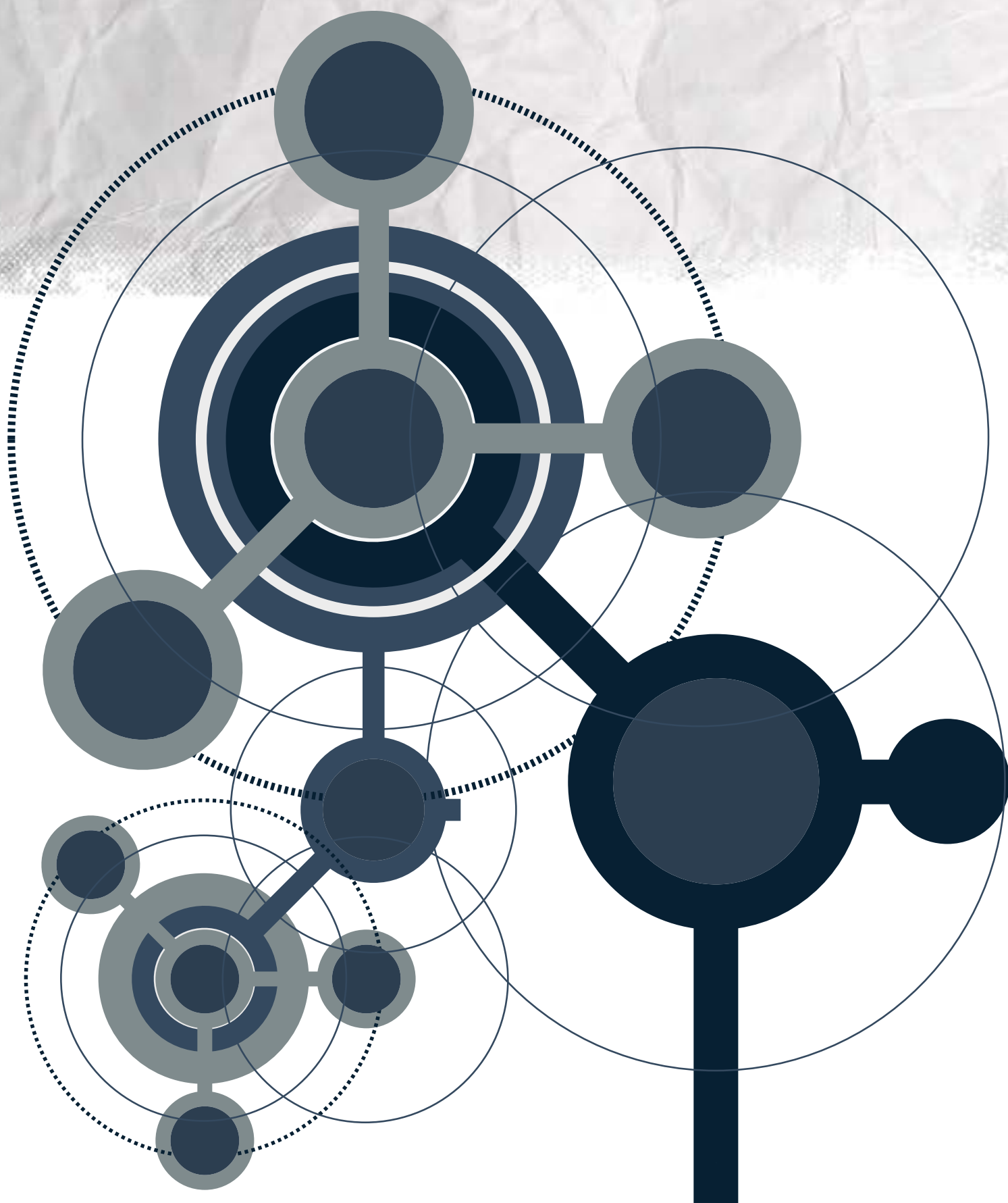
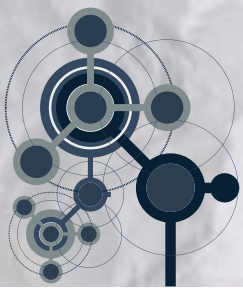


DOSSIÈ





Corporate social responsibility in the Swiss watch industry: perceptions and practices

Responsabilidade social corporativa na indústria relojoeira suíça: percepções e práticas

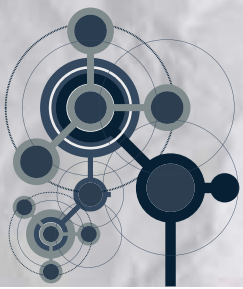
Responsabilidad social corporativa en la industria relojera suiza: percepciones y prácticas

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Abstract

The study analyzed perceptions and practices related to corporate social responsibility (CSR) in the Swiss watch industry gathering data from twelve luxury Swiss watch brands of varied sizes using qualitative interviews. Findings suggest that the industry, which has historically been very secretive, is becoming increasingly aware of the importance of CSR and therefore is investing in it especially in the past ten years. The luxury watch brands viewed their membership in the luxury segment as a compelling reason to practice CSR. With regard to value chain management, implementing responsible trading practices was seen to provide intangible benefits such as consolidation of the brand. Brands of the same group tended to treat several CSR aspects the same way, but also differed in significant ways in the way they practiced CSR. Recommendations are offered to improve the participation of the Swiss watch brands in CSR.

KEYWORDS: SWISS LUXURY WATCH INDUSTRY • CSR OF LUXURY WATCH INDUSTRY • CSR AND LUXURY WATCHES • CSR IN SWITZERLAND.

Resumo

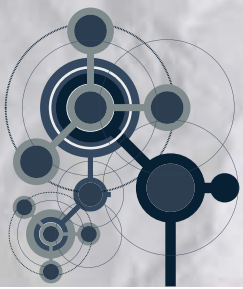
O estudo analisou as percepções e práticas relacionadas com a responsabilidade social corporativa (RSC) na indústria relojoeira suíça, reunindo dados de doze marcas de relógios de luxo suíças de tamanhos variados, utilizando entrevistas qualitativas. Os resultados sugerem que a indústria, historicamente muito reservada, está se tornando cada vez mais consciente da importância da RSC e, portanto, está investindo nela particularmente nos últimos dez anos. As marcas de relógios de luxo viam sua participação no segmento de luxo como uma razão convincente para a prática de RSC. No que diz respeito à gestão da cadeia de valor, a implementação de práticas comerciais responsáveis era vista como tendo a finalidade de proporcionar benefícios intangíveis, tais como a consolidação da marca. Marcas do mesmo grupo tendiam a tratar vários aspectos de RSC da mesma forma, mas também divergiam de maneira significativa na forma como praticavam a RSC. Fazem-se recomendações para melhorar a participação das marcas de relógios suíços em RSC.

PALAVRAS-CHAVE: INDÚSTRIA SUÍÇA DE RELÓGIOS DE LUXO • RSC NA INDÚSTRIA DE RELÓGIOS DE LUXO • RSC E RELÓGIOS DE LUXO • RSC NA SUÍÇA.

Resumen

Este estudio analizó las percepciones y prácticas relacionadas con la responsabilidad social corporativa (RSC) en la industria de relojes suizos reuniendo datos de doce marcas de lujo de relojes suizos de diferentes tamaños utilizando entrevistas cualitativas. Los resultados sugieren que la industria, históricamente muy reservada, está cada vez más consciente de la importancia de la RSC y, por tanto, está invirtiendo en ella sobre todo en los últimos diez años. Las marcas de relojes de lujo vieron su participación como miembros del segmento de lujo como una razón de peso para practicar la RSC. En lo que se refiere a la gestión de la cadena de valor, la aplicación de prácticas comerciales responsables permitió proporcionar beneficios intangibles tales como la consolidación de la marca. Marcas del mismo grupo tendieron para tratar varios aspectos de RSC de la misma manera, pero también difieren de forma significativa en la forma en que practican la RSC. Se ofrecen recomendaciones para mejorar la participación de las marcas de relojes suizos en RSC.

PALABRAS CLAVES: INDUSTRIA SUIZA DE RELOJES DE LUJO • RSC DE LA INDUSTRIA RELOJERA DE LUJO • RSC Y RELOJES DE LUJO • RSC EN SUIZA.



Most people associate Switzerland with exquisite watches, beautiful mountains, and multi-millionaire bank accounts. The Swiss watch industry contributes domestically to the economy and cultural heritage, while also enhancing Swiss reputation abroad. Thanks to several historical changes and its evolving marketing strategy, the Swiss watch sector continues to be extremely profitable, despite increased competition from abroad. As a response to the invention of quartz technology, many Swiss brands began repositioning themselves in the luxury bracket. Given the high price of luxury watches, this study sought to investigate current perceptions and practices of the Swiss watch industry with regards to corporate social responsibility (CSR).

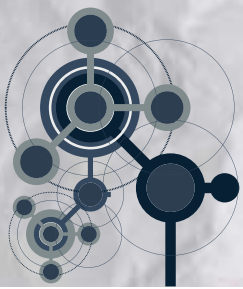
There has been a surge in the popularity of CSR in the latter part of the twentieth century even though it has been practiced, in one form or another, for much longer – some may even argue since the time corporations came into being. Several factors have contributed to bringing CSR to the forefront in the 21st century such as the various financial crises that occurred toward the end of the 20th century, the creation of Global Compact by then United Nations secretary-general Kofi Annan in 2000, and the emergence of new information technologies that have contributed to raising stakeholders' expectations of corporations. The growing importance among brands to build intangible assets has also encouraged companies to increasingly undertake CSR activities (Porter & Kramer, 2006). As a consequence, there has been an exponential growth in literature on CSR. Despite this growth, there is no universally accepted definition of the term, largely as a result of different interpretations of what CSR is, and what it ought to be.

A common understanding of CSR and its parameters seems to elude the Swiss watch industry also. Different Swiss watch brands seem to advocate very different strategies partly because each brand is able to act independently and is not subject to much legal regulation. Despite criticisms, mainly concerning how it manages its value chain, anecdotal evidence suggests that the Swiss luxury watch sector still seems to be excelling in some CSR activities. However, we could not find any empirical research on the CSR practices of Swiss watch brands, nor could we find discernible literature in the trade media that seems to view CSR as a relatively unimportant matter. Isolated newspaper and magazine articles and information provided on the web sites of the watch companies were the only pieces of information available before this study was conducted. The primary purpose of this analysis is to fill this information gap by providing empirical evidence on the perceptions and CSR practices of a sample of Swiss luxury watch companies.

LITERATURE REVIEW

The Swiss watch industry

For over two centuries, the watch industry has played an important role in making Switzerland one of the wealthiest nations in the world while also creating a great number of jobs within and outside the country. Watch manufacturing is often perceived by many as quintessentially Swiss and plays a big role in conveying the image of a quality driven and efficient Switzerland. The Swiss watch industry today consists of over four hundred brands, ranging in size from small firms employing a few employees, to large multinational companies. Interestingly, three large listed groups (Swatch Group, Richemont, and LVMH) and one autonomous brand (Rolex) dominate the Swiss watch industry (WtheJournal, 2013). Swiss watch companies are very discreet and thereby communicate very little about their activities such as sales (WtheJournal, 2012, 2013). Several historical changes, such as the unification of the sector, the strategic branding of Swiss watchmakers' know-how, and the critical positioning of the industry within the luxury segment have strengthened its perceived affiliation to Swiss culture and given the sector a very big competitive edge in the global watch market.



Defining CSR

Although CSR has grown in popularity, a popular definition has eluded the concept. Society's expectations of corporations have indeed changed – away from the profit-centric notions offered by the likes of Milton Friedman (1970), to one that sees corporations as having a more holistic role to play in society. Carroll (1979) offered arguably the first conceptual model of a corporation's relationship with society – the pyramid of corporate responsibility – distinguishing between the economic, legal, and ethical & philanthropic obligations. According to the author, corporations that limit themselves to the first two layers should not be considered as being socially responsible. Crane et al. (2008) relied on the study of Gariga and Melé (2004) to offer four categories of existing schools of thought: *economic focus*, *stakeholder focus*, *strategic focus*, and *society focus*.

Visser (2011) suggested grouping different CSR typologies into five different stages of CSR that can overlap each other according to the nature of the companies' CSR program. *Charitable CSR* embodies the idea that corporations should give something back to society, mostly offering support to the communities in which they operate by donating to charitable causes or by sponsoring activities. *Promotional CSR* mostly refers to the use of CSR as a marketing tool used to enhance a company's image, brand and reputation. *Defensive CSR* is undertaken to improve company profits and provide value for shareholders. *Strategic CSR* is a practice where corporations support CSR-related issues that are aligned with company strategy. Finally, *Transformative CSR* happens when a company seeks to find the causes of current sustainability or social problems and attempts to solve them.

This brief overview displays the multidimensionality of CSR, which therefore can be approached with a variety of perspectives and definitions. This study adopted the comprehensive definition offered by Bowd, Harris and Cornelissen (2003):

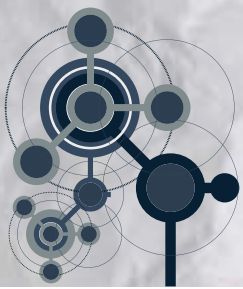
CSR is corporations being held accountable by explicit or inferred social contract with internal and external stakeholders, obeying the laws and regulations of government and operating in an ethical manner that exceeds statutory requirements.

In applying this definition to assess the CSR practices of the Swiss watch industry we replicate the approach used by Sriramesh, Ng, Soh and Luo (2006) for their analysis of CSR perceptions and practices in Singapore.

Measuring the impact of CSR

The impact of CSR activities on a company's bottom line is difficult to quantify. As the popularity of the field has grown, measuring CSR constitutes a practical and theoretical challenge that has gained the attention of several scholars. Although scholars have outlined different qualitative and quantitative benefits for corporations that practice CSR, they have not been able to agree on a framework that would allow companies to track the benefits of their CSR actions (Knox & Maklan, 2004). The link between a company's CSR actions and its bottom line is widely discussed in CSR literature and while several scholars (for example Margolis & Walsh, 2003; Porter & Kramer, 2006), have argued that a link exists between these two others have concluded that this cannot be claimed with certainty (Carroll, Hatfield, & Aupperle, 1985; Wood & Jones, 1995).

Today, the United Nations, ISO or the Global Reporting Initiative (also known as the Triple Bottom Line reporting) provide companies with guidelines to encourage them to report on CSR in a comprehensive way. However, these do not constitute a comprehensive means of measuring CSR, and the practices among businesses in terms of auditing and reporting remain highly diversified. Furthermore, whilst some corporations implement internal reporting, others utilize third parties such as independent auditing from expert consultancies or auditing firms (Hopkins, 2005; Sriramesh et al., 2006).



CSR in Switzerland

We could only find two studies that investigated the CSR activities of Swiss companies (Birth, Illia, Lurati and Zamparini, 2008, Liebig, 2010). These two studies, and anecdotal evidence, suggest that CSR is being practiced by Swiss corporations. However, many more studies are needed in order to fully understand how, and for what purpose, these companies conduct CSR activities. In terms of the role of the government in this sphere, it is difficult to clearly gauge Switzerland's official policy in terms of CSR because various federal offices are responsible for different aspects of responsible trading practices (CSR Europe, 2010). The Swiss government gives industries a relatively high level of choice with regards to CSR, which gives corporations the flexibility to adopt the CSR strategies that suit them best. Even though government authorities strongly encourage different industries to undertake CSR actions, few legal restrictions are enforced (Pletscher, 2012). Thus, the emphasis is on voluntary measures and on the assumption that stakeholders will put enough pressure on companies to act responsibly.

CSR in the luxury segment

Because most of the Swiss watch brands are considered a part of the luxury segment we also examine the relationship between luxury goods and CSR. The luxury industry has been criticized for being late, slow, and reluctant to embrace CSR practices. In spite of their burgeoning sales and profits, luxury brands are often criticized for not caring for the society at large (Waller & Hingorani, 2011). A report noted that luxury brands (including Richemont, LVMH and Swatch Group) had very poor CSR practices as none of the ten brands in the study scored better than a C+ (WWF, 2007). Further, in addition to traditional themes such as caring for the environment, there are some specific issues that concern only luxury brands such as the origins of precious metals used in luxury items (as depicted in the Hollywood movie *Blood Diamonds*). These themes also correspond to the issues for which the Swiss industry receives criticism. One of the reasons for this reluctance to adopt CSR practices may be a lack of stakeholder pressure. Although NGOs and segments of the society have begun to challenge the luxury sector demanding accountability, other important stakeholders, such as consumers, employees, investors, suppliers and the media, are less keen to pressure these brands (Lochard & Murat, 2011).

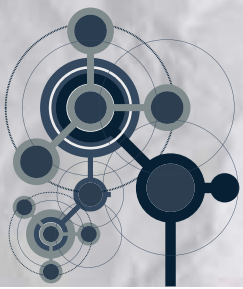
CSR in the Swiss watch industry

Owing to paucity of scientific literature on this subject, this section is mostly based on isolated press clippings. The author's own observations as an employee of one of the luxury watch brands, as well as information on companies' websites and official declarations. Interestingly, media coverage of the Swiss watch industry's CSR practices is scarce, suggesting that both the industry and the media view CSR as a relatively unimportant matter.

• *Absence of unification in practicing CSR*

Although a significant number of Swiss watch brands belong to one of the three groups (Swatch Group, Richemont and LVMH), they also enjoy almost full autonomy in designing and executing many of their activities including CSR (Richemont, 2012; Swatch Group, 2013). As a result, practices can vary greatly between brands. We divide these CSR activities into three categories: social, environmental and economic, similar to the triple bottom line approach.

Most of these brands do not communicate their CSR actions – a significant obstacle in gathering data on this subject. However, even though individual watch brands do not have specific website sections dedicated to their CSR activities, all



three umbrella brands do possess one. In addition, these three also publish annual CSR reports on behalf of the brands under them. This incoherence in the sector may be due to several factors. First, individual watch brands vary in size from giants to SMEs. Second, their CSR implementation also depends on the different sectors of the market they target – very high end to mid-range demographics. Finally, the pricing strategy may lead to an additional consequence in terms of CSR. That is, as watches are mostly considered a luxury product (Gautschi, 2005), a great part of the industry's attitudes towards CSR may be affected by its position within the luxury segment. As previously explained in this paper, luxury brands show specific features in the way they undertake CSR but they also face criticisms specific to the segment such as lack of stakeholder pressure or source of their raw materials. These elements can also affect watch companies in the luxury segment.

• *Criticism*

The luxury brands have come under criticism for not having a coherent CSR strategy and for being slow in adopting robust CSR practices. A lack of stakeholder pressure (especially by consumers) may be a significant contributor (Lochard & Murat, 2011, Müller, 2011, WWF, 2007). Precious metals and gold play a big role in Swiss watch exports, accounting for more than 54% of the total value in 2011. It is evident therefore that most brands of this industry use precious metals in their operations and it is well-attested that these types of raw materials are often linked to sources that are often accused of human rights and other violations. Some have argued that the reluctance of watch factories to join official initiatives such as the Kimberley Process or the Responsible Jewelry Council can be attributed to, amongst others, a lack of pressure from stakeholders (Codethic, 2012, Vetterli, 2012). Nevertheless, the lack of empirical studies about the industry makes it difficult to verify how true these accusations are and attribute guilt to specific brands rather than the industry as a whole. Thus, this assessment of the current CSR practices of the industry is a first step toward establishing the CSR activities of this important sector.

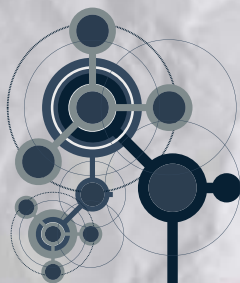
RESEARCH QUESTIONS

The following research questions helped us assess the prevalent CSR practices and perceptions of the Swiss watch industry:

- RQ1: What are the current perceptions of CSR amongst the sample of Swiss watch brands?
- RQ2: Which activities do the Swiss watch brands in the sample conduct under the name of CSR?
- RQ3: What resources do these companies allocate to CSR?
- RQ4: Who makes decisions about CSR in the Swiss watch industry?
- RQ5: What motivates Swiss watch brands to engage in CSR?
- RQ6: Which stakeholders do the sample organizations consider to be important for their CSR activities?
- RQ7: How do the sample organizations communicate their CSR activities?
- RQ8: Do they measure the results? What are some typical measures used?
- RQ9: What are the benefits achieved through CSR?

Methodology

The lack of previous research into how CSR is practiced by the Swiss watch industry as well as the apparent variety of CSR practices and communication in the industry required a method that allowed us to unearth the diversity of phenomena and so we chose in-depth interviews for data collection (Denzin & Lincoln, 2005). We would characterize these as elite interviews



as most of the interviewees were senior executives who were central to the operations of their brand (Dexter, 1970). A semi-structured interview protocol was created by relying on the survey questionnaire used by Sriramesh, Ng, Suo, & Luo (2006). As all the brands in the sample were based in the French speaking part of Switzerland, the interviews were conducted in French.

In addition to in-depth interviews, this study did a content analysis of printed materials such as annual reports, books, magazines, internal media, promotional materials and DVDs. The analysis of these communication tools were mainly used as a verification tool for the researcher to check if the activities the interviewee claimed to undertake were actually undertaken. We made use of inductive qualitative analysis, which aims to discover features, categories, or themes, while reading data and not before (Patton, 2002). In particular, we used an iterative method proposed by Miles and Huberman (1994) where one combines inductive and deductive content analysis.

Sample

The thirteen interviewees conducted for this study represented 12 companies of the Swiss watch industry of which eight were manufacturers and two each were suppliers of components and final assemblers. This sample consisted of two owners, one CEO, two executives members, seven heads of different departments as well as one employee. Eight brands in our sample had more than 200 employees (the largest having over 600 employees), two had between 100 and 200 employees and two were family-owned businesses with fewer than 50 employees. All the brands in the sample had international sales with eleven in the luxury industry and one catering to the middle range market. Two brands in the sample belonged to LVMH, three to Swatch Group and three to Richemont. Although relatively small, this sample is representative of the key aspects of the Swiss watch industry such as manufacturing (of parts) and final assembly.

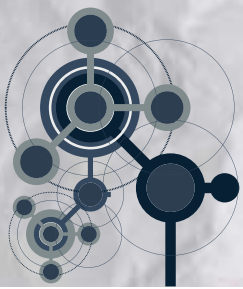
FINDINGS

Awareness of the importance of CSR

Most companies in the sample were aware of the English term CSR, even though its corresponding French terminology – Responsabilité Sociale ou Sociétale des Entreprises – was at first thought to be less known. Further, they all considered CSR to be important and, as evident in the comments of one interviewee, these firms appeared to be practicing CSR for decades, even if they did not use the term:

I would say that we have been practicing CSR without speaking about it or without formalizing it for generations now. The only difference today is that we have recently acknowledged the importance of the responsible image that today's companies have to reflect.

The senior managers of the sample organizations made all CSR decisions demonstrating the importance the sample brands placed on this practice. In addition, resources allocated to CSR had grown steadily in the last ten years. Although it is difficult to estimate how fast the industry has adopted better CSR practices, three firms in the sample had created CSR departments in the past ten years. Two other companies expressed a desire to create a CSR department or articulate a more formal CSR strategy. However, nine companies in the sample admitted to not practicing CSR in a formalized way. Nevertheless, most brands said they intend to expand their CSR activities.



Several reasons were mentioned to justify the increased focus on CSR. The creation of international CSR initiatives such as the Global Compact has been a trigger, as is the possibility of obtaining official certification by international entities. Anticipating market pressure from NGOs or customers, some brands have attempted to become proactive with their CSR activities. New information technologies were also mentioned as a reason for increased focus on CSR. Finally, the importance of CSR as a tool in building intangible assets was also recognized by numerous brands especially since watches are emotional products for many customers. Thus, it appears that most justifications for practicing CSR mentioned by Kramer and Porter (Porter & Kramer, 2006) have an influence on CSR practices in this industry.

Luxury as a justification to practice CSR

As mentioned earlier, observers have criticized the luxury industry for its reluctance to embrace real CSR actions (Lochard & Murat, 2011). The findings of this paper offered at least one explanation for the industry's reticence: a lack of stakeholder pressure. However, the sampled companies contended that stakeholders automatically link belonging to the luxury industry as a reason to practice CSR:

[CSR] is not a question at the forefront of luxury consumers' minds, but when you start asking them questions they really have to think about, then they say "of course, but you know, I expected them to do so anyway".

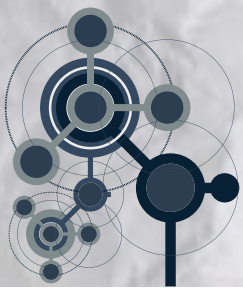
Therefore, brands said they do not wait for explicit pressure from their stakeholders to practice CSR.

Most of the brands in the sample explained that CSR plays a role in how they chose their business partners. Respondents mentioned codes of conduct, CSR charters, and ongoing discussions with suppliers as potential solutions for gaining more control of the supply chain. Three brands, all from the same group, considered business practices and supply chain management as central to their CSR activities. One of them explained that CSR is the way their company "incorporates development topics into the way we do business." However, only five brands in the sample claimed to have joined official international initiatives concerning responsible value chain management and that too after a lot of prodding. In general, the companies preferred not to discuss this aspect beyond some general statements. Regarding human rights, companies emphasized their strong social policies and said their production remained mostly in Switzerland where human rights standards are very high. Despite these assertions, however, few formalized processes were evident in this research, as few of the brands seem to be officially audited for these issues.

Main motivations and benefits of CSR

• *Charitable vs. promotional CSR*

Two of the five CSR strategies offered by Visser (2011) seem applicable to the Swiss luxury watch industry. First, 'charitable CSR' is used by six watch companies. Establishing foundations, sponsoring activities and other corporate citizenship activities were frequently mentioned as CSR actions taken by these six brands in the sample. Moreover, eleven (of twelve) brands in our sample claimed to undertake CSR for moral reasons but some noted that these would have positive impact on the bottom line and reputation as well. However, most companies in the sample seemed to adopt "promotional CSR". "Promotional CSR" also often uses CSR activities as a marketing tool. Though five companies in the sample explicitly claimed not to practice CSR for marketing purposes, the various motivations and benefits mentioned when justifying the reasons for undertaking CSR mostly related to brand identity, image, and reputation, which highlighted a level of self-interest in practicing CSR:



CSR goes hand in hand with the brand image because branding is a 360° process. Moreover, watches are emotional products, they are linked to self-esteem, and therefore the image is really important.

This type of CSR approach seemed to be widely adopted and one brand in this sample admitted that financial profitability was the trigger for all its CSR actions.

• *Legality vs. morality*

Three companies sometimes referred to regulatory frameworks to explain their good behavior as evident in a respondent's statement: "Swiss laws are already sufficient enough to limit the impact that companies have on the environment". However, this company voluntarily went beyond that required by law. Moreover, when asked to state stakeholder groups that have an influence on the company's CSR policy, two companies mentioned legislative authorities and treaties among watch brands. We take the view that CSR is supposed to be an altruistic practice that companies should voluntarily engage in going beyond economic and legislative obligations.

• *Importance of intangible assets*

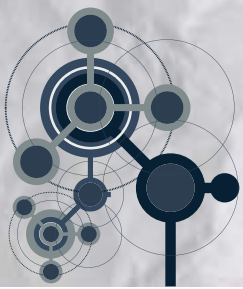
Brands had different perceptions with regard to the benefits achieved through CSR. Most of the benefits stated by the companies represented intangible assets. In fact, financial benefits, which constituted the unique monetary part of the benefits named, were mentioned by only a third of the sample, with no distinction of size or nature. This might explain why companies admitted not measuring their CSR results, given that non-monetary advantages are more challenging to evaluate. Companies therefore granted greater importance to non-monetary assets. Responsible actions are used in order to build intangible assets, develop brand identity and create an affective link with their stakeholders, which might result in financial benefits. This goes along with Porter & Kramer's affirmation of growing importance of intangibles assets for firms.

• *Similarities within groups vs. difference among brands*

Findings revealed that brands belonging to the same group had some common features vis-à-vis CSR such as perceiving CSR the same way, undertaking similar CSR activities and allocating approximately similar resources to CSR. However, a certain degree of independence was still apparent and companies of the same group reported engaging in different additional CSR actions, appealed to different motivational factors, and used different communication tools. Independent brands approached CSR in their own ways. As a result, there were considerable disparities among the brands even in the sample and every brand and every group perceived it differently resulting in very diverse practices. We believe this offers an explanation for why there is no universal definition of CSR yet. Further, CSR communication also was an area where differences between brands seemed to be particularly evident, ranging from no communication at all to reactive, proactive, and integrated communication strategies.

• *Lack of a strategic approach*

The Swiss watch industry has been criticized for lacking formal CSR strategies (WWF, 2007; Lochard & Murat, 2011; Müller, 2011). Our data revealed that whereas three brands appeared to have systematic and integrated CSR strategies three had no strategy at all. Smaller companies showed a tendency to adapt to circumstances and improvise when it came to CSR.



While bigger brands were keener to have at least some CSR strategies, in other instances even bigger corporations' CSR actions were a result of serendipity or were *ad hoc*. Results showed a lack of elaborate communication strategies among the sample corporations. Further, none of the brands in the sample evaluated the results of their CSR practices. The absence of a systematic and strategic approach was evident as typified by an interviewee's description of their CSR activities: "do it and see how it goes." However, despite this apparent lack of strategy and formalization, there are signs that more and more formalization of CSR will be adopted in the immediate future.

- *Various areas of engagement*

As a consequence of the diversity in perceptions of the term and the lack of a formal strategy, companies undertake very diverse CSR activities and emphasize very different aspects. We divided CSR into three main categories: social, environmental and economic (Elkington, 1997). However, we treated philanthropic activities separately given their significance to the study. Almost every brand in the sample, component supplier apart, made donations of some kind. Component suppliers do not practice philanthropy probably because they have less of a public face than manufacturers and final assemblers.

- *Emphasis on the social dimension of CSR*

The importance Swiss watch brands attach to how they treat their staff & employees has to be highlighted. This aspect of CSR was mentioned by all brands in our sample, regardless of their size. Respondents unanimously valued employee well-being very highly along with employee motivation. The fact that Swiss watch companies represent one of the biggest employers in the country (Donzé, 2009) probably constitutes a reason for this high emphasis put on social CSR. Employer branding seemed indeed to be one of the most important aspects for companies. As one participant explained: "[CSR] is really important because young employees and potential new employees are more and more interested in these issues".

- *Discrete value chain management*

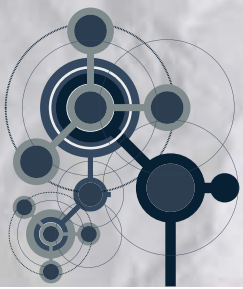
Management of the value chain vis-a-vis human rights and precious metals, which has traditionally been the achille's heel of the industry, was the least mentioned aspect of CSR in this study. This would therefore deserve further investigation. Moreover, it is of the seven brands that mentioned value chain management, five are certified and do it in a formalized way.

RECOMMENDATIONS

One of the objectives of this research was to develop recommendations, which could be used by the Swiss watch industry to improve its CSR practices.

More charitable CSR

As previously underlined, companies in the sample tended to practice what Visser (2011) called "promotional CSR", which is the act of using CSR for promotional purposes. We believe CSR is supposed to be an altruistic and selfless process akin to the "charitable CSR" that Visser suggested. Companies in our sample expressed the will to give back to the



community in which they operate and to act as responsible citizens and underlined the importance of pursuing moral improvement and becoming better and more responsible. However, these were a minority of companies in our sample. A bigger focus on purely altruistic CSR activities would therefore be recommended to companies in the sample, which would contribute to the moral improvement that they said they are looking for. Moreover, such selfless actions would surely result in improved relationships with stakeholders.

More strategic and formalized

Visser (2011) characterized “strategic CSR” as CSR activities that are directly linked to the company's core business and whose decisions are made at a management level. Findings revealed that most brands in the sample do not undertake CSR in this strategic way. Although most decisions were said to be made by management, brands seemed to lack CSR strategies, instead operating on an *ad hoc* basis. As a result, it would help customers and other stakeholders to see logical and reasoned links between a company's brand identity and its CSR actions and to better identify with the brand.

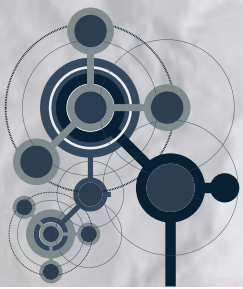
Further, increasing focus on strategic CSR would also lead to increase in formalization, which would help companies respect current norms and establish new ones. Becoming a member of various CSR initiatives would probably cause a positive domino effect that will encourage other brands to do the same and level the playing field within the whole sector. Above all, the overall CSR standards of the industry would be enhanced as a consequence and this would lead the sector to secure its position as responsible trader. In addition, more formalization could help companies anticipate stakeholders' increasing expectations.

More emphasis on communication

Results showed that a common feature of all brands was their lack of emphasis on integrating communication to their CSR activities – mainly for two reasons. On the one hand, some brands did not want to say too much so as not to put themselves under the microscope and therefore expose themselves to criticism. On the other hand, most brands did not think that undertaking CSR activities would increase their watch sales. A more strategic would help solve this problem. Nevertheless, a strategic and targeted use of communication about CSR actions would probably positively affect brand image. As a consequence, this would also be likely to have consequences on customers' behavior, as brand image plays an important role for watch companies. Watches are indeed emotional products identified with self-esteem for which resorting to affective elements is crucial when appealing to customers.

FINAL CONSIDERATIONS

The Swiss watch industry is one of the most important industrial sectors in Switzerland playing a crucial role in the Swiss economy but no empirical studies were evident prior to this study. Most watch brands in our sample belonged to the luxury industry, which proved to have a particular relationship with CSR. The culture of secrecy in place within the Swiss watch industry rendered the gathering of data challenging. We found that the industry is increasingly becoming aware of the existence of CSR and is beginning to engage with it. There is an increase in the resources allocated to CSR and the number of CSR activities especially in the past ten years. The luxury watch brands tended to view their belonging to the luxury segment as a reason to practice CSR even though they reported not facing significant pressure from stakeholders to do so. However, value chain management constituted a topic of some sensitivity for the sample companies, with most preferring



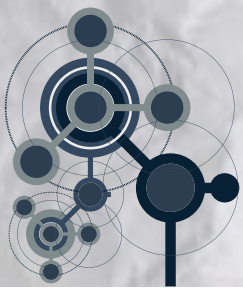
to evade direct responses to those questions. Self interest, rather than selflessness appeared to play an important role in the CSR strategies of the sample brands. While companies belonging to the same group tended to treat several CSR aspects in the same way, important differences were also seen in the way watch factories undertake CSR. Finally, this study underlined the diversity of the CSR areas in which brands in the sample chose to engage, with a strong emphasis on social CSR and weaker interest for the management of the value chain. Results also highlighted the lack of a strategic approach from some brands when choosing in which CSR activities to engage.

The small sample is definitely one of the primary limitations of this study – a direct result of the culture of secrecy of the Swiss watch industry. The findings and discussion presented in this paper relied exclusively on qualitative data, aided by an analysis of publications. If we had succeeded in obtaining another data point – perhaps a survey of a larger number of executives to complement the qualitative data – we might have had more confidence in our conclusions. Given that this is the first study of this industry on this topic, we feel our study is still useful to the body of knowledge and perhaps spurs an increase in the number of studies. We also are conscious of the fact that social desirability is a factor that probably influenced the findings of the research, as CSR is a sensitive topic. Therefore, the possibility exists that this aspect influenced interviewees' answers during the data gathering process, which might have affected the internal validity of this research. Looking to the future, some themes that emerged in this research, such as the overall apparent lack of strategic approach for CSR or the extent to which the three major groups influence the brands under them with regard to CSR policies deserve more attention from researchers. A closer look at value chain management, which constituted one of the most sensitive topics of this study, might also be appropriate.

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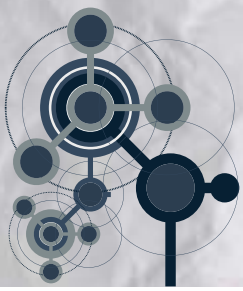
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