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Corporate Governance and Corporate Social Responsibility Synergies: A Systemic Approach

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Abstract

Respecting the importance of corporate governance (CG), particularly various corporate governance mechanisms for improving corporate social responsibility (CSR) activities, the paper highlights relevant CG–CSR synergies from the perspective of systems thinking. The paper further aims to demonstrate the ways in which selected systems methodologies can support CG–CSR synergies. Accordingly, we selected appropriate systems methodologies, such as dialectical systems theory, soft systems methodology, and system dynamics. We defined the dialectical system, consisting of essential corporate governance mechanisms, which contribute to CSR; we also identified the key stakeholders and their perceptions of CG–CSR relations through CATWOE analysis; thus, the appropriate root definition and conceptual model, including the activities that are relevant for CG–CSR relations, were developed. Developed systemic framework provided a relevant methodological support to highlight the various issues of corporate governance, such as institutional framework, market for corporate control, ownership structure, board structure, and their contribution to CSR.

Keywords: corporate governance, corporate social responsibility, CG–CSR synergies, systemic approach, combined use of selected systems methodologies

Introduction

In contemporary theory and practice, both corporate governance (CG) and corporate social responsibility (CSR) present relevant research areas that produce many dilemmas and disagreements. We begin by shedding light on the core concepts of CG and CSR from different theoretical perspectives. Most review studies tackled either CG (e.g., Jensen & Meckling, 1976; Fama & Jensen, 1983; La Porta et al., 1999; Daily et al., 2003; Yoshikawa & Rasheed, 2009; Aguilera et al., 2008; Aguilera et al., 2015), or CSR (e.g., Windsor, 2006; Maon et al., 2008; Devinney, 2009; Aguinis & Glavas, 2012; Mulej et al., 2013a, b), yet few are focused at the CG and CSR nexus or interface (e.g., Aguilera et al., 2006; Neubaum & Zahra, 2006; Sjöström, 2008; Jamali et al., 2008; Ioannou & Serafeim, 2012; Dam &

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Scholtens, 2013; Zhang et al., 2013; Fernandez-Feijoo et al., 2014; Jain & Jamali, 2016). Moreover, only a few studies are dedicated to comprehensive results, which can confirm the positive/negative impact of corporate governance mechanisms on corporate social responsibility (CSR). Particularly, there are no papers dealing with relations between corporate governance and corporate social responsibility in the conceptual framework of systems thinking, i.e., in conceptual framework of selected systems methodologies (to the best of the authors' knowledge, no such research has yet been conducted), such as dialectical systems theory, soft systems methodology, and system dynamics. It is a research gap, which this paper aims to overcome.

This paper deals with the synergies between corporate governance and corporate social responsibility in the conceptual framework of systems thinking. In fact, the links of corporate governance and corporate social responsibility are researched and presented by using the tools of the selected systems methodologies, i.e., dialectical systems theory, soft systems methodology, and system dynamics. The aim is to find an answer to the question of how systems methodologies can help in identifying and studying the relations between corporate governance and corporate social responsibility.

Accordingly, the paper is structured as follows. First, a literature review concerning the essentials of effective corporate governance and corporate social responsibility is presented. Thus, starting from agency problems, the key corporate governance mechanisms and theories are introduced. In addition, the relevant features and definitions of CSR are specified. Accordingly, the links between corporate governance and CSR are identified. Taking into account the identified links between CG and CSR, appropriate systems methodologies are selected to support the synergies between corporate governance mechanisms and CSR.

Literature Review

Corporate Governance

Beginning with agency theory, company development created the need for the transfer of management rights from owners to managers and led to a growing interest of researchers to deal with agency relationships between owners as principals and managers as agents. Shareholders have exclusive control over shares but waive their company management right. This right is transferred to company managers, leading to the creation of a specific relationship between owners, who have the role of principals, and managers, who become their agents (Nikolić & Babić, 2016). The principal–agent relationship can be seen as an advantage as well as a disadvantage. If managers have the necessary knowledge and skills to manage a company efficiently, owners benefit. However, under domination of managerial opportunism, owners suffer losses caused by poor management, so owners need to find effective mechanisms to monitor and control managers.

Accordingly, separation of ownership and control causes problems with manager monitoring and control. In fact, ownership dispersion reduces the power of shareholders to monitor and control managers because a small stake has a negative impact on the motivation and ability of individual owners to bear the costs of monitoring (Monks & Minow, 2002, p. 92). The analyzed problem of ownership dispersion, defined as strengthening of managers' (agents') power in relation to owners (principals), can be solved by applying different corporate governance mechanisms. First, the lack of owners' control can be compensated by an active market for corporate control through mergers and acquisitions, which play a key role in disciplining managers (Savović, 2012). Second, in terms of the underdeveloped market for corporate control, ownership concentration is applied as a mechanism to control managers. The role of majority shareholders is to actively control managers and mitigate the free-rider problem (Crespi & Renneboog, 2010). Third, effective independent board control prevents managerial opportunism, i.e., the key board role is control of managerial decisions (Babić et al., 2011). Fourth, the institutional matrix, which comprises formal institutions, such as the laws and regulations, provides a flow of information and creates a framework within which investors can monitor the managers with relatively low transaction costs (La Porta et al., 1999). Additionally, informal institutions, such as socially valued beliefs and norms, particularly in terms of underdeveloped formal institutions, can contribute to mitigating the agency problem (Babić, 2010).

Although the primary focus is on the board and ownership concentration as internal corporate governance mechanisms, a holistic view of CG needs to also consider the external governance mechanisms, including mergers and acquisitions as well as the legal system. Bearing in mind that the legal system as the external corporate governance mechanism ensures the protection of investor rights and implementation of regulations, the market for corporate control becomes essential in case of large-scale failure of internal control mechanisms (Jamali et al., 2008).

The stakeholder theory calls for a redefinition of the agency concept "by replacing the state that managers have a duty to stockholders with the concept that managers bear a fiduciary relationship to stakeholders" (Bichta, 2016, p. 17). Its creators develop the idea that the company should not be

seen only as a mechanism to satisfy the interests of owners but of all relevant stakeholders that influence company growth and development. The main task of a manager is to manage a company in a way that allows for the integration of interests of shareholders, employees, customers, suppliers, community, and other groups to ensure long-term success of the company (Tricker, 2009, pp. 229–230). In fact, responsibilities of managers are extended and include not only a duty to protect the interests of owners but the interests of all stakeholders (Freeman, 1999). Establishing effective relations with all stakeholders is more important than simple participation in decision-making and control of managers.

In summary, from the stakeholder point of view, corporate governance deals with issues arising from complex interactions among the board, managers, owners, and other stakeholders. In this regard, the focus is on the social aspect of corporate governance, which refers to the capacity of corporate governance to respond to the interests of different stakeholders, through corporate governance mechanisms (Sanchez et al., 2011). Respecting the above, the resulting thesis reads: Relations in corporate governance can be improved with corporate social responsibility.

Corporate Social Responsibility

Based on stakeholder theory, corporate social responsibility (CSR) is an important determinant of company success. The current definition of CSR, "postulates the engagement of a firm with stakeholders rather than shareholders alone," is derived from the stakeholder model. This means that the CSR concept is an alternative to the traditional (agency) view of corporate governance meanings (Bichta, 2016, p. 8). The perceived unethical or socially irresponsible corporate practices can reduce reputation, increase costs, and reduce shareholder value. By contrast, corporate social responsibility can bring significant benefits through the development of positive attitudes toward a company, as well as by creating competitive advantages (Maon et al., 2008). Consequently, more and more companies develop strategic corporate responsibility plans and implement socially responsible initiatives. However, issues related to CSR concerning internal and external stakeholders are often different and conflicting, which increases complexity of the process of identifying relevant social issues and priorities. Accordingly, there are various definitions of CSR (e.g., Mulej et al., 2013a, b; Lebe & Mulej, 2014). Generally, "CSR concerns companies' actions beyond their legal obligations towards society and environment" (Ženko et al., 2013).

A large number of theorists also see CSR as comprising two dimensions: internal and external. Within the internal dimension, companies review their internal priorities and harmonize due diligence with their responsibility to internal stakeholders, covering issues concerning skills and education, workplace safety, working conditions, human rights, equity, equal opportunities, health and safety, and labor rights. The external dimension of social responsibility applies to all external stakeholders and often to the wider regional and even global environment. In the other words, the key element of the external accountability is associated with responsible behavior toward the environment (Stojanović-Aleksić et al., 2016). ISO 26000 – Guideliness for Social Responsibility (ISO, 2010) replaces the concept of corporate social responsibility (CSR) with the concept of social responsibility. This change indicates a shift from corporate social responsibility to the responsibility of all organizations – profit and nonprofit, small, medium, and large – toward stakeholders and the environment (Zlatanović & Mulej, 2015).

Taking into account different approaches to defining CSR, academic and professional communities have long been engaged in discussions about the importance of corporate social responsibility. The basic dilemma is reflected in the search for an answer to the question of whether CSR activities should be seen as a cost or as investment (Devinney, 2009). That dilemma is based on Fiedman's position that the only responsibility of companies is reflected in the creation of profit, as opposed to investment in general social interest when a company spends "other people's money," i.e., money of shareholders, customers, and employees. However, the view that corporations must not spend "other people's money" would make sense if investment in corporate social responsibility was viewed as an expense. However, a company can make a profit by investing in various forms of social responsibility, referring to the increase of intangible assets, building goodwill through brand strengthening, and improving business image. Therefore, we can conclude that corporate governance plays an important role in improving CSR.

Although definitions and understanding of CSR vary, there are certain common characteristics. One of the most important common characteristics is the understanding of CSR as a holistic approach to company operations. The common characteristic is the view of CSR as company activities aimed at stakeholders but also linking CSR to sustainable development. Thus, despite different positions on CSR, the concept of CSR is cohesive, i.e., described as

- A holistic approach to the functioning of the company, with a focus on stakeholders and the environment;
- A concept that affects the overall functioning of the company; and
- The prerequisite of sustainable development.

This prevents short-term company gains at its own expense in a longer term and of the society, facing a variety of modern challenges (climate change, poverty, unemployment, etc.).

From the above discussion, one can conclude that corporate social responsibility is a new stakeholder approach, which is opposed to the traditional view of promoting the exclusive interests of shareholders. Thus, the thesis is confirmed and deserves detailed elaboration of the links between the corporate governance (CG) and (corporate) social responsibility (CSR).

Links Between CG and CSR

Starting from the stakeholder theory, a necessary precondition of improving corporate performance is governing a company in a responsible manner, i.e., respecting the interests of society as a whole. In line with the above-mentioned, corporate governance mechanisms can influence corporate social responsibility and vice versa, which is why it is important to investigate the links between them. The impact of institutional framework, as an external corporate governance mechanism, on CSR, can be seen through the influence of formal and informal institutions on CSR. The nature of the legal and political systems predicts that regulations could promote shareholder protection versus stakeholder orientation (Jain & Jamali, 2016). In line with formal institutions, informal institutions also have significant influence on the shaping of corporate governance, primarily through differentiation of countries based on power distance and culture (individualist versus collectivist). Starting from the differences between corporate governance models, we can conclude that the countries that apply the Anglo-Saxon model are characterized by individualistic culture, while Europe, as a representative of the continental model, is characterized by a collectivist culture (Tricker, 2009, pp. 184-187). It further implies that countries with a collectivistic culture emphasize greater involvement of stakeholders, i.e., they are more focused on CSR activities.

The market for corporate control, as an external corporate governance mechanism, is developed in the USA and the United Kingdom, which apply the Anglo-Saxon model of corporate governance. In countries applying the continental model, takeover processes are rare (Babić & Nikolić, 2016). Despite a general agreement on M&A activities increasing the wealth of target company shareholders due to high premiums paid, empirical research shows that acquiring companies do not obtain higher post-acquisition financial profitability (Savović, 2012). Not only is morality of M&A activities based on their effect on company stock price, it's also based on their influence on all stakeholders.

In addition to the above-mentioned external mechanisms, the formation of the CG–CSR relationship is under the impact of ownership structure, as an internal corporate governance mechanism. The ownership structure is the most important corporate governance mechanism for countries applying the continental model because the majority owners control the managers. The results of empirical studies largely confirm the influence of ownership structure on key strategic decision-making (Nikolić & Babić, 2016) as well as the use of the voting rights when decisions are made in regard to socially responsible investment (Aguilera et al., 2006; Dam & Scholtens, 2012).

This position is based on the fact that owners can be motivated or not motivated to encourage investment in socially responsible activities for various moral or economic reasons, which is in line with the dilemma of whether CSR is seen as a cost or investment. If owners observe socially responsible activities as an investment that contributes to the achievement of certain benefits for a company, they will encourage management to make decisions that stimulate CSR activities and vice versa. As different owners may have different motives and awareness of the CSR importance, ownership structure plays an important role in shaping CSR. From the stakeholder perspective, concentrated ownership encourages investment in socially responsible activities because it is believed that this promotes long-term value of a company (Harjoto & Jo, 2011). Furthermore, given the fact that majority owners in the long run can achieve tangible and intangible benefits from investing in CSR, concentration should have a positive impact on the development of CSR.

Pursuant the assumption that owners have different awareness of the importance of CSR, due to their different motives and interests, numerous studies analyze the impact of the following owner types on CSR: institutional ownership, family ownership, and state ownership. Based on Jain and Jamali (2016), one can conclude that the results are often heterogeneous. Institutional shareholders can have long- or short-term investment perspectives and possess both the incentives and the power to control corporate decision-making (Shleifer & Vishny, 1997). This means that institutional owners, depending on whether they have a long- or short-term orientation, see CSR investment in different ways. In fact, institutional investors with long-term orientation generally encourage CSR investment.

Family ownership has not been sufficiently studied in terms of its impact on CSR, although this type of ownership is significant for several reasons. Family-owned companies usually retain ownership for a long time, actively monitor managers, and play an active role in making strategic decisions. However, bearing in mind that the family as owner does not want to lose control by attracting capital from the financial market, family-owned companies may have aversion to risk. Besides, family owners' interest for increasing family wealth is fueled not only by financial but also social and emotional reasons (Jain & Jamali, 2016).

Although some studies show a negative impact of family ownership on CSR (Rees & Rodionova, 2015), we argue that it is predominately positive.

If the state is a majority owner, company objectives are often colored by political and social objectives, such as low product prices or rise in employment. In fact, stimulation of nonprofit behavior is a key feature of state ownership because state-owned companies are expected to achieve low performance in terms of conventional performance measures. On the other hand, the state has significant resources, which may bring benefits to state-owned companies in respect to lending, liquidity, or costs of capital. Despite the mixed empirical results regarding the influence of state ownership on CSR (Huang, 2010; Zhang et al., 2010; Chang et al., 2015), we can presuppose that firms with higher proportion of state ownership have a positive impact on CSR.

In addition to the analysis of ownership structure, a large number of studies focus on influence of the board of directors, as a complementary internal corporate governance mechanism, on CSR. In accordance with the corporate governance model, the board may be one-tier or unitary (Anglo-Saxon model) or two-tier (continental model). Those board models vary in their shareholder/stakeholder representation and formal structure. In line with shareholder/stakeholder representation, one-tier boards represent shareholder interests by maintaining independent oversight, while two-tier boards mostly represent stakeholder interests by having stakeholder oversight (Block & Gerstner, 2016, p. 44).

Regarding the formal board structure, board effectiveness is contingent on board composition, CEO duality, and board size (Babić et al., 2011; 2013). Although agency theory states that an independent board structure helps protect owners' interests with a negative impact on CSR (Arora & Dharwadkar, 2011), a large number of studies confirm the positive impact on CSR due to strict control of management decisions by an independent board (e.g., Huang, 2010; Mallin et al., 2013; Zhang et al., 2013). Based on the agency theory, chairman and CEO roles should be separated. Nevertheless, CEO duality makes sense in business because the CEO is familiar with the way the company runs (Babić et al., 2013). According to the view that dual board leadership structures can improve social capital and stakeholder representation within boards, we can assume that it positively influences CSR. Board size is another issue on which no apparent consensus has yet been reached. Its size tends to relate to company size. Optimal board size may vary according to a board's life-cycle stage, its mission, fundraising needs, and whether it is a national or a local board. According to the agency theory, the number of board members indicates CEO domination as well as capacity to co-opt external influences (Larcker & Tayan, 2011, p. 155). Therefore, in line with stakeholder theory, large boards can encourage CSR investment.

In accordance with the above, one can conclude that, in a "shareholder-based corporate governance model or Anglo-Saxon model, directors and managers' fiduciary obligations run the company and its shareholders only, as in the United States and the United Kingdom. In contrast, the stakeholder or continental model of corporate governance, such as in continental Europe, requires a more comprehensive perspective on whose well-being matters and, therefore, how to manage the firm" (Devinney et al., 2013, p. 413). Consequently, we consider the continental model as being more suitable to support CSR activities.

Selected Systems Methodologies To Support CG–CSR Synergies

Various holistic tools can also support socially responsible behavior (e.g., Mulej et al., 2013; 2015; Lebe & Mulej, 2014; Zlatanović & Mulej, 2015). Because the growing complexity of social issues causes interconnectedness of stakeholders, in such a highly interdependent environment, companies face problem situations, i.e., complex, interactive, dynamic, and ambiguous systems of problems. It further implies a need for systems thinking in decision-making and acting.

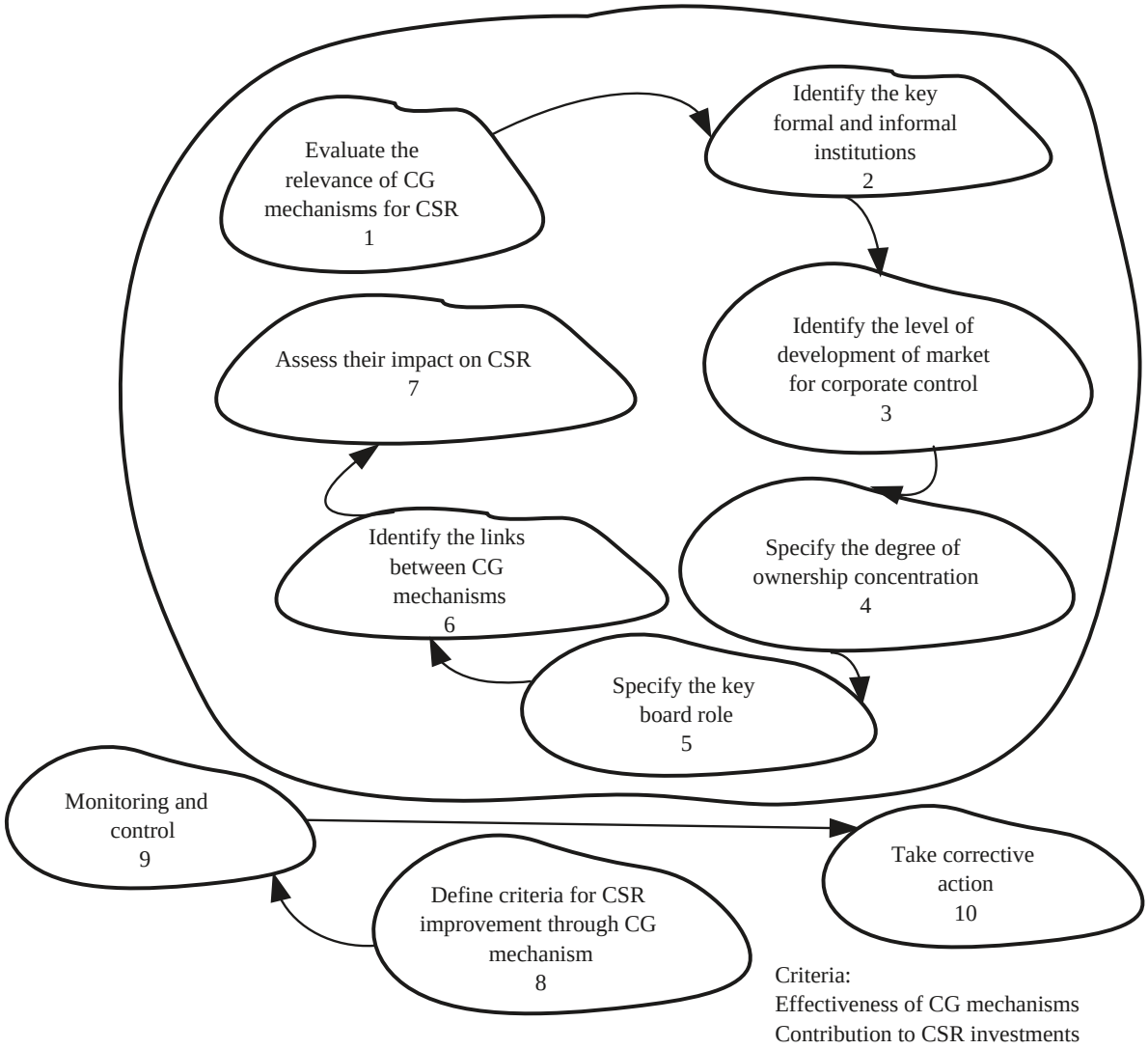
In order to deal with CG–CSR synergies, we selected Dialectical Systems Theory (DST) (Mulej, 1974; Mulej, 2000), soft systems methodology (SSM) and Systems Dynamic (SD) as relevant holistic tools and presented their potential combined use. As a soft systems approach based on its law of requisite holism, DST enabled us to define a network of all essential viewpoints or factors concerning CG–CSR synergies. We selected the corporate governance mechanisms based on an appropriate corporate governance model that affects CSR acitivities. It is a dialectical system consisting of the following corporate governance mechanisms: institutional framework and market for corporate control as essential external mechanisms as well as ownership concentration and board of directors as essential internal mechanisms. In line with the specified dialectical system, SSM (Checkland, 1981) will be helpful in defining the context, i.e., in identifying the key stakeholders and their perceptions of CG–CSR relations. In this sense, the following CATWOE analysis can be useful.

- **C** (*Customers* - those who have benefits from purposeful activity, i.e., from CSR activities caused by appropriate corporate governance mechanisms): national economy/society as a whole;
- **A** (*Actors* - those who would implement the CSR activity): socially responsible corporations and/via their influential members;
- **T** (*Transformation process* - purposeful activity, i.e., transformation of input to output): corporate governance model à external/internal mechanisms à CSR activities;

- **W** (*Weltanschauung* – worldview that makes the purposeful activity meaningful in the selected context): effective corporate governance mechanisms contributing to CSR activities result in improving the corporate performance and welfare;
- **O** (*Ownership* - those who could stop the purposeful activity): relevant internal and external stakeholders;
- **E** (*Environmental constraints* - elements outside the system taken as given): undeveloped institutional framework which implies legal framework, codes and principles of corporate governance, as well as informal institutions.

Based on identified essential factors and CATWOE analysis, we can define the following root definitions as another tool of SSM. **Relevant system** is a system based on effective corporate governance mechanisms, which includes institutional framework and market for corporate control as essential external mechanisms as well as ownership concentration and board of directors as essential internal mechanisms, enhancing CSR activities, which results in protection of stakeholders' interests and thus social well-being. According to root definition, the appropriate conceptual model is presented in Figure 1. However, respecting the fact that the aim is to examine the interdependence between corporate governance mechanisms, as well as the links between these mechanisms and CSR, the causal loop diagrams as the relevant tools of SD are used to determine their interconnections. In fact, based on the theory of information feedback and control, system dynamics is focused on "the problems that can be modeled as systems, essentially made of different elements and flows, i.e., the relations that create a feedback loop and are represented as continual processes" (Zlatanović, 2012). As a relevant functionalist systems approach, SD is based on the assumption that system's behavior is preliminary caused by its structure. SD uses different types of diagrams in

Figure 1. Conceptual Model



Source: Authors, adapted from Zlatanović, 2015

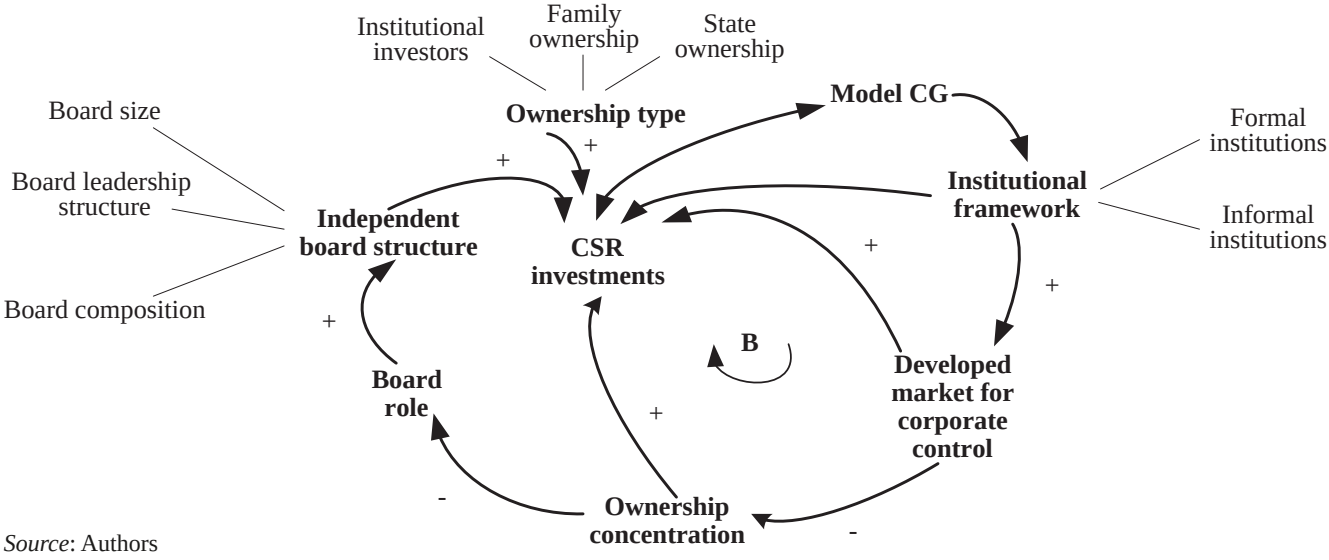
representing feedback structures, e.g., causal loop diagrams, stock and flow diagrams, structure diagrams, and policy structure diagrams (Lane, 2008).

We choose to use causal loop diagrams (CLD), which show the orientation of feedback, as well as the key elements, i.e., variables, and their mutual interaction. Variables are connected by causal links, represented by adequate arrows. Relations that produce change in the same direction (rising or falling) are marked with a positive sign in the causal loop diagram. The positive feedback link means that "if the cause increases, the effect also increases above what it would otherwise have been. Also, if the cause decreases, the effect decreases below what it would otherwise have been. Opposite to that, the negative feedback link means that if the cause increases, the effect decreases below what it would otherwise have been; and if the cause decreases, the effect increases above what it would otherwise have been" (Sterman, 2000, 139; after Zlatanović, 2012). The aim of diagramming the presentation of identified CG–CSR synergies is to communicate the key features of SD model in order to "explain why different behaviour modes arise and why certain policy levers are effective" (Lane, 2008). This provides greater availability and understanding of the users because representing the causal assumptions through equations as well as complex softwares' simulation of behavior are available and understandable only for a minority, i.e., for experts. Respecting all of the above-mentioned, we chose to present CG–CSR synergies by the following feedback structure, i.e., the causal loop diagram in Figure 2, without developing a mathematical model, which can arise from this diagram.

This diagram can be useful in predicting future behavior, i.e., CSR investments driven by different corporate governance models and mechanisms. The diagram is based on the above-mentioned analysis of CG–CSR links. These links can be considered as follows. Above all, effectiveness of corporate governance mechanisms as well as their interdependence is determined by the given corporate governance model. Accordingly, one can see certain interdependence between corporate governance mechanisms, which can be correlated with the increase/decrease in CSR activities. For countries applying the continental model, informal institutions grow stronger and encourage ownership concentration. Furthermore, the noted interdependence of the market for corporate control and ownership concentration encourages investment in CSR, which is in line with the dilemma of whether CSR is seen as a cost or investment. The majority owners observe socially responsible activities as an investment that contributes to the achievement of certain benefits for the company given their long-term orientation, so they stimulate management to make decisions that encourage CSR activities and vice versa. Impact of ownership concentration on CSR should not be viewed in isolation but include the ownership type. From the viewpoint of CSR, there are the following relations: institutional investors with long-term orientation generally motivate CSR investment, while the impact of family ownership and state ownership on CSR is mixed but mostly positive.

Given that the interdependence of mechanisms not only relates to the link between internal and external mechanisms, it also relates within internal mechanisms. Figure 2 illustrates the link between ownership concentration and the board of directors as complementary internal mechanisms. In fact, when there is a strong ownership concentration, the majority owners have a dominant influence on key strategic decision-making, which reduces the need for a board's control. Furthermore, board involvement in the process

Figure 2. Feedback Structure Representing the CG–CSR Synergies



Source: Authors

of strategic decision-making decreases if ownership concentration increases. In addition, board contribution to the strengthening of CSR activities depends on its structure. Moreover, one can observe a significant link between board structure and CSR activities, i.e., independent composition has a positive impact on CSR due to objective control of manager decisions by an independent board. In line with stakeholder theory, the dual board leadership structures positively influence CSR in the same way, as large boards can improve CSR activities.

In regard to the above, Figure 2 shows the following potential mutual influence of corporate governance mechanisms as well as their influence on CSR. First, the link between institutional framework and market for corporate control is marked as positive, i.e., strengthening the formal institutions encourages development of a market for corporate control, while the link between a developed market for corporate control and ownership concentration is marked as negative, i.e., developed market for corporate control decreases the need for ownership concentration as a control mechanism. Also, the link between board role and ownership concentration is presented as negative because the ownership concentration reduces the need for control board role. Furthermore, the links between some corporate governance mechanisms and CSR are marked as positive; these links include market for corporate control and CSR (because a developed market for corporate control stimulates CSR investments), ownership concentration and CSR (because the majority owners have a dominant influence on strategic decisions concerning CSR), ownership type and CSR (because some ownership types, such as institutional investors with long-term orientation, family ownership, and state ownership stimulate CSR), board through independent structure and CSR (respecting the above-mentioned relations between structural variables and CSR). Taking into account that this fededback structure consists of positive and negative links, the loop polarity is marked as negative, i.e., as balancing.

Conclusions and Future Directions

Researching of corporate governance is related to the problem of separation of ownership from control and the emergence of managerial opportunism. The purpose of corporate governance mechanisms is to reduce agency costs and to align the interests of owners and managers through the effective mechanisms to control the managers.

Despite the fact that corporate governance often focuses too narrowly on board effectiveness as the key internal mechanism, in order to examine the links between corporate governance and CSR, based on the stakeholder theory, it is necessary to consider much broader issues of corporate governance. Consequently, we highlighted the relevance of institutional framework and market for corporate control as external corporate governance mechanisms as well as ownership structure as a complementary internal mechanism contributing to CSR. In addition, starting from the significance of a systems approach to CSR, we developed an appropriate systemic framework that involves combining the tools of the selected systems methodologies to support researching the synergies between corporate governance and CSR. In this way, we demonstrated the ways in which these methodologies can help to identify and study the relations between corporate governance and corporate social responsibility.

According to the above findings, the contribution of the research here is reflected in introducing a new synergetic systemic approach to corporate governance and CSR. Moreover, research on the interdependence of corporate governance mechanisms and their impact on CSR, which is closely linked to the application of certain corporate governance models, is presented in the conceptual framework of selected systems methodologies. However, the paper does not address the issues concerned with different aspects or dimensions of CSR (e.g., internal and external dimension). Consequently, the impact of corporate governance mechanisms on these various dimensions of CSR, to the best of our knowledge, has not been researched. Also, the presented systemic framework for reinforcing the synergies between corporate governance and CSR focuses on some aspects of CSR and CG interdependence, while some aspects are not taken into account (e.g., the issues related to stakeholders' power). Therefore, the selected systems methodologies need support from, e.g., critical systems heuristics, as representative of emancipatory systems thinking.

These limitations present the guidelines for future research. On that note, it would be helpful to explore the influence of corporate governance mechanisms on various CSR areas. The presented research can be a basis for creating an appropriate questionnaire, which could be distributed to companies in order to examine the real state of CSR activities (e.g., see Zlatanović, 2015). The above-mentioned systems methodologies can be useful in further studies dealing with the improvement of various areas of CSR through corporate governance mechanisms.

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Sinergije korporativnega upravljanja in družbene odgovornosti podjetij: sistemski pristop

Izvleček

Upoštevaje pomen korporativnega upravljanja, zlasti različnih mehanizmov le-tega za izboljšanje dejavnosti družbene odgovornosti podjetij, so v članku izpostavljene relevantne sinergije korporativnega upravljanja in družbene odgovornosti podjetij z vidika sistemskega razmišljanja. Namen prispevka je prikazati načine, kako lahko izbrane sistemske metodologije podpirajo te sinergije.

V skladu s tem smo izbrali ustrezne sistemske metodologije, kot so dialektična teorija sistemov, mehkosistemska metodologija in sistemska dinamika. Opredelili smo dialektični sistem, ki ga sestavljajo bistveni mehanizmi korporativnega upravljanja, ki prispevajo k družbeni odgovornosti podjetij; opredelili smo ključne deležnike in njihovo dojemanje odnosov korporativnega upravljanja in družbene odgovornosti podjetij s pomočjo analize CATWOE; tako smo razvili osnovno definicijo in konceptualni model, ki vključuje dejavnosti, relevantne za odnose korporativnega upravljanja in družbene odgovornosti podjetij. Razvit sistemski okvir je zagotovil ustrezno metodološko podporo za poudarjanje različnih vprašanj korporativnega upravljanja, kot so institucionalni okvir, trg za obvladovanje podjetij, lastniška struktura, struktura upravnega odbora in njihov prispevek k družbeni odgovornosti podjetij.

Ključne besede: korporativno upravljanje, družbena odgovornost podjetij, sinergije korporativnega upravljanja in družbene odgovornosti podjetij, sistemski pristop, kombinirana uporaba izbranih sistemskih metodologij