divided into two steps. First, we sought to define three "types" of governance system that would be likely to show different impacts on top manager engagement in and discretion for CSR in order to study the influence of mechanisms of corporate governance at the organizational level. We thus developed a taxonomy of three of the most prominent types of corporate governance system, based on a sample of French listed companies. In the second step, we sought to capture the perceptions of 20 top managers about their engagement and discretion regarding CSR, and we ensured that each of the identified types of corporate governance systems was represented in our sample. These two steps are described in greater detail below.

Our research is embedded in the French context. In line with the socio-political vision of governance adopted for this research, it was important to characterize, at least minimally, our study context. The French system of corporate governance is characterized by the relationships between diverse stakeholders, the influence of large blocks of family shareholders, strong inter-firm relationships, and a high concentration of institutional investors in certain sectors (Franks, Mayer & Wagner, 2006; Gedajlovic & Shapiro, 1998). Once widely known for having a governance model orchestrated by the state (Hall & Solskice, 2001), the country is now moving toward a more liberal and less

interventionist market model (Kang & Moon, 2012), although some state initiatives, especially those that are coercive, are regarded as a vehicle for change (Delbard, 2008).

French CSR is therefore largely driven by state initiatives. The government, through the NRE Act of 2001 or the Grenelle 1 and Grenelle 2 laws of 2009 and 2010, notably mandated CSR reporting for listed companies and guides corporate actions toward the "responsible" behavior to adopt. CSR is thus closely tied to regulatory bodies in France (Gond, Kang & Moon, 2011), particularly because of the restrictive labor laws (Crossland, 2005). The impetus to CSR engagement is also often based on relational mechanisms that favor institutionalized dialogues with stakeholders (Jackson & Apostolakou, 2010). Nevertheless, strategic decision making usually remains the prerogative of the top management team, with no real participation by employees or other stakeholders (Goyer, 2006).

These characteristics of the French context have a strong impact on corporate governance mechanisms at the organizational level (Charreaux, 1997). They do leave room for some variety in the mechanisms, however, especially between the types of governance systems inherited from the French familial and paternalistic tradition and others more in line with the liberal model under the impact of globalization (Palpacuer, 2006) and the growing separation of ownership and control (Berle & Means, 1932; Bowen, 1953). Different degrees of managerial discretion are thus given to CSR policymakers (Huault & Leca, 2009).

STEP 1: A TAXONOMY OF CORPORATE GOVERNANCE SYSTEMS IN FRENCH CONTEXT

For this study, we chose companies belonging to three types of corporate governance systems[2] that have emerged in the French literature (Charreaux 1997; Morin & Rigamonti, 2002): (1) A "traditional" type characterized by concentrated and stable ownership (family firms run by other businesses, businesses with State affiliations, etc.). Shareholders, as well as a broader set of stakeholders, exercise strong executive oversight, with these latter often present on the board in an expression of partnership; (2) A "modern" type characterized by a decline in the shareholder base (non-majority) and constituting an ideal target for particularly activist investors like investment banks and mutual funds. Strong executive oversight is exercised, especially concerning finances, using incentives and strong pressure to separate decision making and control (independent directors, incentive compensation policies, separation of powers, etc.) (both strong a priori and a posteriori control); and (3) A "financial" type characterized by a very diverse shareholder base without sufficiently strong shareholders to actively contribute to setting strategy (cohabitation of shareholders of various kinds). Executive control is primarily a posteriori via the market and the share price, since no investor would be willing to engage control costs a priori.

We thus selected listed French companies representing these corporate governance systems. From a sample of firms belonging to the SBF 120, experts systematically reviewed each of the firms in our sample with a focus on the criteria for each type of corporate governance system, all of which have been used in several recent studies on corporate governance (Aglietta & Rebérioux, 2004; Cespa & Cestone, 2004; Dincer, 2011; Rousseau, 2011). Data were collected on ownership, executive control mechanisms and the composition of the board of directors or supervisory board (see Appendix A). These data were obtained from internal corporate documents (annual reports, financial reports, letter to shareholders, sustainability reports, etc.), the press, and the Osiris database. From the sample of 120 firms in the SBF 120, 60 were classified and the others were excluded because of missing data.

2. More complex taxonomies exist in the literature regarding the types of corporate governance systems present in the French context. Because this study is based on qualitative data, we wanted to reduce the number of types of corporate governance systems to characterize and study. Future studies could rely on other taxonomies and thus supplement and clarify the study conducted here.

The 60 companies were classified qualitatively. Binary criteria (yes or no) were easy to decide on. No specific thresholds were set for non-binary criteria (e.g., percentage of ownership), and only the consistency of the entire data set allowed us to appropriately classify a given company on the basis of French corporate characteristics. The initial classification was performed by the author and the procedure was replicated independently by two finance lecturers for cross-validation. The agreement rate was 90%. Cases of disagreement were discussed before final classification (see Appendix B).

The classification procedure revealed the following: 55% of our sample was traditional, with 33 companies; 26% was modern, with 16 companies; and 19% was financial, with 11 companies. For each type of corporate governance system, we contacted the top managers whose firms had been classified. Ultimately, 10 top managers from firms with traditional corporate governance were interviewed, 5 from firms with modern corporate governance, and 4 from firms with financial corporate governance (see Table 1).

STEP 2. TOP MANAGERS' PERCEPTIONS

We conducted semi-structured interviews to access the top managers' perceptions. All interviewees were top managers with the highest decision-making power in their respective companies, but within each corporate governance type, they differed from each other in terms of career and tenure details. The industries within each type also varied considerably, which improved the internal validity of our results, as recommended by Guba and Lincoln (1989). The semi-structured interviews were conducted with an interview guide focused on top manager discretion and the influence of corporate governance. We informed the top managers that the interview concerned their strategic managerial discretion in general in order to let CSR issues, as well as their scope in dealing with these issues, emerge spontaneously. This was done to avoid significant social desirability bias and repetition. A question about top manager CSR engagement was nevertheless introduced at the end of the interview if they had not mentioned it spontaneously.

The interviews were designed to capture top managers' perceptions about the influence of corporate governance at the organizational level on their strategic and managerial discretion for CSR on their CSR engagement. We also sought to characterize this influence by performing a thematic and lexical analysis of the transcribed verbatims. The thematic analysis ensured that the executives had spoken about their CSR discretion by clustering sentence segments relevant to this topic. The scope of managerial discretion (low, moderate or strong) was characterized by a lexical analysis within segments of sentences, especially regarding the use of specific adverbs and adjectives.

In line with our literature review, we then characterized the motivations of corporate governance for engaging the company in CSR as perceived by these top managers (moral, instrumental, and/or relational), and then sought to clarify the managers' personal motivations. Last, to capture the expression of their voluntary engagement in CSR meant we had to identify the strategies they reported using to increase their managerial discretion for CSR. These aspects were identified by a thematic content analysis of discourses.

Table 2 presents the main themes for the discourse analysis and their definitions as inspired by the literature review. Each theme was further divided into subcategories to assess its intensity or specify its nature. We computed the number of occurrences in the respondents' discourses for each of the subcategories. Specifically, we counted the number of respondents with each type of corporate governance system who cited each subcategory. This analysis allowed the most important subcategories to emerge clearly for each type of corporate governance system, and we were thus able to make comparisons. Table 2 also provides examples of verbatims associated with each subcategory for each theme.

Table 1. Types of corporate governance systems: classification on the initial sample & the top managers

Traditional type	Modern type	Financial type
Ownership characteristics	Ownership characteristics	Ownership characteristics
-Presence of a majority shareholder like: State, bank, family, industrial group, etc. -Institutional investors in the corporate capital with limited detention -Potentially strong presence of employee or top manager ownership.	-Presence of a stable main shareholder but no majority: State, bank, family, industrial group, etc. -Strong presence of institutional investors in capital, especially Defined Contribution funds (high participation).	-Highly fragmented shareholding (very significant floating). -Several types of institutional investors in corporate capital (Defined Benefit and Defined Contribution) but limited detentions (no strong investor influence on strategy).
Characteristics of the mechanisms to control managers	Characteristics of the mechanisms to control managers	Characteristics of the mechanisms to control managers
-Presence of a majority shareholder (domination of a shareholder or a shareholder pact) influencing strategic decision-making. -Limited granting of stock-options compared with other corporate governance systems (less incentive compensation systems).	-Strong influence of institutional investors on strategic decisions. -A priori and a posteriori top manager control. A priori: granting of stock-options and duality. A posteriori: strong control of the share price	-No investor with significant detention to influence strategic decisions. -No direct control of shareholders. Strong control of the share price and strong granting of stock options.
Composition of directors or supervisory board	Composition of directors or supervisory board	Composition of directors or supervisory board
-High presence of top managers on the board. -Globally, no respect of the principle of more than 50% independent directors on the board. -Frequent participation of employees or other stakeholders on the board.	-Few executive directors on the board. -Respect of the principle of more than 50% independent directors on the board.	-High presence of executive managers on the board. -Respect of the principle of more than 50% independent directors on the board. -Presence of many specialized committees.
55% of firms in the sample	26% of firms in the sample	19% of firms in the sample
D1, D2, D3, D7, D8, D10, D11, D13, D17, D18	D4, D5, D9, D12, D19	D6, D14, D15, D16

Table 2. Thematic analysis of discourses: Selected themes & associated verbatims

Theme	Subcategories	Theme description	Verbatims
Perceived managerial discretion for strategy	Low Moderate Strong	This theme refers to the importance of discretion for strategy as perceived by the top managers in response to the influence of the most salient stakeholders of corporate governance.	"You know, my managerial discretion is very limited. I don't really make the decisions here." "I would say that my managerial discretion is more or less important, depending of the type of decision." "I've been in this company for a long time and I have all the discretion I need to do I want."
Perceived managerial discretion for SCR	Low Moderate Strong	This theme refers to the importance of discretion perceived by top managers for CSR due to the influence of the most salient stakeholders of corporate governance.	"CSR in our company is unthinkable, with the exception of maybe a few actions. It's not a priority." "Some CSR actions are well accepted but others are too expensive. No, I'm limited on this subject." "It's a priority for our company and I feel totally free to make decisions in this area."
Perceived motivations of corporate governance to engage the company in CSR	Instrumental Relational Moral	This theme refers to the motivations of the most salient stakeholders of corporate governance to engage the company in CSR as perceived by top managers.	"For my shareholders, if CSR has to exist, then the first point is to make money." "Improving our image and building legitimacy come through CSR. We all agree on this." "For my shareholders, customers and suppliers, CSR is an inescapable moral duty."
Reported motivations of top managers to engage in CSR	Instrumental Relational Moral	This theme refers to the specific motivations of top managers to become personally engaged in CSR as expressed in their discourses.	"I take CSR actions only when it is necessary to enhance profits. And for me, when I have the discretion to do it and when it does not threaten my personal situation." "CSR helps me to create close links with my stakeholders. It promotes and protects me." "It's the CEO's moral obligation and responsibility to manage the social and environmental impacts of firm activities."
Reported motivations of top managers to enhance their discretion for CSR	Communication, education & reporting Satisfaction of the most salient pressures in terms of financial performance Creation of networks (internal and external)	This theme refers to the strategies of top managers to enhance their discretion for CSR, especially when the most salient stakeholders of corporate governance would share more or less their personal motivations in this field.	"I try to raise awareness in my stakeholders, especially our employees and my shareholders. I explain and try to convince them." "No CSR is possible if I'm not good at maximizing the stock value of my company. But, if I am good at it, my discretion increases naturally." "To implement CSR, you have to create links, networks, partnerships. They're often useful as counterpowers. I can't deny that they're useful to me."

RESULTS

TOP MANAGERS' PERCEPTIONS OF THE INFLUENCE OF CORPORATE GOVERNANCE ON THEIR CSR ENGAGEMENT AND DISCRETION

This first set of results describes the perceptions of top managers about the influence of corporate governance on their engagement in and discretion for CSR. The perceptions are presented for each type of corporate governance system identified by our methodology around three axes: perceived managerial discretion for strategy, perceived managerial discretion for CSR and perceived motivations of corporate governance for engaging the company in CSR.

Perceived managerial discretion for strategy

Managerial discretion for strategy was perceived as predominantly low or moderate by the top managers in a traditional type of corporate governance system, low by top managers in a modern type of corporate governance system, and moderate or strong by top managers belonging to a financial type of corporate governance system (see Table 3).

Table 3. Perceived managerial discretion for strategy

Perceived managerial discretion for strategy	low	moderate	strong	total
Traditional type of corporate governance	N=4 (40%)	N=5 (50%)	N=1 (10%)	N=10
Modern type of corporate governance	N=5 (100%)	N=0 (0%)	N=0 (0%)	N=5
Financial type of corporate governance	N=0 (0%)	N=1 (25%)	N=3 (75%)	N=4

For the traditional type of corporate governance, the top managers mentioned the collective nature of decision making in their organization and expressed the significant influence of multiple stakeholders in strategic decisions. Although they acknowledged having the power of arbitration, they also admitted that their choices were very much guided by other prominent actors in corporate governance such as majority or key shareholders, as well as other stakeholders, like customers or employees. D3 said:

"Here we have a specific shareholding structure since we are guided by the majority shareholder. This is a very important point. For 5 years, I've been working with the same people who've known the business for a long time. They aim at sustainability and rallying our various stakeholders to the cause. They are the ones who really make decisions and shape our strategic orientations."

For managers in a modern type of corporate governance system, the limitations on strategy arose mainly from the pressing needs of certain highly influential shareholders with regard to financial and stock market performance, even though other shareholders might be opposed to these pressures. D19 said:

"My managerial discretion is very limited. I have several shareholders with different expectations and there are a lot of clashes. I face a lot of pressure to always show strong financial performance and between the pension funds, our former shareholders, etc., I sometimes don't know where to turn. Anyway, it's usually the strongest one that makes the choice."

The top managers in a financial type of corporate governance system admitted to considerable freedom in making strategic choices as long as they managed to meet the goals for financial performance set by the market, a posteriori. As D6 ironically noted:

> "Our shareholders are very volatile; ultimately, they don't really have an impact on strategy because they are so dispersed. There's no real commitment. So actually, our team sets the strategy and the shareholders follow from a distance. But that's not totally true [he laughs] because in fact we are under high pressure to maximize our market value."

Perceived managerial discretion for CSR

The top managers perceived their managerial discretion for CSR as strong in the traditional type of corporate governance system, low in the modern type, and moderate in the financial system (see Table 4).

Table 4. Perceived managerial discretion for CSR

Perceived managerial discretion for CSR	low	moderate	strong	total
Traditional type of corporate governance	N=0 (0%)	N=2 (20%)	N=8 (80%)	N=10
Modern type of corporate governance	N=5 (100%)	N=0 (0%)	N=0 (0%)	N=5
Financial type of corporate governance	N=0 (0%)	N=4 (100%)	N=0 (0%)	N=4

The top managers in traditional corporate governance systems perceived their discretion for CSR as significant, as CSR would naturally be promoted by the most salient stakeholders of corporate governance (shareholders and employees) as a means to ensure overall satisfactory long-term performance, with little pressure to focus on only short-term profitability. These managers were therefore free to make decisions in this area. As explained by D10:

> "For us, CSR is part of our DNA and no one would be opposed to thoughtful social or environmental decisions. Later, you have to make trade-offs because you have to be profitable, but the family is ready to make sacrifices on this and sit on certain dividends if these investments seem more important for our customers, our employees, and our partners. Here, we don't take the company and our decisions lightly."

The situation was perceived very differently by the top managers from a modern type of corporate governance. They described the primacy of maximizing shareholder profits in their businesses, often by staying clear of any investment in CSR. D12 expressed this point:

> "Some of my shareholders are very far from the concerns of the business. They see only the assets and want only one thing: to sell them and get their money back. But that's a terrible pressure and it totally ignores the reality of the business. We are under a lot of pressure to sell our assets. Outsourcing is the trend now to meet increasingly high expectations for dividends. That's short-term finance. The concept of taking into account the company's sustainability is not even

considered. Just imagine trying to make sustainable development happen in this kind of context!"

Last, the top managers in a financial type of corporate governance system described their situation as intermediary. Like the top managers in the modern type, they stressed the importance of maintaining high financial and stock market performance, which sometimes interfered with investment in CSR. However, the solid position of their companies in the financial markets and their strong reporting obligations imposed by stakeholders made certain choices for CSR possible. D15 said on this point: *"We can't do everything in terms of CSR but some actions are naturally accepted by the board if they're consistent with our activities and obligations."*

Perceived motivations of corporate governance to engage the company in CSR

According to our interviewees, the most salient stakeholders in the different corporate governance systems had different motivations to engage the company in CSR. They also perceived different motivations within a single type of corporate governance system. Thus the top managers from a traditional corporate governance system perceived CSR as acceptable to corporate governance when it was driven by instrumental, relational or moral motivations (in order of importance), whereas those from modern or financial corporate governance systems mainly perceived instrumental motivations as acceptable (see Table 5).

Table 5. Perceived motivations of corporate governance to engage the company in CSR

Perceived motivations	instrumental	relational	moral	total*
Traditional type of corporate governance	N=9/10 (90%)	N=7/10 (70%)	N=4/10 (40%)	N=10
Modern type of corporate governance	N=5/5 (100%)	N=0/5 (0%)	N=0/5 (0%)	N=5
Financial type of corporate governance	N=4/4 (100%)	N=1/4 (25%)	N=0/4 (0%)	N=4

*Different motivations may be mentioned concomitantly by top managers within the same type of corporate governance system. The total column gives here the total number of top managers and the occurrences listed in the table indicate the number of top managers who mentioned a particular motivation within each type of corporate governance system.

The top managers in a traditional type of governance system perceived CSR as being valued by the corporate governance first of all for instrumental reasons. They explained that engagement in CSR was believed to be able to maximize company profits over the long term. However, relational and moral motivations were also expressed. For example, corporate governance also valued CSR as an intangible asset of great importance in enhancing the company's acceptability in its environment, its legitimacy and its image. Moreover, some top managers mentioned that some of the actors in corporate governance viewed CSR as a moral duty. D17 offered an interesting testimony on this point:

> *"My shareholders and stakeholders think that CSR is a good way to strengthen our image, our reputation and even our culture of being very respectful of the people around us. Of course, it's clear that the primary motivation, along with other ones though, is to ensure high financial performance over time."*

In the modern type of corporate governance system, the managers noted that CSR was perceived as acceptable only when it was based on instrumental motivations. Here, small CSR actions would be accepted in the short term, if and only if they directly contributed to maximizing financial value. D4 said:

> *"In our company, CSR is only an additional source of profit. It exists only if the shareholders perceive that it serves us in the short term. Otherwise it does not exist."*

CSR was perceived the same way by the top managers in a financial type of corporate governance system. CSR was thus accepted by corporate governance when it directly contributed to creating financial value, although in a potentially longer-term perspective. As expressed by D14:

> *"In relation to CSR, we're aware—and our shareholders also—of all the markets created by CSR, including environmental activities that provide opportunities for energy efficiency. And on this point people say that the industry can't do much but that's wrong, there are clear opportunities for innovation and profit, even in the short term. "*

One of the executives interviewed (D16) even described CSR as "*a mechanism for protecting shareholder investment*" and emphasized its relevance in "*building strong relationships,*" thus referring to the value of more relational motivations.

REPORTED INFLUENCE OF TOP MANAGERS ON CSR IN EACH TYPE OF CORPORATE GOVERNANCE SYSTEM

We also sought to understand the personal motivations of the top managers for engaging in CSR and, where appropriate, the strategies they used to impose their motivations, even when the most salient stakeholders of corporate governance had other preferences. Reported motivations of top managers to engage in CSR

The top managers expressed many motivations driving their personal engagement in CSR. We observed differences in motivation not only between the top managers in the different governance systems, but also between the managers in companies having the same type of governance (see Table 6).

Table 6. Reported motivations of top managers to engage CSR

Reported motivations	instrumental	relational	moral	total*
Traditional type of corporate governance	N=6/10 (60%)	N=8/10 (80%)	N=4/10 (40%)	N=10
Modern type of corporate governance	N=5/5 (100%)	N=0/5 (0%)	N=0/5 (0%)	N=5
Financial type of corporate governance	N=4/4 (100%)	N=3/4 (75%)	N=0/4 (0%)	N=4

* Different motivations may be reported concomitantly by top managers within the same type of corporate governance system. The total column gives here the total number of top managers and the occurrences listed in the table indicate the number of top managers who mentioned a particular motivation within each type of corporate governance system.

The top managers from traditional corporate governance systems reported engaging in CSR for relational, instrumental and moral (in order of importance) motivations, whereas the top managers from modern systems only expressed instrumental motivations and those from financial systems declared instrumental and relational motivations (in order of importance).

The main motivation for CSR engagement for the managers in traditional corporate governance systems was relational. These managers stated that their objective was to enhance the company image and reputation, as well as their own reputation. By defending CSR, they gained support from more stakeholders, created bigger networks and established their legitimacy more firmly within both the company and the business environment. As expressed by D11:

> *"Dealing with environmental issues and especially the social issues in my environment is a priority for me. This allows me to create a strong and solid network of business partners for my company and it also strengthens my credibility. I do things that my predecessor never did, and it's very rewarding."*

Top managers in this kind of corporate governance system also expressed more instrumental motivations for CSR, both to maximize long-term company performance and especially to keep their jobs. D13 said:

> *"The question of my personal preferences doesn't really matter. My shareholders are in favor of CSR because they believe in its potential to create value. I do it because it's a strong requirement to stay in this job."*

Moral motivations were also expressed by top managers in this kind of corporate governance system, especially principles of respectful management of all stakeholders. D2 said:

> *"I personally have always wanted to be considerate of others and I am this way in my business dealings but also in other parts of my life. I'm guided by other goals, other values than just profiteering. I was raised in a different way."*

Top managers in modern governance systems declared that they engaged in CSR mainly for instrumental reasons. They also stated that they had little choice in this area and would consider CSR only if it was promoted by the most salient stakeholders of corporate governance. Moreover, these managers explained that by acting this way they were able to protect their jobs and their benefits. D4 explains:

> *"I'm not paid for CSR. I have no personal interest in it unless my shareholders ask me to do it because they believe that it's good for company performance. My shareholders would be suspicious if I were too committed to CSR. I don't think it would increase their confidence in me, quite the contrary. I wasn't hired for this."*

Last, the top managers from financial corporate governance systems expressed instrumental and relational motivations for engaging in CSR. Instrumentally, they saw CSR as an important way to promote the company's long-term performance and to ensure for themselves the trust of financial markets. As explained by D6:

> *"You know, our position as the leader is weak. Everybody is watching us. The stakeholders and the financial markets. They don't like scandals and they're always ready to get rid of a CEO who threatens their investments by his or her decisions and actions. Especially on social issues."*

Moreover, some top managers also engaged in CSR for more relational reasons, to protect their legitimacy and enhance their power and entrenchment. D16 expressed himself on this point:

> "CSR has allowed me to create partnerships inside and outside the company that are precious to me from a strategic point of view. They help me in convincing others to adopt my vision for the company. It protects and legitimates me."

Reported strategies of top managers to enhance their discretion for CSR
In the interviews, some of these top managers also told us how they could increase their discretion for CSR if they were convinced of the benefits for their company or they had personal motivations for engaging in this area (see Table 7).

Table 7. Stratégies déclarées des dirigeants pour renforcer leur marge de manœuvre en matière de RSE

Reported strategy	Communication, education & reporting	Satisfaction of the most salient pressures for financial performance	Creation of networks (internal and external)	total*
Traditional type of corporate governance	N=8/10 (80%)	N=0/10 (0%)	N=5/10 (50%)	N=10
Modern type of corporate governance	N=0/5 (0%)	N=1/5 (20%)	N=0/5 (0%)	N=5
Financial type of corporate governance	N=0/4 (0%)	N=2/4 (50%)	N=2/4 (50%)	N=4

* Different strategies may be reported concomantly by top managers within the same type of corporate governance system. The total column gives here the total number of top managers and the occurrences listed in the table indicate the number of top managers who mentioned a particular strategy within each type of corporate governance system.

In a traditional type of corporate governance system, alignment between top managers' pro-CSR motivations and the expectations of corporate governance seemed fairly natural. As explained by D7:

> "I personally think the company has to take on a new role in society instead of the role it has today. I don't believe in the company-contract and I want to be engaged in society and pursue this adventure with my partners. I'm lucky on this because these are also the values held by my shareholders and employees. I've learned to understand and integrate them, and this has shaped my vision of today."

When this natural adjustment does not occur, some explained their strategies to increase their discretion. The managers with personal relational or moral motivations for CSR explained the importance they placed on education, communication and reporting to convince stakeholders about CSR benefits. As explained by D2:

> "When I joined the company, my main shareholder was not against CSR but he saw only the profit side. My employees, themselves, did not see much use. Over time, by force of example, with the measure of the effects of our actions, I was able to show them that, yes, CSR is good

> *for profits and for our legitimacy, our reputation and our stakeholders. Today, we follow my convictions and I'm sometimes surprised to hear employees or shareholders explaining that it's our responsibility and our duty."*

Conversely, some top managers with instrumental motivations also increased their discretion for CSR by making commitments more in line with company strategy. D8 explained this point:

> *"When I joined the company, there were some nice actions on CSR. Good values and I was very proud of that. On the other hand, most of them were disconnected from the reality of our business and some people were starting to complain. I tried to link our strategic objectives with them, explain my thinking, and some beautiful market opportunities have emerged for us."*

These top managers also spoke about their decisive influence in the creation and management of a network of partners.

In a modern type of corporate governance system, the alignment between top managers' motivations and those of the most salient stakeholders of corporate governance was also fairly natural, but in a sense rather unfavorable to CSR. These managers therefore put few strategies into place, accepting and even supporting the promoted choices. D5 explained:

> *"For me, CSR exists only if it generates profit. Otherwise I won't do it, and then somehow I don't really believe in it. We're a business. We're here to make a profit and that's what my shareholders ask for. It's also my priority."*

Only one of the top managers in our sample who expressed relational motivations for CSR seemed to be trying to use a give-and-take strategy with the most salient stakeholders in corporate governance, namely the shareholders, by meeting their expectations. As D5 explained:

> *"The pressure from our shareholders is strong and is felt especially in terms of social policy. Because, although the board gives us the discretion to negotiate the employee wages, the fact remains that our payroll costs are gone over with a finetoothed comb. The question that comes up again and again is: 'are you sure you need such a large workforce?' So we have to manage, negotiate, give them the figures, and explain that we're managing with the same staff despite revenue growth, which is not bad. We bargain and try to satisfy the shareholders: if the results are good, we can do small things. But sometimes you're forced to give in and reduce your workforce. I am personally worried about our image and reputation as well as my own, although I don't really have a choice. "*

Last, in a financial type of corporate governance system, alignment between top managers' motivations for CSR and those of the most salient stakeholders in corporate governance was more complex and seemed to be built over time. When top managers had no personal motivation for engaging in CSR, CSR reflected the concerns of corporate governance and the corporate environment, with varying levels of engagement across firms. For a top manager with an instrumental motivation, alignment with the expectations of corporate governance was relatively easy. The top manager then had to co-build a

commitment with the most salient stakeholders, which was expected to be the source of value creation. D14 said:

> *"Here, it's been easy. When I arrived, we all agreed to see CSR as an opportunity. So we worked together to figure out how to include it in our core strategy in a way that would reassure the markets and create great opportunities for the future."*

When top managers had personal motivations to engage in CSR that differed from those favored by corporate governance (relational), they mentioned two types of strategy to increase their discretion. The first was to meet the most salient requirements of corporate governance for financial performance. D15 said:

> *"For CSR, I need financial discretion and to have it, I have to satisfy the financial markets and the shareholders. Once that happens, I can 'almost' [laughs] do whatever I want."*

When this strategy was not possible, they used strategies to create counterpower networks for strategic decisions and to protect themselves. D6 expressed this point:

> "I'm often confronted with very high financial expectations that can quickly hide everything else. So, because I don't want to work like this all the time, I created connected networks of partners who can support some of my choices. Some are even now on the board. This gives me discretion when I make risky choices or I don't have unanimous support, especially in CSR."

DISCUSSION

THE PERCEIVED INFLUENCE OF CORPORATE GOVERNANCE ON TOP MANAGER ENGAGEMENT AND DISCRETION FOR CSR

Our first contribution is the characterization of the perceived influence of three types of corporate governance systems on top manager engagement and discretion for CSR. Our results show that the three types of governance do not offer the same discretion for CSR to top managers, according to the managers' perceptions. Thus, despite the increasingly strong institutional pressures in the French context and the strong pressures from activist stakeholders in certain sectors (Campbell, 2007), these managers do not think they have the same conditions for dealing with these pressures through corporate strategy (Aragon-Correa, Matias-Reche & Senise-Barrio, 2003).

The traditional corporate governance system seemed the most naturally aligned with the values institutionalized in the French context for CSR, according to the managers (Gilormini, 2011). Collective decision making, a long-term orientation, and fewer financial pressures all facilitated the engagement in CSR (Niehm, Swinney & Miller, 2008). In particular, the presence of a majority shareholder created a form of stability that was oriented toward sustainability and development, which allowed for the inclusion of social and environmental issues on the agenda. Control mechanisms and non-financialized incentives for the top managers also reduced the risks of CSR engagement (Meek, Woodworth & Dyer, 1988). The risk for this type of corporate governance system, expressed in our interviews, could be the following: implementing a CSR strategy largely

disconnected from corporate strategy and performance objectives, especially financial performance (Lantos, 2002).

The modern type of corporate governance seemed more problematic for engaging in CSR issues. Given the financial pressures that top managers face, it seemed difficult for them to imagine being engaged in CSR without strong shareholder backing. In this type of governance system, often characterizing firms in strategic transition and/or undergoing rapid growth, activist shareholders like mutual or hedge funds push for short-term financial value, even if it means sacrificing the interests of other stakeholders. This impatience of short-term investors (Goyer, 2006) is particularly salient in the modern type of corporate governance, and it raises questions about the consequences of their engagement (Gomez & Korine, 2009). Indeed, in the absence of counterpowers, the top managers said they had no choice but to dismiss CSR issues (Aguilera et al., 2006). CSR definitely appeared as a constraint, and any commitment from top managers was seen as risky because it could be interpreted as opportunistic on their part (Friedman, 1970). For this type of corporate governance system, institutional pressure seemed crucial to prompt or coerce the inclusion of CSR, which was not easily integrated at the organizational level (Lee, 2011; Majumdar & Marcus, 2001).

Last, the financial type of corporate governance system offered variable possibilities for CSR. In particular, the lack of a priori control by shareholders broadened the strategic discretion of top managers. As these businesses are controlled by the financial markets, the essential condition for implementing CSR remains a positive financial valuation on the markets. However, the visibility and size of these companies and the impact of the stock market might lead them to consider CSR as a way of avoiding scandal or risks to image and reputation that could harm the value of corporate investments (Godfrey, Merrill & Hansen, 2009). Some shareholders might even indirectly become prescribers of this type of engagement (Aguilera et al., 2006). In this regard, institutional or stakeholder pressures could become a springboard for transforming CSR pressure into CSR opportunities (Acquier, Daudigeos & Valiorgue, 2011) through the voluntary action of top managers (creation of new markets, Pigé, 2008).

In any case, our characterization of the three types of corporate governance systems and their perceived effects highlight the importance of the most salient stakeholders in corporate governance (Hill & Jones, 1992), who at a time "t" hold the necessary power (Russo & Perrini, 2010) to impose their preferences for or against CSR, with positive or negative consequences (Mitchell, Agle & Wood, 1997; Vilanova, 2007). In addition to the potentially opportunistic behaviors of top managers, salient stakeholders may also show themselves to be opportunistic at a certain time in corporate life (Gomez & Korine, 2009). Indeed, without counterpowers, a company could be condemned to follow a path that is either too financially- or socially-oriented because of stakeholder pressure, and this would make strategic change difficult because of the phenomenon of path dependence (Palpacuer, Perez & Tozanli Brabet, 2006).

THE INFLUENCE OF TOP MANAGERS ON CSR ENGAGEMENT AND THEIR DISCRETION IN EACH TYPE OF CORPORATE GOVERNANCE SYSTEM

Our second contribution is the characterization of the influence of top managers on CSR engagement and their discretion in the three types of corporate governance systems. Despite the pressure of the most salient stakeholders in corporate governance, top managers have a role in codetermining CSR engagement that merits discussion, and our research sheds light on both the "why?" (Adams, Licht & Sagiv, 2011) and the "how?" (Barin Cruz & Chtourou Chebbi, 2011).

In the traditional corporate governance systems, top managers expressed several motivations, and it is interesting to note the order (Aguilera et al., 2007). Most of them stated that they engaged in CSR for relational reasons, and they explained CSR was important for maintaining their reputation and their links with stakeholders in their environment. This objective, although laudable and potentially beneficial for the company, can nevertheless be risky. Engaging in CSR for personal benefit and not for corporate benefit might be unfavorable to corporate performance, especially if top managers seek only their personal entrenchment with no positive consequences for the company (Surroca & Tribo, 2008; Cespa & Cestone, 2007).

However, if these problems do not arise, CSR engagement motivated by relational concerns matches fairly well with the partnership system of governance in these companies. The instrumental motivations reported by the top managers are unsurprising and serve to remind us that CSR engagement should never be separated from corporate performance. Top managers are particularly vigilant on this point because performance determines their jobs, their compensation and the health of their business (Porter & Kramer, 2006). In the last position, moral motivations confirmed the importance of questioning the characteristics of top managers voluntarily engaged in CSR, especially their values (Egri & Herman, 2000; Hemingway & Maclagan, 2007; Reynaud et al., 2007). In this type of corporate governance system, top managers, by using and creating discretion for CSR, have a central role in educating stakeholders and convincing them of the advantages of building CSR policies into the corporate culture (Banerjee, 2001; Waldman, De Luque, Washburn & House, 2006). These key people thus arbitrate between multiple stakeholder preferences (Freeman, 1984; Fernando & Sim, 2011; Hill & Jones, 1992).

In the modern type of corporate governance systems, the question of top managers' voluntary engagement for CSR is more problematic. Here the top managers expressed instrumental motivations similar to those of the most salient stakeholders in corporate governance, and they were motivated to serve both corporate interests and their personal interests at the same time. In this case, they had limited means to do other than yield to the pressures they were facing, which raises questions about their personal responsibility if problems arise. Only a top executive firmly entrenched in a company for years would—and only in a period of financial success—be able to somewhat influence a dominant attitude against CSR. A particularly financialized vision of CSR was also expressed by these top managers, with CSR perceived as an obstacle to short-term profit maximization (Quinn & Jones, 1995).

The mechanisms to control top managers (incentives and performance measurement) may be the culprit here (Mackenzie, Beunza, Millo & Pardo-Guerra, 2012), although another factor might be that these executives have become cognitively embedded in a model that defines shareholders as the dominant stakeholders (Ferraro, Pfeffer & Sutton, 2005; Ghoshal, 2005). A similar explanation may apply to executives in the financial type of corporate governance. For fear of the risks to personal careers if the financial markets are dissatisfied, top managers might well perceive the markets as the salient stakeholder and develop purely instrumental motivations, even at the risk of becoming myopic with a focus on only the short term, even though some discretion could be offered to them in this field.

It was interesting to note, in any case, a certain alignment between the top manager motivations to engage in CSR and those of the most salient stakeholders in corporate governance, and this in each type of corporate governance system (Branzei, Vertinsky & Zietsma, 2005). This alignment appeared to be intentional on the part of the top managers, who preferred actions that directly served their own interests in corporate governance (Crilly & Sloan, 2012; Bundy, Shropshire & Bucholtz, 2013), but it may also be explained by a

cognitive mechanism that rendered the perception of other alternatives impossible (Fernando & Sim, 2011). In this sense, the intentionality often noted in top managers regarding CSR issues may be nuanced by the nature of their real role in the construction of emerging compromises driven by the most salient stakeholders in corporate governance (Chin et al., 2013).

Even if it is marginal, top managers seem to have a role in codetermining CSR policies over time. They pose a challenge, in fact, to Friedman (1970)'s Manichean vision of CSR, since CSR actions may have different purposes within a co-constructed discretion. An exploration of the voluntary role of top managers in CSR over the course of their tenure (Hambrick & Fukutomi, 1991) might thus be fruitful, for each type of corporate governance system (Maon, Lindgreen & Swaen, 2010).

CONCLUSION

Our research sought to determine the influence of corporate governance mechanisms on top manager engagement in and discretion for CSR at the organizational level. Two key contributions emerged from this exploratory study. First, we identified three "types" of corporate governance systems, each with its own set of perceived consequences on the engagement and discretion of top managers for CSR. Second, for each of the governance systems, we characterized the voluntary role of top managers in CSR engagement and their use of discretion. Our research also highlighted the codetermination of CSR engagement driven by top management motivations and those of the most salient stakeholders in corporate governance. Managerial discretion becomes redefined around a game of power and influence within the corporate governance system, as we illustrate.

This exploratory, explanatory research has certain limitations that nevertheless point toward new avenues of investigation. First, the three types of corporate governance systems that we identified could be more systematically characterized. It might be particularly interesting to identify the configurations of corporate governance in a larger sample using the qualitative comparative analysis developed by Ragin (2000) and detailed by Fiss (2007). Furthermore, although we sought to determine the top managers' perceptions in this study, it might be worthwhile to interview other members of the top executive team in order to compare their perceptions and identify possible differences among them. More broadly, future studies could also focus on comparing the perceptions of other stakeholders in corporate governance with those collected from the management team. Last, a longitudinal study of one or several cases might provide valuable insight into the processes by which top management and stakeholders in corporate governance codetermine CSR engagements over time.

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APPENDIX 1. DATA COLLECTED TO CHARACTERIZE THE TYPES OF CORPORATE GOVERNANCE SYSTEMS AT THE ORGANIZATIONAL LEVEL

Categories of criteria	Criteria	Form of the collected data	Data sources
Ownership characteristics	Percentage of floating ownership	Percentage of ownership	Annual reports and reference documents + data from financial press + data from OSIRIS database
	Percentage of ownership by the three main shareholders	Percentage of ownership	
	Existence of a shareholder pact	YES/NO	
	Existence of a shareholder coalition with majority control	YES/NO	
	Existence of a main shareholder	YES/NO	
	Percentage of ownership by : Employees	Percentage of ownership	
	Founders	Percentage of ownership	
	Industrial groups	Percentage of ownership	
	State	Percentage of ownership	
	French banks	Percentage of ownership	
	Institutional investors DB	Percentage of ownership	
	Institutional investors DC	Percentage of ownership	
	Board and treasury shares	Percentage of ownership	
Control mechanisms of top managers	Separation of the executives and their control (duality)	YES/NO	
	Incentive mechanisms of top managers through stock-options	Percentage of ownership	
	Shareholder pressures on the strategy to adopt by top managers	Importance of shareholder activism in defining strategy (number of actions)	Financial press and accounting reports of the general assembly
Composition of the board of directors (or supervisory board)	Half of the Board composed of independent directors (or more)	YES/NO	Annual reports and reference documents + data from financial press + data from OSIRIS database
	Number of executive directors on the board	Percentage of the board members	
	Number of employees on the board	Number	
	Numbers of stakeholders from civil society on the board	Number	
	Existence and number of specialized committees (compensation, appointments, risk management, CSR, etc.)	Nature and number	

*DB : Defined Benefit (e.g., long-term pension funds)   **DC : Defined Contribution (e.g., mutual credit or hedge funds)

APPENDIX B. CLASSIFICATION OF COMPANIES ACCORDING TO THEIR TYPE OF CORPORATE GOVERNANCE SYSTEM: CASES OF AGREEMENT AND DISAGREEMENT

Case of agreement: Classification of a company in the traditional type of corporate governance system

Agreement between the three faculty members: 100%.

Criteria of agreement: Majority family ownership (50%), employee ownership (3%), public ownership (47%), threshold of 50% of independent directors not respected, no duality, restricted number of specialized committees.

Discussion: The company has most of the characteristics of a traditional type of corporate governance system. The agreement is clear among researchers.

Case of disagreement: Classification of a company in the traditional or modern type of corporate governance system

Agreement between the three faculty members: 67% (2/3)

Criteria of agreement: Growing ownership dispersion, strong pressure from activist institutional investors, decline in traditional ownership, important financial incentive mechanisms but no duality and threshold of 50% of independent directors not respected.

Criteria of disagreement: Traditional and majority ownership (30%).

Discussion: The company is in transition from a traditional type to a modern type of corporate governance system. Due to the existence of a majority and traditional shareholder, one member of the faculty classified the company as a traditional type, while the other two classified it as a modern type due to the increasingly stronger financialized control of the top manager. After further study of the mechanisms of control of the top manager and the most significant recent strategic decisions (reducing the scope of activity and focus on a small portfolio of activities, focus on financial performance, institutional investor activism and weight in decisions taken at the General Assembly), the company eventually was classified by the three faculty members as a modern type of corporate governance system.

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