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Suggested Citation: Berthoin Antal, Ariane (1992) : Corporate social performance: rediscovering actors in their organizational contexts, ISBN 0-8133-1630-8, Campus, Frankfurt/M.

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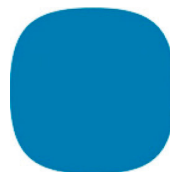
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Corporate Social Performance

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Ariane Berthoin Antal

Corporate Social Performance

Rediscovering Actors in their
Organizational Contexts

Campus Verlag · Frankfurt am Main
Westview Press · Boulder, Colorado

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Published in 1992 in the United States by WESTVIEW Press

5500 Central Avenue

Boulder, Colorado 80301

CIP data available upon request

Die Deutsche Bibliothek – CIP-Einheitsaufnahme

Berthoin Antal, Ariane:

Corporate social performance : rediscovering actors in their
organizational contexts / Ariane Berthoin Antal. –

Frankfurt/Main ; New York : Campus Verlag ; Boulder, Colo. :

Westview Press, 1992

ISBN 3-593-34687-7 (Campus Verlag)

ISBN 0-8133-1630-8 (Westview Press)

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Typesetting: Angelika Zierer-Kuhnle, Berlin

Printed in Germany

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Foreword

Conducting an empirical research project is a consuming activity. It fills almost all the hours in a researcher's days and many nights; it drains and fills emotional reservoirs with frustrations and discoveries; it grows out of the researcher's past readings and intellectual frameworks; and at the same time it adds to them and forms them anew. Unfortunately, the publications that result from such intense, all-encompassing activities generally reflect only a minor part of the experience. The final written product tends to be a depersonalized and streamlined depiction of a process that was actually much more personal and much messier. The personal and organizational factors that were central to the design and implementation of the research project are made explicit here.

My research interests have been shaped first and foremost by my work with Meinolf Dierkes at the Wissenschaftszentrum Berlin für Sozialforschung (WZB). The WZB is dedicated to international and interdisciplinary research, and a goal in this institution has been to link applied research with theory building. As was extensively documented in the state of the art review conducted under the aegis of the WZB and Stanford University by scholars with experience in internationally comparative research in a variety of policy areas, this approach provides a particularly useful way of revealing socially created ways of thinking about and dealing with issues (Dierkes, Weiler, & Berthoin Antal, 1987). Because I share this orientation, my research bears these hallmarks. Similarly, my approach to the study of business in society follows in the interdisciplinary tradition of the schools of Günther Schmölders and George Katona: such scholars as Meinolf Dierkes and Burkhard Strümpel have explored how "economic behavior" and "economic rationality" among individuals and organizations are actually shaped by numerous logics and values. This research orientation has required the meshing of a variety of

methods and theories from economics, psychology, sociology, and political science.

A second formative influence on my research is to be found in the Academy of Management in the United States, where the Social Issues in Management Division has provided an institutional setting for scholars from various disciplines who are seeking to help both academics and managers understand how to make corporations more responsive to the needs and concerns of the societies in which they function. Specifically, Keith MacMillan and Donna Wood contributed significantly to this particular exploration and analysis of the interaction between business and society.

While the names of the academics who have shaped my thinking will appear throughout my writing at appropriate places, the names of those people in my life who have shaped my interests and have been in my mind during the hours of research and writing will not be cited. To my parents, who gave me a multicultural identity, and to my husband, David, who gave me incredible moral, emotional, and intellectual support, I express my deepest gratitude. For my children, Soscha, Rachelle and Ian: I hope that my work can contribute to enabling "sponsors," "champions," and "*Verrückte*" to create and use space in organizations in the interests of a caring and dynamic society.

Chapter 1

The Social Drama of Corporate Action: A Challenge for Research (Introduction)

In light of the turbulence and interdependence characteristic of modern industrial societies, in which the borderlines between "public" and "private" institutions or "economic" and "social" interests are becoming increasingly fluid, the management of companies needs to be sensitive to societal concerns. We need to know more about the variety of factors that promote corporate involvement in dealing with problems that emerge in society. Using the case of youth unemployment programs, this study looks specifically at why companies commit resources to a social issue and explores how the range of possible responses is influenced by the larger environment in which the organization functions and by the organizational culture. It looks at the different patterns of organizational processes and management roles in getting ideas introduced and implemented in companies. This study also examines the constellation of features that enable "the modern corporation . . . to institutionalize novelty [and handle] new issues, whether they be 'business' or 'social'" (Ackerman & Bauer, 1976: 13).

The theoretical framework for the research is derived primarily from the field of business and society. This body of literature provides theoretical access to the concept of corporate social responsibility, it offers models for the process of corporate social responsiveness, and it suggests factors influencing corporate social performance. However, although much ground has been broken by the perspectives brought to bear from various disciplines in the emerging field of "business and society," the theoretical approaches remain fragmented. In order to meet the aims of

this research, it has been necessary to integrate concepts from the areas of organizational behavior, organizational culture, organizational perception and learning, role theory, and networking theory.

To overcome the problem of using concepts that are curiously detached from the "complex social drama of companies, managers, and leaders" (Schein, 1989: 104), I chose to conduct an empirical investigation that would give a voice to many different actors. Furthermore, since most of the research on corporate social performance to date has been conducted in the United States, it has been unclear how culture-bound the available concepts and theoretical framework are. In order to identify the factors that shape the shared understanding of the roles business can and should play in a given society vis-à-vis a particular type of issue, I decided to conduct a comparative analysis of corporate experiences in two European countries.

I wanted to flesh out skeletal theories by tapping the experiences of British and German managers in over 60 companies about what their organizations had done for young people threatened by high unemployment rates, how the commitment had been achieved, and why they and other employees felt this activity to be worthwhile. Linking theoretical interests to practical concerns, I was motivated to enrich our understanding of the range of human, structural, organizational, and cultural factors that promote or inhibit corporations from contributing to the betterment of the societies we live in.

There are several options for recounting the genesis of a project so as to enable the reader to understand how the researcher moved from the first questions to the final insights. One would be a historical reconstruction. While a diary approach--almost like a laboratory report--might be useful for certain purposes, it would be too long and difficult to digest for most readers. It is therefore more practicable to present first the theoretical context from which the study originated, then the methodology chosen for the research, then the data generated, and, finally, the conclusions.

As practical as this traditional approach to structuring the report is, it should not be allowed to give a false impression of the actual dynamics of the research process. For example, the packaging of the theoretical background at the outset of the publication tends to give the reader the impression that the inputs from the academic literature occurred only at

the outset of the project, at which point they were neatly arranged into a hard and fast, solid construct. In reality, researchers do not usually make a clean break from the academic community while collecting data in the field. They do not close themselves off from the ongoing discourse about concepts and models being developed by other scholars during the weeks and months of travel from one company interview to the next. The ideas discovered in reading new articles or in discussing with colleagues on the morning before or after conducting interviews with managers, for example, influence the configuration of theoretical lenses through which the data is constantly observed. In fact, a particular article might well throw unexpected light on a phenomenon that seems to be emerging in the data and stimulate the researcher to devote more conscious attention to it in the remaining interviews.

Similarly, the data analysis is not a clear-cut phase initiated after the collection has been completed. The inputs from the interviews are constantly being sifted for meanings and patterns.¹ The researcher can often identify the key results of the project after about half of the interviews have been conducted. The remaining interviews usually serve to solidify the base and refine the conclusions, although the possibility of a surprise reversal in trends is a good motivator for keeping ears and eyes open.

It is more appropriate to conceive of the formulation of theoretically interesting questions, data collection, and data analysis not as three totally distinct tasks conducted at separate intervals but rather as interwoven threads that the researcher holds and works with throughout the project (one of which dominates at a given time). Black print on flat white pages in books read from left to right is a limited medium for rendering the interactive nature of the relation between these elements in the research process and the texture of the final product. A more appropriate, but unfortunately technically unfeasible, rendition of the process would be to use yarns of different colors, whereby one thread might dominate the pattern for a while, but all would be carried along at all times to make the cloth, with the knots and tangles leaving their marks on the final product.

1 For a solid discussion of this iterative process of qualitative data analysis, see Miles and Huberman (1984), especially chapter 1. A particularly valuable description of the intellectual and emotional dynamics involved is offered by Marshall (1981).

Trusting that the reader will keep these aspects in mind when reading a clearly structured text, I have organized the chapters as follows. Chapter 2 establishes the context for the research questions and reviews the theoretical and conceptual work I drew on. These stem primarily from the work published in the United States under the banner of "business and society," "business public policy," and "social issues in management." Relevant concepts from organizational culture, organizational perception and learning, role theories, and networking are also integrated. Chapter 3 presents the methodological considerations, ranging from the choice of an issue, the design of an internationally comparative approach, the establishment of a research team, the identification of the sample companies, the development of the research instrument, and the process for analyzing results. The insights resulting from the research are presented and discussed in the subsequent four chapters, leading to a profile of responsive corporations. Chapter 8 draws the threads together and suggests a constellation of elements for the analysis of interactions between business and society.

Chapter 2

Exploring Theoretical Threads

Setting the Scene: The Changing Role of Business in Society

The changing role of business in society has received increasing attention since the 1960s in the United States and in Europe. The interest on the part of the academic community has been fueled by practical and philosophical concerns in society as a whole and among managers in particular. As people became more aware of the direct and indirect negative impacts of business activities on the natural and social environment, ways were sought to control business. A second impetus behind attempts to make business more responsive to societal concerns and needs has been the recognition that the dimensions of problems in society, such as unemployment and urban renewal, are exceeding the capacity of public agencies to cope with them. A third concern, voiced first and loudest in the United States, was that "business seldom has enjoyed so much power with so little responsibility" (Eberstadt, 1977: 22). The concern for legitimization of corporate power was also echoed in Europe (e.g., in Britain: Kempner, MacMillan, & Hawkins, 1974; in West Germany: Plessner, 1975; Weitzig, 1979). An uncontrolled market orientation and the use of the environment as a free good became unacceptable, and decision-makers recognized that "externalities can no longer be ignored" (Sethi, 1975: 62).

Economic approaches to integrating social considerations into business decisions--and their limits

Traditionally, societies have used economic and legal means to control the behavior of companies. Because these classical approaches are not always effective, some alternatives have also been advocated. Economists tend to focus exclusively on market-based mechanisms to achieve social welfare. The model of laissez-faire capitalism, whose roots lie in utilitarian philosophy, maintains that perfect competition is still the best means for individuals and groups to express their desire for goods and services (e.g., Kirsch, 1987). This is based on the continued belief that the profit motive is the only factor that does and should dominate decision-making and on the belief that a clear distinction can and must be drawn between economic activities and other societal spheres. An extreme view from this camp, expressed most forcefully by Milton Friedman, is that it is socially irresponsible for a manager to do anything but to "make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom" (Friedman, 1970: 33). The allocation by managers of corporate resources to activities that are not directly profit-oriented amounts, in this view, to "taxation without representation," since managers are not given a mandate by the electorate to fulfill a social role.

The critiques of this school of economic thought point to a "significant discrepancy between the intention and the reality of the liberal market system" (Wächter, 1987: 144; my translation). The uncontrolled functioning of the market has been found to lead to undesirable results, for "short-term individual rationality is perceived to result in deficient collective action" (Aram, 1989: 267)--the tragedy of the commons and other environmental problems being the most obvious undesirable outcomes of aggregated individual calculations. The underlying assumptions of the model about the market are challenged as unrealistic because they do not adequately account for real decision-making behavior of individuals and organizations in societies today (e.g., Lindberg, Scharpf, & Engelhardt, 1987; Strümpel & Scholz, 1987).

Some unrealistic assumptions in the pure economic model can be dealt with by introducing market mechanisms that put a price on social goods that have hitherto been free. Fees and subsidies have been used,

for example, to influence business decisions to take societal preferences into account (e.g., Siebert & Berthoin Antal, 1980).

However, the limits of economic incentives and sanctions for shaping responsible behavior in business are quickly reached because the short-term profit motive simply does not drive behavior to the extent assumed in the liberal-individualistic model. Noting that "the majority of choices people make, including economic ones, are completely or largely based on normative-affective considerations," Etzioni (1988: 93) stresses the need to recognize the extent to which individual and organizational behavior is guided by community values. In the same vein, the economist Amartya Sen notes that "people may truly want to promote causes which are not identical with their own welfare, and which they don't perceive as their own self-interest." He asks "why should they be compelled by economic theory to pursue self-interest?" (Klamer, 1989: 142). An adjustment in models and approaches is particularly necessary today at a time when in all industrialized societies "changes in social values have placed less emphasis on competition, economic self-interest and profit as indicators of progress, and more on collective community welfare" (Moore & Richardson, 1988: 273).

Legislative approaches to controlling business behavior--and their limits

Another approach to controlling corporate behavior in the interests of society has been to introduce legislation. Workplace health and safety regulations, equal opportunity legislation, and consumer protection laws are examples of this approach. Laws and regulations definitely influence decisions and behavior in organizations, but they reach their limits very quickly in environments characterized by turbulence and diversity (Stone, 1975). Two key limitations on legal sanctions to achieve congruence between business behavior and the "norms of acceptable behavior in the large social system of which they are a part" are, as Dowling and Pfeffer (1975) pointed out,

the dynamic nature of norms which change over time, whereas legal change, which is much more formal, is delayed and must await a specific statutory or common-law enactment. Second, norms may be and are contradictory, whereas there is a greater presumption of consistency in the legal code. (p. 122)

A further limitation on the ability of laws to control corporate behavior lies in the fact that the political process behind the legislative process does not necessarily lead to regulation in the "public interest." Private interests, including those of business organizations, influence the content of legislation, since public policy processes are by nature not neutral but respond to a variety of interests, needs, and demands (e.g., Maitland, 1983; Mitnick, 1980; Wood, 1986).

Alternative approaches to sensitizing business to societal concerns

The rapidity of social, political, economic, and technological changes in the corporate environment is compounded by the fact that companies are under numerous forms of pressure from a wide variety of actors, such as environmental groups, consumer groups, community groups, employees, suppliers, customers, and regulators. This was explicitly recognized in 1973, for example, by European managers when they published the "Davos Manifesto" formulating their trusteeship role vis-à-vis multiple stakeholders in society (Steinmann, 1973). In practice, the classical stakeholders, the owners, are often the most distant of all from the real decision-making situations encountered in large corporations (Freeman, 1984).

More complex analysis and more flexible policy approaches than those traditionally applied are therefore needed. Recognition of the limitations of external legislative control has contributed to the debate about changing the structures of corporate governance in order to influence business behavior from within by anchoring these stakeholder concerns inside business decision-making organs (Steinmann, 1985; Stone, 1975). This approach represents a shift "from a model of corporate managers as trustees to a model based more on representation of interests" (Beesley & Evans, 1978: 9). The practice of co-determination in West Germany, which provides for the representation of labor interests at the Board level and in a wide range of business policy decisions affecting employees, has influenced the course of the debate about corporate social responsibility in that country (Wächter, 1987) and is often cited as a model for new governance structures in other countries (e.g., Hopt & Teubner, 1985).

It has also been suggested that self-regulation heightens the sensitivity and accountability of corporations to society. An approach that received attention in the 1970s and early 1980s in particular was corporate social reporting. It was proposed and developed in practice as a means of informing stakeholders about the impact of a company's activities on society (e.g., Dierkes & Bauer, 1973). Discussions and practical experiments with corporate social reports played an especially dominant role in the debate about the accountability of business in Germany (Dierkes, 1979; Fischer-Winkelmann, 1980; Schmidt, 1982), the Netherlands (Schreuder, 1978), and France (Rey, 1978, 1980; Vogelpoth, 1980) and was actually mandated by law in France in 1977.

The debate about corporate governance and the experiments with corporate social reporting are two examples illustrating the kinds of new approaches that managers are having to consider or use. They reflect the significant changes that are underway in conceptions about the role of business in society and the range of responsibilities and stakeholders that companies need to keep in mind.

Attempts at Reconceptualizing the Relation between Business and Society

Recognizing increasing interdependence

A common thread running through the attempts to reconceptualize the relation between business and society is the recognition of increasing interdependence between components in the environment. The introduction of a systems-theory perspective into organizational theory in the 1970s was a breakthrough that helped overcome the isolated perspective that had dominated that field at the outset. The shift in attention to the interaction of organizations and their environments is attributed by some scholars to increased turbulence in the environment. "The metaproblems of the new environmental situation require a systems approach, which is concerned with relating parts to wholes, organizations to environments. It is synthetic, holistic, seeking to capture the gestalt of system connectedness" (Trist, 1980: 119). For other scholars, the reorientation to

context and interdependence is grounded in shared values and meanings: "Systems and organisms cannot be separated from other environments because their meaning and even their existence depends on their interactions with other systems and organisms" (Guba, 1985: 89). Both have in common the conviction that the "transition is founded on a different principle of order--socioecological as contrasted with hierarchical, interdependence rather than dominance-submission" (Trist, 1980: 122).

In this vein, a model that has shaped much of the research on business and society over the past fifteen years is Preston and Post's (1975) conceptualization of the interdependent relation between business and society as distinct "social systems that interpenetrate one another" in a shared environment. However, scholars are currently beginning to search yet again for new ways of conceptualizing the interdependencies in order to do justice to "the larger transformation in contemporary society--a transformation which encompasses the basic assumptions, values, and logics upon which our institutions are based" (Austrom & Lad, 1989: 234). The emergence of collaborative approaches to dealing with social issues (e.g., Austrom & Lad, 1989; Gray, 1989) is one of the most striking examples of change that calls for new conceptual tools to describe the different structures and patterns of behavior. The partnerships and networks that are developing between and among companies, interest groups and public authorities to reduce environmental problems, launch urban renewal projects, and integrate unemployed youths into the work force, to mention but a few examples, do not fit easily into traditional categories of actors that distinguish clearly between "private business" and "government" and "opponents." Scholars are suggesting that we not follow "our inclination as researchers [within the current paradigm] . . . to draw distinctions and establish mutually exclusive classifications" (Austrom & Lad, 1989: 244). Instead of conceiving of business and society as two distinct but interpenetrating subsystems, they propose that we think of companies as embedded in society. As shown by the comments of the managers interviewed for this research and cited in later chapters, this concept closely approximates the way many practitioners experience the relation between themselves, their companies, and society.

Research traditions in the United States and Europe

Researchers have been exploring these far-reaching changes and their consequences for corporate management from numerous perspectives. A multidisciplinary approach has been taken, drawing on such diverse fields as organizational behavior, game theory, philosophy and ethics, economics, and, most recently, anthropology. Most publications in this area have come from the United States, primarily from scholars at business schools, which are responsible for preparing managers for the challenges in their environments. While attention has also been paid to these issues in Europe, noteworthy differences can be observed in terms of both institutionalization and substantive orientation.

The role of institutions

The growth of a relatively large community of scholars in the United States has been promoted by the integration of the subject of "business and society" in business school curricula and has led to the establishment of the division for "Social Issues in Management" within the Academy of Management. Most recently, it has spawned an independent professional body, the International Association for Business and Society. In Europe, particularly on the continent where business schools play a very small role in managerial preparation and development (e.g., Handy, 1987; Lawrence, 1980), there are fewer scholars dealing with the area, and they are not linked in a formal community. There is also no equivalent professional forum for scholars from different disciplines to shape research questions and course content in the area of business and society. Most European scholars in the area have been influenced by the ideas discussed in the United States, and they have examined them for their transferability to European countries (for a comparative discussion of the development of the field in the United States and Germany and the role of key academics in the process, see Dyllick, 1986).

Differences in scope and focus

The discussion about the role of business in society and the practice of corporate social responsibility has been more similar in Britain and the United States than in Germany. The main differences between Britain and the United States are seen by British scholars to lie in a certain time lag in the recognition of the importance of the field (e.g., Moore & Richardson, 1988) and in the fact that government and state-owned corporations play a larger role in the British welfare state than in the American tradition (Harvey, Smith, & Wilkinson, 1984: 4-7). The scope of the discussion has been narrower in Germany than in the United States. The overall question about the role of business in society and the "crisis of legitimacy" has received attention (e.g., Plessner, 1975; Ulrich, 1983, 1986). In reviewing this literature, however, Wächter (1987: 151-152) notes critically the limiting effect that the domination of business economic perspectives has had on the scope and depth of debate. The two primary academic foci in which the greatest advances have been achieved in Europe have been on issues relating to industrial democracy/corporate governance and corporate social reporting (for a review of the lessons to be drawn from Europe for the United States, see the report by the Task Force on Corporate Social Performance of the U.S. Department of Commerce, 1979¹).

The range of issues, perspectives, and approaches treated under the headings of "business and society," "business and public policy," "social issues in management," or "business ethics" is much greater in the United States than in Europe. As the bibliography compiled recently by Donna Wood (forthcoming) documents, the field has grown rapidly and research has taken numerous routes. The field has been punctuated by attempts to develop a paradigm linking the various threads (e.g., Epstein,

1 How valuable a role a community of active experts can play was illustrated in Germany by the *Arbeitskreis Sozialbilanz-Praxis*. This group of academics and practitioners was formed to exchange conceptual views and practical experiences to promote the development of corporate social reporting, and it was very effective in the 1970s (Hemmer, 1978). It gradually dissolved in the course of the 1980s as attention to corporate social reporting tapered off. The group did not extend its focus to other aspects in the field of business and society, as did the much larger and more active British organization, Business in the Community, which is still very influential (Moore & Richardson, 1988: 269-270).

1987; Jones, 1983; Preston, 1975, 1978; Wartick & Cochran, 1985; Wood, 1990, 1991).

Although there appears to be a consensus on where the milestones in the development of the field have been set (e.g., Ackerman & Bauer, 1976; Carroll, 1979; CED, 1971; Freeman, 1984; Post, 1978; Preston & Post, 1975), there is as yet no comprehensive model that is both theoretically and practically satisfactory. This is not surprising, for "complexity of interdependent relations among varied interests in larger social systems may help explain why no single theory or model has emerged to define the field of business and society" (Aram, 1989: 267). It is questionable whether such an overarching model is possible or even desirable.

Exploring Windows on Corporate Social Performance: The Theoretically Grounded Development of Research Questions

The purpose of this study is to contribute to an understanding of the processes and critical points linking three levels of analysis: (a) the macrosocietal expectations and traditions about the role of business in society, (b) the response processes and programs in companies, and (c) the individual actors, who are members of both the companies and the larger society. The existing literature suggested organizing my research around three core questions that provide a framework for linking these levels of analysis. They each offer windows through which to examine the ways in which the societal and organizational context of individuals shape their perceptions of what is desirable and possible and the ways in which individuals act to shape and change their environments over time.

Research Question 1:
How do the responsibilities of business
in society get defined?

This question was the primary focus during the first years of research and debate on the changing role of business in society in both the United States and Europe in the face of perceived challenges to the legitimacy of many institutions in society. A brief review of the literature to date indicates that the responses to the question as to how the responsibilities of business in society are defined have not been satisfactory. Therefore, the basic question needs to be reposed.

In 1973, Davis formulated the "Iron Law of Responsibility" to reflect the fundamental concern: "In the long run, those who do not use power in a manner which society considers responsible will tend to lose it" (Davis, 1973: 314). He added the observation that "society wants business as well as all other major institutions to assume significant social responsibility. Social responsibility has become the hallmark of a mature, global civilization" (Davis, 1973: 321). The term "corporate social responsibility" was introduced to reflect the idea of "bringing corporate behavior up to a level where it is congruent with the prevailing social norms, values, and expectations of performance" (Sethi, 1975: 62).

The development of categories of responsibility--and their limits

A constant difficulty for researchers and managers alike has been the specification of the actual content of the concept of corporate social responsibility. Over the years, a variety of ways of distinguishing between the various kinds of responsibilities that companies may have in society have been proposed. The Committee for Economic Development (CED) differentiated between "three concentric circles" of responsibility. The *inner circle* referred to the "clear-cut basic responsibilities for the efficient execution of the economic function." The *intermediate circle* "encompasses a responsibility to exercise this economic function with a sensitive awareness of changing social values and priorities." The *outer circle* "outlines newly emerging and still amorphous responsibilities that business should assume to become more broadly involved in actively improving the social environment" (CED, 1971: 15). A similar set of

categories was seen by George Steiner (1975: 169) to be distributed along a "continuum" ranging from "traditional economic production," a "government dictated area," and a "voluntary area" to "expectations beyond reality." Preston and Post (1975: 10-11) tried to make the concept more manageable and give it a clearer focus by reformulating it into the principle of "public responsibility," within which they distinguished between primary and secondary areas of corporate involvement. They proposed that the primary area of involvement cover behaviors and activities that "arise directly from [the firm's] specialized functional role" and that secondary involvement refer to "impacts and effects not intrinsic to the character of the organization but generated by its primary involvement activities." Carroll (1979) put forward the construct of a pillar comprising four categories of different sizes to suggest the relative magnitude of each. At the bottom are economic responsibilities, the largest category. Then, as a slightly smaller category, come the legal responsibilities. Somewhat smaller still is the superordinated category of ethical responsibilities. At the top of the pillar, significantly smaller than the others, is the category of "discretionary responsibilities."

What is to be made of these various categories? How can principles of corporate social responsibility be derived from them? In all the models there is general agreement that a primary responsibility of business is the "efficient execution of the economic function--products, jobs, economic growth" (CED, 1971: 15) and that meeting legal requirements is an absolute minimum, for "social responsibility begins where the law ends" (Davis, 1973: 313). The two other categories, however, remain very vague. "Ethical responsibilities are ill defined and consequently among the most difficult for business to deal with" and "discretionary or volitional responsibilities are those about which society has no clear-cut message for business" (Carroll, 1979: 500).

Needless to say, such fuzziness is disappointing, for "ethical" and "discretionary" aspects are the very elements that distinguish the concept of "responsible" behavior from traditional, narrow definitions of the role of business in society. The frustration with the inability to get a firmer grip on this "ambiguous" (Ackerman & Bauer, 1976) and "moving" target (Churchill, 1974: 6) stimulated researchers to shift the focus of research to a more manageable task. In the late 1970s and throughout the 1980s, scholars turned away from exploring *principles of responsibility* and

devoted considerably more attention to understanding the *process* of "corporate social *responsiveness*" (to trace this transition within the field, see Frederick, 1978; Wartick & Cochran, 1985).

Despite the lack of satisfactory means for analyzing the underpinnings and dynamics of corporate social responsibility, I still wanted to pursue the original question that underlies the *raison d'être* of the field. For it appeared to me from my past research experience that in practice people do have a clearer sense of what "corporate social responsibility" entails than the theoretical state of affairs seemed to indicate. Since some of the gap might be attributable to the fact that much of the work in this area has been done by writers whom Preston (1975: 443) termed "Philosophicals" who "take a heavily prescriptive approach," I decided to generate first-hand views from managers. The current approach to capturing the concept of corporate social responsibility by distinguishing between arenas of responsibility appeared sterile and incapable of producing further insights. By asking managers about the factors that influenced their decisions to commit corporate resources to dealing with a social issue, I hoped to develop a different and more useful approach to understanding how the substance of "corporate social responsibility" is arrived at in society.

Looking beyond the field: Drawing on alternative theoretical constructs

Two past chairpersons of the Social Issues in Management Division of the Academy of Management have stressed the need to look further afield for impulses to generate fresh insights into the workings of business in society. Preston (1989) noted that new ideas are coming from "boundary pushers and boundary spanners," and Freeman (1989) challenged the Academy members to consider disbanding--or to seek out the ideas being developed by scholars in other areas, specifically by feminist researchers.

In the event, as will be seen in the analysis of the interviews in later chapters, the responses of the managers appeared to have an affinity with a theoretical approach to a concept of responsibility generated outside the field of business and society. Feminist researchers exploring ways people deal with moral dilemmas suggest an alternative to the dominant "ethic of rights" that emerges when problems are seen as aris-

ing from "conflicting responsibilities rather than from competing rights" (Gilligan, 1982: 19). Such an "ethic of responsibility" appears to offer an appropriate lens for understanding corporate social responsibility in the context of interdependence because it focuses on the relation as primary and emphasizes connection rather than separation. By moving away from the current approach of category development, this way of conceptualizing responsibility can help reorient theory building in the field of business and society because it requires "a mode of thinking that is contextual and narrative rather than formal and abstract" (Gilligan, 1982: 19).

Looking beyond national borders

Corporate social responsibility is "to a great extent culturally and temporally determined" (Sethi, 1975: 59). More specifically,

business enterprises, or rather the individuals who control them, see the chances open to them, and the limitations placed upon their actions, as being determined by the character of the societies in which they operate. This is, of course, partly influenced by successive governments, but also by inherited culture, the state of technology, and relationships with other individuals and groups, both within and outside the organization, perhaps also at both national and international levels. (Kempner, MacMillan, & Hawkins, 1974: 7).

By studying responses to a given issue by companies in two different countries, I hoped to get a better feeling for the factors that shape the consensus about the roles and responsibilities of business in society. A comparison of the similarities and differences in the responses of managers as to why they believe it appropriate to commit corporate resources to a societal concern offers an opportunity to elucidate those aspects of corporate social responsibility that are context-bound and those that might be more broadly generalizable.

Very few comparative management studies of relevance for this research could be drawn on to obtain insights into different factors in each country that might promote or limit the ability of managers to get their companies to respond to societal concerns, for example. While some scholars contend that "national culture seems to act as a strong determinant of managerial ideology" (Laurent, 1985: 42), others maintain that culture can only be a residual variable after the effects of other factors have been taken into account, such as technology, size, and structure (Hickson, Hinings, McMillan, & Schwitter, 1974).

In a 14-country study of managerial attitudes in which clusters of cultural types were proposed, enough differences were observed to place Germany and Britain in different groups (Germany: "Nordic European"; Britain: "Anglo-American"; Haire, Ghiselli, & Porter, 1966). The differences that could be significant for this research were that British managers gave more positive ratings than did their German counterparts on questions relating to their attitudes to "capacity for leadership and initiative" and "sharing information and objectives." By contrast, in this survey the German managers gave higher ratings than the British on questions relating to the "internal locus of control" (implying that British managers place greater weight on external incentives and sanctions to influence performance: see the discussion of profit-orientation below). Managers in both countries gave almost equal ratings to their attitudes towards participation in decision-making. Since the introduction and implementation of new ideas require leadership and initiative, these data suggest that the British might be pace-setters. The difference in locus of control might signal a greater self-motivation on the part of German managers, and a greater influence in Britain of sanctions or incentives to encourage participation in social problem-solving. The similar rating on participation in decision-making might indicate that similar behavior can be expected from the respondents in the two countries as regards decision-making styles for initiating activities.

Hofstede (1980) also noted differences between British managers (whom he clustered with those in New Zealand, Ireland, Australia, Canada, and the United States) and German managers (clustered with Austria, Switzerland, and the Netherlands). But the differences emerged only with respect to the index on "uncertainty avoidance," on which the Germans scored much higher than their British counterparts, and "individualism," on which the British achieved higher scores (Hofstede, 1980: 315). These findings could suggest that German managers stress the need to obtain information as a strategy to reduce uncertainty (e.g., about developments in the labor force), and that British managers might pursue solo strategies more than joint strategies in introducing ideas into the organization. But it is both difficult and dangerous to speculate in this area, for these are attitudinal data that have not been verified by behavioral studies.

Reviewing the literature and noting the amount of disagreement as to the extent to which cultural differences can really be identified between managers in different countries, Heller suggests that

culture responses are at least in part a function of the form used for the stimulus question. Fairly broad general questions, not relating to specific identifiable current behavior, have tended to predominate in research studies that have found fairly clear culture differences. (Heller, 1985: 20-21)

This observation implies that a study like this one, which focuses on actual behavior in organizations, may not generate very much data substantiating significant behavioral differences that can be attributed to national culture. Nevertheless, a few elements in the literature indicate that differences between British and German managers might be found.

The results of an eight-country study on 800 top managers that attempted to elicit responses on actual behavior rather than espoused attitudes revealed two differences that are interesting for this research (Heller & Wilpert, 1981). They surveyed top managers ("level 1") and their direct subordinates ("level 2") and found that managers at both levels in Germany agreed that the subordinate needs a long time to achieve his boss's skills; the British managers agreed that less time is needed. This suggests a consensus on a longer term perspective on skill development in Germany than in Britain. On questions relating to power-sharing and decision-making, the overall data showed that managers in all countries used a range of decision-making strategies, and these depended to some extent on the type of decision to be made. But it is noteworthy that both level-1 and level-2 German managers reported a medium level of power-sharing, whereas the level-2 British managers reported sharing power less frequently than did their bosses. This finding suggests that there might be cultural differences between the strategies used by British and German managers to introduce and act on ideas, one example being responses to the issue of youth unemployment.

Comparative research on skills and the organization of work in Britain and Germany points to differences that are relevant for this study, particularly since the issue of youth unemployment is so closely related to the cultural attitudes toward training. For example, a study on the different ways technological change was managed at the workplace concluded that "British companies tend to emphasize profits as a company goal, whereas German firms stress the technical and production

preconditions necessary to achieve returns" (Nicholas, 1985: 161; this finding is also noted by Child, Fores, Glover & Lawrence, 1983). Short-term costs related to profits seem to play a greater role in the decision-making of British managers than of German ones.

Other studies have found that German managers have larger spans of control than do their British counterparts, a fact they see as attributable to the broader and more extensive training provided in Germany (Locke, 1985: 202-203; Maurice, Sorge, & Warner, 1980). Since these studies have focused specifically on the area of production, it is not yet clear to what extent their conclusions can be transferred to other managerial functions and responsibilities. It could suggest that German managers have a greater range of discretion to introduce ideas into their companies than do their British counterparts.

To summarize: the available cross-national literature on management in Britain and Germany suggests that there could be a few cultural differences in the approach used by managers in the two countries to commit corporate resources to societal concerns. Such differences include the significance placed by managers on obtaining information to reduce uncertainty about the future, the way and extent to which they involve others in their decision-making on the introduction of new activities, and the time horizon they apply to decisions to invest in human resources.

Research Question 2:

*How does a company become involved
in a societal issue?*

The development of issues

Not every tremor in the environment of an organization automatically becomes an issue that a corporation needs to take seriously. However, the means of assessing and prioritizing issues and of becoming involved in them remains ambiguous. Experience has shown that it is not appropriate to select issues according to the categories of "just social" or "economically central" because issues that might appear "simply social" and peripheral today often become factors central to the economic success of

corporations in the future--as shown by the introduction of environmentally sound production processes (Churchill, 1974: 6). The shift in the definition is set in motion "once a gap develops between the actual performance of a corporation and public expectations about what that performance should be" (Post, 1978: 23), a gap often stemming from "the belief that a right is being ignored" (Heath & Nelson, 1986: 165). Marx (1986: 144) offers a particularly apt summary of the way social issues become economic concerns in the United States: "The societal expectations of yesterday become the political issue of today, and the legislative requirement of tomorrow, and the litigated penalties of the day after." From a European perspective, however, this view overemphasizes the role of litigation and underplays the variety of other forms of pressure used to influence business behavior.

Observers of developments in the social and political environment of organizations introduced the concept of the "issue attention cycle." A crucial factor in the process of corporate social responsiveness is the position of the issue in this cycle. Issues seem to develop in a pattern, and the specific phases entail different roles and options for the actors involved. Sethi (1978: 34-38) characterizes the steps in the issue cycle as (1) the pre-problem stage, (2) the identification stage, (3) the remedy and relief stage, and (4) the prevention stage (similarly Ewing, 1980). Buchholz, Evans, and Wagley (1989: 65) distinguish between the phases of (1) a latent issue, (2) an emerging issue, (3) a current issue, and (4) an institutionalized issue. They propose that management determine the response strategy according to whether the issue has a low, medium, or high impact on their corporation at each of these stages in the cycle.

As shown by a comparative study on three conflicts involving corporate behavior in Switzerland and Germany, the development of issues is characterized by multiple and interrelated sources and forms of pressure (Dyllick, 1989). Furthermore, since issues tend to be linked rather than separable units in an organization's environment, it is essential to look at the whole context. New pressure groups are formed or existing ones are mobilized, even beyond national boundaries. Pressure is exerted on a company in a variety of ways, including boycotts, motions at shareholders' meetings, and media campaigns. Public authorities and political parties are also often mobilized to influence business behavior. Dyllick concludes that the nature of the life cycle of societal issues amounts to a

"de facto politization of corporate action" that increasingly "forces managers to act politically and develop political solutions for concerns for which no adequate formal political forum exists" (Dyllick, 1989: 476; my translation).

The development of responses

The turbulence and diversity of the environment generates so many issues and demands that companies must filter and prioritize those to which it is able to respond. Researchers have documented more or less formalized procedures used by companies to identify issues in society, and they have proposed a variety of techniques and institutional arrangements for "scanning" or "monitoring" issues (e.g., Fleming, 1981; Heath & Nelson, 1986).

The longer business takes to recognize an issue and decide to do something about it, the narrower its range of options for response becomes. As time passes and pressure builds, the other actors in the process are likely to develop an increasingly demanding and exact idea of how the problem is to be resolved. The "zone of discretion" for management's choice of a solution becomes ever narrower (Ackerman & Bauer, 1976: 9).

The literature generally treats the internal² process of "corporate social responsiveness" as having three parts: issue identification, commitment, and implementation (e.g., Bauer, 1978). Ackerman developed a more precise model to describe the process (Ackerman, 1973):

Stage I: The establishment of a commitment to respond to an issue

Stage II: The acquisition of specialized knowledge and skills to deal with it

2 It is important to distinguish between internally and externally oriented processes of response. Although the two must be linked in order for companies to have any credibility and legitimacy, they do acquire somewhat different functions. The ability of companies to communicate their position and to influence the debate about the nature of the problem and the types of solutions sought in the public policy process are key factors in externally oriented processes (Buchholz, Evans, & Wagley, 1989; Dyllick, 1989; Heath & Nelson, 1986). These aspects are not explored in greater depth here because the focus of the research has not been on the role of business in the public policy process surrounding the issue of youth unemployment.

Stage III: The implementation of the response and its integration into standard operating procedures

According to the original model, the response progresses sequentially from one stage to the next--a process that may take months or years--as the result of a recognition of the need for a shift in objectives, means, and key actors. Ackerman assumed that the response process is set in motion by the chief executive officer (CEO) of the organization, who recognizes an issue as being important and decides to commit the institution to a response.

The second stage in Ackerman's model starts when the CEO recognizes that policy statements alone do not suffice to obtain an adequate response. A specialist is required to gather more information, develop a program, and coordinate company activities in the area. In this phase, the locus of activity shifts to the appointed staff person or unit, but the explicit or implicit support of the CEO remains significant. The strengths of the specialist lie in the design of the response, not its implementation.

In his model, Ackerman posits that a decision must be made by the CEO to alter management procedures when it becomes apparent that there are inherent conflicts between "traditional" and "new" policies at the operational level. Thus, the third stage involves establishing new priorities, reformulating performance expectations for management, and integrating the treatment of the issue of concern into the standard operating procedures in the various levels of the business involved. The achievement of behavioral changes is seen to be predicated on an alteration of the decision-making structures and mechanisms throughout the company to reflect the operationalization of the desired response (Anshen, 1980: 183-186).

Looking for messier processes and more roles

Although the Ackerman model appears to offer an attractively simple point of departure for observing how corporate responses to a social concern develop, its strict sequentiality and narrow conceptualization of roles do not account for much of the real dynamics in organizations.

Tracing variations in processes

The Ackerman model suggests a relatively automatic process of transition: from a policy problem to a technical problem to a management problem. However, as Bauer (1978: 106) pointed out, "the process whereby a business firm becomes committed to some course of action is almost invariably less elegant, more complex, and less marked by conscious deliberation than is implied by the word 'decision'." My own study of the development of responses to various policy issues in a large Swiss company, for example, showed that some issues did not move beyond Ackerman's Stage II, others fell back from a higher to a lower stage, and that

the achievement of Stage III does not represent the end of the process: further refinements, expansion of the application of the programs in other specific areas, and the monitoring and evaluation of achievements is required. Equally, the achievement of Stage III cannot be interpreted as a measure of goal achievement. It is a procedural, not an output measure. (Berthoin Antal, 1985: 246)

Other research has tried to take a variety of other patterns into consideration and do greater justice to the "messiness" characteristic of organizational decision-making. In contrast to neat textbook approaches, the reality is that

[t]he processes used to arrive at the total strategy are typically fragmented, evolutionary and largely intuitive. . . . The real strategy tends to evolve as internal decisions and external events flow together to create a new, widely shared consensus for action among key members of the top management team. (Quinn 1978: 7)

In conducting my research, therefore, I was interested in looking for further variations and new patterns within and between the phases of corporate social responsiveness. Furthermore, I wanted to pursue Bauer's (1978: 111) differentiation between the response patterns that might be linked to different types of programs because it suggested that there might well be differences between the processes involved in introducing incremental or adaptive changes and those entailed in ideas with which the organization had little past experience.

Discovering multiple roles

Ackerman's model focuses on the initiating role of the CEO and the program design and implementation function of a designated expert. Some research has confirmed the essential role of the impulse given by

the CEO for launching a response. For example, Fleming observed that the role of the CEO is significant in establishing issue priorities because his overall corporate perspective, his breadth of knowledge from any outside contacts, his critical role in setting basic corporate policies, and his necessary enthusiastic backing of an issue action program for ease of institutionalization combine to lend great weight to his input. (Fleming, 1981: 169)

Whereas it is possible for issue awareness to appear at a lower level of management first, the response process does not really begin until the CEO becomes involved. Another scholar found that "a social program can enter the organization at any level" (Merenda, 1981: 35) but added that his case studies in the United States in the late 1970s showed that "social involvement decisions are increasingly becoming an explicit top management function and part of the policy process" (Merenda, 1981: 39).

Other work, although not discounting the significance of the weight given to an issue by the support of the CEO, qualifies these conclusions and recognizes the *de facto* initiating behavior of other actors in the organization (e.g., Berthoin Antal, 1987; Sonnenfeld, 1982). Diverging from the top-down focus of the Ackerman model, Bauer (1978: 111) posited the existence of three types of policies and programs: (1) those initiated and executed at the corporate level, (2) those initiated at the corporate level and executed at the operational level, and (3) those initiated and executed at the operating level. Unfortunately, insufficient empirical research has been conducted to examine who really does what in each of these approaches.

Beyond the emphasis placed on the role of top management, the business-and-society literature contains two kinds of discussions about roles: stakeholder theory and the concept of boundary spanning.

Stakeholder theory represents a breakthrough in the field because it provides a framework for identifying actors and analyzing the wide-ranging interaction between a company and its environment (see especially Freeman, 1984). However, it does not help enrich our understanding of the variety of roles played by managers in initiating and implementing corporate responses because its emphasis is on the actors outside the corporation, particularly "non-traditional stakeholder groups who are usually thought of as having adversarial relationships with the firm" (Freeman, 1984: 38). Although employees are included in the

broad definition of "any group or individual who can affect or is affected by the achievement of the firm's objectives" (Freeman, 1984: 25), little attention has been paid to them in the literature. This may be partially attributable to the fact that the field has been shaped within the American context rather than in Europe, where employee-related issues have traditionally received more weight (as is reflected in the different approaches taken to corporate social reporting in Germany and France on the one hand, and the United States on the other). Stakeholder theory could benefit from a more detailed assessment of the roles played by managers and other employees in responding to societal concerns.

The concept of "boundary spanning" is used in organizational theory to denote the function of transmitting information from one unit to another, either within an organization or between the company and other organizations in its environment (Tichy, 1981: 240). This function is essential because "an organization's ability to adapt to environmental contingencies depends in part on the expertise of the boundary role incumbent in selecting, transmitting, and interpreting information originating in the environment" (Aldrich & Herker, 1977: 219). Some boundary functions result from the nature of the task, as is the case for sales personnel, whose work entails contact with customers and other people and organizations outside the company. Other boundary spanners are specifically assigned the responsibility of communicating organizational interests and collecting external impulses. One example is the addition of environmental and consumer advocates to company staffs.

The management literature generally distinguishes between formal and informal roles, or assigned and elected roles (e.g., Handy, 1985). This duality appears limiting and insufficient to grasp the richness inherent in organizational life. The variety of possible roles is illustrated by the differentiation between the boundary-spanning activities of gatekeepers, liaison personnel, opinion leaders, and cosmopolites proposed by Rogers and Agarwala-Rogers (1976: 132-140).

The literature on management roles tends to focus on formally assigned occupational roles. To the extent that it recognizes that people fulfill multiple roles, it deals primarily with the negative aspects. "A key assumption underlies current theories of social roles--that multiple relationships with diverse role partners is a source of psychological stress and social instability" (Sieber, 1974: 567). This is particularly true of the role

conflict generated by different roles a person has both at work and outside work. Role theories have largely "neglected the possibility that the rewards [of role accumulation] might exceed the burdens" (Sieber, 1974: 567). While the difficulties entailed in role conflict cannot be denied, it appears necessary to explore how the variety of roles people play can complement each other. Incipient work on the benefits of role accumulation has tended to focus on the implications for the individual and to a limited degree for the larger social order, but the consequences for the organization have not been attended to. Particularly in the process of sensitizing organizations to emerging concerns in the environment, it seems that recognizing the different roles employees fulfill inside and outside the organization can represent a significant asset. Two main sources of role conflict are conflicting behavioral expectations and conflicting values and ethical prescriptions (Wilson & Wood, 1984: 13). The conditions enabling the reduction of role conflict and the appreciation of complementary roles are discussed in the next section.

To summarize: proceeding from available concepts and models on the process of corporate social responsiveness, I decided to explore the circumstances under which the Ackerman model is applicable and to identify the variety of other patterns actually experienced in corporations. In the course of the interviews, the multiplicity of roles involved in the process of initiating and implementing corporate commitment to social involvement became evident.

*Research Question 3:
What are the characteristics of
"responsive corporations"?*

No detailed research is needed to reveal that in every industrialized country only a minority of companies is actively involved in combatting societal problems. Faced with the same issue and the same set of policy measures, some companies see an opportunity for action, others only a threat, still others see nothing at all. Yet, the more companies can be persuaded to participate, the lighter the burden for all involved.

Researchers have tried to identify some of the features that characterize responsive companies. They have observed different strategies and have proposed classifications. For example, companies can be characterized as "adaptive," "proactive," or "interactive" (Post, 1978: vii) in their manner of dealing with societal changes, or as "reactive," "defensive," "accommodative," and "proactive" (Wartick & Cochran, 1985: 767). A study of the public policy strategies of British firms suggested three broad types: The "tripartite" firm, which "is anxious to develop good relationships with unions and the government . . . plays an active part in its business interest associations, . . . is not hostile to some forms of government intervention in the economy, and may make considerable use of government aid schemes" (Grant, 1983: 165). Second, the "capitalist aggressive" firm, which "sees too close a relationship with government and the unions as a constraint on the ultimate test of its efficiency, . . . may regard business interest association activity as a waste of time" (Grant, 19983: 165). Third, there is the "pragmatic" category, which embraces many firms that "lack a corporate political philosophy and often react to issues in terms of their perception of their immediate interests" (Grant 1983: 165). Another study of British companies that focused specifically on their propensity to respond to social concerns suggested a continuum along which firms can be analyzed, ranging from those characterized by passive adaptation (i.e., simply responding to law and custom), to involved companies that remain essentially reactive but indicate a willingness to respond to societal concerns. At the other end of the spectrum are the companies that are both adapting to societal changes and seeking to influence their environment through bargaining and negotiation (Beesley & Evans, 1978). But which factors or constellation of factors seem to be associated with one stance or the other?

Reviewing possible links with profitability, size, and ownership

Research has been conducted on the links between social responsiveness and the profitability of companies, for example, but the results are inconclusive (e.g., Abbott & Monsen, 1979; Aupperle, Carroll, & Hatfield, 1985; Ullmann, 1985). Profitability has not been found to be a reliable predictor of responsiveness, nor is responsiveness a guarantee of profitability, although studies document the costs of not being responsive

to societal concerns (e.g., Post, 1978; Ullmann, 1988). Starik and Carroll (1990) reaffirmed that corporate social responsibility is a multifaceted concept that cannot be grasped with a single assessment criterion like profitability.

Similarly, no clear patterns have been elicited on the basis of structural characteristics like size, industry, or form of ownership (e.g., Harvey, Smith, & Wilkinson, 1984; Kedia & Kuntz, 1981; Mitchell, 1983). Researchers have, however, confirmed that the composition of boards influences corporate social performance (e.g., Jones, 1986). Sensitivity to societal issues as potential business concerns has not yet been tied definitively to any of these measurable factors.

Drawing on the explanatory potential of organizational culture

In light of the limitations of the factors discussed above, exploratory research on "softer" factors seems to be more promising. A great deal of discussion was generated in the early 1980s by the introduction of the concept of "corporate culture" into organizational analysis because it seemed to help both researchers and managers grapple with phenomena that standardized models had not been able to account for. Management consultants contributed significantly to popularizing the idea (e.g., Deal & Kennedy, 1982; Peters & Waterman, 1982) because they had to deal in practice with the consequences of variations in organizational perceptions and in organizational abilities to implement the same management instrument. Companies functioning in the same environment perceive it differently, and while some have little difficulty implementing management models, other companies did not succeed, although they were structurally similar. The studies of numerous scholars, primarily sociologists³ (e.g., Allaire & Firsirotu, 1984; Alvesson, 1987; Czarniawska-Joerges, 1990; Jelinek, Smircich, & Hirsch, 1983; Ouchi & Wilkins, 1985; Schein, 1984; Smircich, 1983; Smircich & Calás, 1987), have shown that it can be valuable to draw on concepts from anthropology and to look at

3 Anthropologists themselves have not played a leading role in the exploratory work of transferring anthropological concepts from exotic tribes to industrial corporations, although increasing numbers of them are now addressing the question. The problems that arise from the sometimes inappropriate borrowing of concepts are well discussed in Helmers (1990).

corporations as one would look at other culturally definable groups in which the perceptions and behavior of members are guided by many tacitly accepted beliefs and values developed over time.

The use of cultural analysis to help identify the characteristics enabling corporations to respond to concerns in their social environment draws on the assumption that the members of an organization share a view of their collective relation to the world around them. The dimensions identified by scholars include views on control over the environment, activity versus passivity, attitudes towards uncertainty, notions of time, attitudes towards change, and concepts of "truth" (Hofstede, 1980; Schneider, 1988). For example, some cultures emphasize the need for action and a belief in the possibility of controlling their environment, whereas others tend to stress the importance of being and letting be in a world that is uncertain and not meant to be managed. The former cultural view is associated with the conceptualization of truth as determined by facts and as measurable, whereas the latter takes a more relativistic and subjective view of truth. Applied to organizational behavior vis-à-vis the social environment, these cultural differences imply, for example, that some companies are more likely than others to foster the belief that it is appropriate and possible to take a proactive stance to social change. Similarly, the culturally engrained view of time may well influence the way managers view costs and benefits. Cultures that work with short time horizons are less likely than other cultures to perceive outlays as investments whose benefits accrue over a long time span.

A second set of assumptions inherent in the cultural perspective refers to the nature of human relations, such as the priority of social concerns over tasks, the preference for hierarchy over other structures, and the significance attached to the individual or to the group. These features might help explain why certain organizations are more willing to contribute to dealing with community concerns while others define their role in a narrower fashion, why some insist on hierarchical decision-making approaches, or why some provide individuals with wide discretionary powers to pursue their tasks. One might posit that organizational cultures in which community concerns are viewed as closely linked with those of the organization would appreciate and foster the multiple roles their employees fulfill. Furthermore, they would be likely to allow individuals to exercise discretion in fulfilling their various organizational and

community roles. This approach would reduce the role conflict experienced by employees in more restrictive companies.

The relevance of the concept of corporate culture for understanding the dynamics of corporate social performance had been touched on in very few studies at the time I was designing this research. An early study on corporate responsiveness to the problem of unemployment in Great Britain provided preliminary insights into relevant criteria (MacMillan, 1980). It suggested the importance of culture as a key factor influencing the decision to commit corporate resources to a social problem. "The extent to which ideas of corporate social responsiveness are able to permeate the management culture⁴ may thus be critical in determining the kind of response which is likely to be forthcoming in relation to a particular issue" (MacMillan 1980: 332). Similarly, Sonnenfeld found that the theoretical model he had posited to predict responsiveness "was insufficient because it proposed a mechanical sensory system without allowing for the nonrational context within which the system operates" (Sonnenfeld 1982: 122). He stressed the need to take historical and cultural factors into account in explaining the ability and willingness of companies to respond to public issues.

The research I had done with Meinolf Dierkes on the institutionalization of corporate social responsibility in a Swiss company (Berthoin Antal, 1985) concurred with the findings of other scholars who suggested that an organization's culture appeared to be "a very powerful force in facilitating or inhibiting social responsiveness" (Isabella, 1986: 190). The variations observed in the ability of the Migros *Genossenschaftsbund* in Switzerland to respond to changes in four different social policy areas suggested that companies have strengths and weaknesses embedded in their cultures. The features of the organizational culture appears to make a company sensitive to certain kinds of concerns and enable it to

4 The specification of management culture within the overall organization points to the difficulty of ascertaining the extent to which a culture is shared throughout the organization. Although some research has noted the existence of subcultures in organizations (e.g., Martin & Siehl, 1983), the overwhelming majority of studies has focused on top management. As critical scholars have noted, much research has been insensitive to potential differences among organizational levels, units, or groups of employees and have equated the culture of top management with the organization's culture (Alvesson, 1987: 6).

pick up on changes and implement appropriate responses efficiently and yet remain oblivious to other issues. Even when the company has recognized a problem to which it has been culturally blind, it has significant difficulties implementing policies designed to correct it. I concluded that "there is evidence that the traditions, beliefs, and values of a company influence the way it perceives its internal and external environment, establishes priorities over time, and deals with issues" (Berthoin Antal, 1985: 246).

Understanding the dynamics of organizational learning

Although culture is conceived by some scholars as "both product and process, the shaper of human interaction and the outcome of it, continually created and recreated by people's ongoing interactions" (Jelinek, Smircich, & Hirsch, 1983: 331), more attention has been paid in the literature to revolutionary cultural change than to incremental processes. To supplement the concepts in the field of organizational culture, it is worth drawing on publications on organizational learning.

Most scholars agree with Argyris and Schön (1978) that "organizational learning" is a metaphor, because "organizations, as such, do not learn; members of organizations learn" (Hedberg, 1981: 6). March and Olsen (1976) conceive of learning as a cycle of stimulus and response, in which the actions of individuals lead to organizational action and these, in turn, evoke environmental responses. In other words, "it is individuals who act and who learn from acting; organizations are the stage where acting takes place" (Hedberg, 1981: 3). As Hedberg clarifies,

[a]lthough organizational learning occurs through individuals, it would be a mistake to conclude that organizational learning is nothing but the cumulative result of their members' learning. Organizations do not have brains, but they have cognitive systems and memories . . . organizations' memories preserve certain behaviors, mental maps, norms, and values over time. (Hedberg, 1981: 6)

The link between activity and mental maps in organizations is explained by Pfeffer (1981):

Organizations are systems of patterned or structured activity in which the participants attempt to develop causal explanations and rationalizations for these patterns of activity, with the explanations being constrained to be legitimate and acceptable in the social context and with the further preference for explanations that they provide a feeling of control over events. (p. 4)

A question underlying my research was therefore how the learning of individuals is shaped by the culture and how, in turn, individual learning shapes the culture. More specifically, how does the culture influence the type of approach to social involvement considered appropriate for the managers to pursue, and how do individuals try to ensure that what they achieve becomes integrated into the organizational memory?

There is an intense debate in the organizational learning literature about the ability of organizations to learn from failure or success (for a review, see Dierkes, 1988). Crises are considered the most common trigger for a learning process. The sharing of successful learning experiences is seen to contribute to both cultural consolidation and the generation of crises. A successful approach taken to problem-solving is passed on to other members of the organization as the "right way" to do it. This contributes to the further success of the company as long as no significant changes occur in the learning environment. If the environment of the corporation undergoes major changes, then the appropriate information-gathering and problem-solving approaches of the past are no longer effective and can even be counterproductive. "Learning itself can be viewed as one of the technologies within which organizations develop competence through use and among which they choose on the basis of experience" (Levitt & March, 1988: 332). The ability of organizations to adapt their cultures to the environment therefore depends on their ability to learn and unlearn incrementally. This literature suggests that it is worth exploring the circumstances under which companies--and managers--learn from positive or negative experiences with corporate social involvement. Which features in organizations seem to promote incremental learning?

Gagliardi (1986) proposes that two important factors for successful incremental learning are the nature of the task to be learned and its match to the existing competencies of the organization. He considers it essential that there be no antagonism between the values associated with the new competencies the organization is trying to introduce and its traditional assumptions and values, and that the organization should collectively experience success in exercising the new competencies (Gagliardi 1986: 131). It is therefore likely that companies will build on existing competencies when becoming involved in societal concerns. This literature suggests that since the collective experience of success is significant

in maintaining commitment to developing new competencies, it is worth exploring how a sense of success in implementing corporate social activities is achieved and communicated.

Seeking Links between Individuals, Organizations, and Society

The three core research questions that were presented separately above need to be drawn back together. The concept of corporate social responsibility is relevant only if it is communicated and shared in practice. The process of corporate social responsiveness is worth examining only if it helps one understand how ideas are filled with life and acted upon. It is of little value to identify the features of responsive corporations as though they were a free-floating species, for the main point is their ability to respond to their context. It is therefore essential to link these various foci and levels of analysis. This task represents a significant intellectual challenge because the theoretical strands that feed into each of the discussions tend to be treated separately. Scholars have noted, for example, that

[a]n important shortcoming of the main parts of the literature on organizational culture, which also concerns the level of analysis, is that the significance of society is not given adequate consideration. . . . Most of the texts on organizational culture seem to regard organizations as closed systems in terms of culture--with the exception, perhaps, of functional adaptation to changed market conditions. (Alvesson, 1987: 8)

Similarly, to the extent that organizations are studied internationally, it is observed that

[i]n comparative research on organizations, culture is rarely isolated as a defined category and separated from other variables as an integral part of the research design. It is more usually treated as a residual entity and as an afterthought. (Heller, 1985: 16)

The different degrees of success and enthusiasm with which so-called best-practice and "neutral" management models and techniques have been introduced in companies in various countries clearly illustrate the limits of culture-free approaches to understanding and managing organizations (for a review, see Schneider, 1988).

Setting up a conceptual loom

The interaction between the larger context and the organizational culture with respect to the practice of socially responsive corporate behavior could be sketched briefly as follows. The concerns of society are communicated to managers in companies. Depending on the corporate culture, the company can be a more or less active participant in the formulation of a consensus about the scope and nature of social responsibility of business in a given society at a given point in time. Or, if no consensus exists, the organization's culture will shape the way it defines the social responsibility of business. The messages are filtered through the lenses of the organizational culture into different points of the organization, leading, ideally, to the development and implementation of an appropriate response. The range of potential responses the company can choose from is influenced by the larger context in which business functions (e.g., traditional distribution of roles between institutions in a society, availability of government incentives or sanctions for implementing a response). The selection of appropriate responses differs from company to company, whereby existing competencies and values in the organization--as captured in the collective memory of successes and failures in the corporate culture--play a significant role.

Exploring the functions of networks

It has been suggested that research seeking to understand the workings of business in society needs to see "first, the individual as a discoverer of possibilities. Secondly, the individual as an information transmitter, and thirdly the individual as a resource mobilizer" (Hamfelt & Lindberg, 1987: 177). An exclusive focus on individual behavior is too limited, however, since it does not account for the contexts within which individuals act. The analysis benefits significantly from the addition of the network perspective, which

portrays *society* as a *system of participants*--people, groups, organizations, joined in a variety of relationships... In network analysis terms, organizations can be treated as sets of *roles linked by multiple networks that transmit information, influence, and affect*. (Tichy, 1981: 225, 226; my emphasis)

Networks are worth exploring not only between organizations in society, but also within organizations, for "a complex organization is made up of a multiplicity of networks arising out of many types of relationships, and each of these networks has its own structural and functional logic" (Tichy, 1981: 227).⁵ Internal networks can also be expected to play a role in building commitment to corporate social involvement.

Participation in external networks can play a vital role, first, in obtaining information about changes in the environment, specifically about emerging issues that might affect the organization. Research on innovations shows that

relationships are one of the most valuable resources that a company possesses [because] a wide network of relationships makes the world a little more stable and controllable. By building up relationships, the company gets control in different ways--through information, through friendships, and through technical and other bonds to counterparts. (Håkansson, 1987: 11)

Second, the exchange of views among network participants provides a medium for developing a consensus about what can or should be done by the various actors. Networks can therefore also serve as a forum for peer pressure to contribute to dealing with a problem within the defined range of responsibility.

Third, people can exchange experience in networks, supplementing and correcting information provided through other channels, say, on the workings of a particular social program subsidized by the government.

Fourth, contacts in networks can lay the groundwork for collaborative approaches to problem-solving, which is all the more important in a policy context that requires new alliances between organizations, both within the private sector and between the public and the private sector. As research on corporate social responses shows, "collaborative approaches to issues management appear to be an adaptive mode of response, and, taken together, represent a new social product" (Austrom & Lad, 1989: 234).

Internal networks can also be assumed to play a significant role in the development and implementation of corporate responses to a societal

5 The literature on organizations now contains a relatively extensive body of publications on networks and networking theories. It contains several streams that have flowed quite separately from one another--including a major focus on large-scale sociometric analysis, which is not used in this research. For a review, see Tichy (1981).

issue, particularly when resources need to be mobilized in an organization. Through them a consensus about the kind of response needed can be developed, and the support of the participants on whom the implementation depends can be generated. In terms of organizational learning, it is probable that the existence of internal networks helps stabilize and transmit experience rather than maintaining it only in the head and hands of the individual involved. In light of the discussion about the importance that sharing in success also has for promoting incremental cultural change, internal networks represent a natural forum of communication and exchange.

The propensity of a company to promote or enable networking by its members depends, for example, on the cultural value attached to community relations, on the organization's conception of the sources of "truth," and on the time horizon used to measure the pay-off of costs and benefits. It is likely that in some companies, the investment of time in developing networks of contacts inside and outside the organization is considered too high a cost. In some companies, sources of personal information may be valued more highly than official sources such as technical publications. In cultures with narrow task definitions, networking is less likely to emerge than in cultures with broader understandings of a function.

In order to appreciate and understand the role of networks in linking organizations to the society in which they function, it is essential to return to the individual level because "the smallest threads in the industrial network run between individuals. It is the individual who makes contact, becomes acquainted, and builds up trust between companies" (Hamfelt & Lindberg, 1987: 177). A prerequisite for the benefits of networking to accrue to companies is that the organizational culture recognize and value individuals as multidimensional and provide opportunities for them to fulfill many roles in the total network.

To summarize, the review of the literature confirms that it is worth examining the networking behavior enabled in an organizational culture as a means of linking individual, organizational, and societal levels of analysis. In light of the discussion at the outset of this chapter about the increasing turbulence, complexity, and interdependence that characterize the social environment of business, the networking approach seems particularly apt. For, *"In order to understand the complex, heterarchical,*

organic, mutually causative aspects of the world, one must have complex, heterarchical, organic, and mutually causative sources of information" (Huff, 1985: 165; emphasis in original). Networking appears to be a significant factor in developing and communicating a consensus on the scope and nature of corporate social responsibility vis-à-vis a given issue in society among relevant actors and in interpreting that consensus and formulating a specific response by members of a particular company.

The following chapter describes how the research was designed around the three core questions identified in this chapter. The internationally comparative approach to understanding how the overall societal context contributes to shaping the concept of corporate social responsibility is explained. The methodology for analyzing the data to reveal patterns in processes and roles played by individuals is presented. Lastly, the various ways of eliciting the cultural aspects influencing the ability of companies to respond to societal concerns are examined.

Chapter 3

Designing the Research and Handling the Data

The numerous practical tasks involved in the empirical exploration of theoretically grounded research questions can be grouped into three steps: research design, data collection, and data analysis. As noted at the outset, the research enterprise requires theoretical and methodological reflection throughout the entire process. Nevertheless, for the sake of clarity, each of these steps is described below in a sequential manner. Reviews of the state of the art of cross-national research have pointed out that publications resulting from years of work usually pay too little attention to communicating those elements of the research that make it an art rather than a simple technique (Berthoin Antal, 1987; Dierkes, Weiler, & Berthoin Antal, 1987). For this reason, I have supplemented the analysis with comments on the research experience that appear relevant for readers who might be thinking about embarking on similar expeditions.

Designing the Research

The design of the research comprised essentially five steps: issue identification, country selection, the acquisition of background expertise, sample composition, and interview design.

Issue identification

First, a societal issue had to be identified that could serve as a fruitful case study for the three core theoretical questions described in chapter 2. In order to permit me to study corporate response processes that had actually occurred, the issue had to have developed far enough along the issue attention cycle for expectations of business response to have been formulated and practical experiences collected (e.g., corresponding to the position of the issue on the "systemic agenda" as formulated by Cobb & Elder, 1972). On the other hand, it could not have progressed into the legislative phase, in which specific responses are already prescribed and little room is left for discretion in the business community. That stage of development would make it difficult to research the effect of organizational culture on the response.¹

At the time that I was casting about for a social issue to study, the problem of youth unemployment was high on the political agenda in most western industrialized countries. By the early 1980s, about 4.8 million young people were unemployed in the European Community, representing over 40% of all the unemployed in the member countries (Harten, 1983: 7). As the OECD High Level Conference on Youth Unemployment pointed out,

[a]ll unemployment is wasteful. When it is concentrated among youth, as in the current context, it has particular human, social and economic consequences. It implies not only a current loss of valuable resources, but also lost returns on capital investments which will doubtless extend well into the future.

In addition to these economic implications, there are serious social and political consequences of youth unemployment. Those denied access to the mainstream of society may well become permanently estranged from it. (OECD, 1978: 25)

The youth unemployment issue appeared to be a useful case to study because it bridges the two categories often applied in analyses of the spheres of corporate social responsibility (e.g., Preston & Post, 1975). Distinctions are drawn between social problems that result from business behavior (e.g., environmental pollution, consumer protection) and those

1 Besides meeting these formal criteria, the researcher must already have, or be able to develop, a certain affinity for the issue. It is difficult to study a case for years if one finds it boring or repugnant. The case of youth unemployment was a societal concern that I shared and was interested in learning more about, a factor that helped provide the motor throughout the research.

issues that arise in society but to whose solution business can contribute (e.g., urban renewal). The problem of youth unemployment fits best into the second category, but is closely linked to the recruitment and training practices of companies, thereby illustrating how fluid the boundaries are between these categories.

Choosing countries

A basic premise of the research was that the concept of corporate social responsibility and the range of response options available to business are to a certain extent shaped by the society in which the company functions. International comparison affords the opportunity to vary and explore the effect of the larger context (values, traditions, infrastructure, etc.) within which units (in this case companies) function. It is therefore a valuable strategy for middle-range theory-building (Deutsch, 1987; Lisle, 1987).

A key decision in the research design was to set up a team abroad (a useful discussion of organizational models for cross-national research is provided by Fourcade & Wilpert, 1981). A partner in another country can arrange access to companies more easily and can conduct interviews there, which means that a larger total sample can be drawn on than a single researcher could manage in the same time frame. A further advantage of multinational team research is that it builds into the research a balance between "native" and "naïve" perspectives in the way questions are posed and data analyzed, helping to overcome the unconscious embedding of cultural blinders in the research (Berthoin Antal, 1987: 509). Keeping the clear benefits of such a strategy in mind, it is nevertheless important to note the sober comment of Heller (1985: 12), based on many collaborative ventures:

In my own experience there is certainly a cost to be paid for multinational research. It takes longer to launch, it creates additional problems of communications, and multinational meetings are expensive. Standardizing methodologies requires patience, some ingenuity and perseverance. Even with these angelic qualities, it is unrealistic to expect exactly the same degree of homogeneity as would be achieved by a single investigator working on his own or with a carefully trained assistant.²

2 A significant implication of the international research approach, as noted by Heller, is that it entails higher costs. I therefore applied to a foundation for funding, adding a

The next major decisions to be taken by the members of the research team assembled for this project revolved around the questions of how many countries should be included, and which ones? A focus on two countries sufficed to explore our theoretical questions on the role of the societal setting of business. (To enrich our ability to compare the effect of settings while holding key elements of national systems constant, we selected companies in two regions within each country, as discussed below.)

The first criterion in choosing countries had to be the existence of the problem of youth unemployment and of pressure on business to participate in dealing with it. Youth unemployment was on the political agenda in all European countries and in the United States, and there seemed to be pressure in most of them for business to participate in its resolution, so the list of potential countries was long. The deciding factor in the choice of countries in this study, as in most comparative research undertakings, was practicability. The Federal Republic of Germany was chosen as one country since that is where I was based and where we had good contacts with relevant organizations in the business and policy-making community.³

The second country chosen was Great Britain, first and foremost because we knew a scholar there who had extensive experience in the

further step to the research process. The Anglo-German Foundation for the Study of Industrial Society, one of the very few organizations that understands the need to fund research teams in both countries, provided substantial support for this research.

Scholars considering obtaining external funding need to keep in mind that this often means producing several different products, depending on the focus of the organization. Interim reports are needed, for example. And, in this case, a policy-oriented book was submitted to the Anglo-German Foundation for the Study of Industrial Society (Berthoin Antal, 1990) before this contribution to theory-building could be written.

- 3 There are many texts on the principles of selection for comparison (e.g., Armer & Grimshaw, 1971; Berting, Geyer, & Jurkovich, 1979; Dogan & Pelassy, 1984; Elder, 1976; Holt & Turner, 1970; Przeworski & Teune, 1970; Rokkan, 1968; Warwick & Osheron, 1973). Although it is important to be well acquainted with the literature and with such debates as the most-similar versus least-similar systems comparisons (e.g., most recently Przeworski, 1987, & Inkeles, 1987), pragmatic and personal considerations naturally play a major role in country selection.

area of business and society and who was willing to commit himself to directing the empirical data collection in the country.⁴

Acquiring background expertise

The acquisition of expertise in preparation for the field work covered (a) the nature and scope of the issue of youth unemployment in both countries, (b) the existing conceptions of the role of business in society in both countries, and (c) the conception and practice of management in Britain and West Germany. The first two tasks were approached with a two-pronged strategy.⁵ I studied the available literature, then supplemented and updated it through expert interviews with scholars, representatives of business organizations, the unions, government agencies, and nongovernmental organizations in the policy area in both countries.

The acquisition of background expertise in the third area was restricted by the limited amount of internationally comparative research conducted so far on management cultures. The literature contains sev-

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- 4 The choice of research partners is a matter both of expertise and personal chemistry. Keith MacMillan at Henley the Management College in Britain was one of the very few researchers in Europe who had focused on social issues in management, had experience in internationally comparative research in the area, and had dealt specifically with the issue of youth unemployment. He drew in a colleague from Henley, Sheila Rottwell, who complemented the team with her expertise in personnel policy and labor-market issues. They recruited a research assistant, Caroline Clark, to conduct the interviews in British companies. Equally important for the success of a cooperative venture is that the partners feel that they can work together, share ideas, and overcome difficulties over an extended period of time.
 - 5 The rapid acquisition of expertise in varied policy areas is a typical challenge social scientists face in their research if, over time, they pursue a research strategy of examining their theoretical interests in the light of different issues. It is very stimulating to learn about a new area, and one can get a good sense for the key elements relatively quickly; but the development of this kind of expertise is also quite painful. It involves stretching to obtain a great deal of new information, and one is always unhappily aware of the gaps in one's knowledge about the field. Equally uncomfortable is the shrinking that then has to occur to bring one back to the real focus of the study. The wealth of details learned has to be reduced in order to distill the essential elements needed to explore the organizational processes. There are difficult phases during which one feels incapable of communicating, for one has too little to offer the experts and too much to be comprehensible to the nonexperts.

eral multinational attitudinal surveys among managers (e.g., Haire, Ghiselli, & Porter, 1966; Hofstede, 1980; Laurent, 1985), and a few on the use of power and participation in decision-making (e.g., Heller & Wilpert, 1981; Industrial Democracy in Europe [IDE] International Research Group 1981). Cross-cultural studies on skilling and the organization of work in British and West German companies (Child, Fores, Glover, & Lawrence, 1983; Maurice, Sorge, & Warner, 1980; Nicholas, 1985) provide some insights that can be applied to the case of youth unemployment. There is no internationally comparative research directly relevant for understanding how managers integrate societal concerns into their work.

Composing the sample

In order to be able to trace decision-making and implementation processes, a key decision from the outset was that the study would focus on companies that had actually done something for young people. In other words, no attempt was made to develop a representative sample in the business community, nor was there any attempt to compare companies that had in some way responded with companies that had done nothing in the area of youth unemployment.

Selection procedure

Samples, if they are not intended to be representative, can be put together in different ways. A standard approach to identifying and gaining access to companies for a particular purpose is the "snowball procedure." The intensity of the debate in both countries about the problem of youth unemployment and the amount of discussion about company initiative suggested that this approach would be the most efficient way of finding appropriate companies for the study. We expected that, first, the experts in the policy-making and business communities who were interviewed for the preparatory background work and, later, the managers in the companies would be well informed about the experiments going on in companies and would therefore point us from one interesting model to another. In fact, however, it emerged that these anticipated sources

knew very little about the kinds of experiences that companies were having in their attempts to deal with the problem of youth unemployment (beyond the few "stars" in the largest companies that had already received quite a bit of media coverage and whose experience most respondents felt could not readily be transferred to other companies). This discovery underscored the need for exactly such a project, for it became evident that the public discourse about company responses to the issue of youth unemployment was being conducted at a level that was too abstract for any one company to learn in a practical fashion about and from the experiences of others.

A more time consuming--but more systematic--approach had to be taken to putting the sample together. Four criteria were established for the selection of approximately thirty companies in each country. The intention was to ensure comparability between groups of companies in and between the two countries while also maximizing the diversity of responses.

Regional variation. The data on youth unemployment showed that the problem is subject to significant regional variation in both the Federal Republic Germany and Great Britain (see Figures 1 and 2). Since this factor could have an effect on the perceived need for corporate responses and the options for corporate activities, two regions were selected in each country, one with a youth unemployment level higher than the national average, and another with youth unemployment levels equal to or slightly lower than the national average. After studying the regional unemployment statistics, looking at the industrial structure of each region (to account for the sectoral factor discussed below), and checking on the practicality of access to companies (e.g., in West Germany through the assistance of the local Chambers of Commerce and Industry), the research team chose Hamburg and the West Midlands to represent high youth unemployment areas, and West Berlin and West London for average and low unemployment, respectively.

Industrial sector. The potential for training and hiring young people varies according to industrial sectors. Labor demand and skill levels influence the options available to companies to respond to the issue of youth unemployment. In order to gain insights into a variety of situations, we selected three industries for examination: chemicals/pharmaceuticals; electrical/electronics, and retail. These are large and impor-

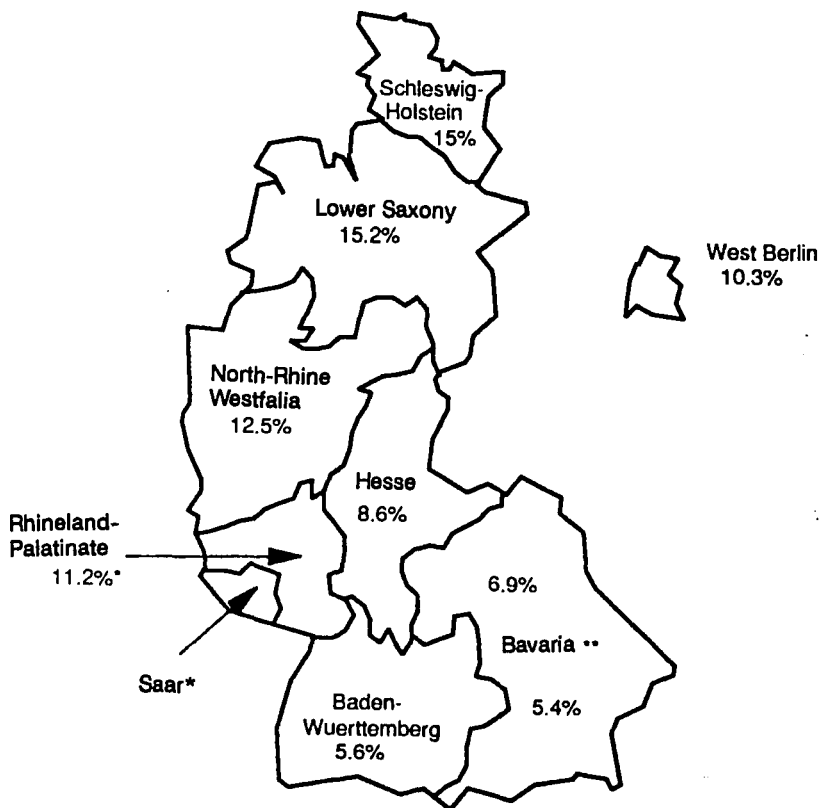


Figure 1 Regional differences in youth unemployment*** in the Federal Republic of Germany (1985)

* Rhineland-Palatinate unemployment data include the Saar.

** Separate unemployment rates for North and South Bavaria.

*** Unemployed young people under 25 as percentage of total unemployment (*Arbeitslosenquote*) in September 1985.

Source: Adapted from Wilfried Malcher (1988). "Berufsausbildung und Arbeitsmarkt unter regionalen Gesichtspunkten" in Carsten Kreklau, Karl Josef Uthmann, and Geerd Woortmann (eds.) *Handbuch der Aus- und Weiterbildung*, Section 3430. Cologne: Deutscher Wirtschaftsdienst, p. 6.

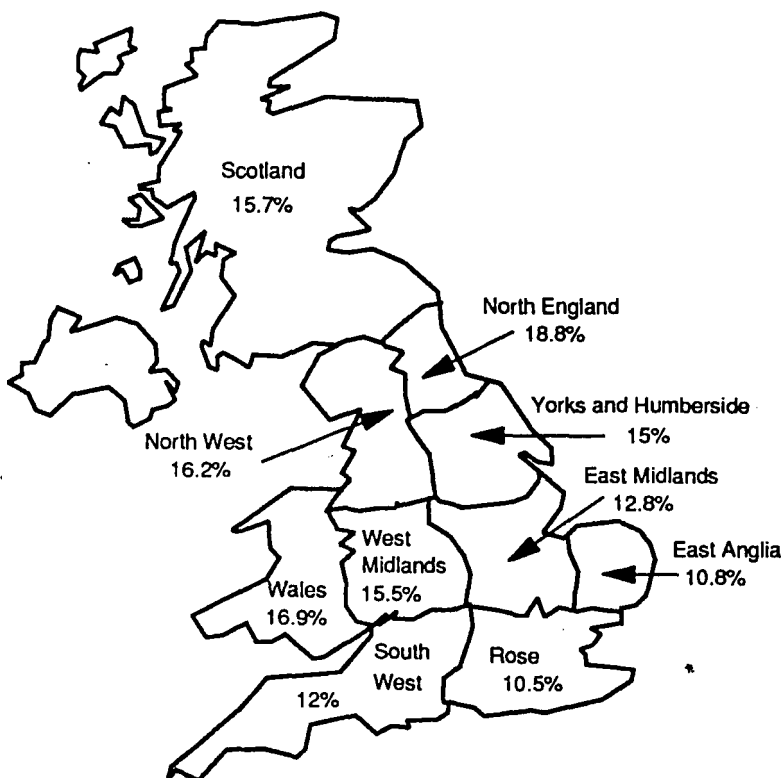


Figure 2 Regional distribution of youth unemployment in the United Kingdom (1985)*

- * Precise figures on the regional distribution of youth unemployment were not available, but regional variations in adult unemployment generally mirror the situation faced by young people. Data from the Central Statistics Office, for example, indicate that young people consistently accounted for between 51.1% (West Midlands) and 54.9% (Scotland) of total unemployment in each region in 1984.

Source: Adapted from *Employment Gazette*, December, 1985, p. 20.

tant industries with companies of various sizes in both countries, and they offer a wide range of entry-level jobs for young people.

Size. Because the research project was intended to explore a wide range of potential corporate activities to combat youth unemployment and to examine the dynamics of complex organizational processes, only medium and large companies (i.e., over two hundred employees) were included in the sample. The contribution of smaller companies to dealing with the overall problem of youth unemployment should not be underestimated. It is just that the activities are of a smaller scale and that decisions are generally taken by a single individual. Therefore, the theory-driven interests relating to processes in organizational cultures could not have been studied satisfactorily in small companies.

Multinational corporations. The participation of multinational corporations was an important feature of the sample, which was designed to tap their experience in transferring ideas between countries. From a theoretical point of view, it appeared that such organizations would represent a particularly useful source of information and insights into the interaction between national settings and corporate culture.

Selection questionnaire

In order to identify companies that had actually implemented programs that were relevant to the issue of youth unemployment, short questionnaires were mailed to the companies in the two regions in each country. The questionnaire consisted of a one-page checklist that listed the main types of possible corporate activities relating to youth unemployment (based on the literature and expert interviews).

Lists of all the potential companies in the three industries in the two target regions were obtained from the local Chambers of Industry and Commerce in the Federal Republic of Germany. This approach could not be pursued in Great Britain, since Chambers do not play the same role and companies do not have to register with the Chamber. Instead, it was necessary to comb through catalogues to find appropriate addresses.

The checklist and a letter explaining the project were mailed directly to the CEO of the company. The respondent was requested to check the activities that the company had conducted and to identify the person in the company who would be able to participate in the study.

Overview of the sample

Thirty-three companies that indicated they had been, or were currently, involved in one or more of the areas on the checklist⁶ were chosen for in-depth interviews in each country. It emerged during the interview that two of the companies were not relevant after all—for example because the respondent was informed only about production (in an industry not included in the sample) rather than retail. The sample actually analyzed in each country was therefore reduced to 31 companies (i.e., 62 in all). Their distribution between industries and regions is shown in Table 1.

Table 1 Overview of the Composition of the Sample

Sector	Hamburg	Berlin	Other	West Midlands	West London	Other*
Chemical/ pharmaceutical	4	3	1	4	5	1
Electrical/ electronics	4	6	1	7	6	...
Retail	7	5	...	3	5	...
Total	15	14	2	14	16	1

* A few multinationals were located outside the target regions.

Three multinationals operating in both countries were interviewed,⁷ permitting a closer look at the extent to which experience about activities

- 6 Although the brief written questionnaires were useful in identifying potential interview partners, they did not provide an accurate picture of the number and type of activities the companies were actually involved in. This was primarily because some of the checklists had been filled out by someone other than the person actually responsible for the activities, leading to the misinterpretation of items on the list or the oversight of other activities. A tabulation of the results is therefore not provided here.
- 7 Five other multinationals operating in both countries were approached, but without success. In a few cases they explained that their personnel needs were so different in the two countries that, although they knew that the corporation had conducted programs in the other country, they did not see an opportunity to undertake anything (be it the same type of activities as abroad or different ones) themselves in this country.

used in one setting had been communicated to the other. The information gained from the multinationals also allowed us to explore similarities or differences in factors of organizational culture that affect corporate social responsibility. Overall, the sample contained twelve multinationals in Germany and almost twice as many in Britain (twenty-two). Two thirds of the multinationals in West Germany were German-owned, while over two thirds of the multinationals interviewed in Britain were foreign-owned (two were subsidiaries of West German companies).

Designing the interviews

To generate a comparable data base on the relevant activities and decision-making processes of the company in the two countries while also maintaining the openness and flexibility needed for tapping the underlying cultural elements involved, a semistructured interview was considered to be the most effective approach. A list of dimensions to be covered and problems to be discussed was developed. It encompassed (a) the technicalities about the profile of the company and the factors of its work force that were relevant for youth opportunities, (b) demographic data on the respondents, (c) the issue of youth unemployment and its relation to corporate social responsibility, (d) the corporate activities for young people, (e) the decision-making process, and (f) the organizational culture. After pretesting the preliminary version in five West German companies, I revised it, translated it into English, and discussed it with the British team.

The questions were grouped in several categories that could be introduced flexibly in the interview as the situation required.

(a) The company

The purpose of these questions was to get a thumbnail sketch of each company. The responses were then used as a basis for assessing the rough comparability of the firms and for estimating the influence of structural features on the corporate social performance in youth-related activities.

The questions⁸ covered the size, age, structure, and ownership form of the company and (if relevant) of the particular plant being interviewed (including potentially relevant cultural factors such as family heritage or foreign ownership and length of time at a particular site); current financial condition; recent past (5-10 years) and projected trends that would influence the ability of the company/plant to launch activities to combat youth unemployment; and current labor-demand skill profile, and projected trends in the company/plant that would influence the options for young people in the company. A question posed in this category primarily for the purpose of identifying factors of organizational culture had to do with the specification of key competitors because in describing the main differences between them, the respondents often provided insights into key facets of their corporate identity.⁹

(b) The respondent(s)

In order to gauge how much of an overview the respondents could have over the whole process in the company and over time, they were asked about their official function and the length of their tenure. In the course of responding to questions in other categories, they provided much additional information about the roles they (and others inside and outside the company) played in the initiation and implementation of ideas relating to youth unemployment. Throughout the rest of the interview we tried to get the respondents to distinguish between personal and corporate perspectives.

8 I had originally intended to document the development of the economic condition and work-force structure (including changes in skill demands) of the companies. The pretests showed, however, that such information is not readily available in many companies (e.g., those that are not required to publish annual reports). More importantly, it became clear that what we really needed were informed assessments of trends in the company rather than detailed data.

9 This approach is based on anthropological studies that show the cultural function of the concept of the "other" in defining "self."

(c) Youth unemployment and corporate social responsibility

The questions in this area were designed to give insight into the various factors that shaped the definition of the company's role in the community in general and the problem of youth unemployment in particular. The questions centered on the perception of the social issue (e.g., gravity, nature of the problem, and projected development), the roles and responsibilities of the various actors in society, and the manner in which pressures on the company to participate were exerted (e.g., by the media, government, unions, and young people). The respondents were also asked about the company's formal or informal policy on participating in public programs and the role this had in their decision to introduce an activity.

(d) Corporate activities relating to youth unemployment

This group of questions was designed to generate a description of each activity, its target group and goals, the actors (both internal and external) involved in implementing the program, costs, and sources of funding (internal, external). Furthermore, with an eye to learning from the respondents' experiences and to helping other companies avoid mistakes, the respondents were asked about difficulties they had encountered in implementing the scheme and what they had changed or would do differently in the future. The respondents were also asked what type of company they believed would be able to run the program. This question was designed to provide insights into the technical and structural preconditions for activities and into the respondent's cultural interpretation of these conditions.

(e) Reconstruction of the decision-making process

A series of questions was oriented to tracing why and how the company had become involved in activities for young people and how this process fit into other decision-making processes in the company. Proceeding from the Ackerman phase model, the questions were geared to establishing how formal or informal the planning and decision-making procedures in this matter had been and to clarifying the roles played by various actors (internal and external) at different points in the process. The

exploration ranged from the sources of the idea, the planning of an activity (including the consideration of alternatives), and the commitment phase, to the implementation and evaluation of the activity. The respondents described the strategies used to obtain corporate commitment, the factors that they had found supportive in the process, as well as the barriers that needed to be overcome. New plans and possible current decision-making procedures in this area were also inquired about in order to tap more recent processes with which to compare the past ones (e.g., to correct for elements that might have been forgotten over time). Furthermore, the respondents were asked to compare the decision-making process in this matter with those related to other issues in the company, with a view to learning whether they were typical or exceptional for the company.

(f) Organizational culture

One of the purposes of this research project was the exploration of influences that organizational culture might have on corporate social performance. However, the study was definitely not designed to provide a comprehensive description and analysis of the culture of the organizations in the sample. Drawing on the findings of organizational culture studies to date, a two-pronged approach was taken to find out about the impact of organizational culture--a direct and an indirect form of questioning.

A group of questions was oriented explicitly to key elements that have generally been found to be significant in shaping organizational culture. We asked the respondents to comment on how the history of the company, particularly key events and central figures, had influenced its current identity. Research has shown that organizations tend to recruit people who "fit," so the recruitment and selection criteria were explored. In order to learn about an organization's unspoken rules on how best to behave in the culture, we also asked the managers what advice they would give to their successor about obtaining ideas and getting them implemented in the company.

Besides these explicit questions on organizational culture, which were generally posed at the end of the interview, the whole discussion was conducted with the "hidden agenda" of learning about the culture and its impact on corporate social performance. The pretests, which had

included more extensive explicit questions on cultural features, showed that the responses to the apparently straightforward questions about the company's founding, structure, and decision-making processes provided opportunities to learn about the culture of the organization and its impact on the features of relevance to this study. The respondents' descriptions of processes provided a wealth of information about the way the people in the company thought, acted, and established priorities. The illustrative anecdotes related by the respondents revealed a great deal about the values and generally unspoken rules of the culture. Furthermore, I had found in the pretests that respondents sometimes had difficulties coming up with examples of cultural elements when asked directly, so by recording events or strategies mentioned in the course of the interview, I could draw on them again for closer examination in the last part of the interview, which was focused specifically on cultural elements.

Data Collection

The interviews with the sample companies were conducted in 1987 and the first months of 1988, at a time when the firms had accumulated a certain amount of experience with different schemes, often over several years. I accompanied the British interviewer in several companies to ensure that we were using the instrument in a comparable fashion. Tape recordings were made of interviews wherever possible. Detailed summaries were written of the interviews and exchanged between the team members.

In most companies one interview lasting about two hours was conducted. In fourteen companies more than one manager was interviewed, so different points of expertise were brought into the process. In almost all of these cases, a joint interview was arranged by the company and held with two, sometimes three people. In three of the West German companies, a follow-up interview was arranged with a top manager in order to add his perspective to that of the operational manager. One of these executives had just returned from a top management position in his German multinational company offices in London and was therefore in

an unusually good position to reflect on similarities and differences in approaches in the two countries. In one British company, a follow-up interview with the manager actually responsible for running a scheme was arranged after a telephone interview with a personnel manager at headquarters who did not have detailed experience with the workings of the scheme.

A striking difference emerged between the functions of the British and West German respondents. Significantly more West Germans than British came from the area of training. The overwhelming majority of the West Germans were from the training area (directors or heads of training, and three trainers), whereas most of the British respondents came from the personnel department (e.g., group or company personnel managers, human resources specialists). Just over a quarter of the West German respondents came from the personnel area (generally director of personnel), and somewhat more than a third of the British respondents came from the training area. Four managing directors were interviewed in West German companies, which can be taken as an indicator for the interest they had in the subject. The sample contained one secretary in both countries. Only a fifth of the respondents in West Germany were women, while in Britain over a third of the respondents were women. All respondents in both countries were white, none were foreign.

Data Analysis

Categorizing the data

Several meetings with the research team were held during the course of the interviewing to compare notes on the emerging results.¹⁰ After all the interviews had been completed and reports on each written up, I

10 The iterative process of analysis was stimulated and supported by periodic presentations I made on the research as it progressed (e.g., in seminars at the Free University of Berlin, the Technical University of Berlin, as well as at the Academy of Management). Having to draw the data together for other scholars, explain concepts, and answer questions is a helpful way of getting above the trees to see the forest clearly enough to write about it.

coded the companies¹¹ and sorted the data from both countries into analytical categories. Beyond the categories that were oriented to the original groups of questions around which the interviews had been structured (e.g., impact of company history, view of corporate social responsibility, and advice to others), there were the categories that had emerged during the interviews. Some of these categories differentiated between kinds of youth-related activities (such as school-based programs, training programs, and employment measures). Others consisted of the statements made about the concepts mentioned particularly frequently by respondents (e.g., types of roles, networking, and discretion).

Grappling with comparability

A major difficulty faced in all internationally comparative research is the impossibility of comparing many statistical data. In this case, who is a youth, who is unemployed, where, and when? The data provided by national agencies are collected on the basis of national logics and traditions and specific policy needs (for a discussion of the implications for international comparisons of youth unemployment, see Harten, 1983).

Even if the statistical problems can be resolved on paper, they live on in people, for the definitions used in data bases are generally linked to cultural understandings. For example, only recently have West German statistics started including 20-25-year-olds in youth unemployment statistics, as do other European countries. Because the West German respondents automatically regarded these young people as adults and therefore not relevant for our discussion, they had to be prompted repeatedly to think of activities they were conducting for this age group.

The difficulties involved in achieving conceptual equivalencies and accounting for national mind-sets can be illustrated around the application of the concept of "innovative" activities, one of the primary selection criteria formulated at the outset of the research. The operationalization

11 A main reason for this was to put some distance between myself and the respondents I had interviewed personally. This helped me to analyze their strategies and achievements somewhat more dispassionately. It lessened the influence of the impression made by the individuals, some of whom had been dynamically persuasive and others extremely difficult to obtain information from.

of this term was the subject of intense debate within the research team, since the cultural, political, educational, and economic structures and traditions in both countries made it impossible to agree on a concrete specification that applied equally well to both the Federal Republic of Germany and Great Britain. A working definition of "innovative" as "new within the given context, not done by most other companies in the country" was agreed on.

This solution appeared quite elegant and workable, but, in effect, it threatened in at least one dimension to distort the picture we were to draw of the corporate activities for young people. Thanks to the continuous exchange of information about the outcomes of interviews in both countries, I noticed that the British respondents were talking extensively about their activities in schools to help prepare young people for the world of work. The West German managers interviewed up to that point had rarely mentioned activities with schools. I followed up on this point in subsequent discussions in German companies and discovered that the reason it had not been brought up very often was simply that activities in this area were considered routine by the companies. They all had years of experience in a variety of activities for school children. In light of our emphasis on "innovative measures," only the newest experiments were mentioned by respondents. Although this study clearly did not seek to provide a representative overview of the youth-related activities of British and West German companies, the application of analytical filters that would actually distort the data would be counterproductive. Furthermore, by tapping the extensive experience of West German companies in school-related activities as a form of corporate social responsibility, the research could provide useful insights for British companies that were just starting to get onto this particular learning curve.

Yet another form taken by the issue of comparability was the measurement of activity levels between companies. In project team discussions, the terms "most active companies" and "least active companies" were used, based on impressions. These impressions had to be formulated more specifically. The differences between the policy and institutional settings in which the companies were working in each country defied quantification. Is the number of activities a British company is involved in for youth a reliable indicator when one company is participating in a careers' day at school, offering two weeks of work experience

for a local youth, and running a government subsidized Youth Training Scheme for five shop assistants while a West German company is focusing its energy on one activity, say, the expansion of training to an additional thirty young people? The use of a measurement based simply on the number of young people involved was an equally invalid indicator of comparability because of the differences in the investment of time and money required for each participant in the different kinds of schemes. The quantification of activity levels based on costs was out of the question not only because the companies generally had not costed the activities themselves but because so many of the costs involved were indirect and intangible. The fact that activities for young people were rarely treated in a programmatic fashion in the companies also made the reliability of quantification questionable. The respondents in many companies often seemed to remember yet another activity in the course of an interview, so I was not always confident that we had really covered the range comprehensively but rather only illustratively. As a result of these misgivings, a "softer" approach was chosen towards assessing companies as more or less active within the parameters of each country rather than trying to develop a cross-nationally valid indicator.

The danger of ethnocentrism is always a factor to be reckoned with in internationally comparative research, and the intention behind the multinational composition of the team was to counteract it. At several points in the process, the team experienced the difficulties entailed in looking at and interpreting data generated in one setting through the lenses of another culture. Such problems stemmed mainly from the fact that I played the leading role in structuring the research and the data analysis. My interpretation of the issue of youth unemployment and the role of business was shaped by the interviews I had conducted in the Federal Republic of Germany. The fact that I had conducted some of the interviews in Britain jointly with our British researcher was not enough to make up for this bias. The team discussions were extremely valuable correctives, pointing out where the interpretations in internal interim reports or draft outlines I proposed as "academically logical" and "culturally neutral" were in reality strongly influenced by my primarily West German perspective on the subject (i.e., the Germanic steps on the bridge from school to work; the major social, political, and technical role

played by the dual training system; and neocorporatist policy-making structures).¹²

Of Principles, Processes, People, and Performance: Insights from the Data

The interviews revealed that the companies in both The Federal Republic of Germany and Great Britain had undertaken a wide range of activities (and for many reasons), that there were a variety of patterns in processes involved in introducing and implementing the responses to the social issue, and that numerous roles were played by managers and other individuals in companies in these processes. The multiplicity of activities, processes, and roles is a major finding of the research, but it might present a confusing picture if it were not accompanied by some key organizational features that the research identified as central to the ability of companies to perceive and act on changes in their environment.

Before looking at the data generated by the theoretically-grounded research questions, I provide in chapter 4 a thumbnail sketch of the similarities and differences between the way the problem of youth unemployment was linked with traditional and emerging corporate social responsibilities in each country and an overview of the youth-related activities that were generated in response to it. This backdrop shows that the constellation of traditions and corporate experience in dealing with the kind of measures generally seen as appropriate for responding to the issue of youth unemployment differed significantly between Britain and Germany, implying quite different points of departure for introducing activities.

In chapter 5 I present and analyze a review of the reasons given by the British and West German managers for their company's involvement in the issue of youth unemployment. The analysis of these responses illus-

12 While the team discussions helped overcome these dangers, a slight predominance of examples and detail from the West German interviews is destined to prevail in documents I write on the study. Naturally, the rich experience of the interviews I conducted personally has a greater impact on the texture of my writing than can the summary of a discussion conducted by the interviewer in Britain.

trates why a shift from an approach based on developing distinct categories to one highlighting interdependencies and interwoven logics is a more appropriate way of coming to grips with the concept of corporate social responsibility.

In chapter six the insights relating to the process of introducing and implementing corporate responses are reviewed. In light of the many kinds of processes and roles observed and the limited conditions under which the Ackerman model is applicable, the data suggest that this kind of modeling is not particularly useful. Instead of focusing on discrete stages, the results of this study lead to proposing an analytical stance oriented to highlighting interactions in the process of corporate social responsiveness.

The features common to the sample corporations that appeared to be most active in each country are identified in chapter seven. The limits of structural variables to explain levels of corporate social performance are indicated, and the significance of organizational cultural features is explored. Linked to the analytical stance suggested by the data on processes and roles, the analysis of the features of responsive corporations focuses on the cultural characteristics that enable companies to promote and value interactions between their employees and others in the environment. Throughout the analysis, the similarities and differences between the responses from the British and West German companies are noted with an eye to identifying those aspects of corporate social responsibility, responsiveness, and performance that are most subject to the influences of the surrounding cultural environment.

Chapter 4

Backdrop: Youth Unemployment and Corporate Responses

A key finding from the preparatory literature analysis and expert interviews was that, although there was extensive public rhetoric in both countries about the need for business to contribute to reducing the problem of youth unemployment, the point of departure for defining the role of business was very different. The situation in West Germany was characterized by consensus on the nature of the solution (i.e., more training), and it meant building on past roles and experience for business and government. In Britain, by contrast, new approaches had to be developed and new roles experimented with by government as well as business.¹

The problem of youth unemployment was in many ways seen as an acid test of the adaptability of the training system in West Germany. Business has traditionally played a clearly defined role in the bridge from school to work in the Federal Republic of Germany, and both government and business saw the solution to the problem as consisting primarily in doing more of what had traditionally been done, with certain variations and additions (see, for example, Alex, n.d.; Casey, 1986; Clement, 1985; Maier, 1983; Schober, 1985). Namely, business was called on to expand its training capacity to absorb the young people leaving school. Special government programs were introduced to help integrate particular groups of young people, such as the children of foreign workers,

1 For a more detailed presentation of the youth unemployment problem and the development of the role of business and other societal actors in both countries, see Berthoin Antal (1990), chapters 2 and 3.

school-leavers² without certificates, and young women entering traditionally male domains. These programs provided subsidies or other assistance to companies that took the young people into training programs or apprenticeships. The problem of youth unemployment was seen as being temporary, due largely to the children of the baby boomers entering the labor market at a time of recession. The demographic outlook for the early to mid-1990s showed a significant drop in the number of school-leavers, so all measures introduced to deal with youth unemployment were treated as temporary adaptations in the system.

In Britain, by contrast, the tradition of business responsibility for training on which West German companies built their responses to the problem of youth unemployment, was absent for the most part. Apprenticeships play a much more marginal role in integrating young people into the labor force in Britain than in Germany. Although at first the problem was treated as a temporary matter for which countercyclical measures could be used, it became linked with a deep and recurrent concern about skills shortages. Youth unemployment brought to light gaps in the existing system of transition from school to work (Grimond, 1979). Long-term solutions were needed, and new elements had to be created in the bridge from school to work, requiring both government and business to try out unaccustomed roles and different tasks in Britain. The confluence of these two problems led to the recognition of the need for active labor-market policy, and the government introduced numerous schemes involving work and/or training in companies for young people. The policy framework for British companies was therefore characterized by significant changes, particularly since the goals, administration, and content of the new schemes were revised frequently over the years (see, for example, Finegold & Soskice, 1988; O'Brien, 1988; Rose & Page, 1989).

2 The term "school-leavers" is used to refer to young people having completed one of the recognized levels of certification or types of schools in Great Britain or West Germany. In both countries there are several different points at which young people can successfully conclude their schooling (between the ages of approximately 15 and 20 years), depending on the particular examination passed or the type of school attended (in contrast, for example, to the unitary concept of high school and diploma in the United States). For an overview, see Berthoin Antal (1990: 28-36).

The key implications of this background information for the theoretical construct of this research are that the companies in both countries were under comparable pressure to deal with the issue of youth unemployment and that a consensus had emerged as to the type of response that was expected from business. However, the kind of organizational learning that was required differed significantly. West German companies (on the whole) could expand on experience, whereas most British companies were challenged to introduce activities with which they had had less experience. Furthermore, whereas the consensus in West Germany on the "right" way of dealing with youth unemployment was consonant with traditional values, in Britain the new approaches that were required conflicted with many of the traditional forms of thinking. This constellation therefore allows the examination of how some organizations learn incrementally as well as how they deal with having to learn about methods that are relatively foreign to their past ways of thinking and doing. Since the sample in each country also contained companies that deviated from this profile (i.e., British companies that had a tradition to build on and West German companies that had launched activities of a kind with which they had little experience), further variations in learning situations in organizations could be studied.

Types of Responses Found in Sample Companies³

In both Britain and West Germany, the sample companies were engaged in activities spanning all three phases of young people's transition from school to work. First, starting with school children and teachers, they were involved in schemes to provide practical contact with the world of work, information about the variety of occupational possibilities available, and advice on the job search process. By preparing them for the recruitment procedure through such activities, managers helped young people match their abilities to the needs of the labor market and improve their chances of being selected. Second, a large number of

3 For a comprehensive description of the types of activities undertaken by the sample companies, see Berthoin Antal (1990), chapter 4.

schemes were conducted for school-leavers to help them make the transition into the labor market and, particularly, to obtain the necessary training for skilled work. Finally, companies contributed to reducing youth unemployment by offering special employment opportunities to young people or assisting them in becoming self-employed.

The managers from both countries reported that in each of these areas there were a number of different ways companies could become involved. They could, for example, choose to set up and manage a scheme of their own creation. Another option was to work within a program organized by the business community or by other nongovernmental actors. A third possible route was to participate in one of the government schemes, often adapting and enriching skeletal guidelines.

The responses of West German companies

Overall, the response of the West German companies focused on expanding the traditional training system, which they did in several different ways. The most common response (given by half of the companies in the sample) was "training above need," that is, the companies took on more apprentices⁴ than they would otherwise have done. This was the focus of political moral suasion, and since these activities fell into the traditional scope of corporate responsibility, they were financed largely by business. Close to half of the companies ran special preparatory programs for school-leavers whom they did not feel were equipped to deal with the demands of an apprenticeship (e.g., the children of foreign workers, or socially disadvantaged young Germans), and a third took on such school-leavers for full apprenticeships. Most of these programs were partially subsidized. Over a third of the West German companies in the sample were involved in cooperative training ventures (some of which were partially subsidized). A third were running training programs

4 There are over four hundred types of apprenticeships in Germany, and over 60% of the country's school-leavers take one on (with an increasing number of young people combining apprenticeships and university studies to strengthen their qualifications). The system is labeled "dual training" because it involves both practical experience and theoretical learning; the apprentices attend public vocational schools two days a week or on block release during their training. Most apprenticeships last three years.

for various kinds of new occupations, and a few had run special programs to integrate young women into male-dominated occupations (not relevant for retail; in chemicals/pharmaceuticals possible only in occupations not requiring night shifts).

In addition to these various types of activities for school-leavers, the West German companies in the sample were involved with schools, particularly through the provision of internships (2-3 weeks) for teenagers, and--in just under a third of the companies--for teachers. About a third of the companies had recently introduced activities oriented to career counseling, interview techniques, and the like.

The interviews showed that the West German companies had implemented a few special measures for employing young people (beyond hiring the normal recruits). These ranged from offering part-time employment linked with further training or limited contracts for former apprentices until a full job could be found, to participating in state-subsidized retraining schemes for unemployed young people. Almost half of the companies had undertaken one or more of these measures, but they were clearly on a much smaller scale than the activities in the other two phases.

The responses of British companies

Unlike the West German focus on the training phase, the response of British companies was more varied. The sample companies reported involvement in a great variety of school-based schemes that included career counseling, enterprise awareness schemes, business simulations, work experience, plant visits, work shadowing, interview techniques, support for new City Technology Colleges, donations in cash or kind, school governorships, training and work experience for teachers, and the provision of expertise in the development of new curricula designed to make schooling more "relevant to working life."

The focus of British company activities in the transition phase was on participating in the government-subsidized Youth Training Scheme (YTS). Of the companies in the sample, only one had never participated in it or in its forerunner, the Youth Opportunities Scheme (YOP). Approximately one third of the companies were running their own

training or apprenticeship schemes either parallel to YTS or instead of it. A few companies helped provide training for other companies by becoming "managing agents" for YTS schemes. In only one British company was there a special focus on ethnic minority groups.

Whereas the transition from training to employment is a clear step in West Germany, it is less so in Great Britain. In most companies managers tended to offer their YTS trainees "proper jobs" (as they termed them) when the opportunity arose if they were interested in keeping the young person, rather than waiting until the end of the training period.⁵ An employment-oriented initiative that received a great deal of media coverage in Britain was enterprise agencies, designed to help small-business start-ups, some of which focused on young people. About a fifth of the sample companies had been involved in enterprise agencies in some way (e.g., through seconding managers to these organizations).

Summary Assessment of the Distribution of Activities

Companies in both Great Britain and the Federal Republic of Germany were active in a variety of ways in schools, where they contributed generously of their time and expertise. Numerous schemes were also found in the second phase, both privately funded and government subsidized. West German as well as British companies had opened their doors to young people for periods ranging from a few months to three years to prepare them for work.

It is essential to recognize that even those schemes that were subsidized involved organizational commitment of time and effort. In the majority of the sample companies, employees at all levels usually made considerable efforts to teach young people essential occupational skills and help them adjust socially to the working environment. The interviews revealed that one activity often led to another, so companies were generally involved in several schemes at a time in the first two phases of the transition process.

5 Only one company had participated in the government "Employed YTS scheme," a scheme designed for job creation.

In both countries, the experience of working with young people and getting to know them often generated personal commitment to the individuals, leading to employment opportunities that might not otherwise have materialized for that particular young person. A limited amount of job creation might have occurred in this way. Overall, however, one is struck by the imbalance in the distribution of activities over the different phases in the transition from school to work and the lack of measures designed specifically to provide young people with employment. Once young people had reached the end of the bridge from school to work, both German and British companies tended to view them like other members of the labor market. This corresponds to the perspective of policymakers in both countries, who did little to stimulate job creation in general or to develop schemes specifically for this group of unemployed. In effect, if school-leavers did not succeed in finding an appropriate job through the "window" into the labor market afforded by schemes in the second phase of the transition process, they dropped from sight, and decision-makers in business as well as government turned their attention to the next cohort of school-leavers.

The interviews produced no evidence of schemes to redistribute work between the "haves" and "have-nots" of the labor markets in Great Britain and the Federal Republic of Germany. Other than a job-sharing scheme in a West German company, no attempts had been made by the sample companies to experiment with new ways of reorganizing workloads to reduce unemployment, especially youth unemployment (see, for example, Dierkes & Strümpel, 1985; Strümpel, 1989). Despite surveys indicating that significant numbers of jobholders would like to work fewer hours (von Klipstein & Strümpel, 1985), the research did not uncover any signs that companies were pioneering innovative responses to these interests. The societal costs of such limited perspectives are high, because options for reducing youth unemployment in the period under study were left untried. The long-term costs to companies may well be even higher because they failed to use opportunities to get onto a crucial learning curve early. They lost valuable time needed to prepare themselves for the inevitable reorganization and redistribution of work that remains one of the major challenges facing business and society in both Britain and West Germany.

Chapter 5

Corporate Social Responsibility: From Typologies to Weaves

The review of the literature presented in chapter 2 showed that the dominant approach to conceptualizing corporate social responsibility has built on categories and typologies of arenas of responsibility (e.g., economic, legal, ethical, and discretionary). The purpose of interviewing managers was to learn how they conceive of their social responsibility in practice, so as to see whether a different analytical approach might be more appropriate. The managers in both countries cited a wide variety of reasons for their company's involvement in youth-related activities, which applied at different levels: systemic, organizational, and personal. Almost all respondents indicated that several reasons played a role simultaneously. Furthermore, while some of the reasons were present in their minds from the outset, others emerged with experience.

Fitting into Categories

Probably the most comprehensive list of reasons for the exercise of corporate social responsibility was compiled by Davis (1973), containing ten types of arguments.¹ The usefulness of these categories for understand-

¹ The variety of responses was so rich that shorter categorizations, such as Carroll's four (1979), were inadequate. The distinctions between "economic," "legal," "ethical," and "discretionary" facets did not emerge naturally from the data, and it was inappropriate to impose these on the responses solely for the sake of simplicity.

ing the data generated by the interviews is worth examining from two perspectives: (1) Can all the data be fit comfortably into these ten slots, or were further reasons given that are not accounted for by Davis' long list? (2) Are the categories equally applicable in different cultures (i.e., how culture-bound are they)?

1. Long-run self-interest. The first argument given by Davis is that of long-run self-interest, which he pointed out "is actually a sophisticated concept of long-run profit maximization" because "a better society produces a better environment for business" (Davis, 1973: 313). The concept of long-run self-interest was used in two ways by the respondents. One type of response that was focused on the economic side of society was characterized by the British manager who said "anything we do to stimulate the economy is good for us." His words were echoed in the axiom mentioned by another: "a healthy high street, healthy backstreets."

The most common expression of long-term self-interest mentioned by respondents was the conviction that it was necessary to have a well-trained labor force to draw on in future. West German managers referred to this more often than British managers, who were more likely to note their perception of a conflict between training for their own immediate needs and for "the industry" or the "labor market" in a larger sense. British managers feared the short-term costs of having their skilled people "poached" by the competition, whereas their West German counterparts took a longer term view on the flow of skilled labor.

2. Enhanced public image. The second argument presented by Davis is an enhanced public image in order, say, to attract more customers or better employees. The respondents gave several reasons that are linked to this "public-image" category. Most of the respondents in both countries were concerned about the image of their companies and said that they wanted to be "perceived as a caring company in the community." "You can't just sneak in," explained the managing director of a company that had relocated in Hamburg; "companies need to gain acceptance in the community."

Besides this general "caring image," there were image aspects that referred specifically to the problem of youth. The companies with a high intake of young people (either as apprentices or as employees) saw the public-relations benefit of school-based activities or training programs as building up a reputation as a good trainer and employer. The West

German respondents took a long-range view of this, stressing the importance of such an image for the future, when labor shortages are expected. A third type of image argument was brought up by a few British managers who linked it to product visibility, for example, in a chemicals company producing toiletries and in a computer company. This was mentioned rarely and was not stressed as an important factor but rather as one reason among others.

3. Viability of business. The third point made by Davis (1973: 314) was "if business wishes to retain its present social role and social power, it must respond to society's needs and give society what it wants." The interviews did not generate comments of this breadth; however, this kind of argument was applied in West Germany to the viability of the traditional training system, of which the business community is proud. As a manager there commented, "if we [German industry] want to keep the dual training system, we must be able to meet this challenge [of integrating the large numbers of school-leavers]."

4. Avoidance of regulation. Davis (1973: 314) suggested that companies respond to social demands in order to avoid regulation, which "is costly to business and restricts its flexibility of decision-making." In neither country was this motive a significant factor. In the context of the youth unemployment issue, there was no threat of legislation facing British companies. On the contrary, in numerous industries the government had dismantled the Industrial Training Boards, whose task it had been to develop training standards and raise levies from companies to finance training. In the Federal Republic of Germany a clause in the 1976 Training Promotion Act sponsored by the Social Democrats had attempted to introduce a mandatory levy on companies to finance training if the business sector did not succeed in providing 12.5% more apprenticeships than actually required each year, in order to give the young applicants a choice of occupations. However, in 1980 this clause was declared null and void by the Supreme Court because of a formality in the legislative process. Attempts by unions and Social Democrats to reintroduce a law requiring a levy were unsuccessful, but the threat was taken seriously enough by the business community to warrant numerous speeches and publications by the peak organizations. In neocorporatist fashion, Chancellor Kohl issued an "apprenticeship guarantee" in 1982. After consulting with business leaders, he promised that 30,000 more

apprenticeships would be provided in 1983 than in 1982, that is, a number projected to be sufficient to ensure that an apprenticeship would be available to every school-leaver who sought one.²

5. Sociocultural norms. As Davis (1973: 315) noted, "the businessman operates under a set of cultural constraints in the same way that any other person in society does. . . . If society moves toward norms of social responsibility, as it is now doing, then the businessman is subtly and inevitably guided by these same norms." The respondents were asked about how "subtly" they experienced being guided into responding to a societal concern. In light of the moral suasion exerted by prominent figures in the political and business community in both countries, the respondents were asked about their assessment of its impact. No British managers, but about a quarter of the West German managers, believed that politicians had had an influence on their company's decision to introduce measures to combat youth unemployment. The speeches made by politicians were credited by some German managers with raising problem awareness and thereby preparing the groundwork for seeking solutions. They noted this effect both at the top of the company and among employees at other levels. As a West German manager commented, those appeals "alone do not set something in motion, but they do make people more receptive to implementing an idea when it is proposed." Respondents said that the public attention given to the issue and the stress on the responsibility of business in this area had doubtless played a role in generating a willingness on the part of employees at all levels to contribute to helping young people in some way.

Managers in both countries mentioned the effect of pressure exerted by business organizations on their members or by specific opinion

2 The calls to German companies to "train above need" led to a significant expansion of apprenticeships by companies. In 1977, 532,900 new apprenticeships were offered, and the number grew consistently until 1984, when the high point of 726,786 new apprenticeships was reached. More than a quarter of a million additional apprenticeships were offered from 1982 to 1987 alone (Casey, 1986: 71). As impressive as this achievement was, however, it did not come near to meeting the demand. Even by conservative government estimates the shortfalls were serious, nearing 40,000 places in 1984, for example (Bundesministerium für Bildung und Wissenschaft [BMBW], 1987: 3). The calculations conducted by the unions and some researchers point to much higher deficits each year (see, for example, the minority opinion published in BMBW: 28-29).

leaders in major corporations. The moral suasion that trickled down through the structures of the business community (e.g., through peak business associations into local employers' associations and Chambers of Commerce) moved from the realm of rhetoric into that of practice. Of the means of communicating pressure, "the most effective approaches were the personal ones," reported a West German manager who remembered receiving many direct phone calls and letters and being involved in many conversations with his peers in business organizations. Participating in these organizations and channeling moral suasion into the business community had its own effects, as a manager in West Berlin explained: "We are in the Chamber of Industry and Commerce and tried to exert pressure on other companies from there, so, of course, we had to participate as well." The role of the unions in communicating social concerns and getting companies to respond was seldom mentioned (less than a quarter of the companies) in either country.

Another source of pressure was internal. Both British and West German managers mentioned that the appeals made by employees at various levels, particularly for their children, had stimulated the company to become involved in schemes to reduce youth unemployment.

6. Stockholder interest. Beyond noting the advantages to stockholders that might accrue from the improved public image of the firm and the financial advantages of avoiding government regulation, Davis (1973: 316) cited research suggesting that "types of responsive behavior which bring returns to the corporate sector as a whole actually operate to the benefit of the holder of a diversified portfolio." In the interviews, the relation between stockholder interests and youth unemployment measures was mentioned primarily in the context of the company's position on using government subsidies to run programs. Almost all of the British companies and most of the West German ones did not have a policy stance but rather decided on a case-by-case basis. However, a few respondents in West Germany answered that they used government funds in public programs because "it would look bad to shareholders" if they did not take advantage of the subsidies, "as though the company had money to give away." On the other end of the scale, several West German managers reported that they consciously did not use public funds because "we are strong enough to do it alone" and "prefer to leave the funds for companies who are in greater need of it."

The interests of stockholders are distributed differently in many West German companies than in Great Britain and the United States, a fact that can play a role in the long-term orientation to profits that is often needed for investments in socially responsible activities. Namely, the banks are major stockholders and sit on the supervisory boards of large corporations. The effect of this arrangement was mentioned by a West German manager who commented that the fact that the shares of his company are owned for the most part by banks "means that the company thinks less in terms of dividends than in terms of job security," meaning in this case that it is able to make the long-term investments necessary in training and life-long learning.

7. Let business try. Davis (1973: 316) observed that "many people are frustrated with the failures of other institutions, and in their frustration they are turning to business." The interviews did not reveal much support for this kind of reasoning. The only case mentioned was in Britain in connection with the Community Action Programme in Birmingham, where one of the respondents commented, "if anything significant was going to happen in the Birmingham area, then it would have to be employer-led."

8. Business has the resources. "Business has valuable resources which could be applied to social problems, so society should use them" (Davis, 1973: 316). The variety of activities undertaken in the sample companies illustrated well that the companies subscribed to the first half of this statement, and they showed how broadly the concept of "resources" needs to be understood. It is not, as might at first be assumed, exclusively or even primarily financial resources that business can provide to deal with social problems, but rather, expertise. As a West German chief executive officer explained, "it is not so much a fat purse, as ideas and actions" that are needed. And a British manager concurred, saying, "it's very easy to give money. Resources and time are more valuable in this context."

This perspective on business resources was a cornerstone of the involvement of companies in training programs in both countries. The respondents in companies with a tradition in training strongly believed that the training offered in companies was qualitatively better than that offered elsewhere (e.g., in schools or other training centers). They felt motivated to participate in government programs in order to ensure that

the young people received the practical experience and relevant skills that only business could offer. Such school-related activities as careers days, entrepreneurship exercises, work experience, and plant visits similarly tapped business expertise.

9. Problems can become profits. "If business' innovative ability can be turned to social problems, many problems could be handled profitably according to traditional business concepts," suggested Davis (1973: 317). There were two West German companies in which the successful implementation of programs played a significant role in the survival of departments. Both had had a long tradition and strong reputation in training but were in financial difficulty and would have had to cut back significantly on their trainers. In one company the training department became a separate business and took on apprentices from other companies as well as from the original company. The other company launched a major government training program for unemployed youths and thereby helped ensure the survival of its training department.

However, almost all the respondents made a point of noting that their activities represented net outlays (although only rarely were attempts made to quantify the costs). The idea of running programs at a profit was clearly perceived by the respondents to be both impossible and inappropriate. At most, participation in subsidized programs could be seen as "taking some of the cost out of training. We don't make anything, but it helps pay the bills."

10. Prevention is better than curing. The logic behind the preventive approach to corporate social involvement is that "if business delays dealing with social problems now, it may find itself constantly occupied with putting out social fires so that it has no time to accomplish its primary goal of producing goods and services" (Davis, 1973: 317). The logic of intervening early to help young people avoid unemployment underpinned most of the programs the companies were involved in. The "social fires" Davis mentioned were reflected in concern about the potential for social crisis inherent in high numbers of unemployed young people, an issue that was mentioned in a few of the preparatory interviews as a reason for business to become involved in solving the problem. Several British and West German managers explicitly noted the importance of "keeping the young people off the streets" and "out of trouble." However,

the main reason given for preventive action was linked to a concern for the waste in human resources that unemployment represents.

The preventive, medium- to long-term attitude toward social problems was the most obvious in the companies' school-related activities, which were aimed at preparing the young people for choosing an occupation realistically and presenting themselves in their best light when applying for a job, for example. In the West German companies that consciously took up the challenge of "training above need," the managers believed that they were helping prevent youth unemployment; they shared the view that a trained youth had better chances on the labor market than an untrained one did.

In neither country was it possible to measure exactly how significant a "preventive"³ impact these activities actually had, that is, how many additional young people eventually found employment as a result of the schemes introduced in the sample companies. What was clear from the responses by the managers was that in many cases they had recruited for the schemes young people whom they would not otherwise have considered hiring. Having once passed through the door, the young people had an opportunity to prove themselves, and companies often appeared to have developed a commitment to them. After having invested both time and money in the development of these young people, many of the respondents in both the Federal Republic of Germany and Great Britain reported that the managers involved sought ways to help the young people from the preparatory or training scheme into a regular job (either in the training company or with another firm.)

Looking at Further Reasons

As comprehensive as the Davis list appears, it does not cover all the reasons given by the respondents for their commitment of corporate resources to social issues. There are several other important arguments

3 It is worth noting here that although a "preventive" approach is usually lauded as being more progressive and far-sighted than a "remedial" one, in the case of measures to combat youth unemployment there was a danger of focusing more on "prevention" than on "curing" (see the summary assessment in chapter 4, above).

that emerged from the discussions with the managers in Great Britain and West Germany.

Social conscience: "The right thing to do"

This is the core factor that is supposed to distinguish "responsible" from purely "economic" or "legal" reasons for corporate involvement in dealing with societal concerns. Surprisingly, it is not mentioned explicitly in Davis's list. The focus of his category "sociocultural norms" is on sources of pressure to respond, in other words, on meeting externally determined norms. It does not provide for the fact that much corporate social involvement is initiated simply because individuals at various levels of the company think it is the right thing to do. The underlying logic is that "we put ourselves under pressure," as a West German manager explained, or as another said, "it is not a matter of pressure, rather one knows about the problem and feels we should do something about it." Since the majority of respondents in both countries placed some form of social conscience at the top of their list of reasons, it is worth looking at the different aspects of social conscience that emerged from the interviews.

The most common stance was a "good Samaritan" approach. The managers in these firms expressed a concern about the social fabric of the community and a willingness to help solve its problems where possible. As one British manager put it, "no one with a social conscience can be unaware of youth unemployment." A West German respondent said, "you can't just close your eyes and hope it will pass." The consequence of this "good Samaritan" view ranged from a quite aloof "philanthropic" kind of approach, which tended to take the form of passive responsiveness (i.e., a willingness to respond when asked), to an activist stance of the kind reflected in the statement of one British manager: "It's no good, as industry, complaining. You've got to be prepared to try to do something, prepared to try to influence things."

A smaller number of respondents (approximately a third) expressed a sense of membership in society and sharing of the problems, which signaled a greater intensity of commitment. This position was formulated in a particularly succinct manner by a British manager: "Social affairs are

an integral part of business affairs." Others felt like the British manager who pointed out that "you can't go around earning a profit and not have some kind of social involvement," and the one who said "it's only right we should put something back into the community." This view was echoed by the owner of a Hamburg company: "the responsibility of business goes beyond making profit, because it is a part of a whole. Youth unemployment is a problem that affects us all, and it is too easy to point to others. We have to come up with initiatives."

The interviews showed the individual dimension of conscience to be one of the most vital factors in achieving corporate social performance. As a West German manager said, "It may sound strange, but all of us here agree that it is our social responsibility to do something for young people." Such a formulation should not be misunderstood to mean that corporate social responsibility can be reduced simply to an individual matter. Rather, respondents indicated that the idea somehow had to fit in the company, they could not simply push their pet projects through the organization. In these cases they found a high level of congruence between what they believed should be done and what was appropriate for the company. A training manager for a West German pharmaceutical company explained that, "we feel it is important, and the company gives us the opportunity to do something about it." The need for this match was stressed by a manager of a British high-tech company, too, who noted that schemes "have a lot to do with the ability and the commitment of staff rather than company initiative. If staff bring ideas in, then the company will make the effort to organize and manage them."

In a few cases respondents had moved from organizations that were active, either specifically in the area of training or more generally as "socially conscious companies." They then said that they felt guilty that their current employer did not do more, and that this stimulated them to launch activities in their new companies.

Personal satisfaction

A closely related individual dimension I have not come across in academic publications on corporate social responsibility is "fun." The most frequently mentioned factor in both countries was the satisfaction expe-

rienced by the employees involved in working with the young people. Time and again the respondents spoke simply of "fun." A British manager commented: "There's a whole world out there screaming for things to be done and there you can really affect things and influence things and do things, and it's most interesting. I don't know why more people don't get into it. It's good fun, and it's doing things for people."

Several sources of such personal satisfaction were mentioned: the feeling of being able to contribute personally even in a small way to dealing with the societal problem of youth unemployment, the pleasure of teaching one's job to someone else, and having teenagers about the place and seeing them "blossom." As a British manager commented, "there was a sense of achievement in getting the kids to 'grow a bit.'"

Why not?

An interesting insight from the interviews is that the question "why should companies get involved?" is actually less common than "why *not* get involved?" While academic discourse and categories are built on the first question, it appears that managers in practice are confronted more often with the second situation. All the respondents in both countries commented on the number of requests that they receive to participate in some kind of activity. The range and number of activities that the sample companies were involved in attested to the fact that no strong argument of principle was made against social responsibility. As a British manager explained, the basic attitude to requests is "if we can help, we will." The interviews showed that the reasons for turning down requests were usually related to capacity, but there was a difference between the way managers in the two countries formulated their concern for "capacity." British managers reported experiencing financial or "head-count" restrictions more often than West German respondents. "The business of making a profit is increasingly difficult, so doing things for others is secondary. We are therefore more likely to respond to a request than to go and offer to help," explained a British manager. By contrast, the West German managers explained restrictions on the number of young people they could involve in activities in terms of quality concerns, pointing to the importance of maintaining training standards, for example.

Categories and Beyond

The ten categories formulated by Davis (1973) provide a way of organizing some of the data from the interviews. Of these categories, the motives linked with "long-run self-interest," the several orientations to "an enhanced public image," the various reflections of changing "socio-cultural norms," the recognition that "business has the resources," and the concern for "prevention" dominated the responses in the sample companies. However, a closer look at the data shows that there are further and possibly even more significant reasons given by managers to explain their commitment to responding to such a societal issue as youth unemployment: "social conscience" and "personal satisfaction."

As shown by the discussion about the kinds of responses that could be fit under each of these headings, different accents emerged in Great Britain and the Federal Republic of Germany. Most importantly, arguments in favor of a long-term orientation to self-interest, to stockholder profits, and to preventive action were mentioned more often by West German than by British respondents. It seems, then, that categories can be used analytically in a culturally-sensitive manner if they are applied as a means of *exploring* rather than *reducing* data complexity.

The identification of numerous different logics behind corporate social responsibility through the interviews in Great Britain and the Federal Republic of Germany is not intended to expand and refine the academic typology proposed by Davis (1973). Although it may be interesting for analytical purposes to distinguish between the various forms of motivation, it is important to recognize that, in practice, the distinctions are neither clear nor particularly significant. The very existence of a "why not" category suggests that a fresh look needs to be taken at the way research questions are posed in this field.

The dynamics of mixed reasons

One of the key findings of this study is that managers have numerous reasons for committing corporate resources to dealing with societal concerns--and it is this very *mix* that appears to be a powerful motor behind the exercise of corporate social responsibility. Attempts to dissect, tabu-

late, and then classify the various component parts into some kind of logical hierarchy therefore misses the message of the interviews: corporate social responsibility is experienced and practiced in numerous overlapping ways simultaneously by individuals in companies.

In most interviews the mix of motives gradually emerged in the course of the discussion. This occurred, for example, because the various activities described had been initiated for different reasons (e.g., public image, long-term interest in schools versus immediate response to unemployment/skilling needs in training programs). Or the respondents added reasons during the interview because there were factors that came to be recognized after experiencing the activity rather than at the outset.

A common thread that ran through the interviews was that new reasons and ideas emerged in the course of running activities. As one manager put it, "the schemes served as a catalyst for more ideas. It was not planned, but I see it now." The interviews showed that the company often discovered how a particular activity could fulfill other corporate needs only after it had embarked on the activity for different reasons. The most common type of advantage that emerged with experience was the opportunity to develop that employees afforded by running programs for young people. For example, over a third of the respondents mentioned the presentation skills or other business skills the employees had developed in communicating to young people what their job, occupation, and business entailed. And in about a quarter of the companies, the experience with the youth schemes had served as a stimulus to revise or enrich regular company training activities. The "personal satisfaction" was also an aspect of commitment that tended to be discovered rather than planned. A British manager commented that "an unexpected aspect was the degree of support which employees had shown to YTS. They felt that the company was doing the right thing, and they showed a great deal of commitment."

A few managers appeared to have given thought to the importance of a mix of motivations for maintaining corporate commitment. These respondents helped to clarify that whatever the combination of reasons, they needed to be perceived as in some way meeting the two overarching criteria of corporate interest and personal interest. As a British manager formulated his position: "Our operating companies are not charitable organizations. Managers are always ready to listen, keen to get involved

in youth issues, if at the end of the day there is some degree of mutual benefit." Such a mix of motivations and benefits was seen to promote continuity and quality. As a manager in Hamburg pointed out, "when a program is run purely for philanthropic reasons, it risks being stopped. The company must see that it is fulfilling other needs for itself as well." What enabled managers in some companies to identify a link between corporate interests, a societal concern, and their own interests was, as will be discussed later, significantly influenced by the corporate culture. In the words of one British respondent, "getting involved is a matter of practice, habit, culture."

Linking various concepts of "society"

A factor that emerges from the interviews is the variety of concepts of "society" to which managers expressed a sense of corporate responsibility. There was a very broad definition of "society as a whole" at one end of the scale; at the other were the employees whose children were facing unemployment. In between were social concepts of "youth," the "industry" to which the company belonged, or the "local community" in which the firm was located. Of these various points of reference, the most frequently mentioned was the local community, which managers related especially to their feeling of obligation because of long-standing relations, their sense of duty as a major employer, or their general public image. For example, as a British manager explained, "morally we should . . . as a part of the business in the community ethic . . . convey that we are a caring, community organization. . . . We have to do more out there . . . we can't do it just for our own employees." Beyond these general reasons for local commitment were those that stemmed from the issue of youth unemployment itself: reasons such as the high level of local unemployment (e.g., "its not getting better, nor can it solve itself, hence the company moral obligation to YTS"); and the need to have a good image as an employer and good contacts with schools to be able to recruit attractive candidates (e.g., "If you want good young people, you have to do something about it").

These different foci of "social" responsibility cannot be treated in isolation from one another; managers operate in the entire social con-

text. The societal reference points are interrelated and sometimes conflicting. The potential conflicts between the various "societal" interests to which managers felt their companies were responsible emerged in discussions in a few West German companies about the choice of "societal" criteria to be applied in the selection policy for young people. For example, should a conscious policy be pursued to offer slots to the employees' children first or to the larger community; should young West Germans from troubled backgrounds or the young foreigners be the focus of a special program?

The way the levels can be seen as constructively linked was illustrated by the interview with a British manager who mentioned several of them in the course of the discussion: "If this country is to survive, we have to have a trained work force." "Youngsters are the life-blood of industry." "If a company is going to survive, it has to pull kids in at the bottom, it's essential." Another manager's comments show the way he perceived the dynamics behind the linkages between these levels: "There are benefits to the community because the kids start to realize their responsibilities and gain skills. Work leads to money, which leads to improving prospects, to have a house, a car, kids, and so on."

To summarize: The interviews explored the variety of reasons that managers committed corporate resources to societal issues in order to generate a better understanding of their conceptions of corporate social responsibility. Although most of the responses can be subsumed under the list of ten reasons proposed by Davis (1973), this analytical approach does not bring out the essence of the experiences reflected in the sample companies. The list does not include the vital components of "social conscience" and "personal motivation"--the factors that played a major role in moving individuals in companies to organize activities. More importantly, because it focuses attention on separating reasons into categories, this analytical approach does not highlight the interaction between reasons for engaging in dealing with social issues. The responses of the managers in both Great Britain and the Federal Republic of Germany showed that it was a mix of several reasons, both corporate and personal, and both initial and emergent, that underlay the activities that were undertaken. Furthermore, the interviews showed that managers did not apply a unitary concept of society in conceiving of corporate social responsibility. Rather, a range of reference points underpinned their

decisions and activities relating to social concerns. The most commonly mentioned was the local community, but the respondents indicated an awareness of the linkages between the various levels and the potential chain of effects that the commitment of corporate resources to a social issue could entail for them. Research on corporate social responsibility therefore has to move on from models of differentiation to approaches that highlight interactions and interdependencies.

Chapter 6

Corporate Social Responsiveness: From Stages to Roles

The literature on how corporations organize processes for responding to societal concerns led me to seek evidence of progression through stages of institutionalization and it directed my attention in particular to the role of the chief executive officer (CEO) or other top managers. In the interviews, the respondents were prompted to trace the development of youth-related activities in their companies from the introduction of the original idea to its implementation and evaluation. When the results of the interviews are looked at through the theoretical lens offered by Ackerman's model of stages, however, much of what the respondents described is not visible.¹ In this chapter I will first review what can be learned from the perspective of stage models and specify the kinds of situations for which this approach appears most relevant. I will then explore the data through other lenses that bring those findings into clearer focus in order to enhance our understanding of the dynamics involved in the process of getting corporations to respond to societal issues.

1 If the interviews had been conducted only with top managers, they might have generated data that fit existing models of stages. There are two related reasons for this conjecture. First, it is likely that a process looks neater from the top of the organization than when seen from the perspective of actors in the middle. Second, top managers are more likely than managers at other levels to think programmatically, and they tend to report on those activities that they perceive in such program packages. People at the operational level tend to report on all the activities they are involved in irrespective of whether these activities are conceived of as part of a program. The interviews with operational managers generally generated a messier and more varied picture about the number of activities and the process that led to them.

Looking for Stages

Since all the companies were in the sample because they had actually conducted activities for young people, it is reasonable to assume that they can all be placed at least in Ackerman's stage 2, in which responses have been formulated and implemented. They should all have moved beyond the first stage, which, according to the "classic" model, is when a top manager brings the idea into the organization and then identifies a person to formulate a response. Theoretically, a considerable number of companies could also be expected to have moved into stage 3, when the new idea has become integrated into routine, because the majority of the companies in both countries had been running activities for several years at the time of the interview.

In fact, in less than half the cases could the expected progression from one discrete stage to the next be reconstructed from the interviews. This is because the criteria specified by Ackerman for the stages were not met. For the majority of activities, no explicit policy decision had been made by top management; and, in most cases the idea was initiated lower down in the organization first and linked up to top management later, if at all.

The respondents indicated that although participation in a government program (such as YTS in Britain or a subsidized scheme for foreign youth in West Germany) and the pursuit of training "above need" in response to the rallying cry in the Federal Republic of Germany were always based on a conscious policy decision made by top management, it was much more seldom that other activities--particularly the school-based activities--were the object of explicit top management policy decisions. The newer, more expensive, and more visible the scheme, the more important active promotion from the top appeared to be for its successful introduction.

In most of the other kinds of activities (and in some of the types of programs mentioned above), the idea originated with trainers, store managers, or other employees, rather than their being assigned the responsibility from above. Formal approval for the activity was obtained from top management later, if necessary. This behavior confuses the distribution of initiating roles between top management and other people

in the organization, and it changes the sequence in which the roles are played that is foreseen in Ackerman's stages 1 and 2.

The ability of the staff members to introduce activities might be seen as an indicator that companies have achieved stage 3 in the institutionalization process. The interviews showed that the more experience the company had in the area, the less top management usually needed to be involved in introducing schemes. In this vein, a West German training manager pointed out that some activities "have become so routine that no major decision-making procedure is involved. We have the general OK from top management to take on participants when we feel we have the capacity to do so." Significantly more West German companies in the sample than British companies (more than three quarters and less than half, respectively) had long-standing training experience on which to build for taking in young people. However, not all the firms that met the formal stage 3 criteria of routines, experience, and structures were equally committed to using their resources to initiate activities for young people. A closer look at the dynamics behind the facade of stage 3 characteristics needs to be taken to understand differences in corporate social performance.

A further problem with the application of the stage model to the data arises in its characterization of the transition from stage 2 to stage 3. A feature identified by Ackerman in the transition into routinization is the resolution of conflicts between old and new policies, requiring changes in priorities and performance expectations. The data from the interviews did not support this kind of analysis. In retrospect, the respondents tended to stress the gradual learning process they had experienced in the company rather than identifying a point in time when conflicts between values or policies had to be resolved.

To summarize, then, the stage-model approach is too rigid and imprecise an instrument to understand the response process. Its range is limited to describing the introduction of policies that are particularly new and different for an organization or that need top-management visibility for political reasons. But the interviews showed that a great deal of change occurs less dramatically and involves a more complex distribution of roles than the simple top-down approach suggested by the Ackerman model. In order to understand how ideas enter into organizations, how

responses take shape and become implemented, other analytical approaches need to be taken.

Exploring Processes

A closer look into a few selected cases in Great Britain and the Federal Republic of Germany provides a feeling for the variety of decision-making approaches taken to committing resources to social involvement in the sample companies. They show numerous strategies pursued for drawing different actors into the process.

Company A: The scope for initiative that is open to well-established trainers was clearly illustrated by this company (a multinational electronics company in Berlin). The company's involvement in the government program for foreign youths was launched by the head of training and further training, who was "well-known in the training community in Berlin." He had heard about the program through the Berlin Employers' Association training center. The head of training then talked about the idea with the respondent, a trainer who ran the company training workshop. The respondent agreed that they should do something. "There was a sense of urgency, we had to do something; society cannot afford so many unemployed youths." He looked around and found that they had two classrooms in the plant that could be remodeled and turned into an additional training workshop. The two of them drew up the plans for the remodeling and for the training program, then readily obtained the approval of the head of personnel and the director of the plant. The respondent believed that there was no resistance to the idea "because anyone who is already committed to training knows how important it is." It is significant that this bedrock of support was consciously nurtured by the training department. They presented the idea to the works' council, whose members also agreed. As the respondent summarized: "it is essential to inform everyone who will be important later in the process."

Company B: The Berlin plant of a West German chemicals company is an interesting illustration of the corporate commitment generated through active participation in local policy development and the attention to obtaining employee support inside the company. In 1979 a small

group of personnel directors from major chemical companies in Berlin (including the respondent) and the head of the Employers' Association in the Chemicals Industry met to think about the problems of the future, looking also at the kinds of government schemes in place. From these first ideas, according to the respondent, a plan was born to found an association for training and promoting young people from disadvantaged backgrounds.² The plan was presented to the membership of the Berlin Employers' Association and discussed with the Berlin government to see how funds could be arranged to meet these ideas. The planning process took only a year, and the first programs were run in 1981 and 1982. Having been active in setting up the Association, the respondent had no difficulty in involving the company in participating in the government program. He got the support both of the head of the plant and of the employees. "Time and again I stressed that these young people would be problematic and that one would have to be patient." "You have to get the support of employees, start early, and get the people motivated," he reported.

Company C: By way of contrast with the ability of second- and third-level managers to introduce ideas in companies in which the concept of training and the commitment to action was well established, the case of a British pharmaceuticals company (which a German multinational had bought a year before the interview) showed how little can be achieved when top management does not support the concept of involvement. Two examples of limited initiatives are recounted here, the first one in the area of training, the second in school contacts.

In the first case, the respondent, a human resource manager, reported that YTS had been introduced in one of the plants in a high unemployment area in 1984 as a result of union pressure for some form of corporate involvement in dealing with the issue. Only three young people were taken on, and the program was not repeated. The company was operating under severe headcount restrictions, and an attempt to "bend the rules" and keep one of the trainees on after the completion of YTS was detected by the managing director, who required that the young man be

2 For a variety of special training programs in Germany, private companies were not eligible to receive government subsidies. The business community established non-profit associations through which to run these government programs.

given notice at the end of the month. (The level of individual commitment is illustrated by the fact that the respondent and the young man's manager found him a job with one of their customers.)

In the second case--school contacts--the respondent's membership in a local business organization resulted in a visit by the local chairman of Industry Year. The respondent offered to organize a few talks in schools on industry. He talked to two managers he thought might be interested in volunteering, then he obtained the agreement of their bosses. He noted in the interview that since only two managers were involved for half a day each, he could plan for it, but if a lot more time had been involved, he would have found it more difficult to organize and justify. He said he felt that continuation in these kinds of schemes depended upon a certain modesty of size. Involvement was not costed, but if his expenditure and time on such initiatives (which he both enjoyed and found worthwhile for the organization) became too large, his boss, the personnel director, would ask "are you achieving your objectives?" Before joining this company eight years ago, the respondent had worked in organizations that had been more involved in societal issues, and he evidently felt uncomfortable that his current company was "not doing as much as it should."

Company D: The developments in this company illustrate how support from the top can be arranged for by a staff person moving up and bringing the commitment experienced in one company into the other. The respondent had been promoted half a year before the interview to the position of group personnel director in the British retail company that had recently bought the company in which he had worked for twenty-five years. (His appointment represented the first time the current company had had a personnel director on the Board.) His former company had been active in training and youth-related schemes, whereas the new corporate owner had not. The respondent described the process behind attempts to extend YTS activities in the current company at the initiative of local shop managers. YTS was ordinarily "left to the devices of individual managers . . . because there is no company policy . . . ; we've basically ignored it." The local managers had sent the request to the head office, and inquiries were made to the wage department on logistics. The respondent made the decision himself, wanting the company to be perceived as "a caring company in the community," which he believed could

be achieved by "helping out with kids." He added "almost morally we have to think about it, it could be our own kids." The idea did not go to the Board; as he commented, "there is no lead from the top, but there will be in future because I am now on the Board." Throughout the interview he mentioned activities that had been conducted successfully at his former company and that he had either already helped initiate in the current corporation or was intending to promote in the future.

Company E: The head of training and further training in a family-owned German multinational electronics company in Berlin was a good example of a staff person who initiated a great number of activities and worked out various ways of giving them the necessary legitimacy in the organization. He described numerous training and youth-related initiatives he had launched in the company. (One of them was a scheme to keep apprentices on the training department's payroll until a job opened up for them in the appropriate department. Contrary to the experience in Company C, this "bending of the rules" was treated positively and seen as a clever way of maintaining a pool of qualified young people.) "The ideas grow over time, there is plenty of work to be done, it is just a matter of finding a new way of approaching it." In a follow-up interview, the chairman of the Board--a member of the family that owned the company--stressed the importance attached in the company to seeking out new ideas. He commented "I hope that he [the training manager I had first interviewed in that company] has more such ideas. It is part of our philosophy, our corporate culture, that our employees have enough freedom of decision to do their work responsibly." In each case traced in the interview with the training manager, the idea had initiated with him, he had informed his direct superior (the head of personnel), and had discussed the ideas with him. The training manager assumed that the head of personnel informed the Board about some things, but he knew of no formal approval process that needed to be followed.

The large number of activities the company is involved in for young people bubbled up throughout the interview. They often resulted from telephone calls or other personal approaches from people in training organizations or other companies. The factors at work here were, first, that the respondent was active in the training community and therefore well informed about activities and known among people organizing schemes; second, that he knew that the chairman of the Board was "a

strong supporter of training and further training, who always had an open ear for activities in this area"; and third, that there was a general company policy of participating wherever possible to the extent that their capacity permitted. The respondent commented that the various special activities were not treated in a programmatic manner in the company. However, he was in the process of preparing a policy document on training, which he intended to present to the Board: "They probably won't read it, but I can refer to it to build on later."

Company F: Lack of personal commitment on the part of the person formally responsible for developing activities has consequences for innovation. This point was illustrated by one of the least active companies in the West German sample, a family-owned retail chain.³ The respondent was the assistant to the director of personnel and, as such, responsible for training. He had joined the company three years before the interview but knew nothing of the origins of the few special activities related to youth in which the company was involved. He mentioned that some of the stores in other locations had tried to participate in local programs, but that there was no general policy on involvement. He in effect discouraged managers from launching initiatives because in his experience there was "a 50% failure rate." Judging from the low activity rate in this company, such an attitude did not foster innovation or managerial initiative. Surprisingly, it emerged in the course of the interview that the company had a long training tradition and that they had doubled their training commitment over the past four years on the explicit instruction of the owner (who was president of the local Chamber of Commerce). This decision had nothing to do with youth unemployment, however, but rather with the growth of the company.

Company G: No matter how much commitment is shown by the top management and the staff person responsible for developing activities, activities cannot be successfully launched until the operating managers see the need for them. This fact was illustrated in an American-owned multinational chemical company operating in Britain. The respondent, the head of training, had tried repeatedly to initiate various programs

3 The restrictive attitude to the generation and sharing of ideas was reflected in the interview. This was one of the few interviews that I was explicitly asked not to tape--and the respondent requested permission to make a photocopy of my notes at the end of the hour.

since joining the company two and a half years earlier. He had been recruited specifically for the purpose of developing training in the company because the function had been regarded as "an old folks' home for redundant production people." Company policy had been to "poach" skilled craftsmen from elsewhere, which the respondent found "scandalous for a company this size."

He said he was "lucky with the people at the top," who were "convinced of the benefits of training, which is half the battle," but he had come to the conclusion that he couldn't suggest anything himself to other managers because it was either rejected or postponed. Over time he had learned that it was better to wait for an opportunity to start a small project and then wait for a "me too!" response to gather force. For example, he reported having put a suggestion on the management meeting agenda every week for eighteen months, and it had been vetoed every time. Eventually, however, the manager of one department came to him to ask about a special training program, which he then organized. "In the meantime other managers have become curious. . . . They'll all want it soon. . . . It works every time!" Decisions rested with his boss, the personnel manager, who was supportive of his ideas, and would then be communicated "as a matter of courtesy" to the personnel director in London. "If he were to challenge anything, however, it would be dropped."

He saw his function as "expert adviser" to the managers to help them recognize their needs, and he believed that he could persuade them that the activities were worthwhile because "it all turns to gold." The successes achieved were recognized by the U.S. Chairman in a videoed message to the international group.

Company H: The respondent in this British retail chain illustrated particularly well the fact that no one approach can be patented for success, even in a single company, and he defined clearly the numerous roles entailed in achieving desirable corporate social performance. The respondent had joined the company in the area of training and management development two years before the interview, and he described different ways of obtaining support for corporate involvement in a societal issue in his organization.

We're not a formal company, so there's not a single one way you'd go about it. You'd probably just write a memo up to your personnel director, who would pass it up to the group personnel director. But having said that, it'd be just as likely

you'd go up to the group personnel director and bang on the door and say "hey, I've got an idea."

This respondent echoed the view of numerous respondents who stressed the need to get the support of other managers. Because of his position in the headquarters of a company with regional branches, he focused on regional management, but his comments applied to others as well:

Regional management is the bit that we need to persuade. Once we've persuaded them, then it will go down the line. . . . Now persuasion can come from two sources. It can come from a statement from the chairman saying "Oi! Do it!" in which case it's very effective persuasion, or it can come from the likes of myself, who just go in there with an argument like "look, here's a problem, here's a solution, this is what we ought to be doing."

He summarized his function as "I'm an instigator, start the ball rolling, then an adviser later on, and to some extent, I act as a policeman as well, but not often."

Eliciting Patterns from the Cases

The experiences of the sample companies revealed a variety of different ways that ideas can be brought into the organization by managers at the operating level. The cases described above also provide insights into numerous strategies for gaining approval and support for an activity at different levels of the organization. In addition, several key factors promoting or hindering the successful introduction of ideas can be discerned from the brief sketches.

In dealing with youth-related activities, the "operating level" generally meant the person responsible for training or personnel, but store managers were also mentioned by respondents on several occasions as having initiated an idea. The ideas introduced by these people were usually focused on a particular *activity*. The specific ideas resulted from a specific need that arose in the manager's work or from a direct suggestion or request made by somebody in the community (e.g., training organization, school, other company, or labor office). As the head of training in a West German retail chain commented, the company was approached by so many people, and their cooperation with the local labor office "is so

close, that it is hard to tell whether an idea originated with the company" or an outside source.

As the selected cases above show, the respondents pursued a variety of approaches to obtain support for the ideas they wanted to introduce. They sought approval from top management and support from other managers around them as well as from employees who would be working with the young people. No single sequence or strategy dominated in the data. In some cases the idea was worked through by the respondent and then presented for approval from top management. The respondents recounted several ways of doing this. Some were quite informal. A British personnel director said that he would talk to the chairman, to whom he reported, and say "this is what I want to do." "The important thing is to get one of the directors or members of the Board excited about the idea," recommended a head of personnel in Hamburg. Others were more formal:

We [the training department] developed a proposal, including costing, and asked top management for approval. Since we documented the proposal with numbers, like trends on the labor market and the demand for skilled workers in the coming years, it was not problematic.

In several companies the respondents informed top management about a scheme after, rather than before undertaking an activity. The sample contained several other examples of this procedure beyond those described above, as in a British retail company where a respondent said that they "told the Board we had done it" after developing the scheme. In such cases, however, the respondents indicated that there was a sense that "involvement is looked on with favor, that he [the personnel director of a British pharmaceuticals company] gives his blessing." The legitimacy of an activity for which top management approval had not yet been formally confirmed was also achieved through reference to traditions or company policy statements (e.g., on community involvement or commitment to training).

In many cases the respondent reported having sought out a number of managers before going to top management, in order to integrate their ideas and obtain their support. As a West German trainer said, "ideas need to be introduced with the support of others," which he obtained "only through individual massage; I have to think about whom I'll need as a partner to get the thing done." A respondent in a British retail chain

explained that in her company the support for ideas was generated at regular meetings of managers at her level, who were "very cooperative; . . . we do everything by consultation. . . . It is rare to disagree if someone recommends something." The link between support from peers and from top management was illustrated by the head of training in a Hamburg retail chain:

When I want to get an idea into the company, then I first develop an excellent plan, I think about the arguments that might be made against it, and think about counterarguments for these points. . . . When I present my plan, first to the head of personnel [his peer], then to the top management, I also discuss the possible disadvantages of the plan.

To the extent that ideas were introduced by top management (the CEO or a member of the Board), they tended to be in the form of a general *theme*. This was in contrast to the focus of ideas introduced by second- and third-level managers. The top managers interviewed spoke, for example, about a concern for youth unemployment, the need for more training, or the importance of responding to an appeal from the business association. Clearly, an idea introduced as a theme had to find definite form in order to be implemented. The task of turning the idea that stemmed from top management into a specific proposal for an activity was assigned to an employee in whose area of competence the idea was perceived to fall.

Looking at the conditions that promoted or hindered the development of a response in the cases described above and the broader range of experiences represented in the sample as a whole, a first conclusion is that it is essential to establish a link between the ideas relating to corporate social involvement held by top managers and those held by operational managers, and between broad themes and specific activities. There were a few cases in which top management not only brought in an idea but also developed and implemented the activity, and there were some examples of activities launched by lower-level managers without the support of top management. The experiences of the sample companies showed that the activities for which a link between top management and operational management was not secured tended to be limited in scope and in life-span. For example, with enterprise agency activities in Great Britain, an idea that was considered particularly innovative and had high public relations value at the time, top managers did not delegate responsibility but rather maintained it themselves. This resulted not

only from the type of activity involved but also from personal and organizational style. Some chief executives chose to be involved and preferred to pursue a more active and interventionist management style. Whatever the motive, these schemes were then very limited because of the competing demands on the time of top management. In general, if an idea was introduced at the top of the organization and no one at the operational level was found to pursue it, it seemed doomed to remain rhetoric.

Similarly, the few reported schemes that had been initiated by lower level management despite the objection or indifference of top management were short-lived. In some cases they were cancelled as a result of opposition at senior levels. In other cases the commitment to the scheme did not take firm root because no top manager was identified to legitimate it. A scheme to familiarize school children with computers in a high-tech company, for example, became apparent to top management only when the media took an interest. It is likely that such top level indifference explains why the scheme folded when the managers who ran it left; there was no manager at a higher level to maintain company commitment and stimulate the search for a replacement at the operational level. (These examples happened to be in British companies, but there were so few instances that they cannot be assumed to have any particular national component.)

A second observation is that in no case in either country was someone hired specifically to deal with the issue of youth unemployment. There were several cases, however, where the respondents had recently been recruited to set up training in companies that had not engaged seriously in it in the past, and the youth-related activities fell into their domain. The implication of this observation among the sample companies is that companies will respond to a social issue if managers see that the type of political responses sought lie within existing areas of organizational competence. If the kinds of solutions sought to a social concern do not match up with the competence of organizations, it is very unlikely that companies will recruit people and develop competencies solely for the purpose of responding to public needs.

Third, although the very existence of competence in an area within a company was what permitted many ideas to be introduced below the Board level, the interviews showed that it was not enough simply for a competent person to be in place in the company. That person needed to

be known in the outside community. The descriptions given by the respondents documented that many activities stemmed from personal approaches by external organizations with specific suggestions for corporate involvement. Getting effective programs developed and implemented almost always required external input and support.

A fourth factor that emerged in the interviews was the significance of a sense of commitment. Just having a job and a function was not sufficient to stimulate involvement. Few ideas for corporate social involvement flourished in the companies where little interest was shown by the top manager and/or the lower level manager in whose area the responsibility for developing an activity fell. "What you've got to get is commitment, a person at the right level," emphasized a British respondent, adding for his case that such support "especially at the highest level is advantageous." A trainer in Hamburg analyzed the significance of commitment as follows: "If a person does not have a real commitment to this area, he is more likely to focus on the day-to-day necessities and not think about what will be needed in five years." In light of these findings, it is worth exploring how managers and other employees enrich their formal role (as reflected in the job title) to achieve the desired social involvement of their companies.

Respondents in Diverse and Multiple Roles

The most striking difference between the reality described by the respondents and the conditions laid out in the Ackerman model is the diversity of roles entailed in introducing and implementing corporate activities relating to societal issues. The model leads one to expect essentially unidimensional actors with clear scripts for a particular function. By contrast, the processes in the sample companies revealed that individuals need to be skilled in a range of roles, playing each depending on the needs of the situation. The very accumulation of roles appeared to be a significant factor in the dynamics of turning individual ideas into organizational actions.

For the purpose of understanding the process of corporate social responsiveness, it appears useful to look at three kinds of role definitions:

- The roles formally assigned to the actors in the organization
- The roles actually played in the process of introducing and implementing a response to youth unemployment in the company
- The other roles the actors fulfilled in a societal context

Formal roles

The interviews in the sample companies illustrated how wide a range of organizational positions can be involved in the corporate response to a societal concern like youth unemployment. The emphasis that the respondents placed on actors outside the company suggests that an overview of formal roles also needs to account for those played by representatives of relevant external organizations.

As was to be expected, managers from the personnel or training department were always key actors in the process of introducing and implementing activities for young people. Their responsibilities extended from designing an activity and obtaining the support from and coordinating the people, departments, or external organizations involved in the actual implementation of the activity to providing training or assistance directly to young people.

The other internal actors included top managers whose active or tacit support was needed and a variety of people at different levels and in different areas of the company to whom the young people were entrusted. Since the sample companies were running so many types of activities, the respondents mentioned the involvement of such varied positions as secretaries, technicians, accountants, foremen, store managers, unskilled workers, and even other apprentices. The works' council was also sometimes mentioned in West German companies, either because it blocked or supported special youth activities.

Since the companies never acted in splendid isolation, the third category of formal roles encompassed the representatives from the many external organizations involved in launching or running a company activity for young people. Respondents in both countries⁴ mentioned most

4 The distribution of roles between external organizations differs significantly between the two countries as a result of different traditions. For the purposes of this study, only a few of the key differences can be touched on here.

frequently the officials in the labor office; trainers, administrators, and counselors from external training organizations; teachers and principals of schools; and representatives of business and professional organizations whose function it was to disseminate information (and to a certain extent exert moral suasion) to obtain the participation of companies in youth-related activities. Unions were cited quite rarely as significant actors in the process. In the Federal Republic of Germany, the chemical companies in the sample referred to the activities they had been engaged in within the framework of agreements with the unions; in Great Britain, a few respondents noted that their organizations had increased the stipend for young people on YTS in some companies as a result of union pressure.

Enriching formal roles

The descriptions of the processes in the interviews revealed numerous special roles that were significant for the successful realization of an idea in an organization. Among the key types of roles that enriched formal roles in the companies studied were sponsors, champions, ambassadors, monitors, and mentors. These roles encompassed various kinds of behavior, the two primary ones being selling ideas and networking. The feature that distinguishes roles in this category from those described

In the Federal Republic of Germany, the labor authorities have a monopoly on job placement, so they can play a significant role in matching young people to companies. Nonprofit training organizations were permitted to help young people find training placements in companies. These organizations also usually employed special counselors for the young people. The Chambers of Commerce, Industry, or Trades (which all companies in an area are required to join) review companies, establish their right to train, and train trainers; they also administer the exams at the end of apprenticeships. Much of this work is done by committees and working groups composed of company trainers.

In Great Britain YTS placements were administered through "managing agents" (later renamed "approved training organizations"), who placed young people in companies and arranged for their off-the-job training. The sample contained companies that had applied for "managing agent" status from the responsible government labor office: the Manpower Services Commission (later renamed Training Commission). Some of these companies then ran programs for other local companies.

For more detail on the structure of training in the two countries, see CEDEFOP (1984), Maier (1983).

above is that people were not recruited or paid explicitly to fulfill these special functions. For example, trainers were hired to train and secretaries were officially paid to deal with internal and external correspondence, but both also served as mentors to young people on a scheme. Sometimes the special function was recognized as such by management; in a few cases top managers made a point of personally thanking employees for taking on the additional responsibility. In no case was the role explicitly remunerated. In some cases, these roles were consciously assigned to employees in addition to their usual responsibilities; in others, they were assumed informally by the employee. Which of the two options was followed depended on the style of the individual, the nature of the task, and the culture of the organization.

Sponsors. Where senior executives had a particular personal concern or interest--such as educational standards, training, or an issue as broad as the enterprise economy--they sponsored corporate involvement and set the general theme for organizational activities. A West German head of personnel related, for example, that "the Board member came back from a weekend seminar on social issues and said to me 'we have to do something about the problem of youth unemployment. Come up with some ideas.'"

The intensity of sponsoring varied. In some cases it took the form of very active promotion of the idea and the company's overall commitment to it through speeches, written appeals, and recommendations for action. Projects that represented a major investment and/or an important innovation were identified with an active sponsor whose commitment bordered on a missionary nature. A German trainer reported, for example, that the Board member for personnel had "written the issue on his banner." In other cases sponsorship took a lower key form of support, such as when the respondents indicated that they knew they could count on a positive vote if they needed it. A British personnel director explained that there was "a slightly woolly, but quite positively supportive, view of these things." He thought that his managing director "would be quite upset" if he [the respondent] said that he did not have time to go to schools, and would "ask if there wasn't another way around the problem."

The sponsorship role was always self-elected rather than formally assigned to a manager. However, the respondents reported examples of

seeking out sponsors for an idea that originated lower in the organization.

Champions. The establishment of an active "champion" to develop and fight for a scheme at the operational level was probably the single most essential ingredient to its successful introduction into the organization. As a West German trainer explained his championship role, "people have to be persuaded to participate, and someone has to be there to overcome doubts, resolve difficulties." The interviews showed that there were essentially two routes this process could take. Either top management sought a champion and assigned him or her the task of designing and implementing a response (as is foreseen in the traditional Ackerman model), or the idea originated with a manager who was willing and able to champion it. For the overwhelming majority of activities described in both countries, the "champions" were self-elected in the sense that they launched an activity themselves as an outgrowth of their current work in the company.

A key finding of the research was that successful activities needed both a sponsor and a champion. This was explicitly recognized by a British respondent. Of the supportive sponsor of his activities, the Chairman of the Board, he said, "I don't know what I'd do if he wasn't like he is." He then observed, "what would happen without me? It takes someone like me to be the diplomat, the mediator, encourage people and discussion." No difference emerged between the two countries in the incidence of "sponsor-initiated" versus "champion-initiated" schemes.

Selling. Both sponsors and champions needed to be good salespeople. A vital role in introducing an idea entails establishing the necessary link between the "sponsor" and the "champion" and obtaining the support of other employees who would be involved in implementing it. The respondents did not describe this process in terms of decision-making, as one might expect from a theoretical perspective. Instead, top managers as well as trainers in Great Britain and the Federal Republic of Germany spoke of this function as "selling the idea" and "getting people excited about it." The level of the manager who introduced the idea obviously had some impact on the approach he or she took to the internal marketing of an idea. Top managers primarily had to sell *downwards*, although a few cases were mentioned of selling *across* to other top managers as well. The personnel director of a British company explained:

The company says "we will support this endeavor" and the managing director means it, and the Board means it, but then you've got to find people to actually do it. . . . It's only people who make things happen; its not companies. Find someone who's committed, someone who wants to do it, and it'll be done.

Lower-level managers had to sell *upwards*, *across*, and *down* in the company. In a nutshell, "the whole company has to be willing to accept the idea if you're to do it properly."

The respondents described the task of selling both as one of overcoming fear or simple inertia and of generating excitement and a shared sense of ownership of the idea. The Chairman of the Board of a West German company, for example, reported the difficulties he had encountered in trying to get his colleagues to accept a shadowing scheme because they were afraid of information leaking out through the young people.⁵ Several West German managers described the fears of older workers who did not have experience in dealing with younger people.⁶ A strategy for selling ideas and generating enthusiasm recommended by a West German trainer was to "leave room for the other person to add his own ideas, rather than presenting a totally finished product, for when they have an opportunity to put their own input in, it becomes their project as well."

Networking. The overwhelming majority of ideas that came to fruition among the sample companies was born of personal contacts. The interviews showed that many respondents were active networkers. They referred to external networking activities at the local, regional, and national level and to their conscious networking within the company. The respondents described how their participation in external networks fulfilled two kinds of functions. First, it sensitized them to the nature of the issue and its impacts on the business community and society as a whole and, second, it helped them learn about schemes they might introduce or identify partners in other companies they might cooperate with. The discussions in these networks contributed to making the managers

5 These same managers discovered that, far from causing leakages of sensitive information, the shadowing scheme generated new sources of information for them, since it gave them access to young people with whose views they did not otherwise come into contact.

6 In these cases, the companies introduced special training programs for the older men, covering both rhetorical skills and technical training.

aware of developments at an early point in the issue attention cycle and thereby allowed them to maximize the company's "zone of discretion" in designing an adequate response. As a West German respondent noted, "if you just sit and stew in your own juice, nothing new will ever come of it." The processes described by the respondents illustrated how networking generated a "virtuous circle" of involvement because participation in external networks simultaneously expressed and reinforced the company's commitment to the community.

Numerous West German, but no British, respondents spoke of internal networking relating to the introduction and implementation of activities for young people in the company. The networkers sought out former apprentices on the shop floor, for example, to learn about developments in their work that might be relevant for improving training programs in the future; these contacts sometimes also afforded them access to resources. A Berlin trainer explained that "I walk around a lot. Getting information and talking with people is not gossip; it is the basis for a lot of effective work." Interestingly, although these contacts clearly also represented a valuable power base to draw on in obtaining commitment and support for activities, this seemed to be a by-product of networking rather than the goal. The respondents stressed the listening and questioning they did in this networking because they strongly believed that their function was to meet the needs of their organization. As one manager stated, "training for its own sake is pointless."

Overall, more West German than British respondents were active networkers. The main reason for this may well be issue-specific in nature rather than typical of the national business culture as a whole. The training tradition in the Federal Republic of Germany has spawned organizations and structures (e.g., under the umbrella of the Chambers of Commerce, Industry, or Trades) that provide a framework within which networks can be built; it also has established training as a career path. In Great Britain, the training function has not yet achieved the same kind of standing and continuity in most companies, and respondents indicated that the function was often seen as a stepping stone to another job.

Furthermore, the organizational structures outside the company that might promote networking were not as well developed in the training area in Britain. To the extent that networks were needed as a forum for exchanging practical information about schemes and for identifying part-

ners for cooperation, it was important that the networks were composed of practitioners and operational experts. In other words, the existence of general business organizations did not fill the same need. It is therefore not surprising under these circumstances that more West German than British respondents invested in networking.

Beyond this structural factor lies another aspect worth exploring. Networking requires a long-term perspective, an investment in relations that need to be built up. A striking difference between the West German and the British respondents was that the length of tenure of the German respondents was generally longer than that of their British counterparts. Whereas almost all of the West German respondents could recount the genesis of the activities the companies were involved in, about a third of the British respondents had moved into the position so recently that they did not have the information (and in a few cases, follow-up calls could not be made in Britain because the respondent had already moved on). If this kind of job tenure is prevalent in occupations other than training, one could expect less networking in other policy areas in British companies. Studies of career development and networking patterns in the context of other policy issues would be needed to establish the generalizability of these observations.

Ambassadors. The ambassadorial role is discussed in management literature particularly in the context of leadership. It is used to refer to the function of representing the interests of a group, department, or company in another unit (Handy, 1985: 111-2). This facet did not emerge in the interviews. Instead, when respondents referred to ambassadors in their companies, they were speaking of the young people they placed on a scheme in a particular department. As a British manager put it, "We had to be careful. Some managers needed considerable pressure and persuasion. The youngsters were ambassadors. Line managers who got good trainees then came back for more." The importance of fulfilling this role well was underscored by the managers in both countries who reported that after a bad experience they had not been able to persuade a department to repeat the scheme with other young people.

Monitors. British trainers often commented that they had to monitor schemes quite strictly to ensure that trainees were not being "abused" by line managers and staff in the sense of being used only as cheap labor. They needed to ensure that useful learning experiences were provided

for the young people. This was not mentioned by West German respondents, which is not surprising since the training mentality is more traditional there and the training program is more extensive, allowing little leeway for such "misuse" of apprentices. One such British trainer concluded from his experience that he would accept trainees only in office areas, for if placements were provided in the factory "I'd lose control over them because I'd be away from them physically" and they would inevitably end up working rather than training. In other words, the interviews revealed that monitors were needed when the new value entailed in the scheme had not yet been accepted by the participants.

Mentors. The role of mentors has received attention in organizational literature particularly for its impact on the career development of male managers and their potential for women in management (Collins, 1983; Kanter, 1977). One of the most important functions of mentors is to share informal organizational knowledge with their junior charges. The interviews showed that the mentor role is relevant throughout the organization. The integration of young people into the company and the world of work was recognized by respondents to be both a matter of learning particular skills and a socialization experience. The most frequent advice the respondents gave about running schemes was "pick the right people for the job." By this they meant that it was not sufficient to identify an employee who was technically competent; the human side of the decision was equally significant. A key concern was that the employee should "enjoy working with young people" and be able to communicate with them.

In approximately a quarter of the companies, an employee was explicitly assigned the additional role of "mentor." In one Hamburg company, for example, an older unskilled worker was given the responsibility of showing the young person the job and integrating him into the company. In these cases, the older workers appeared to take the responsibility extremely seriously and extend it beyond work hours; it also had the unexpected effect of raising the status of the older worker among colleagues. In most of the other companies the mentor role was tacit. In several cases, for example, it was assumed by experienced and mature secretaries who took the young women and men under their wings. In one of the Hamburg companies in which the responsibility for a scheme had shifted from the personnel department to the training department,

the respondents believed that the lack of a "mother hen" in the second department was a significant contributing factor to the difficulties the company was encountering with the new group of young people.

To summarize the discussion of special roles in organizations: The roles described above are certainly only a part of the picture because their characterization is based on the perspective of the respondents, who were either sponsors or champions. The respondents also figured in various combinations of the several additional roles described above. While they were able to identify roles that other employees had as well, it is quite probable that even more roles would have emerged if we had interviewed other actors. The purpose of sifting through the data for the insights they provide into the variety of roles involved in a corporate activity is not to generate a comprehensive and detailed typology with an eye to dissecting people's behavior in organizational contexts. Rather, it is intended to reveal the wealth of possible and necessary roles people play to make an idea come to life in an organization. The interviews show how important it is to recognize the accumulation and interaction of the roles actually performed by people in organizations in the process of corporate social responsiveness.

Societal roles

Over and above the formal roles that employees are paid to fulfill in organizations and those they actually play in the process of introducing and implementing ideas, a third group of roles needs to be considered. In order to understand the dynamics of corporate social responsibility and responsiveness, it is essential to recognize that employees throughout the organization also hold a range of roles in the society in which the company functions. Issues such as youth unemployment, consumer protection, or environmental pollution are matters that concern people to varying degrees as citizens, as parents, and as members of local groups. These societal roles are not shed as soon as employees enter the company. The parents of school-leavers talk about their concerns for the future of their children during the day; employees read the paper and hear the public appeals for action launched by politicians on television at night. For example, the respondents in both countries mentioned the

pressure from employees and their own civic conscience as spurs to action. They stressed that the concern of employees was an important factor in their willingness to implement projects and invest in young people at work. Several respondents in both countries mentioned that they had children themselves and that this caused them to think about the problem of youth unemployment. A West German respondent reported that a master trainer whose own child was handicapped was particularly involved in projects for disadvantaged young people in the company. Our study did not go into the impact of these various roles in any detail, but it is a worthy area for future research.

The overlap between societal and organizational roles has been all but systematically excluded from study in most research on organizational responsiveness to societal issues. To the extent that a consideration of societal perspectives has been sought in organizations, management scholars and consultants have tended to recommend the installation of a new function, office, or committee that either monitors external developments or invites representatives of external organizations to work with them. Such concepts do not actively recognize and tap the resources that their employees represent as members of society. As touched on above in the discussion about stakeholder theory, it is rare that employees are systematically treated as stakeholders, and they are never treated as representatives of external stakeholder groups (who *are* taken seriously).

There are two primary roots of these intellectual blockages: (1) traditional treatments of roles and (2) our conception of business and society. The vast majority of publications about multiple roles focus on the conflicts that emerge from them. The advantages that might be drawn from this phenomenon from an organizational perspective are not dealt with. Just as problematic is the fact that business and society are conceptualized as two separate systems whose interaction is conceived at most as "interpenetrating" (Preston & Post, 1975). People are thereby seen to move from one system into the other--as is reflected in the concept of boundary-spanning. Looking at business as a part of society and at individuals simultaneously as members of society and of a company generates a very different outlook on the dynamics of corporate social responsibility and corporate social responsiveness.

Chapter 7

Features of Responsive Corporations: From Structure to Culture

Are there organizational features that distinguish particularly responsive corporations? The one thing that all the companies in the sample had in common in both countries was that they had introduced measures for young people who were either threatened by unemployment or who had actually suffered periods of unemployment. Not surprisingly, the interviews revealed differences between the companies in their level of activity and commitment to reducing youth unemployment. Although the study had not been designed to compare active with nonactive companies, the variations within the sample therefore did permit a closer look for organizational factors that might promote or hinder the capacity of companies to respond.

In each country, the ten "most active" companies in the sample were identified and selected for closer examination. They had run more and/or larger schemes than the other sample companies in the country. As discussed earlier, it was not possible to develop any common quantifiable denominator that would be valid in both countries as a basis on which to compare the full range of activities (e.g., costs per participant, number of participants).

Traditional economic and organizational theory suggests that structural features determine the behavior of firms. I will therefore first review the industrial and regional distribution of the most active companies as well as their size, ownership, and financial condition. Through comparison them with the rest of the sample, the possible implications--

and limits--of these factors for explaining variations in corporate social performance can be examined.

In light of the emerging body of theory on the role of organizational culture in shaping organizational behavior, I will look beyond the structural features to explore whether the active companies had cultural features in common. Were there organizational cultural characteristics that influenced the ability of the active corporations to identify and respond to social concerns?

The Influence of Structural Features--and their Limits

Although the "most active" companies were quite representative of the sample in most respects, their structural profile did differ somewhat from the rest of the sample companies in the country in which they were operating.

Industrial and regional distribution of active companies

The sample companies were evenly distributed in both countries according to industry and region, but this pattern was not mirrored by the "most active" group. The retail sector was seriously underrepresented among the most active companies in both countries, and companies from the electrical sector dominated the active group in Britain.

Only one retail company surfaced in the "most active" group in each country, a finding that is surprising when one considers how concerned many respondents in this industry were about their image as employers. In Britain, part of the reason may lie in the fact that most respondents in the retail sector did not feel that the long training period that YTS entailed was necessary or appropriate. This was considered particularly problematic for the extension to a two-year scheme, which, as one British manager explained, was

a backward step for retail, I must say. Two years is too long. At the end of one year, you've got a good feel for the person, you know where they are going. . . . I can quite see how a two-year scheme would be beneficial to an industrial background where there are more skills to learn.

For such managers in Britain, YTS offered an opportunity for "an extended interview" and it soon replaced other forms of youth recruitment in these companies.

Six companies from the electrical sector were in the "most active" group in Britain, twice as many as those from the chemical sector. The high activity level of such companies may lie primarily in the value traditionally attached to training in this industry. This is reflected in the fact that the Industrial Training Board of the electrical industry retained influence longer than those of other industries (which were dismantled under the Conservative government). YTS was used to subsidize and rebuild apprenticeship schemes in the electrical sector. It is important to note that of the active companies in the electrical/electronics sample in Britain, none were in the high-tech area, although computer companies accounted for half of the electrical/electronics companies in the sample. Although a respondent stressed that the industry had to change the image of potential recruits and clarify that they were not seeking only "computer buffs," these companies tended to "poach" experienced recruits from other companies, rather than "growing their own."

In the Federal Republic of Germany, the distribution was almost even between chemical and electrical companies in the active group, with one more chemical than electrical. This finding bears out the reputation of the chemical and pharmaceutical industry as being somewhat more progressive and experimental sector than others in West Germany. In fact, several special employment and training schemes had been integrated into agreements with the unions before similar ones were introduced by the labor office.¹

The most active companies in Germany were evenly distributed between the two regions; in Britain only two were located in West London, the rest were in the West Midlands. First, this finding is largely attributable to the fact that the differences in unemployment levels between the sample regions were less significant in the Federal Republic of Germany than in Great Britain. The gap between the levels of youth unemployment in West Berlin and Hamburg was smaller during the

1 A striking facet of the interviews in the West German chemicals and pharmaceuticals companies was the strong identification of the respondents with their industry, a relation expressed with the pronoun "we" to refer to their company as often as to the industry as a whole.

period under study than between West London (where youth unemployment was low) and the West Midlands (which had a particularly high unemployment rate). As a result, the managers in the companies located in the West Midlands experienced much greater urgency for initiating schemes than did the respondents in West London. The managers in West London all reported that they had difficulties filling the YTS slots they were willing to offer for young people. These data do not allow a comparison of West German and British sensitivity to varying levels of unemployment, but a comparison of the four regions does indicate that the regional youth unemployment level influences corporate behavior. Companies in high unemployment areas experience immediate problems and much greater pressure to which they need to respond than do those in low-unemployment areas. In the latter it is recruitment rather than unemployment that represents a problem. (It is somewhat surprising that these companies did not seem to engage in particularly active school-related projects that might eventually have ameliorated their recruitment position.)

A second factor to consider when interpreting the fact that the distribution of active companies was less even in Great Britain than in West Germany is related to the geographical location of the mix of companies in the electrical and chemicals industries. The West London chemical and engineering companies were primarily high-tech and "high-chem" (specialized pharmaceuticals) that tended to seek qualified and experienced people. They had fewer openings suitable for school-leavers than did companies in the West Midlands, where the sample was dominated by manufacturing companies in the engineering and industrial chemicals industries. These companies had more of the types of jobs for which young inexperienced workers are considered. There was not such a clear cleavage between high-tech and low-tech companies in the West German sample and, hence, no imbalance between the two regions under study. Furthermore, the training tradition in West Germany meant that companies in all three sectors could offer opportunities for a wide range of young people in white-collar and blue-collar occupations and for a broad band of skill demands, even in high-tech firms.

Impacts of company size, ownership, and financial condition

It is not surprising that the larger companies (those with over a thousand employees) predominated in the "most active" group, accounting for 9 out of 10 in both countries. The largest companies with the highest demand for young workers tended to find it easier to run the largest programs. The role of the size factor was interpreted in different ways by the respondents. Some of the respondents in large companies believed that "only a big company like ours can handle this kind of program," while others claimed that "only smaller companies can offer the young people the necessary attention required by such a scheme." The fact that two smaller companies were in the "top ten," while several very large companies were not particularly active, shows that the size factor is not a sufficient predictor of performance level.

The two features of ownership that are worth examining in connection with corporate social performance are the impact of being a subsidiary of a foreign multinational company, and the influence of family ownership. Coincidentally, there were six multinationals in the most active group in both countries--of which all but one were domestically owned. This is quite startling in the British case because the total sample in Britain contained twenty multinationals, most of which were foreign-owned. This predominance of foreign-owned multinationals in the British sample was not reflected in the "active" group. The one American-owned "active" multinational had been an old family company bought by a U.S.-multinational in the late 1970s. In fact, of the six British-owned multinationals (most of which looked back on long traditions of more than a century, often with a family background) that were in the overall British sample, all but one emerged in the "most active" group.

It is worth exploring why the foreign-owned multinationals are so underrepresented in the sample of "most active companies." Several respondents in the American-owned companies commented on the published "codes of ethics" of their parent, in which a commitment to society was made explicit. However, the principles of corporate social involvement contained in these codes were not translated into action. One reason for this was that, as the respondents said, the brochures were "very un-British." They did not fit the national culture and the respondents were embarrassed by them. A second reason is that the spirit of

such principles was overridden by the stress placed on headcounts. The respondents in American-owned multinationals in Britain all spoke of control exercised through strict headcounts, a factor that could have a significant impact on the ability of companies to take on young people (see below).

A third reason that the foreign-owned multinationals were so under-represented in the "most active" group of companies in the British sample is that many of the American multinationals in Britain had been established within the previous ten years and thus had not yet developed community ties. The respondent in the American-owned multinational operating in the Federal Republic of Germany that emerged in the "most active" group stressed that it was actually a very German company with a long tradition in the area, and that its commitment to training was not influenced by the American parent. The respondents in the German-owned multinationals in Britain noted that the West German parent emphasized the importance of training. However, this did not translate into high involvement in a variety of youth-related programs because, as a German respondent (in one of the "top ten" in the German sample) who had just returned from a top management position in his company in Britain explained, West German multinationals "do not feel it is appropriate to spearhead social programs abroad."

The sample also offers an opportunity to explore the influence of family ownership on corporate social performance. The data suggest that while family-owners, in their capacity as top managers, can significantly affect the extent to which their company becomes involved in societal issues, family ownership as such is not a predictor of high or low corporate social performance. Among the most active British companies were a high number with a family origin, but this form of ownership coincides with some of the biggest, well-established companies, and the family influence was rarely mentioned by the respondents as a relevant factor in current decision-making. In the West German sample there were eleven companies still in family hands, two of which were in the "most active" group, and three of which were the least active of all the West German companies. The manager in one family-owned company believed that "the caring attitude needed comes from the family ownership of the company," while other respondents were persuaded that "the fact that the majority of the shares are owned by banks [in West German public com-

panies] means that we are freer to devote resources to such schemes," as a head of training in Hamburg explained.

The sample companies reflected a variety of financial and manpower situations, allowing an assessment of the impact that these features have on the ability of companies to commit resources to societal concerns. There were significant differences between the two countries, but the situation of the "most active" companies mirrored relatively well the situation in the other companies of the overall sample. Two thirds of the British companies had suffered difficulties during the recession in the early 1980s and had had to reduce staff during the period under study; the respondents from almost all the British companies stressed that they were operating under severe headcount restrictions. By contrast, over half of the West German companies reported a stable economic condition or growth from 1978 through 1987. Of those that had been adversely affected by the recession, almost all had recovered by the time the interviews were conducted. Only a quarter of the West German companies in the sample had had to cut back on employees, another quarter had expanded staff, the rest did not indicate any change. This mix of troubled years was reflected in the group of "most active" companies in both countries.

The financial health of the company in the previous five years did, of course, have an impact on the number of jobs available for young people in the company, and it limited the long-term employment prospects for young people. It did not seem to have been a major determinant of the willingness and ability of companies to embark on activities in schools and in government-subsidized training programs, for the "most active" group contained companies that had suffered cutbacks and serious difficulties. It even included a West German company that had been on the verge of bankruptcy. The trainer had talked with the labor office and introduced a large government program by arguing, "what is the point of surviving a crisis if there are no skilled workers to carry on afterwards?" The fact that in both countries many of the activities were heavily subsidized and that the young participants contributed at least something to company productivity helps explain the relative unimportance of financial health in decisions to involve the company in youth-related activities (although the burden of indirect costs of running activities should not be underestimated).

The impact that headcount restrictions had on the ability of British sample companies to engage in youth-related activities was ambiguous and showed that attitudes and perceptions play an important role. Some respondents welcomed the "extra pair of hands" that young people represented (but several noted that they had to make sure that the young people were not misused as cheap labor). Several respondents also pointed out that YTS afforded an opportunity to rebuild training programs that had been cut back earlier, so the young people were seen as a resource to be developed for the company. Contacts to schools were seen by such respondents as a way of enlarging the pool of strong candidates for recruitment. In most companies, however, the respondents spoke of the fact that taking care of young people represented a drain on already tight manpower resources. In a few companies (particularly American multinationals) personnel policy required that YTS trainees be included in the headcount, rather than treated as supernumerary. Clearly, the latter types of companies were not among the most active ones.

These observations suggest that the willingness and ability of companies to commit resources to dealing with a societal concern such as youth unemployment is not satisfactorily explained by the structural features reviewed above. One is left with the sense that there must be more important features to explore in order to understand differences in response levels between companies. The results of the study seem to lend support to the position of such managers who stressed that "anyone who really wants to can do it."

Enabling Cultural Factors

The assumptions underlying theories of organizational culture are that shared values in an organization influence the perception of what is important and what the organization should do and that patterns of accepted or desired behavior develop over time, based on past experiences of what leads to success or failure. In the interviews, therefore, information about such organizational values and behavior were elicited from the respondents with an eye to looking beyond their individual

behavior to the influence of the organizational context within which they were working.

The interviews brought to light several cultural features that appeared to enable companies to perceive societal concerns and to implement appropriate activities. The experiences of the companies showed that no one characteristic alone but rather a constellation of values and forms of behavior distinguished the "most active" companies from others in the sample. These were networking by managers at different levels, an active use of managerial discretion, and idea-led decision-making. An exploration of these factors and the dynamics between them provides insights into the learning processes at work in the active companies.

Networking

The "most active" companies in both countries were also the ones in which respondents reported extensive networking with external organizations. As discussed earlier, networking contributed significantly to the ability of companies to learn of developments in society, to assess their possible import for business, and to share ideas and experiences about how to deal with them (e.g., running government schemes). Networking therefore led to snowballing commitment as companies and respondents became known in the business or training community to be good partners for developing projects.

Networking cannot be treated as an individual phenomenon. The use of time and other resources needs to be condoned or promoted by the organization in order for individuals to be able to engage in networking over time. The most active companies in both countries had learned how to promote the networking of their employees in order to benefit from these sources of information. The respondents in the most active companies reported that managers at other levels of the organization and in other functional areas also participated in external organizations in a similar fashion. The top managers interviewed in three of the most active West German companies emphasized that they consciously encouraged managers at other levels to participate in networking "because I don't want to be the only one who has to have ideas," as an owner-manager in Berlin said. The networking behavior of individuals as detailed in an

earlier section was therefore not simply a matter of personal taste, it represented a desirable form of behavior in their organizations.

Among the prerequisites for this view in an organizational culture were a respect for individuals' abilities and a conception of open systems. These two features were illustrated in the comment made by the director of one of the most active German pharmaceutical companies in the sample. He explained it was recognized in his organization that "the more intelligent people you have in a group and the broader the distribution of these people in a company," the more the members will be active in networks outside the organization, for "you can't isolate such people and block such a system off from exchanges." A related value found in the most active companies was an openness and generosity with ideas. The networking behavior reported on in these companies highlighted the premium that the underlying organizational culture put on collecting and sharing ideas. Whereas respondents from the least active companies stressed the need for carefully guarding ideas "as our most important capital," respondents in the most active companies emphasized the need for free exchange of ideas, because, as a German trainer observed about other companies, "the need to keep things secret is often overestimated."²

Supportive freedom

A key feature of the most active companies was the value placed on managerial discretion³ in introducing and implementing ideas. The interviews showed that in order for the concept to contribute to high levels of corporate social performance, it could not be conceived of as a purely individualistic matter or as a residual domain of activity to be tolerated only on the fringes of core business tasks. Rather, in the active corporations managerial discretion appeared to be promoted by the

2 The willingness to share ideas was also a feature that distinguished the interview situation in the most active companies. The respondents in these organizations were more willing to talk about emerging ideas and possibilities, while respondents in the least active companies had fewer past activities to report and were reticent to provide insights into their current thinking.

3 The West German respondents used the term *Freiraum*, literally: free space.

organizational culture, and the managers were expected to use their discretion when defining projects considered important to the company. As the owner-manager of one of the most active West German companies stressed, "it is part of our philosophy, our corporate culture, that our employees have enough discretion to do their work responsibly." This position starkly contrasts with the experience of the head of training in the least active West German company (in the same sector and also in the hands of owner-managers), who reported that "top management hold the reins very tightly in their hands."

A significant difference emerged between the comments of the respondents who reported that youth-related activities were "left to the discretion" of managers lower down in the organization and those in which a positive value was placed on discretion. The first type of comment predominated in the less active British companies. It signaled that the topic was not of sufficient importance to warrant top management involvement.

In the most active companies, the respondents did not distinguish between domains in which they did or did not have discretion. Rather, it was a general attribute of the organization, typified by the comment of a director of training in Hamburg: "I have quite a free hand. They trust me." The respondents in the active companies stressed that the concept of discretion was not limited to top managers but expected of other managers as well. The link between individual propensity for using discretion and the organizational conditions promoting managerial discretion was illustrated by a West German personnel manager who said, "the kind of employee we are looking for here is the one who reaches out for things that are actually none of his/her business." That company also consciously formulated job descriptions in a general and open-ended fashion to encourage employees to use this discretion. It was clear to these respondents that they were expected to use their discretion and that they would be held accountable for it. As a British respondent in such a company explained, he presents an idea and then "I get the go-ahead *and* the responsibility."

In the active companies, the uses to which discretion was put were expected to achieve a match between individual and organizational interests rather than being oriented solely to personal predilections. In a few companies in which discretion seemed to be interpreted simply as a

personal realm of activity, the projects were on a small and often quite brief scale. This happened, for example, when respondents described having pursued a project that interested them (usually on their own) without anchoring it in organizational needs and ensuring the support of other members of the company.

The experiences of the most active companies showed that in order for managerial discretion to contribute to high levels of corporate social performance, it had to be oriented to organizational values and needs. "Get something that fits the system, the overall ethics, and the circumstances" recommended a British manager. A West German trainer noted, "there are no fixed criteria, decisions are based rather on a feeling of 'what we should do, what we can do.'" The West German respondents, particularly those in the most active companies, reported having sounded out organizational needs through their internal networks, and developed their ideas accordingly. Such internal networking was rare in British companies; instead, there emerged the idea of role models to which managers could orient their interpretation of how to match individual and organizational interests. As a British manager in one of the most active companies explained, the company "provides a space in which to get involved. The culture enables it to happen. An individual would say 'what would [the Chairman] do?'"

Idea-led decision-making

A striking difference between the most active companies in both countries and those that were less active was the concept of "idea-led decision-making." In these companies the discussion about the introduction of a scheme was driven by a commitment to an idea; the assessment of costs came late in the process. The interviews showed that when the consideration of an activity was idea-led, costs were seen in a different light than when the costs themselves were the focus of discussion. A West German manager illustrated the concept well when he explained that, "if the cost question is posed first, it is often the last question, too, because everything is too expensive if looked at that way." The frustration of a personnel manager in the West German company doing the least of all those interviewed provided a stark counterpoint to the idea-

led decision-making principle: "Decisions take a long time around here. The company is in a rut, I see it in all the areas. It is probably because the owners plan from the point of view of costs."

Two primary themes emerged around which ideas for corporate involvement in youth unemployment were discussed in the active companies. One was a commitment to the community, and the other a commitment to training. These were themes that encapsulated strong values of the organizational culture. Most of the active companies had a long tradition of commitment to these themes, and the activities they engaged in for youth unemployment linked into their priorities and competence in the area. In several cases the interviews showed that a theme can be introduced into an organization and that idea-led decision-making can then generate a significant number of activities around it.

In the British sample, the very presence of these two themes distinguished the active from the less active companies, whereas in the Federal Republic of Germany it was a matter of degree in the intensity of commitment to them. All but one of the "top ten" British companies (namely, the one at the bottom of this group in terms of number and size of activities) shared a commitment to both of these themes, whereas this constellation was not found in the other British companies in the sample. In the West German sample, where the commitment to training was a more common feature, what distinguished the active from the less active companies was the intensity of commitment expressed by the respondents and reflected in the number of new schemes they initiated as a result.

- *Commitment to the community.* Strong commitment to the local community was a significant factor in distinguishing the active British companies from those that were doing less. The respondents in the most active companies stressed the long tradition their company had in the local community, their role as a major employer in the area, and the fact that often generations of families had worked for them. As the respondent from one of the most active companies explained, the firm had developed "a distinctive culture . . . based on a strong West Midland's tradition," and he added that "we have the belief that unless we can provide technical training for a range of young people, we will be in a very bad state in the West Midlands." These British respondents saw their participation in schools and in YTS as an exten-

sion of other community work the company was involved in (e.g., support for sports and social clubs; secondments to the local community action program).

The concept of community commitment did not play as significant a role as a theme around which enthusiasm for ideas was generated in the active West German companies. This finding reflects the distinction that other studies have made between Anglo-American and continental European practices in the area of corporate social reporting. Namely, whereas the former stress community commitments, the latter emphasize commitments to employees (Preston, Rey, & Dierkes, 1978; Task Force on Corporate Social Performance, 1979).

- *Commitment to training.* Given the strong training component present in most of the government programs designed to combat youth unemployment in both countries, it is not surprising that the most active companies were those that placed high value on training. Such a commitment represented a greater deviation from the general culture in Great Britain than in West Germany. All of the West German companies were committed to training, but in the British sample this feature was found primarily in the most active companies. A commitment to training implied a long-term view to human resource development. This was made explicit by a respondent in one of the most active British companies: "Investing in people is an essential complement to our investment in new technology. There is, however, one important difference: technology may come and go, but people remain." In most of the active British companies, particularly in the electrical sector, the commitment to training was long-standing, and personally represented at the top levels of management, where senior managers had come up through the apprentice route.

These findings should not be misconstrued to imply that long traditions are essential prerequisites for high corporate social performance. The sample contained a number of companies that had recently introduced a commitment to training. In fact, in three of the most active companies in Britain the commitment to training was a relatively new policy, linked to the introduction of new technologies and the recognition of the need for multiskilling. Several West German companies in the sample had also recently introduced training, and although they were not yet conducting enough activities to war-

rant placing them among the "top ten," they had "developed a taste for it," as a respondent in one of the most active companies observed (from his vantage point as an active networker).

Such cases illustrate that a cultural value can be introduced successfully into an organization. It is significant that in these companies the change was initiated by new management. The commitment to training was being generated by new top managers and recently recruited training managers, who usually came from companies in which training had been treated as an important function. In other words, they arranged for the conditions needed to achieve the link between sponsors and champions to develop the new competence in the organization.

Learning from Success

How do companies learn? The data from the interviews show that the responsive companies learned from carefully planned success. A common thread running through the responses of active companies in both countries was captured by a West German manager: "If you have been successful once before, it is easy to get people excited about an idea again." The respondents achieved organizational learning by building incrementally on successful experiences. These managers spoke of "building a good track record." As one British respondent advised, companies should become involved "gradually and sensibly and progressively, because it's essential to ensure that levels of commitment match levels of activity."

The attitude toward organizational learning in the less active companies contrasted sharply with these views. Rather than speaking of building on success and generating enthusiasm for new ideas, they talked of warning others about the risk of failure. In these companies, no respondent mentioned the detailed planning processes designed to ensure success that were characteristic of the descriptions of the respondents from active companies.

Two different approaches for achieving organizational learning from success emerged from the research. The respondents in active companies

in Germany stressed that they changed a program time and again, and described the scheme development process as "alive." The British respondents who also had many ideas looked on project development differently. When they had developed a good program that they were proud of, they preferred to stick to it. They then moved on to introducing new ideas rather than revising the existing ones. Both approaches allowed managers to introduce new activities and develop new competencies in their organizations.

A particular cultural constellation enabling organizational learning emerged in some active West German companies. It is worth examining here because it offers insights into how the competence of organizations can be stretched through unconventional approaches. Eight West German respondents, six of whom were in the most active companies, called themselves "crazy"⁴ or referred to something they had done as "crazy" in the course of the interview. After listening to their reports, I found it more appropriate to call them "incremental revolutionaries," for their role consisted of pushing the organization to learn more by drawing on existing strengths. Their activities were often pioneering, always well planned, and definitely rational. As a trainer in Hamburg said, "one must be prepared to take unconventional steps"; it is significant that she added "and we are given the freedom to do so in this company." A particularly daring example is the case of the Berlin trainer who launched a public program for 800 unemployed youths at the very time that his company was on the verge of bankruptcy. This was not as irrational as it might first appear, nor was it motivated by philanthropy, for the strategy permitted the company to maintain its trainers through a difficult period, and when it pulled out of the crisis, it had a pool of skilled young people to draw on. "Crazy" thus seemed to be a title earned for fighting conventions, and it was worn proudly.

It would be short-sighted to view this phenomenon simply as an individual matter. The organizational dimension is significant, for these respondents indicated that their companies had a certain tolerance for

4 The first and second time that I met respondents who described themselves as "*Verrückte*" ("crazy person"), I hardly took it seriously. After a few more encounters, I started seeing a pattern and took note. Unfortunately, since another team member conducted the British interviews, I do not know whether an equivalent term was used by some respondents there but not "heard" by that interviewer.

difference. Top management in these sample companies seemed to be able to recruit and nurture employees who sought to explore the boundaries of the "usual" and push the organization beyond the "normal." Rather than depending only on external stimuli to generate new ideas, such companies had their own "incremental revolutionaries."

Theories of organizational culture are becoming sensitive to the fact that organizations are a collection of many subgroups, rather than a monolithic entity. It was therefore possible that much of the cultural data collected in this research project applied only to the special departments within which the respondents worked. Having identified cultural features that promote the ability of a company to introduce measures to combat youth unemployment, I wanted to explore whether they were restricted to the area of personnel and training. Managers with an overview over other policy areas in companies were asked to assess how "exotic" these departments were. Was the training function seen as one in which the company could afford to give people more discretion, more time to network, a long leash to discuss ideas before costs? Could they tolerate more "crazies" in this area?

Owner-managers and members of the Board concurred that the way their company had handled the issue of youth unemployment was not different from the way it dealt with most other challenges throughout the company. They felt that the cultural features that enabled ideas to enter into the organization through the training department were grounded in the values and behaviors characteristic of the culture in other departments. As a West German managing director explained, "in order to be competitive, one needs freedom in all areas because a company needs new ideas in all areas. Otherwise one risks having cracks and imbalances in the organization."

To summarize the examination of the influence that organizational features have on corporate social performance: The experiences of the most active companies highlighted the limits of the ability of structural variables to explain differences in levels of corporate social performance. For example, financial success and size were not predictors of high performance, since companies that had experienced significant problems and smaller companies were among the sample of the most active companies in both countries. Foreign-owned multinationals were shown to

play only a minor role in implementing responses to the societal problem.

The data suggested that a constellation of cultural values and behaviors played a significant role in enabling companies to introduce and implement activities to deal with a societal concern. Companies whose organizational cultures promoted networking by their members, afforded managers discretion in their work, and stimulated the generation of ideas were in a better position to learn about changes in the social environment and to design appropriate responses. The ability to learn by building on existing strengths emerged as a significant cultural factor contributing to the high level of corporate social performance of the most active companies.

Chapter 8

From Threads to Fabric: Towards a New Understanding of Multiple Roles and Permeable Boundaries

The questions that researchers formulate to explore a field are shaped by the available theoretical frameworks and concepts. I started off this research looking for the organizational processes and structures that explain how and why companies respond to social issues that emerge in their environment. Fortunately, a qualitative empirical approach, while guided initially by existing conceptualizations, permits new questions to emerge as the fieldwork among people in their social context reveals a different reality and unexpected possibilities. What I found was human beings using a wide range of strategies to obtain the commitment of corporate resources to societal needs.

Existing conceptualizations of the relation between business and society prompted me to study how companies can be persuaded to act "responsibly" in society and how the tensions between societal concerns and business economic imperatives are resolved. Instead, I learned how individuals are motivated by their *social conscience* and perceive a *mutuality* between their own interests, those of the organization, and those of society.

Since dominant models of corporate social responsiveness stress the importance of tracing the steps involved in the successful planning of innovative programs, I looked for these patterns in the sample organizations and asked about how programs were costed and alternatives were weighed. Instead, the respondents spoke about the *multiple roles* involved

in introducing and implementing activities, and the *incremental building of commitment* on the basis of good *track records* and *human enjoyment*.

The literature that has developed over the past decades on corporate social performance led me to seek structural factors that increase organizational receptiveness to external impulses. However, the managers interviewed during this study helped me discover *enabling cultures* in which *ideas led decision-making* and in which employees experienced *supportive freedom* to organize schemes designed to make the ends of individuals, the corporation, and society meet.

In light of the results of the research, several shifts in orientation are needed in theory-building on how and why organizations respond to environmental issues. The relation between business and society needs to be reconceptualized because the dominant concept of "interpenetrating" systems does not reflect what is documented by the data: the embedded position of business in society. The notion of corporate social responsibility needs to be enriched with the ethic of care and the idea of social conscience that emerged from the research as prime motors behind corporate social involvement. An individual-as-actor focus is called for because the roles of individuals in initiating and implementing change in organizations are overlooked in traditional organizational theories that have focused on processes and structures, and on organizations as actors. This focus on the individual actor must be linked with a theoretical appreciation of organizational cultures, for the shared values and accepted forms of behavior in organizations significantly influence the kinds of social involvement that members perceive to be desirable and feasible.

Business in Society

A stumbling block in the theoretical development of the field of corporate social responsibility has been the conceptualization of the relation between business and society. The introduction of the concept of "interpenetrating systems" was intended to account for the increasing interdependence characteristic of modern economic and social systems (Preston & Post, 1975). In effect, however, this approach has misinformed

theory-building by cementing a misleading distinction between business and society as two separate systems that interact on an equal footing. Fortunately, practitioners in business have not all shared this view, for the respondents in this research conceived of their companies as embedded in society, particularly in their community. Theory needs to catch up with those managers who see companies as "corporate citizens" having specific tasks and responsibilities to fulfill in society, as do other kinds of organizations and individuals.

A corollary of the concept of business as embedded in society is that of "permeable boundaries," both between organizations and between the concepts of "social" and "economic." This perspective seeks to highlight linkages between actors and between logics within the societal system. The data generated in the interviews suggest that neither the kind of activities in which business is engaged in society nor the way managers think about their work can be understood if theories are built on separations between economic and social organizations and rationales. As Austrom and Lad (1989: 244) pointed out, "it becomes extremely confusing to understand issues management alliances if we try to use traditional lenses or logics."

All the youth-related activities in which the sample companies were engaged required some form of cooperation with other organizations such as the labor office, employers' organizations, charitable organizations, schools, other companies, or the Chambers of Commerce, Industry, or Trades. The kinds of problems that are emerging in society require the cooperation of business, and the kinds of problems businesses have--or choose--to deal with also require cooperative approaches with other kinds of organizations. A key organizational frame of reference that emerges in this situation is the web of networks through which these various kinds of organizations in society can learn about changes, obtain information about how to deal with them, design responses, or establish the basis for cooperative action.

The research also showed that distinctions between economic and social concerns or logics in decision-making by managers are not "objective" givens but rather artifacts of the time frame applied to the analysis. For example, the immediate issue of youth unemployment was linked in the mind of managers in active companies with a concern about medium- and long-term shortages of skilled workers, and this concern, in

turn, was often linked with the image of the company in the community (e.g., as a caring and attractive employer). The longer the time frame that is used to look at changes in the environment of business, the clearer it becomes that distinctions between economic and social concerns are artificial.

Care and Social Conscience

The theoretical analysis of corporate social responsibility has traditionally been based on a logic of distinctions (e.g., based on categories of economic, legal, ethical, and discretionary responsibilities of business). Recently, a different approach has been suggested by scholars who aim to "correct the [neoclassical paradigm's] radical individualism" according to which "all moral rights are invested in the individual," to a conception of "individuals and communities as interdependent," giving the community "a moral status and right of its own" (Etzioni, 1990: 32). The data from this research show why neither of these two kinds of analytical approaches and theoretical stances adequately reflects current thinking in many organizations or offers promising alternatives for future developments. Different theoretical underpinnings are therefore needed to improve analysis and advance practice in this field.

First, the study documented that managers have numerous reasons for committing corporate resources to activities related to reducing youth unemployment. Rather than lending themselves to discrete categorization, the data called for an approach that recognizes their interaction. It was the very mix of reasons given by respondents that seemed to explain why they had succeeded in initiating and implementing activities in their organizations. The thread that ran through all the "functional" reasons provided by the respondents was the motif of social conscience and the personal satisfaction derived from the opportunity to do something for young people. The data suggest that the key factor behind corporate social involvement is the sense of responsibility and caring that individual members of organizations have toward society, particularly the local community or the specific issue at hand. For the purpose of theory-building, therefore, the research reveals that the constellation of other

reasons given for corporate involvement in societal concerns on which research has traditionally focused appears to be a necessary "prop" to justify the activities. But without the commitment of individuals, based on their social conscience, there would be very few activities to explain.

Second, the "rediscovery" of socioeconomics is a strange phenomenon. It claims to be covering new ground, but does not build on the work of earlier scholars with a similar orientation such as George Katona, Günther Schmölders, and Burkhard Strümpel. Such scholars have long documented that individuals in companies are motivated not just by materialistic desires but by values and emotions. "Rediscovered" socioeconomics treats "community" simply as an addition of individuals, not recognizing the sociological, political, and psychological dynamics that cause groups to be more than the sum of their parts. Even more problematic is the fact that it only transfers the logic of rights from individuals to communities. A model based exclusively on the logic of moral rights¹ represents only the conceptions of morality entertained by those people with the power to define them. The views and interests of those who do not have equal access to voice (e.g., racial and religious minorities, women, the unemployed, future generations, the natural environment) will be underrepresented or formulated only from the perspective of the dominant group.² This focus on "moral rights" does not incorporate the ethic of responsibility and caring proposed by scholars such as Gilligan (1982) and reflected in the responses of the managers in this research.

1 This discussion focuses on the concept of "rights" as it is currently being used in the moralizing approach of socioeconomics; the importance of anchoring "civil rights" in legislation is not in question.

2 Hirschman's (1970) study on the options of "exit, voice, and loyalty," represents a path-breaking exploration of the options to the members within the system, but it does not deal with the situation faced by those who are "muted" (see, for example, Marshall, 1984).

The Individual as Actor

The theoretical literature on how and why organizations respond to changes and concerns in their social environment provides few analytical homes for the many essential roles that individual actors filled in the processes revealed by this research. In stark contrast to the lively reality found in the field, much of the literature on corporate social responsiveness and organizational learning is curiously lifeless. In focusing primarily on processes and structures, it has tended to overlook the actors who create or reshape these organizational processes and structures or are stifled by them.

The networking between organizations to learn of developments and to establish cooperative projects, the sponsoring and championing of activities in a company, the selling of ideas to other people up, down, or across the organization to mobilize the necessary support for successful implementation, the mentoring of young people, and the policing of managers in the schemes are examples of roles that people need to play if a tangible outcome is to result from the concept of corporate social responsibility. These roles remain invisible in analyses focused on stages of institutionalizing corporate social responsiveness or on instruments of organizational perception.

As in the above discussion about appropriate theoretical approaches to analyzing the variety of reasons given for corporate social involvement, the analysis of roles also needs to highlight their multiple and overlapping nature. Analytical approaches based on developing comprehensive lists or discrete compartmentalization of different types of roles can be expected to lead to dead-ends as far as theory-building is concerned, as shown by the attempts to develop categories in the field of corporate social responsiveness over the past decades. This is not surprising, since the key lies in the dynamics between roles. More promising research paths lie in the direction of exploring the interactions between the multiple roles played by any one individual inside and outside the organization as well as between individual actors.

The data prompt a call for a correction of this analytical imbalance through the better integration of individuals as actors into theories about corporate social responsiveness and organizational learning. For example, this study suggests that top-down patterns of process initiation occur

when ideas are particularly new to an organization or when they have a high symbolic value. In situations where the organization already has some experience with the kind of response considered appropriate, the idea for an activity can be launched by committed individuals at levels in the organization other than top management. In both cases, a tie must be established between actors at the top and those at the operational level in order for the idea to move beyond the planning or experimentation phase.

The analysis of this data shows that the incremental expansion of activities in which the organization has developed a certain competence--as represented in the presence of committed and experienced individuals at the operational level--is more common than the top-down initiation of totally new ideas. Such a finding suggests that promising avenues for theory-building lie in the study of the more prevalent and varied, although maybe less spectacular, types of organizational learning than in the traditional focus on top-down processes of social innovation.

Culture as the Context of Individual Action

Although the majority of the respondents went so far as to say that "it is only people" who make a difference, a closer analysis revealed the significant role of the organizational culture in which individuals act. The behavior of individuals is influenced by the environment within which they work, since an organizational culture is characterized by values and types of behavior that can be more or less congruent with the values and preferred strategies of the individual. Clearly, it is easier for individuals to act upon their social conscience and achieve corporate social involvement in organizations in which there is a shared sense that the corporation has a stake in the health of the society in which it functions than in organizations that define their societal role narrowly. The culture can be supportive of the concept of managerial discretion and either provide or preclude opportunities for individuals to network and to introduce ideas they believe are important.

An important element of organizational culture that can influence the ability of individuals to initiate and implement activities is the preferred

time frame. Organizations that apply a long-term perspective on decisions and careers, for example, are more likely to see the long-term value to be reaped from developing good community relations, from investing in skilling their employees and from building up cooperative relations in networks. In organizational cultures that apply a shorter time horizon to decisions, individuals find it difficult to obtain support for activities that are not immediately profitable or cost-neutral. A culturally defined short time frame is an obstacle to the commitment of corporate resources to social involvement. Although individuals may experience immediate benefits, the returns on investment to the organization are difficult to measure and of a long-term nature.

A Cloth for All Seasons?

The concepts presented in this book stem from a policy area, corporate responses to the issue of youth unemployment. To what extent can they be applied to the analysis of individual and organizational behavior in other policy areas? More research would be needed to answer this question conclusively, and a number of findings suggest that the question is worth pursuing.

First, the respondents in this study believed that the decision-making patterns and underlying cultural values they described in relation to dealing with the issue of youth unemployment were also characteristic of other areas of their company. This implies that the organizations in this study whose cultures enabled employees to put their social conscience into action for young people threatened by youth unemployment could also be expected to foster responsiveness to other societal concerns. It also means that the organizations that promoted networking and showed a tolerance for *Verrückte* in the training department tended to give employees discretion in the marketing or research department too. Equally, the respondents in the companies that offered little leeway for introducing ideas in the training department could find little consolation in the observation that their colleagues in other departments seemed to be experiencing similar difficulties.

Beyond the companies in this sample, other studies have also started to document phenomena similar to those I found. The researchers who conducted the international "Management for the Future" project learned that the successful companies "saw the answer as giving more freedom and more responsibility to their staff at all levels" (Barham & Rassam, 1989: 73). They cite companies whose employees work according to the philosophy that "To be really productive, you must show initiative. Don't wait for information, go and get it!" (Barham & Rassam, 1989: 79). Similarly, a manager in another company suggested that managers who have a great deal of autonomy "know where they stand, they are in a better position to be active and they are more willing to do things because they believe that is what their contribution should be" (Barham & Rassam, 1989: 80). In light of the findings of my study, it is not surprising to discover that sample companies in the Management for the Future project stressed the importance of tolerating "unconventional types" or "weirdos" and encouraged creative ways of doing things (Barham & Rassam, 1989: 97).

The relevance of the concepts presented in this study for competitive innovation is further supported by in-depth research on high-technology firms (Jelinek & Schoonhoven, 1990). Here, too, it was observed that "ideas come from many sources, broadly scattered throughout the organizations" (Jelinek & Schoonhoven, 1990: 14). And they emphasized the importance of individuals playing multiple roles, of sponsors and champions selling their ideas throughout the organization to mobilize the necessary resources. The study also found that "throughout these innovative organizations, from top executives down to engineers in operating groups, access to customers and the external environment is routine. Such contact is not only taken for granted, it is widely identified as necessary" (Jelinek & Schoonhoven, 1990: 139). Just as in my study the successful introduction of ideas depended on "incremental revolutionaries" who had built good track records over time, so, too, does the development of individuals' credibility play a major role in getting people to "buy into" an idea that may well lead to technological breakthroughs. The study showed that it is not by chance that successful high-technology companies were found to be rich in ideas. Creativity in those companies was nurtured, most particularly in periods of financial difficulties, and

"horsing around" was consciously sanctioned to maintain a flow of innovation (Jelinek & Schoonhoven, 1990: 335).

The humanist in me delights in these findings, because it is encouraging to discover that there are numerous other organizations beyond those I studied personally in which individuals are empowered to learn and bring their ideas to fruition. As an academic, it is satisfying to see that my observations are supported by the analyses of others. The research drive deep inside me cannot resist noting some of the questions that need more attention in the future in order to establish the conditions under which the cloth woven out of my data can be used.

1. More studies should be conducted to examine responses to different types of societal concern (e.g., urban renewal, substance abuse). How are the personal, organizational and societal concerns and interests linked? Does the same pattern between the "motors" of social conscience and the "props" of other reasons emerge?
2. Another type of study should focus on issues that belong to what is traditionally seen as the "hard core" of business activities, such as research and development. How do organizational cultures influence technological development, and can companies conceive of "permeable boundaries" at this core? Such research could contribute significantly to dismantling simplistic conceptions of technological determinism and to understanding the social shaping of technologies.
3. Studies should be conducted in different countries and different types of organizations. For example, do managers in national cultures that place a priority on tasks use networks for innovation differently than managers in companies located in national cultures that stress relational values? Can comparative studies identify differences between the ability of organizations in the private and the public sector to grow their own "incremental revolutionaries"?

The very process of posing these questions can set change in motion through the flow of ideas between scholars and practitioners. It also promises to be a great deal of fun, which I learned was a major motivating factor in innovative enterprises. This dimension is one that researchers, too, should not underestimate in pursuing their search for knowledge.

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