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In Praise of Corporate Social Responsibility Bureaucracy

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In Praise of Corporate Social Responsibility Bureaucracy

PhD Series 26.2012



**Copenhagen
Business School**
HANDELSHØJSKOLEN

In Praise of Corporate Social Responsibility Bureaucracy

Robert Gavin Strand

Doctoral School of Organisation
and Management Studies

PhD Series 26.2012

In Praise of Corporate Social Responsibility Bureaucracy

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Copenhagen Business School

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For Jesse C. Brone

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Robert Gavin Strand

June 2012

Copenhagen, Denmark

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ABSTRACT

In this dissertation I examine the establishment of corporate social responsibility (CSR) bureaucracies at corporations and I come to consider the CSR bureaucracy as a space for reflection within the corporation. In the face of charges that bureaucracies are inherently unethical and devoid of consideration for humanistic concerns, I argue that within the large bureaucracy that is the corporation, the CSR bureaucracy can create a space in which tensions that arise from conflicting values and purposes can be identified, negotiated, and actions coordinated. I position this dissertation within the field of CSR, to which I introduce the Weberian distinction between formal and substantive rationality as means through which to identify and describe tensions that become apparent with the CSR agenda. This dissertation contains four articles, two of which draw from the engaged scholarship approach. One includes findings from a study I conducted as an action/intervention researcher with a U.S. corporation during the period in which a CSR bureaucracy was established. The other includes findings from a study of CSR focused MBA courses I instruct in which reflection is a primary learning objective. The other two articles include findings from studies I conducted to explore the establishment of a CSR position to the top management teams of U.S. and Scandinavian corporations.

ABSTRACT

I denne afhandling undersøger jeg etableringen af corporate social responsibility (CSR) bureaukratier i virksomheder og vil betragte CSR bureaukratiet som et rum for refleksion i virksomheden. I lyset af anklager om at bureaukratier gennemgående er uetiske og blottede for hensyn til humanistisk omtanke, hævder jeg, inden for det store bureaukрати som udgør virksomheden, at CSR bureaukрати kan skabe et rum, hvor spændinger fra modstridende værdier og formål kan identificeres, forhandles og handlinger koordineres. Jeg positionerer denne afhandling inden for CSR-feltet, til hvilken jeg introducerer den weberianske skelnen mellem formel og substantiv rationalitet som midler til at identificere og beskrive spændinger, der bliver synlige som følge af CSR-dagsordenen. Denne afhandling indeholder fire artikler, hvoraf to trækker på "engaged scholarship" tilgangen. Én af dem indeholder resultater fra en undersøgelse, jeg udførte som en action/intervention forsker ved en amerikansk virksomhed i den periode, hvor et CSR-bureaukрати blev etableret. Den anden omfatter resultater fra et studie af CSR-fokuserede MBA-undervisningsforløb, hvor refleksion er et primært læringsmål, som jeg underviser på. De andre to artikler omfatter resultater fra studier, jeg udførte for at undersøge etableringen af en CSR-stilling i de højeste ledelsesslag i amerikanske og skandinaviske virksomheder

INTRODUCTION

Corporations are increasingly influential (Korten, 2001; Useem, 1984; Bryan, 2005; Bakan, 2004; Reich, 2009; Weidenbaum & Jensen, 2009: xvii-xviii; Berle & Means, 1932; 1967; 2009). The recent turn of the century was witness to a notable milestone where over half of the world's largest 100 economies are now corporations when comparing gross domestic products (GDPs) of nation states to annual revenues of corporations (Anderson & Cavanagh, 2000). While this is somewhat of a mixed comparison, the implication is that the relative influence of corporations on society continues to increase. Children are today borne into a world where "McDonaldization," "Starbuckization," and "Wal-Martization" is well underway and there are no signs of any slowing down (Ritzer, 1983; Ritzer, 2010; Ritzer, 2011).

A number of recent high profile events have highlighted the incredible influence corporations wield on society. Unfortunately many of these events were demonstrations of the severe harm corporate activities can have with examples including the Enron scandal (McLean & Elkind, 2003; Bratton, 2002; Healy & Palepu, 2003; Sims & Brinkman, 2003; The Economist, 2002; 2005; Zorn, 2004), the financial crisis with its "too big to fail" financial corporations (Crotty, 2009; Dash, 2009), and the British Petroleum (BP) catastrophe in the Gulf of Mexico (The Economist, 2010; 2011a; Crooks, 2012).

The satirical newspaper *The Onion* is described as "a critical staple of American discourse" (Waisanen, 2011: 523; Achter, 2008; Warner, 2008). With provocatively sensational article titles like "BP Pledges to Continue Being Huge Profitable Corporation" (The Onion, 2010a) on the heels of the BP catastrophe in the Gulf of Mexico, "20000 Sacrificed In Annual Blood Offering To Corporate America" (The Onion, 2010b), "New Law Forces CEOs to Humbly Shrug Before

Receiving Massive Bonuses” (The Onion, 2010c), “Gap Unveils New ‘For Kids By Kids’ Clothing Line (The Onion News Network, 2007), and “Microsoft Patents Ones, Zeroes” (The Onion, 1998) these articles depict corporations as unreflective institutions that help themselves while harming society through their activities (see Appendix A). For example, *The Onion* (1996) article “Deforestation Complete” depicts a fabricated corporation “PulpCo” as the cause for the planet’s extinction but is clearly unreflective and appears only concerned with maintaining its revenues:

... The final tree, a 120-foot-tall Russian fir located near the timber line in a remote region of northwest Siberia, was cut down by PulpCo and converted into 10,000 sanitary straw wrappers for a major national fast-food chain. With the elimination of trees, the earth’s leading producer of oxygen, biologists believe all oxygen-dependent animal and plant species will soon become extinct.

“This is somewhat of a setback,” PulpCo CEO Douglas Langley said. “But we want to assure our customers that we will continue our commitment to producing top-quality consumer paper products.”...

Satire employs the use of humor, irony, or exaggeration to expose and criticize behavior often in the context of topical issues (Day, 2011; Scanlan & Feinberg, 2000; Reeves, 1996; Kirman, 1993). One could argue that the popularity of *The Onion* serves as evidence that a substantial number of people consider corporations as fair game to such criticisms for harming society. *The New Yorker* has described *The Onion* as “the funniest publication in the United States” (Hertzberg, 1999) and Simpson (2003) suggests that people are less likely to find satire funny if they feel that it unfairly targets someone (Lamar et al., 2009: 219). *The Onion* (2012) reports 4 million print version readers and 8 million unique online visitors view its content each month.

Thus critical charges have been levied that corporations are unreflective institutions that have helped themselves while harming society through their activities. To round out the aforementioned criticisms, the suite of charges against corporations include complicity in human rights violations, slave labor, child labor, insufficient health and safety assurances for employees and the employees in the supply chain, corruption, destroying local communities, supporting brutal political regimes, exercising inequitable political influence, tax avoidance, extreme disparity in compensation between executives and average employees, personal privacy violations, irresponsible and unhealthy products, unsustainable consumption, unethical marketing, animal abuse, pollution, natural resources depletion, and climate change (eg. Beauchamp, Bowie & Arnold, 2009; Crane & Matten (2010) - just to name a few.

In the face of these criticisms CSR is a relevant concept for corporations to consider. Carroll (1999) provides a useful summary of the evolution of the CSR concept since the 1950s which marks what he calls the beginning of the “modern era of CSR.” In this article Carroll bestows the title “Father of Corporate Social Responsibility” to Howard Bowen, author of the 1953 classic *Social Responsibilities of the Businessman*. Carroll (1999: 269-270) writes:

Bowen's (1953) work proceeded from the belief that the several hundred largest businesses were vital centers of power and decision making and that the actions of these firms touched the lives of citizens at many points. Among the many questions raised by Bowen, one is of special note here. He queried, “What responsibilities to society may businessmen reasonably be expected to assume?” (p. xi).

Fast forward half a century and the European Commission (2011) offers a definition of CSR as “the responsibility of enterprises for their impacts on society.” While a concrete answer to Bowen’s question is not readily apparent in this definition, one could surmise that the concept of CSR is fundamentally about

the corporation and its practitioners asking themselves Bowen's important question. In other words, CSR as a concept calls upon corporations and the practitioners within them *to reflect* upon their impacts on society.

The European Union's 2011 CSR definition is but one of many definitions for CSR. For example, an earlier European Commission (2001) definition describes CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" and a number of other similar CSR definitions exist (eg. Carroll, 1999; Dahlsrud, 2008). Throughout this dissertation I utilize the expression CSR as an "umbrella construct" in the sense of Hirsch and Levin's (1999: 200) description of an umbrella construct as "a broad concept or idea used loosely to encompass and account for a broad set of diverse phenomena" (Gond & Crane, 2010: 680-1). As I consider CSR, the "broad concept or idea" involves corporations and the practitioners within them reflecting upon their impacts on society and considering their responsibilities for these impacts. As an umbrella construct, I include the expression CSR as well as "CSR synonyms" (Matten & Moon, 2008: 405; Strand, forthcoming) including sustainability, corporate citizenship, business ethics, stakeholder engagement, triple bottom line, and stewardship in the discussions to follow.

In this dissertation, I pay particular attention to the formalization of CSR. Such things as CSR Managers and CSR reports and CSR classes for MBA students are now commonplace. Given CSR is allegedly about the corporation reflecting upon and taking into account considerations for the corporation's stakeholders, I am interested in whether the formalization of CSR at corporations seems to help or hinder such reflection by practitioners within the corporation. I focus my attention on CSR bureaucracies in the corporation. In this respect, I seek to contribute at

least in part to considerations regarding the implementation of CSR (eg. Lindgreen et al., 2009). I ultimately arrive at my argument that CSR bureaucracies can provide a space for reflection within the corporation in which practitioners can reflect upon the impacts their corporations have on society. Through the opportunity for reflection afforded within this space I show tensions are more likely to be recognized and subsequently negotiated.

The issues related to CSR are mired in tensions (Margolis & Walsh, 2003; Gond & Crane, 2010) where I introduce to the CSR literature the Weberian distinction between formal and substantive rationality (Weber, 1964; Brubaker, 1991; Swedberg, 1998; du Gay, 2000; Guthey, 2012) to help identify and describe tensions. As I elaborate on this distinction, it will become clear that tensions exist from expectations to simultaneously attend to a multiplicity of substantively rational ends from differing standpoints- of which profit maximization is but one substantively rational end. I argue that CSR bureaucracies provide a space for practitioners to identify and describe these tensions and a space to coordinate corporate activities in response.

I position the scholarly context of my dissertation within the CSR field and attempt to make my contribution by demonstrating how bureaucracy can be in productive service to enable reflection by practitioners within the corporation. I attempt to do this via the concept of CSR because the CSR agenda introduces a wide suite of issues that beg for reflection by practitioners within corporations. I borrow my title for this dissertation from Paul du Gay's (2000) *In Praise of Bureaucracy*¹ who resuscitates the maligned concept of bureaucracy from its use "as a composite term for the defects of large organizations" and something inherently "to be against" (du Gay, 2000: 106) and does so in a convincing manner

¹ I offer my gratitude to Professor du Gay for kindly allowing me to do so.

(eg. Rowlinson, 2001; Armbruster, 2002). Du Gay states that critics have described the bureaucracy as “inherently unethical” and places where formal rationality has dominated substantive rationality. I seek to extend du Gay’s treatise by demonstrating how CSR bureaucracies can provide a space within corporations for practitioners to reflect upon corporate activities and, when desired, a space to coordinate corporate activities in response. From an empirical perspective, I focus my attention on CSR bureaucracies that have a clear connection to the upper echelon (Hambrick & Mason, 1984; Hambrick, 2007) of the corporate bureaucratic hierarchy: the top management team (TMT).

STRUCTURE OF DISSERTATION

This dissertation consists of this “umbrella article” and the four articles that comprise the body of this dissertation. In this umbrella article I intend to draw out connections across these articles necessary because I worked on each throughout varying periods during my Ph.D. One article is published in a peer reviewed journal, one article is forthcoming publication in a peer reviewed journal, and two of the articles are accepted for conference presentation. I first provide a summary of my four articles with some additional comments in an effort to help establish connections. I then offer my motivation to pursue this dissertation, a reflection upon my methods and philosophical approach that I associate with the “engaged scholarship” approach (Van de Ven, 2007), some general themes from which I draw throughout this dissertation, and a brief conclusion.

The four articles that comprise the body of this dissertation are:

- **Article #1:** Strand, R. 2011. **Toward Sustainable Sustainability Learning.** *Journal of Strategic Innovation and Sustainability.* 7(2): 41-63.

- **Article #2:** Strand, R. (forthcoming). **The Chief Officer of Corporate Social Responsibility: a Study of Its Presence in Top Management Teams.** *Journal of Business Ethics*.
- **Article #3:** Strand, R. 2012. **CSR Position in the Top Management Team: Evidence of a CSR Bureaucracy?** Accepted for presentation at the *2012 Academy of Management Conference*, Boston, USA, 3-7 August 2012. (Accepted under a previous title “Exploring the Rationales Expressed for Including a CSR Position to the Top Management Team.”)
- **Article #4:** Strand, R. 2012. **Corporate Social Responsibility Bureaucracy at American Cafes Corporation.** Accepted for presentation at the *2012 Society for Business Ethics Annual Meeting*, Boston, USA, 3-5 August 2012. (Accepted under a previous title “Tensions of Corporate Social Responsibility.”)

Throughout the duration of my Ph.D., I authored the following articles that have informed this umbrella article and from which I have drawn content, but are not included as separate entities:

- Strand, R. (forthcoming). **CSR and Leadership.** In Esben Rahbek Gjerdrum Pedersen (Ed.), *Corporate Social Responsibility*. London, UK: SAGE.
- Strand, R. 2011. **Exploring the Role of Leadership in Corporate Social Responsibility: A Review.** *Journal of Leadership, Accountability and Ethics*. 8(4): 84-96.
- Strand, R. 2011. **A Plea to Business Schools: Tear Down Your Walls.** In Mette Morsing & Alfons Saquet (Eds.), *Business Schools and Their Contribution to Society*. London, U.K.: SAGE. pp. 213-222.
- Strand, R. 2010. **Culture & CSR: Embracing the Scandinavian Approach to CSR** (Kultur og CSR: Fordelene ved den skandinaviske tilgang til CSR). In *Børsen Ledelseshåndbøger Corporate Social Responsibility*. April. Copenhagen, Denmark: Børsen. pp. 1-14.

ARTICLE SUMMARY

Article #1: Toward Sustainable Sustainability Learning

In this article I focus on how to engender reflective practice with practitioners. I draw empirical evidence from CSR focused MBA courses I instruct with the University of Minnesota Carlson School of Management that includes a study abroad CSR MBA course in which I travel with these U.S. based MBA students around Scandinavia together. At the time I authored this article, I had not yet been introduced to Donald Schön's (1991) *The Reflective Practitioner* nor did I fully know the future path of my dissertation. I now point to my offerings within *Article #1* as providing evidence for how the bureaucratization of CSR can be in productive service of enabling reflection by practitioners. The CSR professionals with whom we met during the course were the "qualified office holders" (Watson, 2006: 38; 2010: 919) of the CSR bureaucracies as their corporations who coordinated CSR related activities across their organizations. The CSR course created a space within the MBA curriculum for students and me to come together, reflect upon the impacts of corporations on society, and consider "common threads" across subjects that are inherently cross-functional in nature.

Article #2: The Chief Officer of CSR: a Study of Its Presence in Top Management Teams

In this article I present a review of the top management teams (TMTs) of one thousand public corporations from the U.S. and Scandinavia to identify corporations with a TMT position with CSR or a "CSR synonym" like sustainability or citizenship explicitly in the position title. I establish that a number of such TMT positions exist and I list all identified corporations and associated position titles as a descriptive offering- for example Mattel's "Senior Vice President, Corporate Responsibility" and Kellogg's "Senior Vice President, Global Nutrition, Corporate Affairs and Chief Sustainability Officer." In this article, I do not yet use the language "CSR bureaucracy" (I would come to that in *Article #3*) however I offer the example of the CSR bureaucracy at Novo Nordisk

(referred to as the “triple bottom line” at Novo Nordisk) established some two decades ago to coordinate CSR efforts across the company. I describe some of its functions, including the generation of an integrated annual report through which key performance indicators (KPIs) for issues of the CSR variety items are brought alongside of KPIs of the more traditional variety, which is something I describe in *Article #4* as way through which to raise awareness of tensions and encourage reflection by practitioners about what to do regarding such tensions.

Article #3: CSR Position in the Top Management Team: Evidence of a CSR Bureaucracy?

In this article I revisit a subset of the CSR TMT positions identified in *Article #2* one year later to when these positions were initially installed and any changes that may have taken place since, including in the year since the initial study, to add some longitudinal understanding about the installation of CSR TMT position. I show that the year since the initial study was a dynamic one as half of the CSR TMT positions of this small subset (10 corporations) had been removed from the TMT in the year since the initial study. I select a subset of three of these corporations- H&M, Mattel, and Storebrand- to explore the rationales discussed for having established a CSR TMT position and to identify if these positions may serve as evidence of a bureaucracy focused on CSR (i.e. a CSR bureaucracy) drawing from Watson’s (2006; 2010) definition of bureaucracy. I contend these CSR TMT positions serve as indicators of CSR bureaucracies within these corporations.

Article #4: Corporate Social Responsibility Bureaucracy at American Cafes Corporation

In this article I present my offerings from a 20 month engagement as an action/intervention researcher (Van de Ven, 2007) with American Cafes

Corporation. This represents the period immediately following the decision by its TMT to formalize the company's CSR efforts that resulted in the establishment of a CSR bureaucracy. I focused on understanding why the TMT decided to formalize its CSR efforts and how this affected at American Cafes? And because this resulted in the establishment of a CSR bureaucracy, I explored how a CSR bureaucracy affects activities within a corporation. I show the TMT members stated a number of reasons to formalize its CSR activities that could be bucketed into two broad categories, the first related more effectively selecting from the multiplicity of ends related to CSR for which the corporation could pursue and the second related to more efficiently enacting the means through which to achieve the selected ends. I show how the subsequent establishment the CSR bureaucracy served as a space within American Cafes where awareness for tensions was raised, and a space for reflection. I draw from Schön (1991: 338) who argues that "a reflective institution must make a place for attention to conflicting values and purposes" where I contend that the CSR bureaucracy can be that space.

MOTIVATION FOR DISSERTATION

My motivation for this dissertation is the result of a realization that I made during my professional tenure working within corporations. Over the course of a decade from 1999 when I joined IBM Corporation as an industrial engineer until the time I departed from a market researcher and investor relations role with Boston Scientific Corporation in 2009, it had become increasingly apparent to me that in my personal life I could reflect upon the people I was affecting and who were affecting me and could make adjustments to try to do more help and less harm, but in my professional life as a practitioner within corporations this kind of reflection was incredibly difficult. This realization was particularly troubling given that as a practitioner I had the capacity to affect thousands of more people than I could in

my personal life due to the size and influence of the corporations with whom I worked and my roles within them.

So why was reflection possible in my personal life but not in my professional life as a practitioner within large corporations? In my personal life I had a feel for “the whole” regarding who I affected and who affected me. I knew the faces of the people I could affect (and many times their names) and they knew mine. I could hear their words and see their facial expressions and body language so I could sense if I was likely helping or harming these people. I was also (hopefully) maturing during this decade where I was increasingly realizing that there is intrinsically good feeling that comes from cooperating with people to create something of value together.

However, in my professional life as a practitioner within corporations I encountered barriers that made such reflections difficult. I did not have a feel for “the whole” ” regarding who I affected and who affected me and I did not have a grasp for all of the people the corporation affected. Due to the sheer number of people I could affect and the distance between them and myself, I did not know but more than a small fraction of the names and faces of the people I could affect. In my role as a labor and capacity manufacturing planner with IBM, my monthly “headcount” plans would exceed 1000 individuals where my shifting plans could lead to the hiring or firing up to 300 individuals on a monthly basis. In my supply chain role with Boston Scientific I was dealing with suppliers spread throughout the world and later in my investor relations role I could not even begin to know where investors were located.

Furthermore the dominant discourse within the corporations I worked was to talk in terms of the “business case” to discuss from the standpoint of describing what’s

in it for the corporation. I would come to know this as indicative of the neoclassical economist view of the firm as represented by Friedman (1970; 1986; 2002). Discussions about whether we were helping or harming people could face charges as being naïve or reckless with the shareholders' money. I saw little room for reflection about this. But on the days I mused with others about our potential impacts on society, I would occasionally have a reoccurring conversation with a silver haired member of the corporation from down the hallway. He would invoke Milton Friedman by name and sometimes include reference to the invisible hand of Adam Smith. He sounded wise when he did this and there was something legitimate to me about hearing the names Milton Friedman and Adam Smith. To my knowledge at that time I had never read anything directly from either of Friedman or Smith, but my industrial engineering background based upon Frederick Taylor's (1911) principles of "scientific management" with its focus on increasing efficiency seemed to fit well with this narrative. And on those occasions I was outside of the walls of the corporation and was challenged by someone expressing that large corporations were harming society, I would find myself invoking the names of Milton Friedman and Adam Smith in an effort to dismiss their charges as naïve. Upon reflection, I was not doing this because I firmly understood and embraced the neoclassical belief set but rather I was doing it because I felt personally threatened that I was being labeled as a bad or unfeeling person given I worked with a corporation.

This changed after I encountered the concept of CSR for the first time in 2004. I was enrolled in an evening MBA program with the University of Minnesota and to satisfy the 2 credit business ethics requirement I signed up for Professor Norman Bowie's study abroad course about "CSR." The course readings included Milton Friedman (1970), discussions about Adam Smith (Beauchamp & Bowie, 2004) and a suite of other readings that explored the role of business and large

corporations in society and challenged and critiqued the various perspectives from different angles. In retrospect, this course for me was the first time I reflected upon the neoclassical economics belief set I found so dominant in the corporation. While I have since read that these kinds of reflection exercises are called for (Schön, 1987; Mintzberg, 2004; Bennis & O'Toole, 2005; Adler, 2002; Navarro, 2008; Pharr 2000; Tippins, 2004; Ducoffe et al., 2006; Strand, 2011) to engender a more “reflective practitioner” (Schön, 1991), until this point for me, I did not have such a space for reflection.

Two readings in particular spoke to me during this course. The first was R. Edward Freeman’s (2004) article “A Stakeholder Theory of the Modern Corporation.” I had never heard of anything resembling “stakeholder theory” discussed within the corporation. This article spoke to my feeling that society and the corporation can mutually benefit on the whole over the long-run when the corporation reflects upon where it may be helping or harming society. And the second was Beauchamp & Bowie’s (2004; see also Bowie, 1999) offerings regarding the axiom of Immanuel Kant to never treat human beings purely as a means but, rather, human beings must be treated as an ends in and of themselves. Early in my tenure as a labor and capacity manufacturing planner with IBM it bothered me that we would discuss “headcount” and treat the individuals behind the “headcount” numbers in a manner that was little different than the equipment and material inputs for the manufacturing floor. Before reading these offerings, I did not feel that I had a legitimate reason to challenge this that would not be labeled as naïve. My training in Taylorism and conversations about Milton Friedman at the corporation seemed to support treating people like inputs as efficient.

During Professor Bowie's course we traveled to Belgium and the United Kingdom and met with individuals who held titles like "Director, Corporate Social Responsibility" from the likes of Johnson & Johnson, Nike, and Cadbury Schweppes. These individuals described that their responsibilities under the moniker of "CSR" included engaging with stakeholders of their respective corporations and reflect upon how the corporation could do more help and less harm together with these stakeholders. These CSR professionals presided over formalized CSR programs within their corporations that developed CSR goals and corresponding key performance indicators (KPIs) to measure progress against these CSR goals, and they coordinated supporting CSR activities that were inherently cross-functional in nature. This was the first time I had seen the potential for such a space for reflection within the corporation.

METHODS

As I will describe, I adopted a research approach inspired by what Van de Ven (2007) describes as "engaged scholarship." More detailed accounts for the methods employed for the individual article are found in each, where here I offer an overview of my methodological approach and describe some connections across articles.

Throughout these four articles I cover very different conceptual levels- from the individual level with considerations toward the reflective practitioner (Schön, 1991) in *Article #1*, to the national and supranational level with considerations toward new institutionalism (DiMaggio & Powell, 1983) via the concept of implicit/explicit corporate social responsibility (CSR) (Matten & Moon, 2008) in *Article #2*, and back down to the individual and the organizational and individual level with considerations toward the establishment of a CSR bureaucracy (Weber,

1949; Watson, 2006; 2010; Adler & Borys, 1996) in *Article #3*, and its effect on reflection by practitioners in *Article #4*.

My research interest is driven by a phenomenon. CSR is, and has been for a while now, being formalized (eg. Russo & Tencati, 2009). Such things as CSR Managers, CSR reports, and CSR classes for MBA students are now commonplace. I first observed this as an MBA student in a CSR focused course, I considered it while I was practitioner within corporations, and more recently I have focused my research attention to the formalization of CSR. I wanted to understand this phenomenon. In particular, I wanted to understand the impact this may have regarding the potential for reflection by practitioners regarding the corporation's impact on its stakeholders. CSR is allegedly about the corporation reflecting upon and taking into account considerations for the corporation's stakeholders, so does the formalization of CSR at corporations seem to help or hinder reflection by practitioners within the corporation?

I adopted a research approach inspired by the approach Van de Ven (2007) describes as engaged scholarship. With this approach, the issue of relevancy is of great importance. While in the here and now it is often difficult to know what is currently or could possibly be relevant, but the basic research posture assumed with engaged scholarship is that *relevancy matters for research* (Van de Ven, 2007; Brief & Dukerich, 1991; Argys & Schön, 1996). In consideration to my introductory claims of this dissertation that corporations are increasingly influential and have demonstrated the capacity to harm society, coupled with my contention that there is limited room within corporations for practitioners to adequately reflect upon the impacts of corporations on society, I contend that exploring whether the formalization of CSR can help or hinder such reflection on the part of practitioners is a research area that is relevant. Whether or not my

humble offerings in this dissertation are of any relevance is matter for another discussion, but I firmly contend this field of inquiry is relevant.

I did not adopt a strict epistemological approach throughout these four articles, chiefly because I have been discovering it along the way. But in retrospect (and with the potentially grave risk to naïvely apply labels that I do not fully understand), my approach could likely be characterized in the realm of the realism as I began my journey in in *Article #1* (and where my treatment of the data presented in the Appendix could likely be characterized as positivistic) and where I increasingly adopt a critical realist perspective as I march through my articles to arrive at *Article #4*. Van de Ven (2007) describes the critical realist perspective as one that adopts a perspective in which there is a world out there with structures, but our attempts to understand are extremely limited and, at best, can ever only be approximated. These structures, whatever they may be, can never be seen firsthand by the researcher. The critical realist perspective contends that all data and observations are deeply theory-laden and embedded in language and as such, requires our interpretation and is, at best, rough approximations.

Van de Ven contends the approach that he adopts and describes as “engaged scholarship” is rooted in the critical realist perspective. I adopt the engaged scholarship approach in the bookends of my dissertation *Article #1* and *Article #4* and engaged scholarship informs me throughout. Van de Ven (2007: 9) defines engaged scholarship as a “participative form of research for obtaining the different perspectives of key stakeholders.” In *Article #1* and *Article #4*, I am situated as a participant within the text. An underlying assumption of engaged scholarship is that by engaging with others as the action is going on, we can learn achieve greater insight than if we go it alone and attempt to keep some artificial barrier between ourselves and the alleged subjects of study. But in doing so, the engaged

scholarship approach demands a heightened degree of researcher reflexivity (Van de Ven, 2007; Alvesson & Sköldbberg, 2000; Alvesson & Deetz, 2000; Johnson, 2003; Adler et al., 2007) as the data generated is highly subject to our own heavy hand of involvement. And thus an addition level of reflection is called for.

But due to this heavy hand of researcher involvement with engaged scholarship, new issues can come to light. In *Article #4*, had I not been participating in an engaged scholarship approach, a seemingly bizarre tension between paper cups and child labor was elevated to a level where I became aware, which otherwise would not have, and the identification of this tension served as a foundational key insight for me to understand how CSR bureaucracies and their associated tools of formal rationality can serve to elevate the awareness of tensions. This situation was the direct result of my provoking the practitioner responsible for Sourcing at American Cafes over a period of time. While I was, to the best of my ability, provoking this practitioner in a hopefully respectful and constructive manner, I was undoubtedly provoking her as my continued questions were about a deeply values-laden topic of child labor in the cocoa industry. I had to reflect carefully on how I approached this contentious topic for a variety of co-mingled reasons, including my concern that I perceived that she felt a great deal of pressure with her new CSR Sourcing responsibilities and I wanted to be respectful of her situation. But as Van de Ven (2007: 17) contends “Attempting to avoid tensions between scholars and practitioners, as we have in the past, is a mistake, for it blinds us to very real opportunities that are possible from exploiting the differences underlying these tensions in complex phenomena.... Managing conflict constructively is not only important but lies at the heart of engaged scholarship.”

Tensions represent “stimulating starting points” (Poole & Van de Ven, 1989) and are central to considerations of reflection by practitioners and the concept of CSR.

Identifying and engaging with tensions that arise from differing values and purposes is a key element for the reflective practitioner (Schön, 1991) and the realm of CSR is described as a “field of tensions” (Gond & Matten, 2007; Scherer & Palazzo, 2007). As such, identifying and describing tensions is a central point of interest for my research.

Towards this end to identify and describing tensions, I have introduced to CSR literature Weberian distinction between formal and substantive rationality. Here, I follow the lead of Guthey (2012) who employs this distinction to identify and describe tensions that arise from the simultaneous expectations to attend to formal and substantive rationality. Van de Ven (2007: 70) describes a key element of the critical realist approach is the use of models and analytical devices where they can help to illuminate the issues at hand, and the Weberian distinction between formal and substantive rationality serves such a purpose.

I first invoke the distinction between formal and substantive rationality in *Article #2*, but it is not until *Article #3* and *Article #4* that I more deeply engage and use the distinction as a means to identify and describe tensions. The distinction afforded me with a language through which I could more readily discuss tensions that are apparent when the CSR agenda is engaged. Brubaker (1991: 36) describes the distinction between formal and substantive rationality as “fundamental to Weber’s social thought” where “on the methodological plane, it allows Weber to emphasize the value-neutral, purely analytical status of his conception of the rationality of the modern Western social order. Throughout his empirical work, Weber attempts to use richly value-laden terms in a value-neutral manner.” Relatedly, in *Article #3* and *Article #4* an objective of mine was to identify and describe tensions that are apparent when the CSR agenda is engaged with. While no form of inquiry is value-free, to the best of my abilities I did not intend to

ascribe values judgment of ethical/unethical, good/bad to the issues at hand but desired to instead identify and describe tensions. The field of CSR is described as “values-laden” and “appraisive” (Moon, Crane, & Matten, 2005: 433-4; Matten & Moon, 2008: 405-6) where I felt such a device was merited. For example, the neoclassical economics standpoint as represented by Milton Friedman (1970; 1986; 2002) is often characterized within the CSR agenda as unethical egoism run amok and within the neoclassical economics realm the CSR agenda can be painted in an equally dim light. I desired, as best I could, to avoid entering into such an appraisive exercise. As Margolis & Walsh (2003:271) and Ghoshal (2005) maintain, the dominant discourse of the business community is the neoclassical economics discourse, in which the corporation is prescribed to have a singular ends, and where I sought to identify and describe the tensions that can become apparent when the CSR agenda calls upon corporations to consider a multiplicity of ends. The distinction between formal and substantive rational served me in my efforts to explore this.

Furthermore, the language of the Weberian distinction between formal and substantive rationality is the language of the bureaucracy where formally rational tools are deployed in service of substantively rational ends (from some explicitly defined standpoint) (Brubaker, 1991; du Gay, 2000). Therefore, describing the tensions in these terms helped to connect with the concept of a CSR bureaucracy.

The critical realist perspective, in particular the approach of engaged scholarship situated within the critical realist perspective, adopts a stance of *epistemological humility* (Boyer, 1990; Kentworthy-U'Ren, 2005; Van de Ven, 2007). This represents a call for a humble research posture and to eschew preferential treatment of any one mode of inquiry over another or any one theoretical stream over another. If a theory or an analytical model is helpful, use it. And reflect

upon it. If a theory or an analytical model is no longer helpful, stop using it. And reflect upon it. In *Article #2*, I engage with the theoretical concept broadly described as “new institutionalism” as represented by DiMaggio & Powell (1983) by way of Matten & Moon’s (2008) concept of implicit/explicit CSR. My engagement with new institutionalism served me well in *Article #2*. And through this engagement, I came in contact with the theory of management fashion as articulated by Abrahamson (1996) that is also rooted in “new institutionalism” as represented by Meyer & Rowan (1977) and Scott & Meyer (1994). My engagement with theory of management served to encourage my deeper exploration of the Chief Officer of CSR phenomenon whereby I considered the journey of Novo Nordisk, which served to illuminate for me the dynamic potential for CSR bureaucracies where the head officer may be elevated to the top management team (TMT) and over time work to embed within the organization. I would not have likely gone down this fruitful research path had I not considered this theoretical perspective.

As I was working on *Article #2*, I began my action/intervention research (Van de Ven, 2007) with American Cafes Corporation that would eventually result in *Article #4*. For a period during my research, I was attempting to use new institutionalism as I had done with benefits in *Article #2*. Evidence of my efforts can be seen in some of the excerpted interview questions in the Appendix of *Article #4*. But as time went on, I found that applying new institutionalism to this N-of-1 case was simply contributing to more confusion than clarity for me. So I stopped using it, and reflected upon it. I found in my case, the theoretical concept of new institutionalism is typically considered at a much more macro level was, simply put, “too macro” for me in my exploration at a much more micro level. But this was a helpful learning for me, and because of the epistemological

humility encouraged by the engaged scholarship approach I felt the freedom to move on rather than attempt to make fit a theoretical concept.

I am drawn to the approach of engaged scholarship. I believe in the importance of relevancy in research. I believe in removing the socially constructed barriers of hierarchy and positions of privilege. I believe in opening up our research to others while in progress, especially students, so that we may learn together and we all better appreciate the words we read are not “facts” per se for we have all participated in the messy process of their production. I appreciate the approach of engaged scholarship as a continuous process of sensemaking and sensegiving (Weick, 1995; Gioia & Chittipeddi, 1991) and have come to realize that *I think* what I think when I think it but *I know* what I think when I write it. I believe in engaging with very different viewpoints than our own, and critically reflecting upon our own positions. I firmly believe in this importance of reflection. In sum, I believe in the approach of engaged scholarship.

THEMES

In the following I describe three general themes from which I draw this dissertation, where I explicitly draw them out and expand on each here.

Theme 1: Debates about the proper role of the corporation in society will not go away (i.e. Tensions exist whether one acknowledges them or not)

Ghoshal (2005) and a number of others (eg. Margolis & Walsh, 2003: 271; Wang et al., 2011; Audebrand, 2010) maintain that neoclassical economics discourse as represented by Milton Friedman is the dominant discourse in the business community. This discourse may be summarized by Friedman’s (1970; 1986; 2002) famous remark that “the one and only one social responsibility of business” is to make profits for its owners. In the case of a publicly traded corporation that

is to say the purpose of the corporation is to maximize wealth for the shareholders because “the corporation is an instrument of the stockholders who own it” (Friedman, 2002: 135). Friedman (1986; 2002) roots his claim in Adam Smith’s (1776/2007) assertion that the butcher, baker, and brewer serve society’s interests best by attending to their own self-interest. Friedman (1986: 2) states:

We do not regard a businessman as selflessly devoted to the public interest. We think of a businessman as in business to improve his own welfare, to serve his own interest. Adam Smith taught us that “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages” Smith, 1930: 16. In his famous phrase, though “every individual intends only his own gain, he is led by an invisible hand to promote an end which was no part of his intention” (Smith (1930: 421).

In philosophical terms, the neoclassical economics perspective represented by Friedman has been described as a claim that “egoist business practices” lead to “utilitarian results” (Bowie, 1991: 153; Beauchamp, Bowie, & Arnold, 2009: 17; Crane & Matten, 2010: 100-1). Or more provocatively, one may contend this is akin to the claim that “greed... is good” (Wall Street, 1987; Wang et al., 2011). This perspective is embedded in many of the business strategy tools employed by business practitioners including Porter’s (1980) “5 Forces” model in which the corporation is placed at the center of a competitive battle against its stakeholders- including its customers, suppliers, employees, and regulators- where everyone is assumed to act in accordance to their own self-interest (Ghoshal, 2005).

From this perspective it follows that as agents of the shareholders, the sole responsibility of the practitioners within the corporation is to maximize profits (Friedman, 1970; 2002). Friedman (1970) contends this is to be done while “conforming to the basic rules of the society, both those embodied in law and

those embodied in ethical custom.” Thus while Friedman invokes the concept of ethics he describes ethics as a constraint that limits the range of possibilities the practitioner can consider en route to achieving the sole responsibility of profit maximization. This implies that practitioners should not reflect upon whether their activities help or harm society beyond considering whether such a practice could help to maximize profits for the corporation. Thus the neoclassical view as exemplified by Friedman prescribes that the self-interest of the business should serve as guide for practitioners to make business decisions.

This is why Joel Bakan (2004) infamously diagnosed that if we consider the corporation was actually a person as its legal status decrees; the corporation would be considered a psychopath. *The Corporation* is both a book (Bakan, 2004) and a film (The Corporation, 2003). *The Economist* (2004) offered its synopsis of the film:

The main message of the film is that, through their psychopathic pursuit of profit, firms make good people do bad things. Lucy Hughes of Initiative Media, an advertising consultancy, is shown musing about the ethics of designing marketing strategies that exploit the tendency of children to nag parents to buy things, before comforting herself with the thought that she is merely performing her proper role in society. Mark Barry, a “competitive intelligence professional,” disguises himself as a headhunter to extract information for his corporate clients from rivals, while telling the camera that he would never behave so deceitfully in his private life.

This excerpt serves as example that even when the advertising consultant is aware that she may be potentially harming society in some capacity, the dominant discourse of neoclassical economics serves to absolve her of further reflection as she is performing her proper role in society.

Interestingly, the generally business-friendly pages of *The Economist* agree with Bakan's psychopathic diagnosis of the corporation offering "unlike much of the soggy thinking peddled by too many anti-globalisers, 'The Corporation' is a surprisingly rational and coherent attack on capitalism's most important institution." Arguably the harshest critique *The Economist* offers is regarding to the originality of the contribution where *The Economist* contends Max Weber deserves credit for these critiques of the corporation:

Although the moviemakers claim ownership of the company-as-psychopath idea, it predates them by a century, and rightfully belongs, in its full form, to Max Weber, the German sociologist. For Weber, the key form of social organisation defining the modern age was bureaucracy. Bureaucracies have flourished because their efficient and rational division and application of labour is powerful. But a cost attends this power. As cogs in a larger, purposeful machine, people become alienated from the traditional morals that guide human relationships as they pursue the goal of the collective organisation. There is, in Weber's famous phrase, a "parcelling-out of the soul."

Differences of opinion in the public regarding the proper role of business in society are apparent. In a global survey conducted by the 2011 Edelman Trust Barometer (2011; *The Economist*, 2011b) respondents were asked to reply to whether they "strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree or strongly disagree with the following quote from Milton Friedman: 'The social responsibility of business is to increase its profits?'" A number of countries exhibited sizeable percentages of disagreement, for example 41% of respondents from the U.S. and 50% of respondents from the U.K. replied that they disagreed (i.e. somewhat disagree plus strongly disagree). The net percentages of agrees and disagrees are shown in Figure 1. *The Economist* (2011b) features this survey, depicting it in a CSR versus neoclassical economics manner showcasing a chart titled "Forget CSR, Make Money" in which the

percentage agreeing by country is shown (see Appendix B). Arguably of a greater interest are the percentages who disagree as shown in Figure 1.

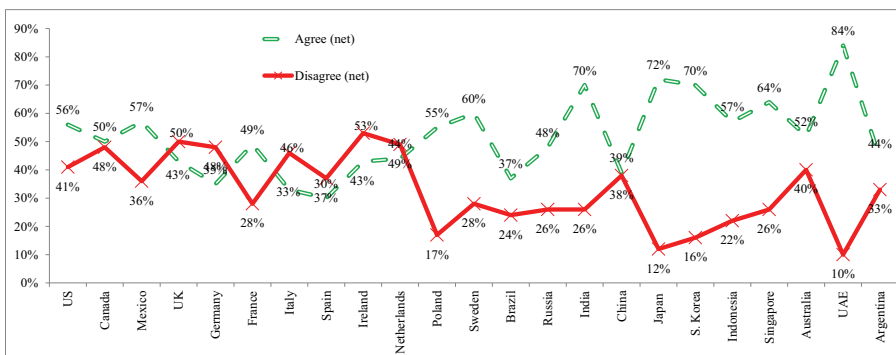


Figure 1: Does anyone disagree (bold line) with Milton Friedman?

This survey was administered to members of the so-called “informed public” comprised of “individuals with university degrees who are in the top quarter of wage-earners in their particular age groups and countries.” Top wage earners are more likely members of the business community (eg. Gabaix & Landier, 2008; Saez & Veall, 2005; Magner, 1992). As such one may expect that a considerable number of individuals within the business community disagree with the claim “the social responsibility of business is to increase its profits.” Therefore, while Ghoshal, (2005) and others (Margolis & Walsh, 2003: 271; Wang et al., 2011; Audebrand, 2010) may be correct with their claim that the dominant discourse of the business community is the neoclassical economics discourse as represented by Milton Friedman, this may serve as evidence that there is disagreement amongst members of the business community (and thus potential for tensions).

The debates about the proper role of the corporation in society, and CSR’s role in all of this, show no signs of letting up. *The Economist* serves as evidence where in the course of a short period of it ran two special issues dedicated to CSR, each

offering decidedly different tones regarding CSR. *The Economist* (2005b) describes the dangers of CSR while dejectedly conceding “The movement for corporate social responsibility has won the battle of ideas. That is a pity... To improve capitalism, you first need to understand it. The thinking behind CSR does not meet that test.” Three short years later, *The Economist* (2008) appears to trumpet the virtues of CSR as “just good business” extolling CSR as a means through which “the corporate antennae are more keenly tuned to social trends and sensitivities, alerting managers to risks and opportunities they might not otherwise have spotted, so much the better for business.”

Similarly, prominent neoclassical economist and influential business strategist Michael Porter (with colleague Mark Kramer) recently called upon the corporation’s managers to reject “neoclassical thinking” through which he contends “business and society have been pitted against each other for too long... The purpose of the corporation must be redefined as creating shared value, not just profit per se” (Porter & Kramer, 2011). One could reasonably argue the “neoclassical thinking” for which Porter calls to reject is the neoclassical thinking Porter championed and instrumentalized within his “5 Forces” model (Porter, 1980). Thus Michael Porter could arguably serve as evidence that these debates are not solely between warring schools of thoughts at the macro level, but are debates that can also ensue within individuals themselves. In other words, tensions can exist within an individual regarding the proper role the corporation in society, and CSR’s role in all of this

With history as our guide, the debates regarding the proper role of the corporation in society, and CSR’s role in all of this, will not go away guide (Braudel, 1979; Smith, 1759; 1776; Brandeis, 1912; Bowen, 1953; Head, 2005; Eells, & Walton, 1974; Allen, 1992; Carroll, 1999; Bakan, 2004; Vogel, 2005; CEBC, 2005;

Frederick, 2006; May et al., 2007; Reich, 2007; 2009; Blowfield & Murray, 2008; The Economist, 2009f).

Theme 2: The Weberian distinction between formal and substantive rationality serves useful in the study of CSR

Max Weber distinguishes between formal and substantive rationality (Weber, 1964; Brubaker, 1991; Swedberg, 1998; du Gay, 2000; Guthey, 2012) – a distinction Brubaker (1991: 36) maintains is “fundamental to Weber’s social thought.” In this dissertation I introduce to the CSR literature the Weberian distinction between formal and substantive rationality as it serves useful to identify and describe tensions that become apparent when the CSR agenda is considered at the corporation. Here I follow the lead of Guthey (2012), who introduces this distinction to the management fashion literature to identify and describe tensions that arise from expectations to simultaneously conform to norms of formal and substantive rationalities.

Brubaker (1991: 35, 36) summarizes Weber’s distinction between formal and substantive rationality as follows:

Formal rationality refers primarily to the *calculability of means and procedures*, substantive rationality primarily to the *value* (from some explicitly defined standpoint) *of ends or results*... From the point of view of a given end... an action or a pattern of action is rational if it is an efficacious means to the end, and irrational if it is not....from the point of view of a given belief, an action is rational if it is consistent with the belief, and irrational if it is not.

Weber’s definition of formal rationality entails the adoption of the most appropriate and efficient means to achieve specified ends. Substantive rationality, by contrast, refers to “a conscious belief in the absolute value of some ethical, aesthetic, religious, or other form of behavior, entirely for its own sake and

independently of any prospects of external success” (Weber, 1964: 115 quoted in Podolny et al., 2010; Guthey, 2012). Swedberg (1998: 36) concisely states “The key idea here is that formal rationality is centered on calculation, while substantive rationality is related to absolute values.”

Friedman’s contention that “the social responsibility of business is to increase its profits” and his associated comments (1964; 1970; 1982; 2002) indicate a higher order belief that society is best served when the corporation maximizes profits. Such a higher order belief indicates this is the realm of substantive rationality. In this view, the corporation is described as the possession of the shareholders where Friedman contends that when profits are maximized and delivered to the shareholders the shareholders can exercise their free choice to do whatever they wish to do with this wealth. Friedman asserts this is a key element of a free and democratic society that he expresses constitutes a good society, where this is the realm of substantive rationality.

From this standpoint, achievement of corporate profits by practitioners enters the realm of formal rationality because these managerial activities “are ultimately concerned with productivity, and with the efficiency of means to induce it, rather than with the desirability of productivity itself as defined and measured against some system of superordinate beliefs or values” (Guthey, 2012). This is an important distinction that merits calling out for the purposes of this dissertation. The maximization of corporate profits are the realm of substantive rationality from the neoclassical economics standpoint represented by Friedman for all of the aforementioned reasons whereas the process whereby practitioners go about doing it is the realm of formal rationality. The neoclassical economics view as represented by Friedman prescribes that practitioners do not consider issues of substantive rationality (such as values, ethics, and the like) but rather practitioners

of the corporation are instructed to focus solely on applying the most efficient means to achieve specified ends (eg. Abrahamson, 1996) to maximize profits. While Friedman (1970) states practitioners must consider “ethical custom” he describes them as a constraint similar to the law that limits the range of possibilities the practitioner can consider en route to achieving the singular end of profit maximization.

Guthey states “tensions and conflicts” are inevitable when expectations to simultaneously conform to norms of formal and substantive rationalities exist. In a space in which the neoclassical economics discourse as represented by Friedman dominates, the opportunity for such tensions to be apparent for practitioners are limited because formally rational activities (i.e. improving efficiency and productivity) are considered consistent with the substantively rational ends to increase profits. In this space there, there is only one end to consider (i.e. maximize profits) and one means to achieve it (i.e. efficiency) and therefore tensions are unlikely to be apparent to practitioners. So long as these practitioners stay within a space in which the neoclassical economics discourse dominates, and hence do not reflect upon how their activities may be helping or harming society, tensions are not likely to be apparent to these practitioners. The prescription for these practitioners is to focus on efficiency because that leads to profits and that is all they should consider.

However, the CSR agenda complicates the singular end for the corporation to just consider maximizing profits by calling on corporations to consider substantively rational ends from the multiplicity of other standpoints represented by its stakeholders (European Commission, 2001). Here, tensions are likely to become quickly apparent to practitioners. With the CSR agenda all of a sudden consideration for issues in the realm of substantive rationality becomes pertinent

for practitioners. And with the introduction of the potential for a multiplicity of substantively rational ends, no longer is the assumption that formally rational means will lead to the substantively rational ends valid.

I define that a tension exists when some ‘thing’ is considered substantively rational from one standpoint but substantively *irrational* from a different standpoint. This definition is built from the offerings of Lewis (2000) and Smith & Lewis (2011) who describes tensions as the underlying source of paradox. Lewis cites Ford & Backoff (1988:89) who describe paradox as “some ‘thing’ that is constructed by individuals when oppositional tendencies are brought into recognizable proximity through reflection or interaction.” Gond & Crane (2010) and Margolis & Walsh (2003) use the expression tension in a similar manner.

In a recent article by Michael Porter (and colleague Mark Kramer) (Porter & Kramer, 2011), Porter contends that those who argue that tensions and the potential need for trade-offs arise when the purpose of the corporation is redefined as creating value for society are wrong because creating value for society is about managers discovering all of the win-win opportunities that they are currently failing to identify. Porter suggests managers fail to identify the win-win scenarios because they follow the prescriptions of neoclassical economists who, in Porter’s words, “have legitimized the idea that to provide societal benefits, companies must temper their economic success.” Hence, Porter contends if managers would reflect upon where the corporation can do more help and less harm in society and pursue these opportunities as a means through which to maximize profit, these managers will realize all of the win-win scenarios without having to consider tensions or accept trade-offs.

In a review of this article titled “Oh, Mr Porter,” *The Economist* (2011b) retorts that tensions are inherent in business and that Porter glosses over the hard task managers face in negotiating tensions. *The Economist’s* review asserts:

His arguments have some common flaws: he persistently plays down the difficult trade-offs that businesses often have to make, even in ventures with clear potential for social good (eg, advising a ravaged country on how to cut poverty, at the risk of bolstering its dictatorship)...

The Economist’s example illuminates the tensions can always be present where perhaps the question is not whether tensions are present, but whether they are identified and negotiated by managers. In this example, if the practitioner strictly adheres to the neoclassical economics discourse as represented Friedman’s contention the purpose of the corporation is to maximize profits for the shareholders, the prescription for the practitioner is to ignore the tensions. The dictatorship is the law of the land so there are no issues regarding potentially breaking any laws, and thus all the practitioner should worry about is assessing whether the corporation can make a profit from the venture.

However, if the purpose of the corporation is instead considered to create value for society as Porter more recently contends, then the tension may not be ignored. The alleviation of poverty can be considered a substantively rational ends for entirely its own sake (eg. UNDP, 2012) and the support of a free and democratic society is considered a substantively rational ends for entirely its own sake also (eg. Friedman, 2002). Therefore, in this example what may be considered as conforming to norms of substantive rationality from one standpoint may be in violation of conforming to norms of substantive rationality from another standpoint. This means a tension exists.

Just because a tension exists does not mean a trade-off is imminent. Freeman et al. (2010: 9, n.13) contend “Of course, stakeholder interests may be in partial conflict, but if the possibility of innovation and the redefinition of interests is always present, then we can more profitably focus on the jointness of interests rather than on the conflict” (Freeman et al., 2010: 9, n.13). Freeman et al. (2010: 247) continue:

Instead of simply taking a trade-off at face value, it would help the firm to achieve its rich value proposition if managers were to *reflect* [my italics] on how they and their stakeholders have constructed that trade-off, and imagine and innovate ways of constructing it that can reduce or remove that trade-offs. We acknowledge that this strategy will not always be effective and some trade-offs cannot be reconstructed, but without trying to dissolve some of these either-or choices, managers will make more [trade-offs] than they have to and potentially destroy value in the process.

Thus Freeman et al. stress the importance of practitioners having space for reflection whereby they to consider the tensions that exist, and to negotiate these tensions and create value in the process. The Weberian distinction between formal and substantive rationality helps to describe these tensions and helps to explain why debates about the proper role of the corporation in society will not go away. As long as there are differing higher-order beliefs standpoints regarding the purpose of the corporation, which there always will be, there will be tensions.

Friedman’s argument for practitioners to pursue what others have described as “egoist business practices” (Bowie, 1991: 153; Beauchamp, Bowie, & Arnold, 2009: 17; Crane & Matten, 2010: 100-1) on behalf of the firm’s interests to make profits can also be considered as a means to suppress the consideration for potential tensions. Wang et al. (2011) contend there is little that distinguishes self-interested egoist business practices from the concept of greed and, as such, Gordon Gecko’s contention that “Greed is right, greed works. Greed clarifies”

(Wall Street, 1987) is applicable here. Egoist business practices clarify and simplify the range of possible activities for practitioners to consider.

Furthermore, this distinction between formal and substantive rationality proves useful in this study of the CSR bureaucracy. A bureaucracy entails the deployment of formally rational tools in service of substantively rational ends (from some explicitly defined standpoint) (Brubaker, 1991).

Theme 3: The CSR bureaucracy can provide a space for reflection in the corporation

Schön (1991: 338) describes “a reflective institution must make a place for attention to conflicting values and purposes.” Thus Schön argues that tensions should not be suppressed for reflection- the opposite. In this dissertation, I come to argue the CSR bureaucracy can be that place- or that *space* as I call it- within the corporation in which practitioners can reflect upon the rationalities of corporate activities that can entail conflicting values and purposes. But before describing how the CSR bureaucracy can function as such a space, proper attention must be made to first define the concept of bureaucracy.

Bureaucracy

Despite the ubiquitous nature of bureaucracy, there are strikingly few concise definitions within scholarly contributions offered. For example, Adler & Borys (1996) describe the “core features” of bureaucracy as workflow “formalization, specialization, and hierarchy” but do not venture to offer a firm definition. Tony Watson, however, does. Watson (2006; 2010) draws directly from Max Weber’s (1949) ideal-type bureaucracy to define bureaucracy as:

The control and coordination of work tasks through a hierarchy of appropriately qualified office holders, whose authority derives from their expertise and who rationally devise a system of rules and

procedures that are calculated to provide the most appropriate means of achieving specified ends. -- Watson (2006: 38; 2010: 919)

Here it is clear to see that the means have to do with formal rationality-procedures, rules, calculations, etc. And the “specified ends” are the substantively rational ends *from some explicitly defined standpoint*. Thus the distinction is helpful to draw out considerations about purpose with explicit expression regarding from *whose* standpoint?

From a practical research perspective, it is important to address what Weber indicates by “ideal-type bureaucracy” from which Watson bases this definition. Weber’s (1949) ideal-type bureaucracy is a model of what bureaucracy would look like if it were to exist in utterly pure and perfect form. Through the ideal-type, Weber can effectively stress the features of bureaucracy to highlight how bureaucracy differs in essence from other forms of administration. Gouldner (1950: 53-4, as cited in Hall (1963)) explains the empirical implications of this:

Not every formal association will possess all of the characteristics incorporated into the ideal-type bureaucracy. The ideal type may be used as a yardstick enabling us to determine in which particular respect an organization is bureaucratized. The ideal-type bureaucracy may be used much as a twelve-inch ruler is employed. We would not expect, for example, that all objects measured by the ruler would be exactly twelve inches-some would be more and some would be less.

The implication of this is that bureaucracy it is not some binary condition that is either present or absent (Hall, 1963: 33; Gouldner (1950). In its conceptual purity, the ideal-type bureaucracy cannot be found empirically (Antonio & Sica (2011:xxi). Bureaucracy exists along a continuum. Therefore, in empirical investigations of bureaucracies, we can expect deviation from Watson’s definition. And one additional note, by ‘ideal’ Weber, does not suggest bureaucracy is ideal in the sense that bureaucracy is inherently ‘perfectly desirable.’ Rather, as stated

previously, Weber employs ideal as an extreme for the purposes of comparison (Watson, 2006: 40).

While the concept of bureaucracy is often associated with administrative issues of the state, it is equally applicable to business. Weber states “It does not matter for the character of bureaucracy whether its authority is called ‘private’ or ‘public’ (1948: 197)... one has to remember that bureaucracy.... can put itself at the disposal of quite varied- purely political as well as purely economic, or any other sort- of interests... (1948: 231). It follows that the corporation is characterized as a bureaucracy (eg. Bennis, 1965; Watson, 2006; Weber, 1948; Adler & Borys, 1996; Gerth & Mills, 1948: 49; Dugger, 1980; Blau, 1956; The Economist, 2004). At the top of the “hierarchy of appropriately qualified office holders” resides the so-called “top management team” (TMT) that is also described as the “relatively small group of executives at the strategic apex” of the corporation with overall responsibility for the organization (Mintzberg, 1979: 24; Hambrick & Mason, 1984; Finkelstein et al., 2009: 127). And at the top of the TMT hierarchy is the Chief Executive Officer (CEO).

Returning to the Weberian distinction between formal and substantive rationality, as a bureaucracy the corporation entails the deployment of formally rational means in the service of substantively rationality ends (from some explicitly defined standpoint). As Ghoshal, (2005) and others (Margolis & Walsh, 2003: 271; Wang et al., 2011; Audebrand, 2010) contend, the discourse of neoclassical economics as represented by Friedman (1970; 1986; 2002) is the dominant discourse in the business community, which it follows, would prescribe the formally rational tools should be deployed in service of the substantively rational ends to make profits.

To the degree that Ghoshal, (2005) is right, one can expect that practitioners throughout the corporation apply formally rational tools intended to contribute to the substantively rational ends to make profits. Key performance indicators (KPIs) (Parmenter, 2010) are such formally rational tools. As Gordon Gecko announced in the infamous film *Wall Street* (1987) “Greed is right, greed works. Greed clarifies.” That notion of greed clarifying is important because the embracement of the belief set that the purpose of the corporation is to make profits for the owners is clarifying. The neoclassical economist prescription is to align everyone’s objectives within the large organization which is the thinking behind the aligning individual incentives to the goal of profit through such things stock options and bonuses based on profits in an effort to minimize the so-called “agency problem” (Jensen & Meckling, 1976; Jensen, 1983). In bureaucracy-speak, this represents an effort to encourage “goal congruence” (Ouchi, 1980).

CSR bureaucracy as a space for reflection

A “CSR bureaucracy,” as I will investigate throughout this dissertation, is a bureaucracy within the corporation. But there is one unique distinguisher from a CSR bureaucracy from other bureaucracies established for some specified ends: the ends of the CSR bureaucracy is to determine the ends for the corporation. The CSR agenda complicates the singular end for the corporation to just consider maximizing profits, where the ends of the CSR bureaucracy is to consider which of the multiplicity of substantively rational ends to engage as represented by the multiplicity of other standpoints represented by its stakeholders.

Schön (1991: 338) prescribes “a reflective institution must make a place for attention to conflicting values and purposes.” To accentuate an essential point I focus on the notion of conflicting *purposes*. Described in Weberian rationality terms, a conflicting purpose is to say that a substantively rational ends from some

explicitly defined standpoint is in conflict with a substantively rational ends from a different explicitly defined standpoint. Here a tension exists because some ‘thing’ is considered substantively rational from one standpoint but substantively irrational from a different standpoint. Therefore, Schön prescribes that a reflective institution must make a place to consider different standpoints, and where these different standpoints can bring with them differing beliefs regarding the substantively rational ends that the institution should pursue. In other words, Schön prescribes that a reflective institution must make a place to consider tensions.

This is an essential point. With Watson’s definition of bureaucracy, a singular specified ends is assumed as a given from the start. Bureaucracy, according to Watson’s definition, does not consider differing ends and hence does not consider tensions arising from differing views of substantively rational ends from different standpoints. A singular, specified ends is given and it is the responsibility of the qualified office holders within the bureaucracy to deploy formally rational means in service of this singular, specified ends. Presumably, this singular specified ends is substantively rational from the standpoint of the stakeholder who established the bureaucracy. If we take the case of the corporation, from the standpoint of the neoclassical economics as represented by Friedman this singular specified ends is to make profits for the owners (i.e. shareholders). Schön problematizes this clarity, this *simplicity*, afforded by having only a singular, pre-defined ends by invoking that a reflective institution must be open to, and encourage, the consideration of different ends.

This is, at its core, what the CSR agenda is allegedly about. European Union (2001) definition of CSR that defines that CSR is “a concept whereby companies integrate social and environmental concerns in their business operations and in

their interaction with their stakeholders on a voluntary basis.” By calling upon the corporation to consider its stakeholders, in effect this is a call to consider differing standpoints. These different standpoints can bring with them differing beliefs regarding the substantively rational ends that the corporation should pursue. Thus the CSR agenda complicates the singular end to maximize profits by calling on corporations to consider substantively rational ends from a multiplicity of other standpoints that represent the multiplicity of stakeholders who are affected by the corporation. The CSR agenda calls upon the corporation to consider the tensions of which it is part.

However, Schön (1991: 338) discusses that while considering substantively rational ends from a multiplicity of other standpoints is necessary to engender a reflective institution, he states “it is a threat to organizational stability” – that is to say a threat to the bureaucracy of the institution. Schön maintains that an organization capable of considering the substantive rationality of the ends for which it pursues demands some system that is “capable of sustaining this tension and converting it to productive public inquiry” and converting it into productive public inquiry. This indicates the complexity of the situation as a reflective institution, according to Schön, must make a place to consider the tensions of which the corporation is part with its stakeholders, and this place itself is part of a tension within the institution in which this place challenges the bureaucracy enough to consider substantively rational ends from different standpoints but it does not challenge the bureaucracy so much that it breaks. (Schön’s call for to create a place “capable of sustaining this tension and converting it to productive public inquiry” at an organizational level is reminiscent to Heifetz & Linsky’s (2002) call to encourage the maintenance of a “productive discomfort zone.”)

Going back to Watson's definition of bureaucracy, he describes bureaucracy entails the "control and coordination of work tasks through a hierarchy of appropriately qualified office holders." I offer evidence throughout this dissertation of an "office holder" within the corporation at the top of the corporate CSR bureaucracy, but I do not venture into exploring the notion of "control and coordination" in the depth it deserves. Schön (1991: 338) stresses that "a reflective institution must place a high priority on flexible procedures, differentiated responses, qualitative appreciation of complex processes, and decentralized responsibility for judgment and action" which would indicate that in order to more effectively engender reflection, a CSR bureaucracy would need to lean heavily toward coordination and away from control. And here it stands to reason that the coordination of CSR activities, which are likely cross-functional in nature given the nature of CSR, calls for an office holder to coordinate activities with individuals who likely have no direct lines of reporting to this office holder. Thus, depending on the nature of the activities of the particular organization, the head office holder of the CSR bureaucracy may not likely sit atop a large hierarchy of direct reports.

Carroll (1987) proposes the vast majority of businesspeople are unaware of their impact on others and as such behave amorally as depicted in Figure 2.

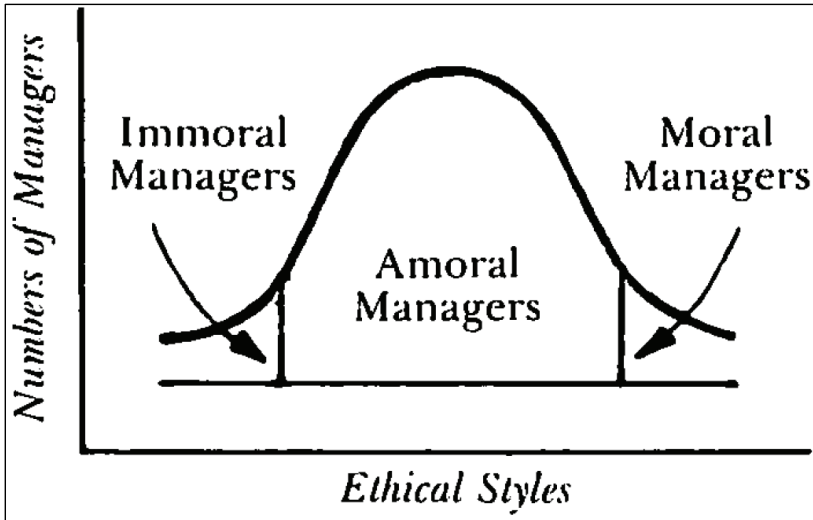


Figure 2: Businesspeople and Awareness, Carroll (1987)

Carroll states:

Amoral managers are simply morally casual, careless or inattentive to the fact that their decisions and actions may have negative or deleterious effects on others. These managers lack ethical perception and moral awareness; that is, they blithely go through their organizational lives not thinking that what they are doing has an ethical dimension to it. They may be well intentioned, but they are either too insensitive or egocentric to consider the impacts on others of their behavior. – Carroll (1987: 7)

Carroll's comments are consistent with a related call by Henry Mintzberg (1983). Within his article titled *The Case for Corporate Social Responsibility*, Mintzberg calls upon a need for practitioners to engage with and embrace ethics. He states:

There is a need to reverse the long-term trend toward impersonalism and utilitarianism in our organizations- toward squeezing out ideals, beliefs, feelings, ethics, and a sense of mission and purpose... Social responsibility- that most naive of concepts- represents our best hope, perhaps our only real hope, for arresting and reversing that trend.

Without responsible and ethical people in important places, the society we know and wish to improve will never survive.

As I interpret Carroll and Mintzberg's comments, they both seem to imply that practitioners must be encouraged to exercise reflection and consideration for ethics. I agree. But Schön (1991: 338) raises the issue that in order to engender a reflective corporation, reflective practitioners alone may not be sufficient. In addition to having reflective individuals within the corporation, a place must be made for discussions and debates to be had regarding issues of values and purposes- which is the stuff of substantive rationality. Schön contends that just because the corporation has reflective practitioners within its walls does not mean the practitioners are enabled to engage in reflection.

Prior to concluding, it is certainly worth mention that the studies by Weaver et al. (1999a) and Weaver et al. (1999b) regarding ethics bureaucracies in corporations (i.e. formalized ethics programs) are relevant to consider. Weaver et al. (1999b) suggest that essential to the effectiveness these formalized ethics programs are that they are cross-functional nature and Weaver et al. (1999a) find that the engaged support of the TMT are another key element for their effectiveness. While there are certainly important overlaps to consider between these formalized ethics programs and the CSR bureaucracy that is the subject of my dissertation, a key difference is that the formalized ethics programs described by Weaver et al. (1999a) and Weaver et al. (1999b) tend to be more "inward looking" focusing on the conduct of the practitioners within the corporation. While the CSR bureaucracy is also "inward looking" as it can provide a space for practitioners within the corporation to raise personal questions of ethics and values, the CSR agenda is postured as more "outward looking" to engender reflection by practitioners within the corporation regarding the corporation's role within the interdependent and dynamic constellation of stakeholders of which the corporation

is part. Returning to Bowen's (1953) question highlighted by Carroll (1999), CSR is about the practitioners considering the responsibilities for their corporations and themselves to society- and as such CSR tends to be more "outward looking."

CONCLUSION

With his contribution *In Praise of Bureaucracy*, du Gay (2000) shows that bureaucracy, while much maligned, plays an important role in society. While taking care to avoid implying that bureaucracies are infallible, du Gay responds to an array of critics who have charged, among other things, that the bureaucracy is inherently unethical and devoid of consideration for humanistic concerns. I draw from du Gay's reclamation of bureaucracy and argue the CSR bureaucracy can play an important role within the corporation to create a space for reflection.

I argue that while reflective practitioners are necessary for a corporation that aspires to be a reflective institution (Schön, 1991; Carroll, 1987; Mintzberg, 1983), reflective practitioners alone are not likely sufficient. Schön (1991: 338) describes "a reflective institution must make a place for attention to conflicting values and purposes" and I argue the CSR bureaucracy can be that place- or that *space* as I call it- within the corporation where conflicting values and purposes can be identified and tensions negotiated.

Toward this end to identify tensions, I have introduced to the CSR literature the Weberian distinction between formal and substantive rationality. Here I follow the lead of Guthey (2012) who introduces this distinction to the management fashion literature to identify tensions between expectations of formal and substantive rationality. I contend this distinction proves useful in the study of CSR, and in particular for the study of CSR bureaucracy. Bureaucracy entails the deployment of formally rational tools in service of substantively rational ends

(from some explicitly defined standpoint) (Brubaker, 1991). In the case of a public corporation, from the standpoint of the neoclassical economics view of the firm as represented by Milton Friedman (1970; 1986; 2002) the singular substantively rational end is to maximize wealth for the shareholders. Margolis & Walsh (2003: 271) and Ghoshal (2005) maintain this is the dominant discourse of the business community and thus one could anticipate it is commonplace for managers to deploy formally rational tools like key performance indicators (KPIs) developed in service of maximizing profits. However, the CSR agenda complicates the singular end of this neoclassical economics view by calling on corporations to consider a multiplicity of substantively rational ends from the variety of standpoints of its stakeholders.

Considering what du Gay (2000: 76) calls the “heterogeneity of morality,” beliefs regarding which are the “right” substantively rational ends for the corporation to pursue likely varies practitioner by practitioner. Similarly, Friedman (2002: 133) asks *If businessmen do have a social responsibility other than making maximum profits for stockholders, how are they to know what it is?* I argue the CSR bureaucracy can serve as a space in which the multiplicity of substantively rational ends for which the corporation could pursue are considered, negotiated, selected, and subsequent activities coordinated. I contend that because the CSR bureaucracy involves a group this can make the process of selection more likely considered “fair process” (Kim & Mauborgne, 1997) than if selections were made by individuals within the corporation without negotiation. And to borrow from Bakan’s (2004) penchant to clinically diagnose the corporation, a CSR bureaucracy may reduce the likelihood for the corporation to exhibit signs of multiple personality disorder that could appear if individuals from across the corporation made uncoordinated decisions regarding which of the multiplicity of

substantively rational ends the corporation should pursue at the organizational level.

I show the CSR bureaucracy is a space in which formally rational tools like KPIs can be developed in service of the substantively rational ends the corporation decides to pursue. And because KPIs are explicitly stated, this serves as further opportunity to identify tensions that may arise from conflicts between substantively rational ends that may have otherwise not been discussed. For example, if an increase to the KPI deployed for substantively rational ends #2 causes a decrease in the KPI deployed for substantively rational ends #3, a tension likely exists between the substantively rational ends for which these formally rational tools were developed. Thus tensions are more likely to be made apparent when KPIs developed in service of all organizational level substantively rational ends the corporation selects to pursue are consolidated in one location because KPIs are explicit. Novo Nordisk's (2012) integrated annual report offers an example of this and is a product of the CSR bureaucracy (referred to as "triple bottom line" at Novo Nordisk) established at Novo Nordisk (Strand, forthcoming). This may be considered as similar to the concept of the "balanced scorecard" (Kaplan & Norton, 1992) with the addition of the KPIs deployed in service of the additional substantively rational ends the corporation selects to pursue.

CSR bureaucracies are not without critics, and rightfully so. While still CEO of Johnson & Johnson, Ralph Larsen voiced concern that in the process of CSR bureaucratization, CSR risks losing being about people and values to instead become about KPIs and measureable standards. Said another way, the bureaucratization of CSR and the associated tools of formal rationality are feared for their potential to dominate considerations for humanism and the associated substantively rational ends for which CSR allegedly exists. This is akin to more

general concerns that bureaucratization results in “the domination of substantive rationality by formal rationality” (Brubaker, 1991: 38-9) and represents, in my opinion, a thoughtful and relevant concern regarding CSR bureaucracies.

Larsen’s concerns are summarized as “Instead of being an end unto itself, CSR should be the soul of the corporation” (Blakeley, 2001). These concerns suggest that considerations to issues of substantive rationality and such things as emotions and ethics and humanism (Spitzeck et al., 2009) may seem antithetical to the concept of bureaucracy with its associations of “cold” and “impersonal” formally rational tools.

Thus Larsen suggests that with too much control and allegiance to the formally rational tools affiliated with bureaucracy, CSR risks losing its soul where consideration to the substantively rational ends associated with emotions and ethics and humanism risk being trampled. But on the other hand, as I have argued the CSR bureaucracy can increase the likelihood to realize the substantively rational ends for which CSR is allegedly intended. Through the deliberate consideration, negotiation, and selection of the substantively rational ends afforded by a CSR bureaucracy and subsequent coordination of activities, the likelihood to achieve the selected substantively rational ends is increased. In sum, all these points of view must be simultaneously considered and is suggestive of the inherent fragility of the CSR bureaucracy as the CSR bureaucracy serves as a space to identify tensions all the while existing in perpetual tension itself. In the most simplistic terms, the CSR bureaucracy must assume enough of the characteristics of a bureaucracy to better ensure appropriate issues are considered and subsequently things get done while not being too much of an unfeeling bureaucracy so as to lose sight of what CSR is allegedly all about in the first place.

The analogy of CSR as the soul of the corporation- or desire for CSR to be the soul- is a reoccurring description I have heard since I first encountered the concept of CSR and is worth consideration here. “Soul” means many different things to different people. Two definitions from Merriam-Webster (2012) include “the moral and emotional nature of human beings” and “a person’s total self.” The former definition implies that the soul entails the co-mingling of mindfulness (where, for example, ethical reasoning can help to determine matters of right and wrong) with emotions. The latter definition entails that the soul is deeply connected to “the whole” and that, perhaps, the whole is the soul. Ralph Waldo Emerson (1851) writes *We see the world piece by piece, as the sun, the moon, the animal, the tree; but the whole, of which these are the shining parts, is the soul.* This is most relevant in consideration to Weber’s warning that as bureaucracies grow in size they can amount to a “parceling out of the soul” for the individuals within them. As I have argued the CSR bureaucracy can create a space within the corporation in which mindfulness and emotions can comeingle and where a better feel for “the whole” is engendered. This sort of a space may be increasingly necessary as a corporation increases in size and the individuals within them experience a diminishing feel for the whole. While I am not arguing that the CSR bureaucracy itself is a “soul,” I would propose that if such a thing as a soul can exist at a corporation, as a corporation increases in size the CSR bureaucracy may be necessary to realize it.

Some might argue the establishment of a CSR bureaucracy is just another attempt by corporations to legitimize themselves in the face of massive criticisms. They may very well be right. But from the perspective of this dissertation it is also helpful to understand this phenomenon as offering the potential to create a reflective space within the corporation in which practitioners can identify and negotiate tensions associated with the role of the corporation in society.

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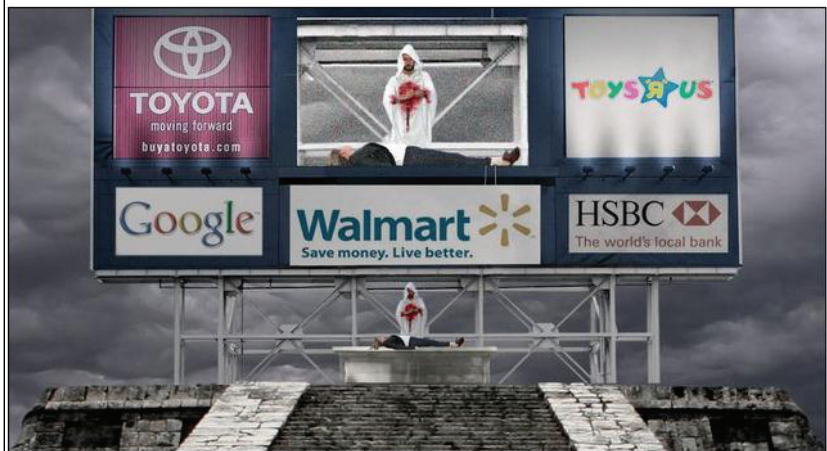
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APPENDIX A: *The Onion*

20,000 Sacrificed In Annual Blood Offering To Corporate America

NOVEMBER 29, 2010 | ISSUE 46+48



The High Priest appeases Corporate America with another fresh sacrifice.

From The Onion (2010b)

Deforestation Complete

APRIL 30, 1996 | ISSUE 29+16



From The Onion (1996)

New Law Forces CEOs To Humbly Shrug Before Receiving Massive Bonuses

MAY 6, 2010 | ISSUE 46-18



CEOs who pretend to give back bonuses will be eligible for additional tax credits.

From The Onion (2010c)

New Guidelines For Top-Earning CEOs

Name

Do

Don't



Lloyd Blankfein
Goldman Sachs
2010 bonus: \$9 million

Audibly clear throat and say, "I couldn't possibly..."

Perform repeated humping motions while shouting "YES" with each exaggerated thrust



James P. Gorman
Morgan Stanley
2010 bonus: \$8.5 million

Place hand on heart and promise to use money for good of humanity

Light celebratory cigar and put out on poor child's teddy bear



James Dimon
JPMorgan Chase
2010 bonus: \$17 million

Remove hat, bow almost imperceptibly, and shake head in grateful humility

Publicly invite all Americans to eat your millionaire shit and die

From The Onion (2010c)

COMMENTARY

Well, I Guess I'll Just Take My Business To Another Soulless Multinational Corporation

BY MARY-LYNN DAVIES

SEPTEMBER 13, 2011 | ISSUE 47-37



The nerve of you people. Treating a longtime patron with so little respect, like I'm just another walking dollar sign. If that's what passes for customer service around here, you sadly leave me with no choice but to have the exact same experience at another giant soulless multinational corporation somewhere else.


Maybe one that knows how to rob its customers of a fraction less dignity.


Every single time I'm in here—without fail—it's been the same god-awful experience. But this! This is a new low for you guys. I don't even know why I still bother coming here when I could happily take my business to one of the faceless global entities around the corner and be equally insulted and dehumanized there. My insignificant contribution to the bottom line could easily be theirs for the taking!

What do you think about that, you crooks? I don't have to bend over and take this from you. I can bend over and take this from one of your sprawling, heavily franchised rivals.

Do you think you're my only source for generic, mass-produced merchandise? You're not the only vertically integrated international conglomerate with retail locations on five continents in this town, you know. Maybe you weren't aware, but there are three or four morally bereft megacorporations hawking the same stuff within 10 minutes' drive, and quite frankly, I'd be glad to engage in an emotionless transaction with any of them.

From The Onion (2011)





Gap Unveils New 'For Kids By Kids' Clothing Line

The Onion News Network's Brian Scott reports on a popular new Gap clothing line hand-sewn by children overseas.

From The Onion News Network (2007)

APPENDIX B “Milton Friedman goes on tour” from The Economist



Article #1: Strand, R. 2011. **Toward Sustainable Sustainability Learning.** *Journal of Strategic Innovation and Sustainability.* 7(2): 41-63.

**Toward Sustainable Sustainability Learning:
Lessons from a U.S. MBA study abroad program to Scandinavia**

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ABSTRACT

The debate about how to “fix” business schools is intensifying which has coincided with a call for a greater attention to sustainability in business and business education. Teaching sustainability in MBA programs, however, raises a number of questions and challenges. This article presents a few straightforward ideas to address these challenges and offers findings from MBA level sustainability courses I have taught at a major U.S. business school- including a study abroad course to Scandinavia- in which these ideas have demonstrated their effectiveness.

INTRODUCTION

The debate about how to “fix” business schools is intensifying (HBR, 2009; The Economist, 2009a; The Economist, 2009b). While this debate is not new (e.g. Bennis & O’Toole, 2005), the economic crisis has given the debate an increased air of urgency (e.g. Datar et al., 2010). According to the *Harvard Business Review*, “many critics have charged that the values imparted in MBA programs contributed significantly to the ethical and strategic lapses that led to the economic crisis” (HBR, 2009). Much of the associated discussion has focused on the need to educate MBA students in a cross-disciplinary fashion through which students develop a more holistic worldview and actively explore the role of business in society (HBR, 2009; Navarro, 2008). Sustainability, and the need for greater focus on sustainability in business, is at the center of many of these discussions that has amounted to a call for increased and improved teaching in the area of sustainability in our MBA programs.

Teaching sustainability, however, raises a number of questions and challenges. How can we ensure *relevancy*- where sustainability teaching is relevant to practitioners (Bennis & O’Toole, 2005; Rubin & Dierdorf, 2009)? How can we support *reflexivity*- getting students to appreciate that exploring sustainability can raise questions for which there may not be clear “right” answers (Samuelson, 2006)? How can we encourage the students to explore how to make decisions in these complex and uncertain environments (Bennis & O’Toole, 2005) where competing tensions may exist between and within the environmental, societal, and economic dimensions of sustainability (Margolis & Walsh, 2003)? How do we inspire students to develop a holistic worldview extending beyond a myopic, short-term, business-centered perspective (Ghoshal, 2005; Atwater et al., 2008; Giacalone & Thompson, 2006: 270)? And how can we encourage *continuity* where we help to build a foundation for a continued exploration that extends

beyond the classroom (Samuelson, 2006; Giacalone & Thompson, 2006: 262)? Thus in an effort to better ensure “*sustainable sustainability learning*”, we should look to address the challenges of relevancy, reflexivity, and continuity.

Drawing on a case study of MBA-level sustainability focused courses I taught at a major U.S. business school during 2008-09, including a study abroad course that takes U.S. MBA students to Scandinavia, this article presents a few straightforward ideas to address these challenges. It offers findings regarding the effectiveness of ideas such as embedding interactions with sustainability practitioners from industry to address the challenge of relevancy; exposing students to multiple perspectives from sustainability practitioners from across sectors (industry, government, NGO’s, academia) and subsequently identifying and reflecting upon “common threads” that run across these perspectives to address the challenge of reflexivity (and moreover, to frame these reflexive exercises in a vision of inspiration and hope rather than admonishment); and stimulating the interest of students in sustainability and fostering a community of co-learners to address the challenge of continuity so students are more likely to continue their sustainability explorations beyond the classroom.

CHALLENGES IN TEACHING SUSTAINABILITY

Sustainability encompasses all sectors of society with interrelated economic, environmental, and societal dimensions (Marcus & Fremath, 2009: 18) where the collection of these three dimensions has been commonly referred to as the “triple bottom line” (Elkington, 1994; Elkington, 1997). Corporate social responsibility (CSR) also entails these three dimensions and is concerned with the role of business in society (Carroll, 1999; Commission of the European Communities, 2001; Dahlsrud, 2008). Therefore sustainability, the “triple bottom line”, and CSR are often discussed in an interrelated fashion. Sustainability is the term that will

primarily be used throughout this article where the following section explores the interrelated challenges in teaching sustainability: relevancy, reflexivity, and continuity.

Ensuring relevancy is a challenge to teaching sustainability, as it is a challenge to teaching any MBA course. Bennis & O'Toole (2005) levied serious charges that business schools had “lost their way” where MBA programs demonstrated little connection to the “real world” and the problems faced by practitioners. Rubin & Dierdorff (2009) found a disconnect exists between what is taught in required MBA curricula and the competencies deemed most critical by managers in industry. Chia & Holt (2008) argued that business school’s attachment to teaching through such means as formal lectures, conceptual models, and dispassionate analysis runs the “risks of ignorance and detachment” by students.

Reflexivity suggests a number of issues. De Déa Roglio & Light (2009) describe reflective practice as “the ability to make sense of uncertain, unique, or conflicted situations of professional practice” which is composed of three distinctive, but closely interrelated, ways of thinking: 1) connective thinking, 2) critical thinking, and 3) personal thinking. 1) The idea of connective thinking is based in systems thinking as a way of “understanding the connections among the different elements that compose a specific situation or problem, the interrelationships among these elements and their influences on the social context” and “identifying links between ideas and facts for generating creative solutions” (2009: 158). A “systemic perspective of the world,” De Déa Roglio & Light suggest, “requires the capacity to identify the sets of interrelationships and process of change, with a focus on and a concern for sustainable development” (2009: 158). 2) Critical thinking involves the ability to become aware of and question the tacit mental models that guide the decision making process for oneself and others, and to critique the dominant

mental models in groups, organizations, and society. 3) Personal thinking focuses on self-awareness (2009: 159).

Connective thinking's foundation in systemic thinking relates to the call by Atwater et al. (2008) for a greater cultivation of systemic and holistic thinking in the next generation of business leaders where business students "develop a richer understanding of the complexity they will face on a daily basis" (2008: 10). On a related note, Giacalone & Thompson (2006) argued for the development of holistic thinking business students where "business' *raison d'être* is conceptualized more holistically as a means of serving humanity rather than being served by it" (2006: 271). Giacalone & Thompson call for a shift in worldviews from the current practice of teaching students that business is at the center, which they call as "peculiar to business education alone" in that "[o]ther professional schools do not share this collective egocentricity" (2006: 267).

Samuelson (2006) called for MBA programs to equip managers with the reflexive capacities "to see new connections between social and environmental challenges on the one hand and firm-level growth and innovations on the other, and to plan far beyond the quarter into the future." Samuelson continued "business school students will need to understand business and society as a complex, dynamic, and interdependent systems..." Samuelson argued that this requires rigorous exploration into the questions that don't always have "right answers." Bennis & O'Toole (2005) also encouraged a deepening exploration into the arenas where the questions may outweigh the answers, having charged that business schools are "graduating students who are ill equipped to wrangle with complex, unquantifiable issues- in other words, the stuff of management." Margolis & Walsh (2003) demonstrated that the body of scholarship composed over 30 years has attempted largely to dispel the potential tensions between economic, environmental, and

societal objectives. They stated that while “a simple compilation of the findings suggests there is a positive association” between companies’ environmental and societal performance and economic performances (2003: 277), this association may be “more illusory than the body of results suggests” (2003: 278). They suggested that research efforts would be better spent exploring the tensions that exist when managers must make decisions with interrelated economic, environmental, and societal ramifications. And as Bennis & O’Toole (2005: 101) pointed out, what professors research directly affects the education of MBA students.

While reflexivity can lead to the exploration of doom and gloom, scholars have pointed to the need for a focus on hope and inspiration. Ghoshal (2005) charged that business schools’ propagation of the myopic, amoral business centered view has “actively freed their students from any sense of moral responsibility” (2005: 76) where “many of the worst excesses of recent management practices have their roots in a set of ideas that have emerged from business school academics over the last 30 years” (2005: 75). Yet Ghoshal (2005: 87) is not calling to shame business students to behave morally, but rather he invokes that business schools must contribute to help these future business leaders to build “delightful organizations” as described by Warren Bennis (2000). Correspondingly, Giacalone & Thompson (2006: 270) call that in helping students to develop a broader, more holistic worldview where “neither profitability nor business are at the center of the universe” these explorations must be framed in a vision of inspiration and hope rather than admonishing the students to “do better.”

Continuity is the final challenge offered here in the teaching of sustainability. This entails the relatively straightforward, but challenging, problem of ensuring that the students’ sustainability explorations continue beyond the classroom.

Giacalone & Thompson (2006: 262) cautioned that we should not expect too much from one course, implying that a more sustained attention is needed. Samuelson (2006: 362) called upon business schools to encourage “a lifelong commitment to inquiry” where the foundation for the continued inquiry is laid during the student’s MBA program but extends beyond the classroom and after the MBA program concludes.

CASE STUDY IN SUSTAINABILITY TEACHING

The following section presents a case study based on courses that I taught at a major U.S. business school in which I attempted to address the challenges of relevancy, reflexivity, and continuity. The courses presented in this case study are: 1) an intensive study abroad sustainability course that traveled across Scandinavia in summer 2008 with 25 MBA students and 2) again across Scandinavia in summer 2009 with 25 MBA students, and 3) a comparable on-campus course with 63 MBA students in summer 2008. More detail about the study abroad course is provided because it is the less traditional of the teaching formats in comparison to the on-campus course.

Data Methodology

Data about these courses were gathered from multiple sources. One data source is the standard anonymous university student surveys conducted for all courses across the university at the conclusion of the final class session (prior to the students receiving their final grades). 24 of 25 students in both the 2008 and 2009 Scandinavian programs submitted these surveys and 58 of 63 students in the on-campus course submitted. The results of the surveys by class are provided to the instructor and department but are not made publicly available. A large sample of university-wide aggregated survey responses are available and are useful for comparisons; however a severe limitation of this is that MBA specific responses

cannot be isolated as the information is totaled at the university level. The most recent total university aggregation is available at this time is from spring semester 2008.

TABLE 1
SAMPLE SIZES FOR UNIVERSITY SURVEYS

Class	Semester	Final month of instruction	Reported Enrolled	Response Sheets Submitted
Scandinavia Course '08	Summer 2008	July 2008	25	24
Scandinavia Course '09	Summer 2009	July 2009	25	24
On Campus Course '08	Summer 2008	August 2008	63	58
Total University	Spring 2008	May 2008	152908	119510

Additionally, the international programs at the business school conducts an anonymous online survey with open-ended questions after the final class session but prior to the students receiving their final grades. 21 of 25 students in the 2008 Scandinavia program and 22 of 25 students in 2009 responded to this survey. A limitation of this survey is that comparison to the on-campus course is not possible as this is an international programs only survey.

I also draw data from my field notes taken during the courses and, moreover, draw from field notes taken since the courses have concluded. I have the opportunity to observe many of my former students through their continued invitations and correspondence, my encountering former students at events due to my involvement in sustainability minded associations including the local Net Impact Professionals chapter and the Net Impact student chapter at the business school, and my connection to the sustainability focused practitioners at many of the local companies. A limitation of this method is that despite my desire, I have not had continued contact with my former on-campus students. This is a limitation

(however, this is also a finding) and thus my continued observations will be solely from the students in the Scandinavia program.

Finally, I draw from an article for a magazine produced by this business school about the 2008 Scandinavia program in which a former student was interviewed. This has limited use as only one student was interviewed.

General Background on the Business School

All courses were offered at a major U.S. business school with approximately 2000 MBA students. This breaks down to about 200 to 250 full-time MBA students and 1700 to 1800 part-time MBA students. Therefore full-time MBA students constitute just over 10% of the student body, however they are enrolled in closer to 20% of credits administered given that part-time MBA students generally take fewer credits per semester (see Endnote 1).

8 intensive short-term study abroad programs are offered at this business school, each 4 credit courses with 2 weeks spent abroad. 3 of the 8 programs have a sustainability or CSR focus (see Endnote 2), 2 of which fulfill the 2 credit “business ethics requirement” at this business school- the Scandinavian program and its “sister program” which travels to Continental Europe and the United Kingdom. Roughly 10% of MBA students at this business school satisfy their business ethics requirement through one of these 2 study abroad courses, the remainder fulfilling this requirement through a 2 credit on-campus course.

Participation in study abroad programs has steadily increased at this business school. In 2003 less than 10% of all MBA students participated in study abroad programs where this figure has grown to above 30% in 2008. This reflects both the increase in students applying for study abroad programs and the increased

capacity of new study abroad offerings. Overall student applications for study abroad programs decreased from 2008 to 2009. However this was seen as an anomaly due to uncertainties stemming from the economic crisis. Students must apply for the intensive study abroad programs through a standard application process that is assessed by an administrative team from the international programs office of the business school (see Endnote 3). The cost to students for the 4 credit study abroad programs is moderately more than the cost for an on-campus 4 credit course. In 2009, the student cost was just over \$5000 where student tuition for a 4 credit on-campus course was about \$4200.

The Scandinavia Study Abroad Program

Why Study Sustainability in Scandinavia?

Scandinavia lays claim to the strongest macro triple bottom line performance in the world. Said another way, the cluster of countries known as Scandinavia have demonstrated the strongest and most balanced economic, environmental, and societal performances in the world when compared to all other country clusters like the Anglo Saxon (which includes the U.S. and U.K.) and Continental European (which includes France and Germany) clusters (see Appendix A). This makes Scandinavia an excellent candidate region in which to explore sustainability through a study abroad program.

When Scandinavia (which includes Norway, Sweden, and Denmark but often assumed to also include the Nordic countries Finland and Iceland (Bondeson, 2003: 3)) is compared to the U.S. alone, the dimensions of this “macro triple bottom line” break down as follows: the U.S. and Scandinavia tend to perform comparably well in economic performances (e.g. World Bank 2009; World Economic Forum 2009), Scandinavia tends to better than the U.S. in societal performances (e.g. UN Human Development Indicator 2008), and Scandinavia

tends to perform significantly better than the U.S. in environmental performances (e.g. Environmental Performance Index 2008). While there are many factors that influence the macro triple bottom line performance at the country level (e.g. Campbell 2007), industry is certainly a prominent factor and Scandinavian companies perform disproportionately well in the major sustainability indices in comparison to other regions, including the U.S. (Gjølberg, 2009) (see Endnote 4). This makes Scandinavia an excellent region to draw from a wide suite of leading sustainability companies for site visits, and where Scandinavia can be utilized as an inspirational example offering U.S. MBA students a view of hope, rather than admonishment.

Studying abroad in Scandinavia also presents the opportunity for U.S. MBA students to explore culture. Egan & Bendick (2008: 387-390) cited that the predominant means for teaching culture at business schools is exposing students to cultural studies such as Hofstede's (2001) work to classify nations along cultural dimensions. But Egan & Bendick charged that these often amount to stereotyping and warned that "graduate business students, however intelligent, are rarely 'serious students' in the sense of reading underlying research studies and understanding the fine points of research methodology. Instead, these students more typically retain and apply 'take-away-lessons' summarized in lectures and textbooks" (2008: 388). Blasco (2009) also cautioned that these take-away lessons are frequently employed by students as "cultural short-cuts" (2009: 186) used selectively as an "add-on variable" when other explanations cannot readily be made. Blasco called for greater integration of culture within business courses "so that students learn to see business as a cultured and culturing activity rather than as an awkward add-on to business" (2009: 189).

The study of leadership is a relevant subject of study for MBA students considering Raelin's (2006: 164) call that "we seem to be on the verge of a change in the paradigm of leadership from the individual hero without whom the group would founder to the partner who nurtures everyone's contribution. We're not there yet because in our North American culture in particular, we seem to value, even revere, individualism, although we may preach teamwork." House et al. (2004: 689-90) point that Scandinavia offers a different perspective on leadership, where Scandinavia is noted for particularly high levels of participative leadership and a low tolerance for self-protective attributes of leadership (i.e. low tolerance for face-saving) in comparison to the U.S. and Anglo Saxon cluster. Morsing et al. (2007: 89) state that Scandinavian management encourages a high degree of employee involvement and dialogue, and takes into consideration the implications of their companies' actions on their local communities and other stakeholders. Keeping in mind the cautions cited by Egan & Bendick (2008) and Blasco (2009), students can explore these generalizations of Scandinavian leadership approaches firsthand.

Logistically speaking, the relative smallness of Scandinavia and well-developed public transportation systems presents the opportunity to travel across Norway, Sweden, and Denmark easily and within a short period of time. This affords the opportunity for many perspectives from which the students can draw, effectively addressing the challenge of reflexivity. For example, differences and similarities between how government and industry interact in terms of sustainability from country to country can become apparent. This addresses the challenge of reflexivity given the underlying call for connective thinking, as the multiple perspectives that can be demonstrated through numerous visits with multiple sectors across different countries facilitates greater understanding of the connections of interrelationships within and between these sectors.

Finally, it is noteworthy that the commonly used definition of sustainability “meeting the needs of the present without compromising the ability of future generations to meet their needs” has Scandinavian roots. Gro Harlem Brundlant is a former Prime Minister of Norway, and this definition of sustainable development was put forward within the Brundlant Commission (1987) Report “Our Common Future.”

The Scandinavia Sustainability Course

The Scandinavia course was first launched in 2008. In 2008, approximately 70 students applied for the 25 available positions. In 2009, approximately 50 students applied. This decline, however, was less than the overall decline in for the business school for this period. During both years, about 5 of the admitted students were full-time MBA students and 20 were from the part-time program.

The challenges of relevancy and reflexivity are both addressed through the mobility of a study abroad course where numerous site visits with a wide suite of organizations can take place in a short period of time. I strive to achieve a mix of organizations that is roughly 50% industry, 20% government, 20% NGO's, and 10% academic institutions to offer cross sectoral perspectives and multiple viewpoints. Meeting with sustainability practitioners and researchers, particularly those from industry facing challenges to which the MBA students are likely to be able to relate, better ensures relevancy to the MBA students whereas the mixture of sectors addresses reflexivity in that interrelationships can be explored between and within sectors. A majority of the organizations visited in 2008 and 2009 were the same including Ericsson, IKEA, Novo Nordisk, Statoil, Storebrand, Extractive Industries Transparency Initiative (EITI), Amnesty International, WWF, Danish government CSR group, Norwegian government CSR group, the Norwegian

Government Pension Fund (aka the “oil fund” or “Norwegian Sovereign Wealth Fund”), the Nobel Peace Institute, the U.S. Ambassador to Norway, the Stockholm School of Economics, and the Copenhagen Business School Center for CSR. Carlsberg, Scandinavian Airlines, Vestas, the Swedish National Debt Office (Riksgälden) and a session with Mads Øvlisen (former CEO and Chair of Novo Nordisk, former Chair of LEGO, and current member of the United Nations Global Compact Board) were among those sessions added in 2009. H&M, V&S (Absolut Vodka), Greenpeace, UNICEF, and the Norwegian School of Management (BI) were among those visited in 2008 but not in 2009 due primarily to scheduling constraints. During the 2 weeks abroad, 8 weekdays are utilized for visits with 2 to 3 organizations scheduled per day resulting in roughly 20 organizations visited in total. Typically 1 to 3 representatives from each organization participate, which leads to the students formally meeting in the neighborhood of 40 people during the site visits.

During the spring semester, 4 pre-departure classes are held on the campus to provide a general foundation about Scandinavia, the organizations we will visit, and provide an opportunity for the students to begin to get to know one another. Classes are 4 hours each scheduled on Friday evenings to avoid all spring semester classes (given this is categorized as a summer course). I have designed these classes to focus on business ethics in the earlier sessions moving into the topics related to sustainability and CSR in the sessions closer to departure. I assign the 25 students into 12 groups where each group is assigned 2 focus organizations. All groups are assigned to have at least 1 company within their 2 organizations. During the final pre-departure session, each group gives a 10 minute “rapid fire” presentation to the class about 1 of the organizations (specified by me). The stated intent for these presentations is twofold- the first is to get the class up to speed on the organizations we will visit and the second is for the students get familiarized

with the particular issues related to sustainability and CSR for specific organizations. I require the presentations to include 3 sustainability related questions they would like to ask the organization. Students are informed that I will share their presentations and questions with the organizations.

I approach the challenge of continuity through two ideas. The first idea is to stoke the interest of the students to a heightened level that would, presumably, lead to greater likelihood for continued exploration by the individual student. This was addressed in large part by attending to the challenges of relevancy and reflexivity, and by my own engagement and demonstration of my authentic interest in sustainability. The second idea is to help foster a social environment through which the students are more likely to become a community of co-learners who will continue their sustainability explorations together long after the course concludes. As part of this, I embedded information about the Net Impact organization throughout the course. Moreover, the social aspect of the course was encouraged from the beginning. During the 2009 class, I invited a panel of students from the 2008 class to join the end of the first preparation class and discuss, primarily, the social aspects of the course. I then invited all students from both the 2008 and 2009 classes to get together after class at a nearby pub. The event was well attended (over half of the students from 2008 attended and almost all of the students from 2009 attended). Members of the local Net Impact professionals chapter also attended upon my invitation.

Moreover, fostering a community of co-learners is simply embedded into the program given the time abroad and traveling together across Scandinavia, which makes for shared experience that is the foundation for long lasting bonds. Site visits are scheduled for 8 to 9 of the weekdays typically from 10am-12pm and again from 2pm-4pm. I considered the students pre-condition for learning, so later

morning starts were scheduled in an effort for students to be well rested and engaged during the visits and to not prevent students from socializing in the evenings.

The challenge of continuity in the form of fostering a community of co-learners is also considered in the grading, which is structured to encourage participation and group work. Throughout the pre-departure courses I repeatedly stress that I expect a great deal from each student as everyone's learning depends on one another. 40% of the course grade is weighted on participation and contribution, 30% on final group papers of the 2 organizations assigned to each group (which are provided to the organizations at the conclusion of the course). The final 30% is based on a final individual paper where students are asked to explore relationship between business ethics and sustainability practices and to reflect on differences and similarities between the U.S. and Scandinavian approaches to sustainability.

In an effort to further develop reflexivity, I hold reflection sessions throughout the 2 weeks abroad. After each site visit, often just outside the doors of the site we have just visited, I hold an informal 10 minute discussion to reflect on that visit and compare with previous visits. I ask students to consider what "common threads" they can draw throughout our visits to link complex topics together. I also schedule 2 to 3 formal classroom sessions for 60 to 90 minutes at the Scandinavian partner universities where we can more deeply explore the common threads than run throughout the course. I act as both a guide and fellow learner during these sessions. But perhaps the most fruitful reflection periods occur during the evenings over dinner and at the pubs, which I have the pleasure to often take part. Thus reflexivity is encouraged both within and outside of the formal classroom setting.

The Comparable On-Campus Course

Immediately after I returned from teaching the first run of the Scandinavian program in June 2008, I taught the lone summer semester session of the on-campus 2 credit “business ethics requirement” course. 63 students were enrolled, which is a typical size for this on-campus class, in this 2 credit course that ran over 8 weeks consisting of 4 hour class sessions on Thursday evenings. I utilized most of the same course material that I had developed for the Scandinavia program and, similarly, focused the earlier class sessions on business ethics and moved into the topics related to sustainability and CSR in the later class sessions. I employed a similar grading structure and assignments, however, given the on-campus course was 2 fewer credits I made group sizes 3 students (rather than 2) and reduced the final group assignment to just 1 paper (rather than 2). Given that just 1 organization was assigned, I assigned only companies from a suite that I felt would be of interest to many of the students that also had relevance to the topic of sustainability. This included a mix of companies from the Scandinavia program (IKEA and Novo Nordisk, for example) and companies with a considerable local presence that had an expressed sustainability agenda. As with the Scandinavia program, in the fourth class session each student group gave a 10 minute “rapid fire” presentation to the class about their assigned company, which included 3 questions they would like to ask the company related to sustainability. To further address the challenge of relevancy, I invited 5 of these companies to the class to present for 75 to 90 minutes each, where these sessions were held over the last half of the course (July through early August). Sustainability practitioners from Best Buy, Cargill, Caribou Coffee, General Mills, and United Health Group took part. During all of the class sessions, I addressed the challenge of reflexivity by attempting to foster a reflective environment where discussion was encouraged, alternating between smaller group discussions with 5-8 people to full class discussions to reflect upon what was said in the smaller groups. During the full

class discussions, I walked throughout the classroom in an effort to encourage a more informal conversation rather than a lecture. In an effort to address the challenge of continuity, I attempted to increase the interest level of the students by inviting speakers I knew to be engaging and interesting in the hope these talks may spark the curiosity of the students that would lead to continued explorations. I also embedded information about the Net Impact organization throughout the course and encouraged participation.

Thus the on-campus course was modeled after the Scandinavia program, however where the major differences were 1) no travel, 2) the class size was significantly larger, 3) contact with just 5 organizations (versus 20 organizations), 4) 100% of the organizations were industry (versus 50% industry, 20% NGO, 20% government, 10% academia), and 5) all visits were conducted in the classroom (i.e. not site visits). Adjustments were also made given for 2 fewer credits (assignments reduced, for example). Fewer organization visits was primarily due to time constraints associated with conducting a 2 credit course versus a 4 credit course. Given the desire for relevancy to students coupled with limited major NGO activity in the local area (in comparison to the cities visited in Scandinavia), 100% of these organizations selected were from local industry.

Results

The results in addressing the challenges of relevancy, reflexivity, and continuity are now discussed. Some interpretation is required given that the surveys utilized were not developed to explicitly assess these three particular challenges. Also, interrelations exist between the three challenges which calls for additional clarification. Given the international programs conducts an additional survey with the students who took part in the Scandinavia program as well as my ongoing engagement with students from the Scandinavia program, there is a much greater

body of data to draw from the Scandinavia program. Therefore, the results section is heavily weighted with data from the Scandinavia program.

Relevancy

The data suggests that students in the Scandinavia program found the course to be highly relevant. The limited available data available for the on-campus course suggests that the course was found to be relevant.

The international programs survey responses offer a strong suggestion that the students found the visits with practitioners to be relevant and applicable. Student feedback included:

“LOVED all the site visits. I really enjoyed how [the course was adaptive] to change the companies we visited based on the industries where people worked, and to get a well-rounded group of companies. It was clear to me that [a lot of effort was put] into making sure we go the most out of the experience, even if it meant long days, but they were well worth it.” -- 2009 Scandinavia student

“The best part of the program was that it allowed students to directly pose questions to these companies and see and feel the different types/interpretations of CSR instead of learning it out of a book or from slides.” -- 2008 Scandinavia student

“Of all the courses I’ve taken in [my MBA] program, I have gotten the most out of this one. The real life experience with the companies was very beneficial to see what we learned in the classroom really come to life.”-- 2008 Scandinavia student

My field notes taken from both the Scandinavia program and the on-campus program also indicate that students perceived the discussions with practitioners to be very relevant. I recorded numerous notes from students during both the 2008 and 2009 Scandinavia classes saying that they felt the discussions with practitioners were relevant, and I received verbal feedback from a significant

number of on-campus students that they found the industry speaker visitors to be “the most valuable” or “the most useful” aspect of the class given the practitioners represented “real world” perspectives.

The standard university survey did not include questions that explicitly targeted relevancy. Students’ recommendation rate for the course and perception of amount learned may be a loose proxy for relevance, however this admittedly blends a large amount of factors and one could argue that it this may be a loose proxy for reflexivity also. Nevertheless, recommendation rates were high for both courses but Scandinavian program students responded that they felt they had learned strikingly more in comparison to the on-campus course. 81% and 88% of Scandinavian students responded they felt they had learned more in their course whereas just 20% of the on-campus students responded similarly, thus indicating the impact of the Scandinavia program was much higher.

TABLE 2
“I would recommend this course to other students.”

Class	n	No	Yes
Scandinavia Course '08	21	0%	100%
Scandinavia Course '09	24	0%	100%
On Campus Course '08	49	14%	86%
Total University	not available		

TABLE 3

“Compared to other courses at this level, the amount I have learned in this course is:”

Class	n	Less	About the same	More
Scandinavia Course '08	21	0%	19%	81%
Scandinavia Course '09	24	4%	8%	88%
On Campus Course '08	50	16%	64%	20%
Total University	not available			

Reflexivity

The data suggests that students in the Scandinavia program found the course to strongly encourage reflexivity. The limited data available for the on-campus course, however, suggests the on-campus course did not achieve similarly high results.

The international programs survey responses offer a strong suggestion that the students found the program format to encourage a reflexive environment. Scandinavia students discussed being exposed to new perspectives, seeing new connections, and the impact of learning outside of the classroom:

“[The best part of the program was] getting exposed to alternative perspectives, the dialogue generated in many of the visits could not have been captured from a book.” -- 2008 Scandinavia student

“[The best part of the program was] meeting with a diverse set of companies, bonding with other students, [and] seeing concepts come together.” -- 2008 Scandinavia student

"I learned more in this class than in all my other classes combined. Not just on ethics and CSR, but on foreign culture, international business, and new ways of life." -- 2009 Scandinavia student

"An excellent class. I would rate this as one where it has had the most impact to my daily life and has changed my perspective on business. I think the concepts learned in this class can be directly applied to any business." -- 2008 Scandinavia student

Scandinavia students also remarked on the opportunity to have the dedicated time and place to deeply explore the topic and reflect:

"International programs are a great way for part-time students to commit a couple of weeks to only studies- it allows for time to reflect on the topic and apply it. This program in particular seems to be on the forefront of business. I believe it will be a great asset to have this level of knowledge." -- 2008 Scandinavia student

"... I especially enjoyed the opportunity to be outside of a classroom and to have time to explore the cities we traveled in. A lot of learning was done outside of the classroom." -- 2008 Scandinavia student

My field notes taken from both the Scandinavia program and the on-campus course indicated that while reflective discussions were cultivated in all courses, students in the Scandinavian program demonstrated connective thinking to a greater degree by connecting common threads within industry and across sectors including government and NGO's. Student conversations in the on-campus course largely stayed within industry, linking common threads between companies facing common challenges but rarely exploring the interplay of issues between sectors.

The standard university surveys did not include questions that explicitly targeted reflexivity, however the following may be considered as a loose proxy. The Scandinavia program students strongly agreed with the statement "I have a deeper understanding of this subject matter as a result of this course" at 83% and 96%, which is significantly higher than the response for on-campus (58%) and total university (48%).

TABLE 4

“I have a deeper understanding of the subject matter as a result of this course.”

Class	n	Strongly Disagree	Disagree	Somewhat Disagree	Somewhat Agree	Agree	Strongly Agree
Scandinavia Course '08	24	0%	0%	0%	0%	17%	83%
Scandinavia Course '09	24	0%	0%	0%	0%	4%	96%
On Campus Course '08	57	3%	2%	2%	14%	21%	58%
Total University	119144	1%	2%	3%	14%	32%	48%

Continuity

The data strongly suggests that students in the Scandinavia program have increased interest in the subject matter and are continuing their sustainability explorations having formed a community of co-learners. Students in the on-campus course did not express significantly high levels of increased interest and the indications are that the development of a community of co-learners was not achieved in the on-campus course.

Scandinavian program students responded that they “strongly agree” that their interest in the subject matter was stimulated by the course, 79% and 92%, which is significantly greater than students in the on-campus course students who responded at 46% and the total university level of 42%.

TABLE 5

“My interest in the subject matter was stimulated by this course.”

Class	n	Strongly Disagree	Disagree	Somewhat Disagree	Somewhat Agree	Agree	Strongly Agree
Scandinavia Course '08	24	0%	0%	0%	0%	21%	79%
Scandinavia Course '09	24	0%	0%	0%	4%	4%	92%
On Campus Course '08	57	3%	3%	3%	23%	21%	46%
Total University	119089	3%	4%	6%	18%	28%	42%

Scandinavia students also remarked how their general interest level in the topic has increased:

"It was a great experience and I got much more out of the program than I was expecting. I didn't have any interest in the topic when I applied, but now I'm very aware of these practices within my organization." -- 2008 Scandinavia student

"I was extremely pleased with the program. Hands down the best and most engaging class that I have taken at [this business school].... CSR is a topic I never thought I would be interested in and now I am." -- 2009 Scandinavia student

Students from the Scandinavian program indicated that the lessons will stay with them after the course concludes:

"I have been a student at [this university] through 1 undergraduate degree and 2 graduate degrees, this course is by far the best one that I have ever taken. The amount of learning that takes place during this seminar is priceless. Something that I will always remember!" -- 2008 Scandinavia student

"By far this was the best class in my MBA program. The CSR messaging should be incorporated into every class if possible. This was definitely a life-changing class." -- 2009 Scandinavia student

Regarding the fostering of a community of co-learners, students in 2008 and 2009 Scandinavian programs have each coordinated a number of reunions utilizing Evite (a free online invitation service). I have been included on the invitation lists. The 2008 program concluded in July 2008 and through October 2009, 8 evite coordinated events were held by the students. I attended 4 of the events, where student attendance ranged from about 10 (of the 25) students to over 20 students. These events were primarily social in nature held at a pub or a student's residence where discussions ranged from sustainability related items to personal. The 2009 program concluded in July 2009 and through October 2009, 2 evite coordinated events were held by the students. I was unable to attend either however one

student informed me that 24 of the 25 students attended the first event. The international programs ran an article about the inaugural Scandinavia program in which a full-time MBA students referenced these reunions:

“One of the best things I got out of the trip was getting to know more students in the part-time program.” “We were together for two straight weeks, taking overnight trains together and having a great time. It was a great group of people—I think a lot of those relationships that we made will continue. We’ve already had a few reunions.”

Additionally, a “Scandinavia alumni group” of 8 former Scandinavia program students has formed within a local Fortune 50 corporation, which is a major employer at this business school. They have a standing quarterly lunch meeting scheduled and members of the group inform one another of sustainability related events and activities occurring in the company. I was included as an invitee to these quarterly meetings and related events, and I have taken part on 2 occasions between July 2008 and October 2009.

Students have engaged in multiple other ways and have shared numerous sustainability related efforts with me. For example, many former part-time MBA students have shared sustainability-focused Powerpoint presentations they have delivered to their companies, which has spurred on discussions with many of these former students about potential sustainability-related opportunities. Other students have asked questions focused on specific issues at their companies and are seeking guidance regarding how to employ lessons from the Scandinavia program. For example, I have been engaged in a discussion with a former student from the 2008 course who is employed with a major pharmaceutical company and sees opportunity for the company to form a partnership with an NGO but is unsure of how to begin this process and would like to draw from the Novo Nordisk – WWF partnership that we explored during the course. Other students have shared

sustainability focused projects and presentations that they have made for other courses within their MBA curriculum where they have drawn from lessons learned in the Scandinavia program. For example, 5 former students from the 2009 course had a Project Management course together in which they formed a group and made their final group project on “Sustainability in Project Management.” Other former students are leading initiatives for the business school to offer additional sustainability related courses and integrating sustainability throughout the curriculum. For example, former students conducted a survey of all business school students to solicit student support for increased sustainability related offerings at the business school which they then presented to the leaders of the business school. The students are also actively sharing sustainability related information with one another. For example, students from the 2009 course have established a Google group which they have utilized to exchange sustainability related information. Students are also engaged in sustainability related events in the local area. For example, I have run into many former students from the Scandinavia program at local Net Impact events where the vast majority of these students were not attending Net Impact events prior to the Scandinavia program (unfortunately, I have not run into any of my former on-campus students at these events). A 2008 Scandinavia program student is now a member of the local Net Impact professionals chapter leadership team (who was previously not involved with Net Impact).

DISCUSSION

The Scandinavia program addresses the challenges of relevancy, reflexivity, and continuity in teaching sustainability. The on-campus course addressed the challenge of relevancy, but reflexivity and continuity were not significantly demonstrated. I now want to explore these differing results in an effort to draw

general lessons that can be tested in future sustainability courses of both study abroad and on-campus formats.

When considering why differing results were realized, some immediate questions arise regarding potential differences in the students and the instructor that I will first address. The first question is whether the applicant selection significantly biased the student populations where only students with very high GPA's took part in the program. Students from the 2008 Scandinavia program did self report a significantly higher GPA than students in the on-campus course. However, the 2009 Scandinavia program students reported a slightly lower GPA than students in the on-campus course. The second question is whether students who made the effort to apply for a study abroad program of this nature were more inclined to continue their explorations after the course concluded. In response to this, there is a strong likelihood that a significant number of students in my on-campus course applied for the study abroad programs but were not accepted (see Endnote 5). A third question is whether I, as the instructor, put in more effort to the Scandinavia courses than the on-campus course. Certainly a great deal of effort was required to initially launch the Scandinavia program primarily regarding further developing a network of contacts across Scandinavia, developing a core body of materials, and general logistical items. However, I taught the on-campus course immediately after the first running of the Scandinavia course and derived a great deal of benefit from these previous efforts.

Regarding the challenges, the primary means of addressing the challenge of relevancy was by embedding visits with sustainability practitioners. Both the Scandinavia program and the on-campus course followed this method with a strong indication of success as a result. Given the dedicated time and mobile nature of the abroad course, students in the Scandinavian program had the

opportunity to meet with a greater number of organizations and a greater number of practitioners. When approaching the challenge of relevancy, embedding engagement with sustainability practitioners seems to be a very effective idea.

The challenge of reflexivity was addressed by holding reflection periods and encouraging discussions that explored “common threads” across perspectives. This was conducted in both the Scandinavia program and on-campus course, however the results indicated that a greater degree of connective thinking (a key component of reflexivity) was performed in the Scandinavia program. This may have likely been due to the cross-sector structure of the Scandinavian program where the 20 visits were conducted with 50% industry, 20% government, 20% NGO, and 10% academia whereas the on-campus course entailed 5 visits with 100% industry. The cross-sector visits of the Scandinavia program appears to be a real strength of the program where limited local activity of major NGO’s (like WWF, for example) prevented my arranging for cross-sector visits in the on-campus course. However in retrospect this could have been overcome to some degree if I had invited, for example, a panel of active smaller NGO’s to come class. Also, I could have hosted local government representatives in my class to offer government perspectives. Moreover, I could have considered drawing from the university’s resources to bring in speakers (and students) from other schools in the university like the school of government. These approaches would have likely helped the on-campus course, however given the vibrant interconnectivity between Scandinavian industry, government, and NGO’s it should probably not be assumed that the level to which connective thinking was encouraged in the Scandinavian program would have been entirely achieved through these means.

An area of significant difference between programs was the class size, which impacted the approach to addressing reflexivity. I found that fostering a discussion based, reflexive learning environment was much more challenging in a

class of 63 students than in a class of 25 students. When I conduct the thought experience of what the on-campus course dynamics would have been with only 25 students rather than 63, I envision a class where the discussions would have likely been more intimate and engaging with the ability to reflect on topics to a greater degree. Thus, I believe that meeting the challenge of reflexivity would be aided when class sizes are smaller where discussions can be encouraged. However, even if the on-campus course had been 25 students I do not believe that such a strong community of co-learners in line with what was realized in the Scandinavia program would have continued as this community seemed to have developed in large part due to the dedicated time and the shared experiences together as discussed next.

The challenges of reflexivity and continuity were both addressed in the Scandinavia program primarily by the dedicated time and shared experience facilitated by traveling abroad together. This is arguably the most special component of the Scandinavia program when compared to the on-campus course. As with the on-campus course, reflexivity is embedded in the classroom through dedicated reflection discussions. However, unlike in the on-campus course, these reflective discussions continued outside of the classroom in the informal sessions during the time abroad. Continuity is addressed given that through these shared experiences, a community of co-learners has been fostered in both the 2008 Scandinavia program and 2009 Scandinavia program that have continued to draw from one another. Something like a weekend retreat may be considered as a compliment to an on-campus course in an effort to cultivate students having a shared experience; however the kind of shared experience that two weeks traveling abroad together leads to would be difficult to replicate.

Finally, with its strong and balanced “macro triple bottom line” performance, Scandinavia was held as an inspirational example for U.S. MBA students to visit

which, it was argued, could be utilized to offer a view of hope. More U.S. MBA students may have the opportunity to participate in study abroad experiences to this region as Scandinavian educational institutions, like the Copenhagen Business School, further develop their sustainability related offerings open to enrollment by business students and executives from abroad.

CONCLUSION

The debate about how to “fix” business schools is intensifying, which has coincided with a call for a greater attention to sustainability in business and business education. However, teaching sustainability in our MBA programs presents a series of challenges, where the meeting the challenges of relevancy, reflexivity, and continuity was the focus of this article.

I have attempted to demonstrate that these three challenges can be addressed by employing a few straightforward ideas and I offered findings from a case study in which I applied these ideas in MBA level sustainability courses I taught at a major U.S.-business school during 2008-09, including a study abroad course to Scandinavia. The findings of this case study strongly suggest that embedding interactions with sustainability practitioners from industry addresses the challenge of relevancy; exposing students to multiple perspectives from sustainability practitioners from across sectors (industry, government, NGO’s, academia) and subsequently identifying and discussing “common threads” across these perspectives addresses the challenge of reflexivity; moreover, framing these reflexive exercises in a vision of inspiration and hope for the students rather than admonishment also better addresses the challenge of reflexivity; and finally, stimulating the interest of students in sustainability as a continued topic of study and fostering a community of co-learners addresses the challenge of continuity

where students are more likely to continue their sustainability explorations beyond the classroom.

The case study demonstrates that a study abroad course to a region of the world with strong sustainability performances, such as Scandinavia, can effectively address the challenges of teaching sustainability. While many of the ideas can also be applied to on-campus sustainability courses to address the challenges of relevancy and reflexivity, the challenge of continuity is uniquely addressed by a study abroad course like the Scandinavia program. Through the shared experiences of traveling abroad together exploring sustainability from many perspectives and where the formal and informal lines of the classroom are blurred, the students' (and my) interest is stoked to heightened level and the shared experience of traveling abroad together fosters the formation of a community of co-learners that will continue their sustainability explorations that extends beyond the course. This alone will not "fix" business schools, but it represents a step in the right direction toward sustainable sustainability learning.

ENDNOTES

1. This business school also has an Executive MBA program with approximately 100 students. The Executive MBA program is run largely independently and is not considered further within this article.
2. Upon a cursory comparison to the study abroad offerings at comparable business schools, 3 out of 8 programs represents a comparably high portion of study abroad offerings with a sustainability or CSR focus. The Scandinavia program is a descendent of the other 2 sustainability and CSR focused study abroad courses, both of which were launched in the earlier part of the decade and have been successfully sustained. As Thompson & Purdy (2009) point out, innovative curriculum does not always sustain itself on technical merit alone. The success of these other courses can be largely attributed to the two well tenured and highly respected faculty members at this business school who built these two programs that laid the groundwork for the Scandinavia program.
3. The following information about the selection criteria is offered within an FAQ for applicants: “The essay is given the most weight and we look for essays that clearly answer the questions using specific examples and providing clarifying details. Evidence of research into the program, and a clear understanding of the program’s goals and structure are important. The resume needs to be up-to-date, easy to read, and be free from errors. It should clearly outline your professional background and skills. We want to admit a diverse and interesting group of students who will contribute to and benefit from an education abroad experience. We are interested in the experiences and qualifications that distinguish you from other applicants. We will review an online version of your transcript. This confirms that participants meet the minimum 3.0 minimum GPA. Students with high GPA’s are noted for extra consideration. All parts of the application are

important. The essay is the largest piece, and each of the other materials are reviewed and add to the overall rating of the application.”

4. As Campbell (2007) discussed, companies are influenced to behave in “socially responsible ways” not due solely to internal forces residing within the companies, but also due to institutional forces such as public and private regulation or the presence of NGO’s. Therefore the triple bottom line performance of the Scandinavian companies should not be considered as an industry achievement alone, but rather is the product of the interactions within and between Scandinavian companies and other forces. This presents an argument for taking a cross-sector approach to exploring sustainability and is a reason for visits to be made with industry, governments, NGO’s, and academic institutions.
5. In 2008 approximately 140 students applied for the 50 positions available in both the Scandinavia program and its “sister program” which are the 2 international programs that satisfy the 2 credit business ethics requirement. The business ethics requirement typically taken near or the very end of the student’s program, and therefore approximately 90 students likely satisfied this requirement through the on-campus course rather than waiting another year to reapply. 4 business ethics courses were offered during the spring semester 2008 and 1 business ethics course was offered during the summer semester 2008 (which is the session that I taught). Each of these 5 courses had roughly the same amount of enrolled students and thus, on average, approximately 18 students who were not accepted for a study abroad program were enrolled in each of the 5 courses conducted on-campus.

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APPENDIX A: SCANDINAVIAN MACRO TRIPLE BOTTOM LINE

The following section represents the basis from which the claim that “Scandinavia has demonstrated the strongest and most balanced economic, environmental, and societal performances in the world” was made. This data was originally offered in a conference paper presented at the 2007 Society for Business Ethics annual conference (Strand, 2007). Some updated references were provided in the body of this article, where the findings in this appendix remain consistent.

The economic, environmental, and societal dimensions represent “the widely agreed-upon three dimensions of sustainable development” (Konrad et al., 2006: 90) and within this section the relative triple bottom line performances of six OECD country clusters are compared to identify a subset of countries that can serve as a good focus region for researching sustainable development. Consistent with the original presentation of this data in Strand (2007), the expression “Nordic” is used as throughout the tables in this appendix. “Nordic” and “Scandinavia” are often used synonymously (Bondeson, 2003: 3) where the expressions could be exchanged if one desired. (Note: No difference in findings would have resulted if only the traditional Scandinavian countries of Norway, Sweden, and Denmark had been used).

Before presenting the methodology, it is worth acknowledging that the notion of the “triple bottom line” has traditionally been applied at the company level. In keeping with the standard business terminology of the economic “bottom line” (i.e. profit), environmental and a societal conceptual “bottom lines” for the company are pursued where the collection of the three make up the “triple bottom line” (Elkington, 1999). Within this appendix, the triple bottom line concept is

applied at a much more macro level: country clusters. While this is not the norm, a more macro application of the triple bottom line like this is not unprecedented. Beginning in 1999, the government of the United Kingdom began bringing together performance indicators from the three dimensions of the triple bottom line within its “A Better Quality of Life” reports, and it has continued doing so since as part of its strategy for sustainable development (Porritt, 2004).

Section Methodology

All thirty OECD countries were clustered utilizing the foundational works of Esping-Andersen (1990), Castles (1993), Hofstede (1997; 2001), the GLOBE Study (Gupta & Hanges, 2004), Sapir (2005), and Inglehart & Welzel (2006). These works utilized a collection of geographical, historical, linguistic, religious, and cultural considerations to group countries into clusters. Appendix Table 1 represents the general consensus of these works which resulted in the country clusters of Nordic, Anglo-Saxon, Continental European, Mediterranean, and Confucian, and Not Classified.

APPENDIX TABLE 1
COUNTRY CLUSTERS

Nordic	Anglo Saxon	Continental	Mediterranean	Confucian	Not Classified
Denmark Finland Iceland Norway Sweden	Australia Canada Ireland New Zealand United Kingdom United States	Austria Belgium France Germany Luxembourg Netherlands Switzerland	Greece Italy Portugal Spain	Japan South Korea	Czech Republic Hungary Mexico Poland Slovakia Turkey

Representatives from organizations including the OECD, the European Union and the United Nations were asked to identify what they considered the most well-respected macro performance measurements for the economy, environment, and

society. The identified performance measurements are displayed in Appendix Table 2 followed by their descriptions and references.

APPENDIX TABLE 2
MACRO PERFORMANCE INDICATORS BY COUNTRY

Country	Cluster	Population (M)	Economic					Environment				Society		
			The Economist	Conf Board of Canada Economy	GNI/capita (PPP)	Global Competitiveness		Environmental Sustainability	Conf Board of Canada Environment	Environmental Performance		UN Human Development	Conf Board of Canada Society	Happiness
Denmark	Nordic	5.4	1	10	11	4		26	6	7		14	1	1
Finland	Nordic	5.2	2	10	20	2		1	3	3		13	6	6
Iceland	Nordic	0.3		7	8	14		5	11	13		2		4
Norway	Nordic	4.6	16	1	4	12		2	3	18		1	4	19
Sweden	Nordic	9.0	11	3	18	3		4	1	2		6	3	7
Australia	Anglo Saxon	20.1	12	15	22	19		13	17	20		3	16	26
Canada	Anglo Saxon	31.9	3	12	16	16		6	8	8		5	11	10
Ireland	Anglo Saxon	4.1	5	2	9	21		21	15	9		8	19	11
New Zealand	Anglo Saxon	4.1		3	42	23		13	7	1		19	12	18
United Kingdom	Anglo Saxon	59.7	7	14	13	10		66	16	5		15	17	41
United States	Anglo Saxon	293.6	8	3	3	6		45	20	28		10	21	23
Austria	Continental	8.1	17	13	12	17		9	2	6		17	10	3
Belgium	Continental	10.4	15	17	14	20		112	24	39		9	7	28
France	Continental	60.0	17	19	23	18		35	10	12		16	7	62
Germany	Continental	82.6	14	20	27	8		31	14	22		20	5	35
Luxembourg	Continental	0.5			11	22						4		12
Netherlands	Continental	16.3	5	8	15	9		40	8	27		12	2	15
Switzerland	Continental	7.4	9	3	6	1		7	3	16		7	7	2
Greece	Mediterranean	11.0	44	22	41	47		68	18	18		24	18	84
Italy	Mediterranean	57.8	38	24	29	42		69	23	21		18	15	50
Portugal	Mediterranean	10.5	29	21	50	34		37	13	11		27	20	92
Spain	Mediterranean	42.5	21	18	33	28		76	21	23		21	14	46
Japan	Confucian	127.6	28	16	19	7		30	12	14		11		90
South Korea	Confucian	48.2	25		46			122		42		28		102
Czech Republic	Not Classified	10.2	27		49	29						31		77
Hungary	Not Classified	10.1	33		56	41				33		35		107
Mexico	Not Classified	106.2	42	23	81	58		93	19	66		53	22	51
Poland	Not Classified	38.2	37		66	48		104		38		36		99
Slovakia	Not Classified	5.4	24		58			49		24		42		129
Turkey	Not Classified	71.3	51		88	59		92		49		94		133

General

- Country (OECD, 2006)
- Cluster (see previous discussion)
- Population (Esty et al., 2005)

Economic Indexes

- The Economist: The Economist Global Business Environment Rankings (Allen, 2006)
- Conference Board of Canada (2006)- *Economy*
- GNI/capita: World Bank Gross National Income per Capita (WB, 2006)

- Global Competitiveness: World Economic Forum Global Competitiveness (WEF, 2006)

Environment Indexes

- Environmental Sustainability Index (Esty et al., 2005)
- Conference Board of Canada (2006)- *Environment*
- Environmental Performance (YCELP & CIESIN & JRC, 2006)

Society Indexes

- The United Nations Human Development Index (UNDP, 2005)
- Conference Board of Canada (2006)- *Society*
- Happiness (White, 2006)

The OECD does not generate holistic “rolled up” macro performance measurements; however it does collect large amounts of data for a wide array of economic, environmental, and societal items. A representative of the OECD recommended using the holistic macro performance measurements generated by the Conference Board of Canada, which were generated from the OECD data. The Conference Board of Canada accommodated the author’s special request for a complete rankings list for the OECD countries as the Conference Board of Canada had publicly only published its rankings for only the top 12 countries.

These rankings were subsequently weighted by population and rolled up by country cluster, which resulted in Appendix Table 3. Countries not ranked for a particular indicator (represented with blanks in Appendix Table 2) were not included within the cluster rollup for that particular indicator (and thus had no bearing on the calculation).

APPENDIX TABLE 3
INDICATORS BY CLUSTER, POPULATION WEIGHTED AVERAGE

Cluster	Economic				Environment			Society		
	The Economist	Conf Board of Canada Economy	GNI/capita (PPP)	Global Competitive-ness	Environmental Sustainability	Conf Board of Canada Environment	Environmental Performance	UN Human Development	Conf Board of Canada Society	Happiness
Nordic	7.8	5.7	14.1	4.8	7.8	3.0	6.4	8.3	3.4	7.7
Anglo Saxon	7.6	5.9	6.8	8.3	42.9	18.2	22.3	10.1	19.3	24.6
Continental	14.2	17.5	22.4	12.2	35.7	11.8	19.2	16.7	5.8	38.8
Mediterranean	31.8	21.5	33.3	36.9	68.6	21.0	20.6	20.4	15.4	55.3
Confucian	27.2	16.0	26.4	7.0	55.2	12.0	21.7	15.7		93.3
Not Classified	42.5	23.0	77.8	54.7	91.8	19.0	53.7	60.5	22.0	88.0

These population weighted rankings in Appendix Table 3 were then ranked in 1-6 order by each performance indicator, which resulted in Appendix Table 4.

APPENDIX TABLE 4
INDICATORS BY CLUSTER, RANKED

Cluster	Economic				Environment			Society		
	The Economist	Conf Board of Canada Economy	GNI/capita (PPP)	Global Competitive-ness	Environmental Sustainability	Conf Board of Canada Environment	Environmental Performance	UN Human Development	Conf Board of Canada Society	Happiness
Nordic	2	1	2	1	1	1	1	1	1	1
Anglo Saxon	1	2	1	3	3	4	5	2	4	2
Continental	3	4	3	4	2	2	2	4	2	3
Mediterranean	5	5	5	5	5	6	3	5	3	4
Confucian	4	3	4	2	4	3	4	3		6
Not Classified	6	6	6	6	6	5	6	6	5	5

The indicators for each cluster were then averaged together by dimension, which resulted in Appendix Table 5.

APPENDIX TABLE 5
DIMENSIONS BY CLUSTER, AVERAGED

Cluster	Economic	Environment	Society
Nordic	1.5	1.0	1.0
Anglo Saxon	1.8	4.0	2.7
Continental	3.5	2.0	3.0
Mediterranean	5.0	4.7	4.0
Confucian	3.3	3.7	4.5
Not Classified	6.0	5.7	5.3

Section Results

The results from Appendix Table 5 were ranked in 1-6 order by each triple bottom line dimension which generated the final table- Appendix Table 6.

APPENDIX TABLE 6
DIMENSIONS BY CLUSTER, RANKED

Cluster	Economic	Environment	Society
Nordic	1	1	1
Anglo Saxon	2	4	2
Continental	4	2	3
Mediterranean	5	5	4
Confucian	3	3	5
Not Classified	6	6	6

Section Conclusion

The Nordic cluster, i.e. Scandinavia, ranked better than all other OECD country cluster in each triple bottom line dimension. This serves as evidence that Scandinavia has demonstrated the strongest and most balanced economic, environmental, and societal performances in the world, and thus making Scandinavia an excellent candidate region in which to explore sustainability through a study abroad program.

Article #2: Strand, R. (forthcoming). **The Chief Officer of Corporate Social Responsibility: a study of its presence in Top Management Teams.** *Journal of Business Ethics.*

**The Chief Officer of Corporate Social Responsibility:
a study of its presence in Top Management Teams**

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Keywords: Chief Officer of CSR, Chief Sustainability Officer, C-Suite, top management team, Scandinavia, U.S., explicit CSR

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ABSTRACT

I present a review of the top management teams (TMT's) of the largest public corporations in the U.S. and Scandinavia (one thousand in total) to identify corporations that have a TMT position with "corporate social responsibility" (CSR) or a "CSR synonym" like sustainability or citizenship explicitly in the position title. Through this I present three key findings. First, I establish that a number of CSR TMT positions exist and I list all identified corporations and associated position titles. Second, I show that Scandinavian corporations are significantly more likely than U.S. corporations to have such CSR TMT positions. This finding serves as evidence that the U.S. may have been surpassed by a subset of Europe, i.e. Scandinavia, in at least one relevant measure of explicit CSR whereby this study may serve witness to a noteworthy juncture post Matten & Moon's (2008) "Implicit & Explicit CSR" article. And third, corporations with a CSR TMT position are 3 times more likely to be included in the Dow Jones Sustainability Index (DJSI) than corporations with none. A range of further research opportunities stemming from these findings include exploring whether explicit attention to CSR by the corporation is indicative of a longer term trend that has to do with attention to responsible business and whether a move away from the expression 'CSR' toward the expression 'sustainability' is underway and what this may entail.

INTRODUCTION

The top management team (TMT) is the “relatively small group of executives at the strategic apex” of the corporation with overall responsibility for the organization (Mintzberg, 1979: 24; Hambrick & Mason, 1984; Finkelstein et al., 2009: 127). Traditional position titles represented in the TMT include the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) where Certo et al. (2006) calculate an average TMT size of only about 8 individuals. Recently, considerable attention has been made regarding the introduction of a new position to some TMT’s: a position with corporate social responsibility (CSR) or a “CSR synonym” (Matten & Moon, 2008: 405) like sustainability or citizenship explicitly in the position title (e.g. Deutsch, 2007; The Economist, 2008; Gourji, 2008; McNulty & Davis, 2010; Balch, 2011). *The Economist* (2008) indicates this is a best practice stating that leading CSR companies “typically have a chief officer for corporate responsibility or sustainability or whatever who reports to the [CEO]” in its 2008 special report on CSR and a recent *Harvard Business Review* case study focuses on the decision whether a company should install a “Chief Sustainability Officer” to its TMT (McNulty & Davis, 2010).

In this article, I present a review of the TMT’s of the largest public corporations in the U.S. and Scandinavia (one thousand in total) to identify corporations with a TMT position with CSR or a CSR synonym explicitly in the TMT position title. Studies have been conducted regarding the presence of other positions in the TMT like CFO’s (Zorn, 2004) and Chief Marketing Officers (Nath & Mahajan, 2008) where I present the first comprehensive formal study regarding the presence of the Chief Officer of CSR or Chief Sustainability Officer position in the TMT.

Matten & Moon (2008) contend corporations are increasingly engaging in “explicit CSR.” By that they mean corporations are explicitly using CSR and CSR synonyms in their communications whereby Matten & Moon offer the publication of standalone CSR and sustainability reports as one such example. Matten & Moon (2008: 410) state that the move toward explicit CSR “is the result of a deliberate, voluntary, and often strategic (Porter & Kramer, 2006) decision of a corporation.” As such establishing a position to the TMT with CSR or a CSR synonym explicitly in the position title represents a noteworthy example of explicit CSR.

Matten & Moon state U.S. corporations have historically practiced higher levels of explicit CSR than European corporations. They contend this can be understood through historical differences in “national business systems” (NBS’s) (Whitley, 1997) between the U.S. and Europe where traditionally lower levels of regulation on social and environmental issues in the U.S. has allowed more room for U.S. corporations to voluntarily address particular social and environmental issues that they can then explicitly claim as acts of CSR. However, Matten & Moon state explicit CSR is “gaining momentum” in Europe driven by the forces of “new institutionalism” (DiMaggio & Powell, 1983). Therefore having the U.S. and Scandinavia as case regions facilitates a U.S.-Europe comparison (see Endnote 1).

Position titles in the TMT are worthy of attention because these titles are indicative of issues the corporation considers to be of strategic and symbolic significance at a given time (eg. Green, 1988; Zorn, 2005; Nath & Mahajan, 2008). In the past fifty years, examples of new position titles introduced to the TMT’s include the Chief Financial Officer (CFO) (Zorn, 2004) and TMT

positions focused on Marketing (Nath & Mahajan, 2008), Quality (Amidon, 1998), Technology and Information (Groysberg et al., 2011), Knowledge (Earl & Scott, 1999; Bontis, 2001), and Human Resources (Groysberg et al., 2011; Welch, 2005). And some one hundred years ago the “Chief Electricity Officer” could be found in some TMT’s in an effort to profit from the latest technology and coordinate efforts related to electricity across the organization (Pauleen, 2011).

Researchers have used abstracts to represent full articles for research purposes citing that abstracts “constitute a good proxy for the entire text” and abstracts are more likely to be available than the full articles themselves when performing historical research (Abrahamson & Eisenman, 2008: 729). Along this vein, the position titles represented in the TMT can serve as an abstract of sorts for the issues the corporation finds of strategic and symbolic significance meriting explicit attention at a given time. Furthermore, historical records of TMT position titles are far more likely to be acquired than detailed company-wide information whereby TMT position titles provide a useful resource for researchers. That said, it is important to keep in mind that just because a position title disappears from the TMT this does not necessarily mean that the issue the title represented is no longer of importance to the organization. Electricity is no less important today than it was during the time of the Chief Electricity Officer but explicit attention with a TMT level position is no longer considered necessary.

METHODS

As Finkelsetin et al. (2009: 127) remark “there is no consensus among researchers regarding an appropriate operational definition of TMT membership” and similarly there is no established consensus regarding precisely which expressions are associated with CSR (Matten & Moon: 405). Furthermore, the position titles

“Chief Officer of CSR” and “Chief Sustainability Officer” do not commonly exist verbatim in TMT’s. The CEO and CFO are the only TMT position titles that are relatively consistently prefixed with the word “Chief” across companies where the Chief Officer of CSR or Sustainability titles are more often informally invoked in reference to a position with dedicated CSR or sustainability responsibilities irrespective of whether the position is part of the TMT. AT&T (2009) issued a press release titled “AT&T Appoints First Chief Sustainability Officer” however this position was not included on AT&T’s company website as part of its TMT and the same is true regarding the position of focus in the article “Meet Google’s Chief Sustainability Officer” (Keefe, 2010). In this article I employ the expression “Chief Officer of CSR” in reference to the positions identified as part of the TMT in which the position titles include keywords from the “CSR strict” or “CSR synonyms” categories as described next in this section.

Therefore significant testing and development was required to identify CSR TMT positions in a consistent manner. I conducted a pilot study to develop the following steps employed within the full study: 1) Identifying case companies; 2) Identifying TMT members and position titles at case companies; 3) Identifying keywords associated with CSR; 4) Combining previous steps together to identify CSR TMT position titles at case companies, and 5) Adding Dow Jones Sustainability Index (DJSI) selection information by company.

Pilot study

I conducted a pilot study in April 2010 to develop and test methods for the full study. 85 U.S. and Scandinavia corporations constituted this population. Through the pilot study, I determined corporate websites presented the most consistent repository from which to identify CSR TMT position information from across industries and regions. I came to consider corporate websites as a particularly

suitable source from which to draw this information given explicit CSR is fundamentally about the company communicating CSR. I also considered using Thomson Reuters as a primary source however I learned during the pilot study that CSR TMT positions were not consistently identified as corporate officers across regions. The CSR TMT positions were rarely included in U.S. corporations as corporate officers but were frequently included in Scandinavian corporations (this may be an item of interest for future studies). Thus I utilized the corporate websites as the primary source of TMT information and used Thomson Reuters as a supplement.

Step 1: Identifying case companies

Large, public corporations from the U.S. and Scandinavia were selected as case companies in part because explicit CSR has primarily been a topic for large corporations (Matten & Moon, 2008: 417; Russo & Tencati, 2008) and information regarding the TMT's of large, public corporations is more readily available.

Each year the DJSI invites the world's largest ~2500 public corporations to apply for inclusion to the DJSI. In May 2010 representatives from the DJSI provided me with a full list of the ~2500 corporations invited for consideration to the 2009 DJSI that included country and industry information by company. Of the list of ~2500 corporations, 994 were from the U.S. or Scandinavia. During the study some corporations were removed due to acquisition or insufficient TMT information. The resultant sample size was 969 corporations: 885 U.S. and 84 Scandinavian.

Step 2: Identifying TMT members and position titles

The next step was to develop a process to identify TMT members and their position titles that could be consistently applied across these 969 corporations. I used the TMT definition as “the relatively small group of executives at the strategic apex of the organization” with “overall responsibility for the entire organization” (Finkelstein et al. 2009: 127; Mintzberg 1979: 24) as a guideline. During the pilot study I identified that a minority of corporations include an excessively large number of individuals in its TMT that would violate the spirit of the TMT as a “relatively small group.” For example, Nike listed 93 executives on its company website and corporations in the Banks and Financial Services industries often listed conspicuously large numbers of executives in comparison to corporations from other industries. Therefore, to remain consistent with the notion of the TMT as “a relatively small group” and be reasonably consistent with Certo et al.’s (2006) TMT size of about 8 individuals I developed and applied the following scoping criteria.

I limited the TMT to a maximum size of 18 individuals based on Certo et al.’s (2006) meta-study in which they calculate a TMT mean size of 8 members with a standard deviation of 3.5. Certo et al. offer this size “provides a nice balance between being inclusive without being over-inclusive.” I utilized Certo et al.’s mean plus 3 deviations for the upper limit- a commonly employed number of deviations (Weirs, 2008: 210)- to arrive at the upper limit 18. A hierarchical sort was then performed to determine which positions to select amongst those listed on the company website.

Distinguishers provided on the company websites were first utilized for a hierarchical sort because company websites often clearly designate a subset of positions in their TMT. For example, Du Pont listed 26 executives on its corporate website that included the position title “Vice President, Safety, Health &

Environment and Chief Sustainability Officer” however this position was not included among the 8 positions clearly distinguished as “Member, Office of the Chief Executive.” Similarly Nike’s “VP, Sustainable Business & Government Affairs” was included on its company website, but was not among the clearly distinguished subset of executives alongside Nike’s CEO. Thus these positions were scoped out of the TMT.

Next, I performed a hierarchical sort based on title hierarchy. Using Certo et al. (2006) as a guide and applying lessons learned from the pilot study, this resulted in the following hierarchy of titles from highest to lowest: Chief Executive Officer (CEO), Vice Chair (VC), Chief Financial Officer (CFO), other “Chiefs” (like the Chief Operating Officer), Officer, President, Executive Vice President (EVP), Senior Vice President (SVP), Group Vice President (GVP), Vice President (VP), Director (but not Board of Directors members), and Manager. The Vice Chair was included within the TMT only when the position was a member of the management team (not just the Board of Directors). In a minority of cases, a TMT position included two titles. For example, an individual may have “Chief” as well as “EVP” or “SVP” or “VP” in their position titles. In these cases, a double sort was performed where the highest title was considered first and the lower title second.

An additional hierarchical sort was applied to remain consistent with the TMT as having “overall responsibility for the entire organization” (Finkelstein et al. 2009: 127; Mintzberg 1979: 24). Position titles that indicate responsibilities for an individual business division, individual product line, subsidiary company, or geographical region were sorted below positions with titles that indicated responsibilities that spanned the entire organization. For example, Reynolds

American is the parent company of numerous subsidiary companies so position titles from Reynolds American were sorted higher than subsidiaries.

To ensure scoping was consistently applied across case companies and to encourage an overall mean size reasonably close to with Certo et al. (2006) the following preferred order for TMT size was developed and tested during the pilot study: 8, 7, 9, 6, 10, 11, 12, 5, 13, 14, 15, 16, 4, 17, 18, 3, 2, 1. For example, if a company website lists 2 Chiefs, 3 EVP's, 4 SVP's, and 5 VP's without any additional distinguishers the possible combinations for TMT size is 2, 5, 9, or 14. Of these possibilities, 9 is the most preferred TMT size and thus Chiefs, EVP's, and SVP's are identified as the TMT.

Step 3: Identifying keywords associated with CSR

The concept of CSR brings with it a large number of associated expressions (Schwartz & Carroll, 2008; Dahlsrud, 2008; Crane et al., 2008; Matten & Moon, 2008: 405-6). Developing categories with keywords requires creating sharp distinctions for expressions that are themselves ambiguous. This presents challenges. Some may consider the expressions “CSR” and “sustainability” as virtually interchangeable and others may strongly disagree. And some may use the expression sustainability as a broad “umbrella term” and others may use sustainability in a narrower respect in reference to environment, green, or renewable energy. The ambiguity of these expressions is both a strength as it allows for flexibility and adaptation to occur over time within companies- i.e. “strategic ambiguity” (Eisenberg, 1984)- and a weakness as unproductive confusion and disagreements may arise.

In this article, I treat CSR as an “umbrella construct” drawing from Hirsch & Levin (1999: 200) who describe an umbrella construct as “a broad concept or idea

used loosely to encompass and account for a broad set of diverse phenomena” (Gond & Crane, 2010). I recognize there will undoubtedly be differences of opinion regarding how to categorize these expressions where in an effort to minimize criticisms I collected data on a broad range of expressions to build a more robust database and display all results in Appendix A.

Four distinct categories with associated keywords were developed: “CSR strict,” “CSR synonyms,” “Compliance & compliance related terms,” and “CSR related terms.” Identifying keywords associated with “CSR strict” was straightforward as these were comprised of: corporate social responsibility, CSR, corporate responsibility, CR, and social responsibly. Identifying “CSR synonyms” was done using Schwartz & Carroll (2008) supplemented by Dahlsrud (2008), Marrewijk (2003), Moir (2001), Matten & Crane (2005), Crane et al. (2008), Garigga & Melé (2004), and Carroll (1999). I shared the resultant list with a suite of CSR scholars to solicit input and the culmination of this resulted in the following “CSR synonyms”: sustainability, sustainable, citizenship, ethics, stakeholder, triple bottom line, and stewardship.

Words like ‘health,’ ‘environment,’ ‘philanthropy,’ and ‘diversity’ were also identified as CSR related terms but unlike CSR and CSR synonyms these were not considered as broad “umbrella terms.” The resultant “CSR related terms” were: health, safety, environment, community, diversity, inclusion, external relations, external affairs, philanthropy, green, and renewable. The keyword “compliance” was included in this category during the pilot study but it became apparent that compliance demanded its own category (in part because of the comparatively high frequency of its use at U.S. corporations). The “Compliance and compliance related terms” category was created that included the following keywords: compliance, governance, and business conduct. “Compliance and compliance

related terms” tended to indicate higher ranked than individuals within the category “CSR related terms” and thus “Compliance and compliance related terms” were assigned before “CSR related terms” in the minority of cases where the corporation had positions representing both categories. The resultant categories and keywords are shown in Table 1.

Category	Keywords
CSR strict	Corporate Social Responsibility, CSR, Corporate Responsibility, CR, Social Responsibility
CSR synonyms	Sustainability, Sustainable, Citizenship, Ethics, Stakeholder, Triple Bottom Line, Stewardship
Compliance & compliance related terms	Compliance, Governance, Business Conduct
CSR related terms	Health, Safety, Environment, Community, Diversity, Inclusion, External Relations, External Affairs, Philanthropy, Green, Renewable
None	No keywords found

Table 1: Keywords associated with CSR

Step 4: Identifying CSR TMT position titles

From July through September 2010, two research assistants reviewed the company websites for all case companies to perform steps 2 and 3. A shared database was populated with relevant TMT information in which the aforementioned categories were assigned by company. Pdf’s of all TMT information were made to facilitate reviews and for archiving purposes and I reviewed the database and pdf’s on an ongoing basis. Some additional data collection was performed from October-November 2010.

Step 5: Adding DJSI selection information by company

DJSI selection information was added by company in December 2010. The list of 969 case companies for this study was generated from the 2009 DJSI invite list, but given this study was actually conducted during the 2010 DJSI selection period both the 2009 DJSI and 2010 DJSI selection information was included. An on/off flag was added to designate corporations that were named to either the 2009 DJSI or 2010 DJSI.

FINDINGS

Finding 1: Chief Officers of CSR Exist

A number of corporations have installed a TMT member with CSR or a CSR synonym explicitly in the TMT position title. As displayed in Table 2, 36 U.S. corporations and 10 Scandinavian corporations were identified with CSR or a CSR synonym in the TMT position title. See Appendix A for a full list of corporations and position titles.

Category	U.S.	Scandinavia	Total
CSR strict	6 (1%)	4 (5%)	10 (1%)
CSR synonyms	30 (3%)	6 (7%)	36 (4%)
<i>CSR strict + CSR synonyms</i>	<i>36 (4%)</i>	<i>10 (12%)</i>	<i>46 (5%)</i>
Compliance & compliance related terms	70 (8%)	2 (2%)	72 (7%)
CSR related terms	28 (3%)	2 (2%)	30 (3%)
None	751 (85%)	70 (83%)	821 (85%)
Total	885	84	969

Table 2: Prevalence of Chief Officers of CSR

Finding 2: Greater Presence in Scandinavia than U.S.

Scandinavian corporations are significantly more likely ($p<0.01$) than U.S. corporations to have a TMT position with CSR or a CSR synonym explicitly in the TMT position title (see Table 3). This corresponds to 12% of Scandinavian case companies and 4% of U.S. case companies. Differences in average TMT sizes selected do not account for potential differences as the average TMT size was 9.7 individuals ($n=10$) for the identified Scandinavian corporations and 10.0 individuals for the identified U.S. corporations ($n=36$).

Category	U.S.	Scandinavia	p value
CSR strict	1% (6 corps.)	5% (4 corps.)	0.007***
CSR synonyms	3% (30 corps.)	7% (6 corps.)	0.124
CSR strict + CSR synonyms	4% (36 corps.)	12% (10 corps.)	0.004***

Table 3: Chief Officer of CSR in U.S and Scandinavia. Note: * $p<.10$, ** $p<.05$, * $p<.01$**

Finding 3: Corporations with Chief Officer of CSR More Likely on DJSI

Corporations that have a TMT position with CSR or a CSR synonym explicitly in the TMT position title are 3 times more likely to be included in the DJSI than are corporations categorized as “None.” This was confirmed through two distinct tests: the U.S. corporations and the Scandinavian corporations. 22% of U.S. corporations with CSR or a CSR synonym were included in the DJSI, whereas only 7% of U.S. corporations categorized as None were included in the DJSI, which is 3 times greater ($p<0.01$). 70% of Scandinavian corporations with CSR or a CSR synonym were included in the DJSI, whereas only 21% of Scandinavian corporations categorized as None were included in the DJSI, which is also 3 times greater ($p<0.01$). Differences in average TMT sizes do not explain these differences.

Category	Region	DJSI	Non DJSI	Total
CSR strict + CSR synonyms	U.S.	8 (22%***)	28	36
None	U.S.	50 (7%)	701	751
CSR strict + CSR synonyms	Scandinavia	7 (70%***)	3	10
None	Scandinavia	15 (21%)	55	70

Table 4: Chief Officer of CSR and DJSI vs. nonDJSI

The category “None” was presented here in comparison to CSR strict + CSR synonyms to avoid unnecessary confusion that could be introduced if a comparison was made with “Compliance & compliance related terms” or “CSR related terms.” While the following is not discussed further in this article, it may be of potential interest that corporations categorized as having a TMT position of “Compliance & compliance related terms” were actually selected to the DJSI at a lower percentage than corporations characterized as ‘None.’ Of the 70 U.S. corporations categorized as “Compliance & compliance related terms” only 3 (i.e. 4%) were selected to the DJSI categorized as “Compliance & compliance related terms” and 0 (i.e. 0%) of the 2 Scandinavian corporations were selected to the DJSI.

A conspicuous difference in populations is that Scandinavian corporations are named to the DJSI at a significantly higher percentage than U.S. corporations. Scandinavian corporations are 3 times more likely to be included in the DJSI than U.S. corporations across the “CSR strict” plus “CSR synonyms” grouping of categories (70% versus 22%) as well as the “None” category (21% versus 7%) shown in Table 4. Biases were not introduced related to industry variation by region given the DJSI selects from within industries (e.g. the DJSI does not disadvantage a petroleum corporation for being in a “dirty industry”). This

finding is consistent with Gjølborg (2009) who also finds Scandinavian countries are overrepresented relative to the size of their national economies regarding number of corporations named to major CSR rankings in comparison to the U.S.

DISCUSSION

Finding 1: Chief Officers of CSR Exist

46 large corporations have exalted a position to the TMT with CSR or a CSR synonym in the position title. This is significant when one considers the wide range of well-known corporations comprising this list (see Appendix A) and that these identified positions represent one of the highest 10 ranked positions on average at these respective corporations (see Endnote 2).

A number of possibilities exist for the future of the Chief Officer of CSR position. The theory of management fashion (Abrahamson, 1996; Abrahamson & Fairchild, 1999; Abrahamson & Eisenman, 2008) has been applied to the concept of CSR (e.g. Guthey et al., 2006; Zorn & Collins, 2007) where drawing from the theory of management fashion I offer four possibilities for the future of the Chief Officer of CSR position. The first possibility is that explicit CSR and the Chief Officer of CSR are evidence of nothing more than a “transient fad” that is “independent, transitory, and un-cumulative” (Abrahamson & Eisenman, 2008). It follows that a new management fad will arise that has to do with some unrelated concept, some other Chief will be installed to the TMT that supplants the Chief Officer of CSR, and the Chief Officer of CSR will disappear without any lasting effect.

The second, third, and fourth possibilities are related where explicit CSR is considered evidence of a longer term trend (Abrahamson & Eisenman, 2008) that has to do with consideration to the role of business in society and attention to

responsible business by corporations. The second possibility is the Chief Officer of CSR position will become the institutionalized symbol of the corporation's attention to "responsible business" similar to how the CFO has today become a symbol of the corporation's attention to "shareholder value." Zorn (2004) shows that in the early 1960's virtually no U.S. corporations had a CFO position, by the early 1970's about 5% did (which is about where the Chief Officer of CSR is presently) and by 2000 almost all did. As such if this possibility plays out, one may expect to see the Chief Officer of CSR in most TMT's by about 2040.

The third possibility is the "Chief Officer of CSR" position as described in this study disappears but new TMT positions will arise that have to do with the same underlying trend associated with the keywords included in this study. Drawing from the theory of management fashion, the "language of repeated waves cumulates into what we call management fashion trends" (Abrahamson & Eisenman, 2008) where evidence of this third possibility would be if this study is repeated where no positions with the keywords used in this study are found but a significant number positions with clearly related keywords are discovered, for example a "Chief Officer of Business in Society."

The fourth possibility is that the Chief Officer of CSR will eventually disappear but the prolonged attention to explicit CSR by the TMT will have served to embed considerations to responsible business throughout the organizations that ultimately rendering an explicit CSR position in the TMT no longer necessary. A considerable amount of evidence suggests that the Danish pharmaceutical corporation Novo Nordisk is an example of this as having already occurred.

Distinguishing the fourth possibility from the first possibility requires an exploration that goes deeper than a superficial review of current TMT position

titles. Historical context is necessary to understand whether prolonged attention to explicit CSR was made by the TMT coupled with an exploration within the organization below the level of the TMT. Novo Nordisk's long-serving CEO Mads Øvlisen and his successor Lars Rebien Sørensen have long demonstrated explicit attention to CSR and evidence of efforts to embed attention to CSR throughout the company is abundant. Hence I offer Novo Nordisk as example of this fourth possibility.

Under the direction of Mads Øvlisen, a position dedicated to CSR (referred to as "Triple Bottom Line" at Novo Nordisk) was installed some two decades ago to coordinate CSR efforts across the company. Lise Kingo was assigned to the position and with the explicit support of Øvlisen, Kingo worked to build up Novo Nordisk's CSR approach (Morsing & Oswald, 2009). In 1999, the position "VP, Stakeholder Relations" was created under the direction of Øvlisen to which Kingo was appointed. In 2002, Kingo's position was exalted to the TMT at which time CEO Sørensen (who assumed the role of CEO after Øvlisen) offered "I am pleased to welcome Lise Kingo [to Novo Nordisk's TMT]. Her promotion is a testimony to the growing strategic importance of our focus on sustainable development and the Triple Bottom Line, and to Lise Kingo's role in driving this focus throughout our organization" (Novo Nordisk, 2002). This new TMT position was charged with "driving and embedding long-term thinking and the Triple Bottom Line mindset throughout the company; and translating and integrating the Triple Bottom Line approach into all business processes to obtain sustainable competitive advantages in the marketplace" (Morsing & Oswald, 2009). Since 2002, Kingo's area of responsibility has expanded to include human resources, quality, business assurance and corporate communications. Her current position title is "EVP, Chief of Staffs."

In 2004, Novo Nordisk took the progressive step to merge its annual standalone sustainability report with its financial report into an integrated annual report. In this integrated report, attention to CSR and sustainability related items with associated key performance indicators (KPIs) are embedded amongst considerations to more traditional financial one would traditionally expect in an annual report and, furthermore, both short term and long term targets are included for all KPIs. Thus the integrated annual report at Novo Nordisk represents a space in which awareness regarding tensions between various objectives may be more likely made apparent (Margolis & Walsh, 2003; Gond & Crane, 2010; Poole & Van de Ven, 1989) and through which discussions for how to negotiate these tensions may ensue.

Novo Nordisk's integrated report is generated annually by the team led by the "VP, Global Triple Bottom Line Management," a position held by Susanne Stormer. Stormer reports directly to Kingo and thus this position is a level below the TMT. Stormer has the global responsibility for oversight of sustainability driven programs and integration of a Triple Bottom Line approach across Novo Nordisk. Thus elements of explicit CSR remain at Novo Nordisk, like Stormer's position to coordinate CSR activities due to their inherently cross-functional nature, but explicit reference to CSR is not immediately apparent upon a superficial review of TMT position titles.

Novo Nordisk's performance suggests the merits of this approach as Novo Nordisk is widely recognized for its competencies in strong stakeholder engagement (Morsing & Oswald, 2009; Wheeler et al., 2003; Pedersen, 2006; Strand, 2009; Morsing & Schultz, 2006; Mirvis & Googins, 2006), is a perennial selection to major CSR performance indicators like the DJSI, and is now recognized as a leader in integrated reporting (Eccles & Krzus, 2010).

Monitoring which of these possibilities (or perhaps a different possibility altogether) plays out for the Chief Officer of CSR position presents a promising area for continued research. But further research need not wait as the present appears to be a dynamic period for the Chief Officer of CSR position. In the relatively short period between the pilot study (April 2010) and the full study (July-September 2010) Norsk Hydro removed its “EVP, Legal Affairs & Corporate Social Responsibility” and Telenor removed its “EVP, Head of Communications & Corporate Responsibility” (hence these position titles are not included in Appendix A). And in the time since the full study concluded, a number of changes are already apparent based upon a July-August 2011 revisiting of a selection of case companies. Mattel removed its “SVP, Corporate Responsibility” and Storebrand removed its “EVP, Corporate Responsibility” where the individuals in these positions assumed different roles and CSR responsibilities were formally transferred to other senior executives without CSR explicitly in their position titles. The individual who occupied J.P Morgan Chase’s “Head, Corporate Responsibility” left the company (see Endnote 3) and J.P. Morgan no longer designates this position as belonging to the subset of positions in the TMT on its corporate website.

But there were also additions. Alcoa added the position title “VP, Chief Sustainability Officer” to its TMT and the Coca Cola Company (Coke) also exalted a position by the same title to its senior ranks (however Coke’s position does not meet the strict TMT scoping used in this study, but it is one of the highest 15 ranked positions at Coke). Of potential interest is that before Coke’s new sustainability position was created, Coke already had a “VP, Corporate Social Responsibility.” Thus Coke chose to exalt the sustainability position to a level higher (“Chief, VP”) than its existing CSR position (“VP”).

Based on this limited sample, there is some suggestion that the ratio of “sustainability language” to “CSR language” is increasing given the use of the expression ‘sustainability’ appears to be on the rise in TMT position titles in comparison to the expressions ‘CSR’ and “Corporate Responsibility.” Returning to the theory of management fashion, Abrahamson & Eisenman (2008) describe “a gradual intensification in the ratio of rational to normative language over repeated waves” as suggestive of the existence of a trend. One could argue that CSR tends to be more normative in nature with roots in ethical theory (e.g. Schwartz & Carroll, 2008) and sustainability tends to be more rational in nature with roots in systems theory and a greater attention to quantification (e.g. Figge et al., 2002; Schaltegger & Wagner, 2006). Max Weber (1958; 1978; 1980) describes this brand of rationality focused on quantification, calculability, and efficiency as “formal rationality.” Weber describes benefits stemming from formal rationality (eg. efficiencies) but also cautions that the more a system becomes formally rational the more it is subject to charges that it lacks consideration for humanistic concepts for the humanistic concepts of ethics, emotions, love, and care for one’s fellow man (“caritas”) that is likely to solicit charges of “substantive irrationality” (Brubaker, 1991). This is also known as “the irrationality of rationality” (Ritzer, 1983). Therefore, if a formalized CSR program is response by corporations to demonstrate greater attention to humanistic concepts a promising area for further research could be to explore how increased formal rationalization in the CSR related fields helps to achieve this objective while also considering whether it ever leads to charges of substantive irrationality- and how corporations in turn respond.

Finding 2: Greater Presence of Chief Officers of CSR in Scandinavia than U.S.

The finding that Scandinavian corporations are significantly more likely than U.S. corporations to have a TMT position with CSR or a CSR synonym explicitly in the TMT position title may come as a surprise given that Matten & Moon describe that U.S. corporations have historically practiced higher levels of explicit CSR than European corporations. However, Matten & Moon describe that explicit CSR is gaining momentum in Europe where this finding serves as evidence that the U.S. has been surpassed by a subset of Europe (i.e. Scandinavia) in at least one relevant measure of explicit CSR, and thus this study may serve as witness to a noteworthy juncture post Matten & Moon's (2008) "Implicit & Explicit CSR" article. As example for how recently these TMT positions have been installed: the Norwegian firm Storebrand's "EVP, Corporate Responsibility" was installed to the TMT in 2008; the Finnish firm Nokia's "EVP, Corporate Relations and Responsibility" was installed in 2009; and the Swedish firm Svenska Cellulosa's (SCA) "SVP, Corporate Sustainability" was installed in 2010.

Matten & Moon (2008: 418) express "there is good reason to expect a rise of explicit CSR in countries hitherto characterized by strong implicit CSR." Scandinavian industry has long demonstrated a tradition of strong implicit CSR (e.g. Nasi, 1995; McCallin & Webb, 2004; Morsing et al., 2007; Vallentin & Murillo, 2010; Gjørberg, 2010) where the recent rapid rise in explicit CSR in Scandinavia is likely facilitated by the tradition of strong implicit CSR in the region. Matten & Moon describe that a tradition of strong implicit CSR is the product of cultural and institutional considerations associated with the NBS's. Stakeholder engagement is a core concept to CSR and Scandinavian businesspeople have been characterized as embracing participation (House et al., 2004; Grenness, 2003; Bjerke, 1999) where collaborating with stakeholders has been called the normal way to do business in Scandinavia (Morsing et al., 2007)

and the region as a whole has been described as demonstrating a “Scandinavian cooperative advantage” (Strand, 2009). Grennes (2003: 13) states the “Scandinavian model promotes long-term ties between owners, managers, workers, and society, where the role of the company includes promotion of goals of society at large.” Furthermore, Campbell (2007) described Scandinavia as having “the sorts of institutions” that he argued “facilitate socially responsible corporate behavior.” The institutions to which Campbell refers include “the presence of nongovernmental and other independent organizations that monitor corporate behavior, institutionalized norms regarding appropriate corporate behavior, associative behavior among corporations themselves, and organized dialogues among corporations and their stakeholders.” Thus as the argument goes, with a tradition of strong implicit CSR, Scandinavia can move rapidly to explicit CSR where it is largely a matter of applying the “language of CSR” to the existing implicit CSR activities.

Matten & Moon describe that coercive isomorphisms are a driver for explicit CSR and there exists considerable evidence of recent increases in coercive isomorphisms in Scandinavia (Gjølberg, 2010). In 2008, Denmark passed a mandatory CSR reporting law where the largest 1100 Danish public companies must explicitly report on their work with CSR (UN Global Compact, 2008; Denmark Ministry of Economic & Business Affairs, 2008). Sweden was the first country in the world to require CSR reports from all state-owned companies (Sweden.Se, 2010) and in 2007 the Swedish government announced its commitment to require state-owned companies to present CSR reports based on the Global Reporting Initiative (GRI) guidelines (Just Means, 2010). In 2009, the Norwegian government published a white paper on CSR that was endorsed by the Norwegian Parliament and lays the groundwork for further government driven

CSR initiatives (Norwegian Storting, 2009; Norwegian Ministry of Foreign Affairs, 2009). And the Finnish government has been described as “very active” in regards to promoting CSR (Panapanaan & Linnanen, 2009: 98).

The high degree of governmental activity to encourage CSR activities in Scandinavia may be considered directly related to the recent trend of Scandinavian governments to withdraw from areas that were previously public responsibilities (Morsing, 2011). Thus Scandinavian governments may be looking to encourage Scandinavian corporations to assume some of these responsibilities, and now Scandinavian corporations have more room to voluntarily take on particular issues and explicitly claim them as acts of CSR for the same reasons Matten & Moon (2008) described as having traditionally been in the case in the U.S. Thus in this respect, the Scandinavian NBS's have become more similar to the U.S. NBS. This was highlighted in a research report from the American Institute for Economic Research titled “*Scandinavian Irony: Socialism Meets Liberalization.*” Using the British English sense of the word liberalization, the report reads “Scandinavia is in the midst of an economic transformation. Thanks to tax reform, openness to investment/trade, sound property rights, little corruption, and continuing efforts to privatize, economies there have made great strides toward liberalization” (Cooper, 2006). This represents an important area for further research because if the Scandinavian institutions being liberalized are the same Scandinavian institutions to which Campbell (2007) refers as “the sorts of institutions” that “facilitate socially responsible corporate behavior,” only time will tell if Scandinavian corporations continue their comparatively strong CSR performances as indicated by their superior standing in CSR performance indicators like the DJSI (as demonstrated in this study and Gjølborg (2009)).

Finding 3: More Likely DJSI Inclusion with Chief Officer of CSR

Corporations with TMT members that have CSR or a CSR synonym explicitly in their position titles are 3 times more likely to be included in the DJSI than are corporations categorized as “None.” This is a claim of correlation- not causation. In the following I describe how the Chief Officer of CSR could contribute to the company’s DJSI selection and, conversely, how DJSI could contribute to the installation of a Chief Officer of CSR (see Endnote 4).

An immediate obvious potential explanation is that corporations who care enough to divert precious resources to an issue are likely to care about it, and caring about it is more likely to lead to better performance. Another potential explanation is that these corporations are more likely to engage in ongoing CSR discussions by virtue of the CSR agenda having a “seat at the table” where it follows that these are companies where CSR is more likely integrated within the strategies, policies, and activities of the companies and this ultimately leads to stronger CSR performance. A recent McKinsey (2010) study remarks that “companies where sustainability is a top item in their CEO’s agendas are twice as likely to integrate sustainability into their companies’ business practices.” Having a senior level executive with dedicated CSR responsibilities can also serve to drive CSR performances through coordinating efforts and driving change through communications. Rolf Lunheim (2005), a former Vice President of CSR for the perennial DJSI Norwegian extractives corporation Norsk Hydro, states:

Corporate social responsibility is about change, deep change. Significantly changing the ways of organizations and society is always a delicate balancing act of a multitude of forces acting on one another. Every dedicated CSR professional is engaged in a daily tug-of-war... So how do you survive and bring about positive change in this messy jungle of conflicting agendas? You raise awareness, seek out alliances with motivated, enlightened individuals, push policies and practices carefully tuned to the receptiveness of the

organization—and you strike a few compromises with the PR people on how CSR is communicated...

Conversely, selection to the DJSI could contribute to corporation installing a Chief Officer of CSR. As expressed by a “VP, Corporate Sustainability” with a perennial DJSI corporation from Scandinavia “once you get on the DJSI, you do not want to be taken off of it.” Thus corporations that have achieved inclusion to the DJSI may consider installing a CSR TMT member to manage activities in an effort to maintain inclusion on the DJSI. In addition to managing cross-functional CSR initiatives to drive performance, a responsibility for this position likely includes ensuring the DJSI paperwork is properly completed. The aforementioned VP estimated it required one month of a full time equivalent (FTE) to complete the DJSI questionnaire at his company (see Endnote 5).

But Novo Nordisk serves as a reminder that a corporation does not need a Chief Officer of CSR in the TMT to be a likely DJSI selection. Through years of continued focus at the TMT level to embed consideration to CSR throughout the organization- starting decades ago with the leadership of its then CEO Mads Øvlisen- Novo Nordisk has become a perennial DJSI selection. A dedicated position titled “VP, Global Triple Bottom Line Management” remains at Novo Nordisk given the cross-functional nature of CSR and hence need for coordination across the corporation, but the position now resides at a level below the TMT.

CONCLUSION

This article represents the first comprehensive formal study of the Chief Officer of CSR or Chief Sustainability Officer positions in the TMT. Through this study I identify a number of these CSR and sustainability focused TMT positions exist amongst the upper echelon of many of the world’s largest and most well-known

corporations. I provide a complete list of these identified CSR TMT positions in Appendix A that may also prove useful as a baseline to compare with future studies.

Monitoring the future of these CSR TMT positions represents a promising area for continued research. Are these positions evidence of a “transient fad” or is might these CSR TMT positions serve as evidence of a longer term trend having to do with corporations embedding attention to responsible business? Is a shift from the expression ‘CSR’ toward the expression ‘sustainability’ underway as indicated by a shift in use of these expressions within TMT position titles and if so what might this mean? Relatedly, what effects might an increase in the formal rationalization of CSR have? While some may consider formal rationalization as antithetical to humanistic concepts associated with CSR others may point to benefits from establishing formally rational tools like key performance indicators to help drive CSR efforts across corporations and help to raise awareness of underlying tensions. Further research should not wait as we are currently experiencing a dynamic period for the CSR TMT position.

ENDNOTES

Endnote 1: Scandinavia is typically considered as Denmark, Norway, and Sweden but Finland is also commonly included (Bondeson 2003: 3; Nordstrom 2000: ix). In this article I use Scandinavia in reference to these four countries.

Endnote 2: Senior executive positions with CSR or CSR synonyms in the position titles were also identified at case companies including AT&T, CA, Cognizant, DuPont, EMC², General Mills, Mohawk Industries, Nike, Owens Corning, Pinnacle West Capital, Verizon Communications, and Yum! Brands but were not included as they did not meet the strict TMT scoping criteria.

Endnote 3: This individual left to serve as Chief of Staff for U.S. President Obama. While the individuals themselves who occupied the Chief Officer of CSR positions were not the focus of this study, two conspicuous details about the individuals in the CSR TMT positions became apparent. First, these individuals possess a remarkably wide range of backgrounds. For example, Nokia's "EVP, Corporate Relations & Responsibility" is a former Prime Minister of Finland. Second, a conspicuously high proportion of females hold these CSR TMT positions in comparison to the percentage of females holding TMT positions in general.

Endnote 4: CSR ratings including the DJSI are not without criticisms regarding their ability to accurately measure and reflect CSR performances (e.g. Porter & Kramer, 2006; Chatterji & Levine, 2006; Chatterji et al., 2009) but I contend that, on the whole, the DJSI represents a useful indicator. I did not have access to the full DJSI selection methodology and thus I recognize points may be awarded for having a Chief Officer of CSR that could skew these results. But I assume this alone is unlikely to explain the 3x factor.

Endnote 5: This comment was offered by the "VP, Corporate Sustainability" of a DJSI company during a November 2010 meeting in which Chatham House Rule was invoked.

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APPENDIX A: Chief Officer of CSR Position Titles

Corporation	Country	Industry	TMT Position Title	DJSI?
Nokia	Finland	Technology Hardware & Equipment	EVP, Corporate Relations & Responsibility	1
Storebrand	Norway	Life Insurance	EVP, Corporate Responsibility	1
Hennes & Mauritz (H&M)	Sweden	General Retailers	CSR Manager	0
Lundin Petroleum	Sweden	Oil & Gas Producers	VP, Corporate Responsibility	0
Avon Products	U.S.	Personal Goods	SVP, Human Resources & Corporate Responsibility	0
Celanese	U.S.	Chemicals	Corporate EVP, Corporate Social Responsibility & Sustainability	0
ITT Corp	U.S.	General Industrials	VP, Corporate Responsibility	1
J.P. Morgan Chase	U.S.	Banks	Head, Corporate Responsibility	0
Mattel	U.S.	Leisure Goods	SVP, Corporate Responsibility	0
Sprint Nextel	U.S.	Mobile Telecommunications	SVP, Corporate Communications & Corporate Social Responsibility	0

Table 5: “CSR strict” category

Corporation	Country	Industry	TMT Position Title	DJSI?
Novozymes	Denmark	Pharmaceuticals & Biotechnology	EVP, Stakeholder Relations	1
Fortum	Finland	Electricity	EVP, Corporate Relations & Sustainability	1
Neste Oil	Finland	Oil & Gas Producers	SVP, Sustainability & HSSE	1
Boliden	Sweden	Mining	SVP, Human Resources & Sustainability	0
SKF	Sweden	Industrial Engineering	SVP, Human Resources & Sustainability	1
Svenska Cellulosa (SCA)	Sweden	Personal Goods	SVP, Corporate Sustainability	1
AGL Resources	U.S.	Gas, Water & Multiutilities	EVP, General Counsel & Chief Ethics & Compliance Officer	0
Albemarle	U.S.	Chemicals	VP & Chief Sustainability Officer	0
Allergan	U.S.	Pharmaceuticals & Biotechnology	EVP, Chief Administrative Officer, Secretary & Chief Ethics Officer	0
Alpha Natural Resources	U.S.	Mining	EVP & Chief Sustainability Officer	0
AOL	U.S.	Software & Computer Services	SVP, Chief Ethics & Compliance Officer	0
Cliffs Natural Resources	U.S.	Industrial Metals & Mining	EVP, Legal, Government Affairs and Sustainability	0

Covanta Holding	U.S.	Electricity	SVP & Chief Sustainability Officer	0
Dow Chemical	U.S.	Chemicals	EVP, Business Services, Chief Sustainability Officer, Chief Information Officer	1
Duke Energy	U.S.	Gas, Water & Multiutilities	SVP & Chief Sustainability Officer	1
News Corporation	U.S.	Media	SVP, Deputy General Counsel, Chief Compliance & Ethics Officer	0
Edison International	U.S.	Electricity	VP & Chief Ethics & Compliance Officer	0
Eli Lilly	U.S.	Pharmaceuticals & Biotechnology	Chief Ethics & Compliance Officer & SVP, Enterprise Risk Management	0
Ford Motor	U.S.	Automobiles & Parts	Group VP, Sustainability, Environment & Safety Engineering	0
FTI Consulting	U.S.	Support Services	EVP, General Counsel & Chief Ethics Officer	0
Halliburton	U.S.	Oil Equipment, Services & Distribution	SVP, Chief Ethics & Compliance Officer	1
Kellogg's	U.S.	Food Producers	SVP, Global Nutrition, Corporate Affairs & Chief Sustainability Officer	0
Lubrizol	U.S.	Chemicals	Corporate VP, Global Risk Management & Chief Ethics Officer	0
Medtronic	U.S.	Health Care Equipment & Services	VP, Global Chief Ethics & Compliance Officer	0
Monsanto	U.S.	Food Producers	EVP, Sustainability & Corporate Affairs	0
Navistar International	U.S.	Industrial Engineering	SVP, General Counsel & Chief Ethics Officer	0
Newmont Mining	U.S.	Mining	VP & Chief Sustainability Officer	1
On Semiconductor	U.S.	Technology Hardware & Equipment	SVP, General Counsel, Chief Compliance & Ethics Officer & Secretary	0
PG&E	U.S.	Electricity	VP, Corporate Environmental & Federal Affairs & Chief Sustainability Officer	1
ProLogis	U.S.	Real Estate Investment Trusts	Chief Sustainability Officer	1
Qwest Communications	U.S.	Fixed Line Telecommunications	Chief Ethics & Compliance Officer & SVP	0
Scotts Miracle-Gro	U.S.	Household Goods & Home Construction	EVP & General Counsel, Chief Ethics Officer	0
Smithfield Foods	U.S.	Food Producers	SVP, Corporate Affairs & Chief Sustainability Officer	0
Teco Energy	U.S.	Electricity	VP, Business Strategy & Compliance, & Chief Ethics & Compliance Officer	0
Teradata	U.S.	Software & Computer Services	Deputy General Counsel & Chief Ethics & Compliance Officer	1
United Parcel Service (UPS)	U.S.	Industrial Transportation	SVP, Supply Chain, Strategy, Engineering, & Sustainability	0

Table 6: “CSR synonyms” category

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**CSR Position in the Top Management Team:
Evidence of a CSR Bureaucracy?**

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ABSTRACT

Recently, a number of positions with corporate social responsibility (CSR) in the position title have been introduced to the top management teams (TMTs) of some of the world's largest corporations. I explore this phenomenon. I revisit 10 such positions identified in a previous study to add a longitudinal aspect. I then focus on three case companies from within this selection- H&M, Mattel, and Storebrand- whereby I employ the Weberian distinction between formal and substantive rationality to identify the rationales expressed by members of these TMTs for including a CSR position to the TMT. This Weberian distinction serves as a useful means through which to identify and describe tensions that become apparent when the CSR agenda is considered. Additionally, I show the CSR TMT position may indicate the establishment of a "CSR bureaucracy" within these case companies where the CSR TMT position represents the "office holder" at the top of the corporation's CSR bureaucracy.

INTRODUCTION

Recently, a number of positions with “corporate social responsibility” (CSR) or “corporate responsibility” in the position title have been introduced to the top management teams (TMT’s) of some of the world’s largest corporations. Table 1 includes a list of 10 such TMT positions identified in a 2010 study of large, public corporations from the U.S. and Scandinavia (Strand, forthcoming). The TMT is described as the “relatively small group of executives at the strategic apex” of the organization with overall responsibility for the corporation (Mintzberg, 1979: 24; Hambrick & Mason, 1984; Finkelstein et al., 2009: 127) where the positions identified in Table 1 represent, on average, one of the 10 highest ranked positions in the corporate hierarchies of these large corporations.

Corporation	Country	Industry	Employees ²	Revenue	TMT Position Title
Avon Products	U.S.	Personal Goods	40 600	\$11.3 B	SVP, Human Resources & Corporate Responsibility
Celanese	U.S.	Chemicals	7 600	\$6.8 B	Corporate EVP, Corporate Social Responsibility & Sustainability
H&M	Sweden	General Retailers	64 900	\$16.3 B	CSR Manager
ITT Corp	U.S.	General Industrials	8 500	\$2.1 B	VP, Corporate Responsibility
J.P. Morgan Chase	U.S.	Banks	260 200	\$61.3 B	Head, Corporate Responsibility
Lundin Petroleum	Sweden	Oil & Gas Producers	400	\$1.3 B	VP, Corporate Responsibility
Mattel	U.S.	Leisure Goods	28 000	\$6.3 B	SVP, Corporate Responsibility
Nokia	Finland	Technology Hardware & Equipment	134 200	\$51.1 B	EVP, Corporate Relations & Responsibility
Sprint Nextel	U.S.	Mobile Telecommunications	40 000	\$33.7 B	SVP, Corporate Communications & Corporate Social Responsibility
Storebrand	Norway	Life Insurance	2 200	\$6.6 B	EVP, Corporate Responsibility

Table 1: “CSR strict” TMT positions from Strand (forthcoming)

² Employees & Revenues as of March 2012 from Thompson Reuters. Revenues represent most recent annual revenue provided by Thompson Reuters, where foreign currencies are translated to \$’s according to rates as of March 2012. Thus revenues for firms outside of the U.S. are approximations.

One could reasonably assume that significant deliberation is made by the CEO before introducing a new position to the TMT, which likely includes conversations between the CEO and other members of the TMT and between the CEO and the Board of Directors (eg. McNulty & Davis, 2010; Westphal, 1999). And, conversely one could reasonably assume that significant deliberation is made before removing a position from the TMT. Therefore, the position titles represented within the TMT may be considered indicative of issues considered of strategic and symbolic significance at the corporation that merit explicit attention at a given time (Green, 1988; Zorn, 2005; Nath & Mahajan, 2008; Strand, forthcoming).

In this article, I add longitudinal consideration to the CSR TMT position phenomenon articulated in Strand (forthcoming). I do so with exploratory interests to better understand this phenomenon. And I do so under the assumptions that the TMT matters (Mintzberg, 1979; Hambrick & Mason, 1984; Finkelstein & Hambrick, 1996; Finkelstein et al., 2009) and positions represented in the TMTs matter. I revisit the 10 corporations represented in Table 1 one year later to identify any potential changes since the initial study and I identify when these CSR TMT positions were first introduced to the TMT and any changes that may have occurred since their introduction.

Next, I select a subset of 3 corporations- H&M, Mattel, and Storebrand- for which I have access to discourse of TMT members regarding the CSR TMT position. I turn my attention toward identifying the rationales expressed by these corporations' TMT members for including these CSR positions to the TMT. Here, I introduce to the CSR literature to Weberian distinction between formal and substantive rationality. This distinction is "fundamental to Weber's social thought" (Brubaker, 1991: 36) and serves as a useful means through which to identify and describe tensions that become apparent when the CSR agenda is considered at the corporation.

Furthermore, as I identify through my investigations, the CSR TMT position may indicate the establishment of a "CSR bureaucracy" within these companies where the CSR TMT position may represent the head CSR bureaucrat or, to use Watson's (2006: 38; 2010: 919) definition of bureaucracy, the position atop the "hierarchy of appropriately qualified office holders" of the CSR bureaucracy. Bureaucracy, of course, is a primary focus of Weber's analyses and as such the Weberian distinction between formal and substantive rationality can aid as a means of analysis.

I structure this article as follows. First, I provide a description of the Weberian distinction between formal and substantive rationality and its relationship the CSR agenda and the notion of “tensions.” Next, I describe the methods employed to collect the empirical evidence regarding these CSR TMT positions and the rationales expressed for including these CSR positions to the TMT. I follow this by findings and a discussion within which I also explore whether the CSR TMT position is evidence of the establishment of a CSR bureaucracy at these corporations.

Formal & Substantive Rationality, CSR, and Tensions

I introduce to the CSR literature the Weberian distinction between formal and substantive rationality. Here I follow the lead of Guthey (2012), who introduces this distinction to the management fashion literature to identify and describe tensions that arise from expectations to conform to norms of formal and substantive rationalities. Brubaker (1991: 35, 36) summarizes Weber’s distinction as follows:

Formal rationality refers primarily to the *calculability of means and procedures*, substantive rationality primarily to the *value* (from some explicitly defined standpoint) *of ends or results*... From the point of view of a given end... an action or a pattern of action is rational if it is an efficacious means to the end, and irrational if it is not...from the point of view of a given belief, an action is rational if it is consistent with the belief, and irrational if it is not.

Weber’s definition of formal rationality entails the adoption of the most appropriate and efficient means to achieve specified ends. Substantive rationality, by contrast, refers to “a conscious belief in the absolute value of some ethical, aesthetic, religious, or other form of behavior, entirely for its own sake and independently of any prospects of external success” (Weber, 1964: 115 quoted in Podolny et al., 2010; Guthey, 2012; see also Weber, 1958: 194 n.9; Brubaker, 1991; Du Gay, 2000).

The corporation is described as a bureaucracy (Weber, 1964; Gerth & Mills, 1948; Dugger, 1980; Blau, 1956; Bennis, 1965) that deploys formally rational tools in service of substantively rational ends (from some explicitly defined standpoint) (Brubaker, 1991; Weber, 1964; Swedberg, 1998; du Gay, 2000). So what are the “specified [substantively rational] ends” of Watson’s definition of the corporation? This is akin to the question “What is the purpose of the corporation?” From the standpoint of neoclassical economics as represented by Milton Friedman (1970; 1986; 2002), the substantively rational ends the corporation is to maximize

wealth for the owners (i.e. shareholders). This is famously summed up by Friedman with his statement “the one and only one social responsibility of business” is to make profits for its owners. Friedman indicates he holds a higher order belief that society is best served when the corporation maximizes profits and as such is the realm of substantive rationality.

Friedman, (1964: 135) contends “the corporation is an instrument of the stockholders who own it” and as such Friedman maintains that practitioners within the corporation have one responsibility: maximize profits (without breaking the law, of course) (Friedman, 1970; 2002). Margolis & Walsh, (2003: 271), Ghoshal (2005), and a number of others (eg. Wang et al., 2011; Audebrand, 2010) maintain the discourse of neoclassic economics as represented by Friedman is the dominant discourse in the business community.

It would follow, then, that the practitioners within the corporations at which this neoclassical economics discourse dominates are expected to deploy formally rational means to achieve the ends of maximizing profits. Said another way, the discourse of neoclassical economics as represented by Friedman is used in a variety of different ways in a variety of different contexts to justify formally rational activities at the corporation on the substantively rational grounds of profit maximization (Taylor, 1911/1998; Guthey, 2012; Abrahamson, 1996; Abrahamson & Fairchild, 1999). The achievement of corporate profits by practitioners enters the realm of formal rationality because these managerial activities “are ultimately concerned with productivity, and with the efficiency of means to induce it, rather than with the desirability of productivity itself as defined and measured against some system of superordinate beliefs or values” (Guthey, 2012). This is an important distinction the merits highlight. The maximization of corporate profits are the realm of substantive rationality from the neoclassical economics standpoint represented by Friedman for all of the aforementioned reasons, whereas the process whereby practitioners at the corporation go about achieving the profits enters the realm of formal rationality in this paradigm. Thus from the neoclassical economics standpoint as represented by Friedman, practitioners are prescribed to not consider issues of substantive rationality (such as values, ethics, and the like) but rather practitioners of the corporation are instructed to focus solely on applying the most efficient means to achieve specified ends to maximize profits.

Guthey states “tensions and conflicts” are inevitable when expectations to simultaneously conform to norms of formal and substantive rationalities exist. In a space in which the neoclassical economics discourse as represented by Friedman dominates, the opportunity for such tensions to be apparent for practitioners are limited because formally rational activities (i.e. improving efficiency and productivity) are considered consistent with the substantively rational ends to increase profits. In this space there, there is only one ends to consider (i.e. maximize profits) and one means to achieve it (i.e. efficiency) where tensions are unlikely to be apparent to practitioners. So long as these practitioners stay within a space in which the neoclassical economics discourse dominates, and hence do not reflect upon how their activities may be helping or harming society, tensions are not likely to be apparent to these practitioners. The prescription is for these practitioners to focus on efficiency because that leads to profits and that is all they should consider.

However, the CSR agenda complicates the singular ends to maximize profit by calling on corporations to consider substantively rational ends from a multiplicity of other standpoints as represented by its stakeholders as two such definitions of CSR from the European Commission include CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (European Commission, 2001) and “the responsibility of enterprises for their impacts on society” (European Commission, 2011).

And here, tensions are likely to become quickly apparent to practitioners. With the CSR agenda, all of a sudden consideration for issues in the realm of substantive rationality become pertinent for practitioners for which the prescription in the neoclassical economics view as represented by Friedman would have been to ignore such issues as practitioners were instructed to just pay attention to increasing efficiency because that brings profits which are substantively rational. And thus with the introduction of the potential for a multiplicity of substantively rational ends, no longer is the assumption that formally rational means will lead to the substantively rational ends valid.

I define that a tension exists when some ‘thing’ is considered substantively rational from one standpoint but substantively *irrational* from a different standpoint. This definition is built from the offerings of Lewis (2000) who describes tensions as the underlying source of paradox.

Lewis cites Ford & Backoff (1988:89) who describe paradox as “some ‘thing’ that is constructed by individuals when oppositional tendencies are brought into recognizable proximity through reflection or interaction.” Gond & Crane (2010) utilize the expressions tension and paradox almost interchangeably but employ the expression “tension” more often and Margolis & Walsh (2003) preference use of the expression “tension.”

The existence of a “tension” does not, in and of itself, imply that the only way to alleviate a tension is through some sort of “trade off” (Freeman et al., 2010: 245-7; 9 n.13; Schön, 1991: 310). Moreover, the existence of tension does not inherently mean that the tension “needs” to be alleviated. A tension may be ignored or it may be negotiated, and this may result in activity or it may not. A tension may arise and it may go away as tensions are part of the dynamic and fluid interdependent and dynamic constellation of stakeholders of which the large corporation is part. A tension may represent potential opportunities, potential risks, potential opportunities and risks, a potential trade-off, or maybe nothing at all.

METHODS

I first revisit the 10 corporations listed in Table 1 to identify any potential changes to the CSR TMT position since the initial study. To do this, I reapply to these 10 corporations the relevant steps from the methods developed for the initial study (Strand, forthcoming) and then add steps for comparison and additional investigation. Consistent with the initial study, I utilize corporate websites as the primary source of TMT data and supplement this with TMT data available through Thomsen Reuters. Corporate websites are a commonly used repository to collect data of this nature (eg. Tiessen, 2004; Bryman & Bell, 2007: 666, 2003).

Step 1: Identifying TMT members and position titles

The definition of the TMT I use as guide is “the relatively small group of executives at the strategic apex of the organization” with “overall responsibility for the entire organization” (Finkelstein et al. 2009: 127; Mintzberg 1979: 24). Some corporations display an excessively large number of individuals in TMT that could violate the spirit of the TMT as a “relatively small group” (eg. Banks and Financial services tend to display an excessively large number of executives) and other corporations display a number of individuals affiliated with a subsidiary company or geographical region that could violate the spirit of “overall responsibility for the entire organization.” In an effort to remain consistent with the aforementioned definition of the

TMT, I apply the following criteria to perform a “hierarchical sort” from highest (i.e. CEO) to lowest from which scoping criteria is then applied to identify the positions included in the TMT for the purposes of this study.

Distinguishers provided on the company websites are first utilized for a hierarchical sort because company websites often clearly designate a subset of positions in their TMT through such distinguishers as a photo of the CEO and a small number of selected individuals. Next, a hierarchical sort is performed based on title hierarchy using the following hierarchy of titles from highest to lowest: Chief Executive Officer (CEO), Vice Chair (VC), Chief Financial Officer (CFO), other “Chiefs” (like the Chief Operating Officer), Officer, President, Executive Vice President (EVP), Senior Vice President (SVP), Group Vice President (GVP), Vice President (VP), Director (but not Board of Directors members), and Manager. The Vice Chair was included within the TMT only when the position was a member of the management team (not just the Board of Directors). In a minority of cases, a TMT position included two titles in which case a double sort is performed where the highest title was considered first and the lower title second (eg. Chief, SVP). Next, an additional hierarchical sort is applied with consideration to the TMT as having “overall responsibility for the entire organization” (Finkelstein et al. 2009: 127; Mintzberg 1979: 24). Position titles that indicate responsibilities for an individual business division, individual product line, subsidiary company, or geographical region are sorted below positions with titles that indicated responsibilities that spanned the entire organization.

This results in a highest to lowest sorted list of position titles for which a selection must be made regarding the “cut off” point for which positions to consider as part of the TMT for the purposes of this study. To ensure scoping is consistently applied across corporations and to encourage an overall mean size reasonably close to with Certo et al. (2006), the following preferred order is applied: 8, 7, 9, 6, 10, 11, 12, 5, 13, 14, 15, 16, 4, 17, 18, 3, 2, 1. For example, if a company website lists 2 Chiefs, 3 EVP’s, 4 SVP’s, and 5 VP’s without any additional distinguishers, the possible combinations for TMT size is 2, 5, 9, or 14. Of these possibilities, 9 is the most preferred TMT size and thus Chiefs, EVP’s, and SVP’s are identified as the TMT.

Step 2: Identifying where TMT position titles include CSR keywords

As I describe in this initial study, the concept of CSR brings with it a large number of associated expressions (Schwartz & Carroll, 2008; Dahlsrud, 2008; Crane et al., 2008; Matten & Moon,

2008: 405-6). In the initial study I developed and applied four distinct categories with associated keywords: “CSR strict”, “CSR synonyms”, “Compliance & compliance related terms”, and “CSR related terms.” Within this study, I revisit only the corporations categorized as “CSR strict.” This serves as convenient scoping criteria to generate a manageable sample size of corporations to consider. The keywords associated with “CSR strict” are: corporate social responsibility, CSR, corporate responsibility, CR, and social responsibility. (Note: the keywords associated with “CSR synonyms” employed in the initial study are: Sustainability, Sustainable, Citizenship, Ethics, Stakeholder, Triple Bottom Line, and Stewardship).

Then, all of the TMT position titles identified in Step 1 are reviewed to identify those position titles that include CSR keywords.

Step 3: Comparing CSR TMT positions from 2010 to CSR TMT positions in 2011

During the initial study, a database was populated with relevant TMT information and pdf’s were made of company websites with TMT information and the Thomson Reuters repository (via The Financial Times website) with TMT information. This database and archived pdf’s are utilized to compare with the current (i.e. November 2011) TMT information included on the company websites and Thomson Reuters to identify changes.

Step 4: Identifying when CSR TMT positions were introduced to TMT, any changes

I proceed to explore these CSR TMT positions that I identified in 2010 were first introduced to the TMT and any changes that may have occurred since their introduction. To do so, I collect and review company produced materials including data included on the corporate websites, annual reports, CSR reports, press releases, and investor relations materials including quarterly earnings call transcripts with CEO commentary. I also collect and review media offerings that included commentary and interviews with the individuals in these positions and/or CEO commentary regarding the position, Thomson Reuters data regarding company directors and officers, and LinkedIn profiles. Where information was not fully available or clarification was needed, I corresponded with individuals at these corporations who were either in the CSR TMT position themselves, or were familiar. The result of these explorations is shown in Table 2.

Step 5: Identify rationales expressed for including CSR TMT positions to TMT

The TMT is notoriously known as a “black box” for researchers considered difficult to achieve access (Pettigrew, 1992: 164; Carpenter & Reilly, 2006: 15; Arendt et al., 2005: 694). Therefore, I employ convenience sampling (Bryman & Bell, 2007: 197-199) to select a subset of these corporations from which to identify the rationales expressed by members of their TMTs for including these CSR positions to the TMT.

I select this subset in consideration to which of these TMTs I have access to a data regarding rationales expressed for having installed a CSR TMT position. I consider data available from public sources (i.e. the aforementioned data repositories utilized to identify when these CSR TMT positions were first introduced to the TMT and any changes) and data available based on my access to perform interviews with TMT members from these corporations. This resulted in the selection of a subset of 3 large corporations: H&M, Mattel, and Storebrand. Mattel was selected due to the preponderance of publicly available information following its series of high profile product recalls in 2007 that immediately preceded the introduction of a CSR TMT position to its TMT, and H&M and Storebrand were selected primarily due to my access to individuals in the TMTs of these corporations in addition to such publicly available information. At Storebrand, I performed a 3 individual semi-structured interviews (Bryman & Bell, 2007) with the CEO of Storebrand who was CEO during the entire tenure the CSR TMT position was part of the TMT, the individual who occupied the CSR TMT position for this entire duration, and the individual who formally assumed CSR responsibilities at Storebrand after the CSR TMT position was removed. These interviews each lasted between 1 hour and 2 hours in length. I also exchanged email correspondence with all individuals before and after these interviews were performed. At H&M, I performed 1 semi-structured interview for 1 hour with the individual who currently occupies the CSR TMT position and exchanged email correspondence before and after the interview was performed.

For each of these 3 large corporations, I offer a narrative with details regarding the introduction of this CSR TMT position including the individuals occupying these positions and other potentially relevant information including changes that have occurred over time. And wherever rationales are expressed regarding the inclusion of the CSR TMT position to the TMT, I employ the Weberian distinction between formal and substantive rationality as my analytical lens.

Brubaker (1991: 36) describes that employing the distinction between formal and substantive rationality as an analytical tool “allows Weber to emphasize the values-neutral, purely analytical status of his conception of the rationality of the modern Western social order.” While a values-neutral analysis is never possible because all analyses are inherently interconnected with the researcher (eg. Alvesson & Sköldberg, 2000; Alvesson & Deetz, 2000) employing the distinction between formal rationality and substantive rationality can facilitate an analysis regarding the rationales expressed regarding the CSR activities. In other words, here I do not attempt to interpret why the data may appear the way it appears. The task upon which I embark here is to categorize the data as it is into elements of expressions of formal and substantive rationality. CSR is considered heavily “values-laden” (i.e. “appraisive”) (Moon, Crane, & Matten, 2005: 433-4; Matten & Moon, 2008: 405-6) for which this Weberian analytical tool may prove useful. Furthermore, because claims of substantive rationality must be done from some explicitly defined standpoint, employing this distinction forces explicit reference regarding from which expressed standpoint a judgment of substantive rationality is made. Thus this distinction may serve to draw out and raise awareness as to the underlying existing ideologies that may be taken for granted and help to identify tensions that exist between differing standpoints.

FINDINGS

Corporation	Position Installed	Position Remains? ³	Position Duration	Original Individual	Present Individual
Avon Products	November 2009	Remains	2 years +	Lucien Alziari	Lucien Alziari
Celanese	July 2007*	Removed August 2010	3 years	Sandra Beach Lin	N/A
H&M	2001	Remains	10 years +	Ingrid Schullström	Helena Helmersson
ITT Corp	October 2008	Removed October 2011*	3 years	Ann D. Davidson	N/A
J.P. Morgan Chase	June 2007	Removed January 2011**	3 ½ years	William Daley	(Peter L. Scher)**
Lundin Petroleum	2002	Remains	9 years +	Christine Batruch	Christine Batruch
Mattel	September 2007	Removed February 2011	3 ½ years	Geoff Massingberd	N/A
Nokia	January 2009	Remains	2 years +	Esko Tapani Aho	Esko Tapani Aho
Sprint Nextel	January 2006	Remains	5 years +	Bill White	Bill White
Storebrand	January 2008	Removed February 2011	3 years	Elin Myrmed-Johansen	N/A

Table 2. +and running as position remains; *approximated based on available data; ** CSR position title remains but no longer designated part of TMT

Table 2 summarizes when these CSR positions were initially installed and if any changes have occurred with these positions in the year after the initial study was conducted in 2010. 5 of the 10 positions identified in 2010 no longer exist in the TMT in 2011. In each of these 5 cases where the CSR TMT position was removed, the total duration the position was included in the TMT was between 3 to 3½ years. The removal of these positions from the TMT coincided with a number of different occurrences.

At Mattel and Storebrand, the individual in the position assumed a different role in the company and the CSR responsibilities were formally transferred to another executive without CSR explicitly designated in their position titles. At Mattel, the individual in the CSR TMT position assumed the position “Executive Vice President, International” and CSR responsibilities were formally transferred to the “Chief Operating Officer.” At Storebrand, the individual in the CSR TMT position assumed the position “Director, Strategy Implementation” and CSR responsibilities were formally transferred to its “Senior Vice President and Head of Strategy.”

³ Position Remains, Position Duration, and Present Individual as of November 2011.

At Celenase, the individual in the CSR TMT position left the company to assume a CEO role at another company and the CSR TMT position was not backfilled. At J.P. Morgan Chase, the individual in the CSR TMT position left the company to join the U.S. President Obama's administration as Chief of Staff. The position was backfilled but it was no longer designated as a TMT position on J.P. Morgan Chase's company website. Finally, at ITT the company divested into 3 companies where the individual in the CSR TMT position assumed a new position title of "Senior Vice President, Chief Legal Officer and Corporate Secretary" at one of the divested companies. A CSR TMT position no longer exists at ITT.

In the following, I offer narratives for the subset H&M, Mattel, and Storebrand with additional details regarding the introduction of this CSR TMT position and other potentially relevant information. And wherever rationales are expressed regarding the inclusion of the CSR TMT position to the TMT, I employ the Weberian distinction between formal and substantive rationality as my analytical lens.

H&M

In 2001, H&M installed the position "Manager, Environment & Corporate Social Responsibility" to its TMT reporting directly to H&M's CEO, Rolf Eriksen. Ingrid Schullström assumed this CSR TMT position. Schullström's previous position at H&M was "Manager, Quality and Environmental" where her responsibilities included developing and implementing H&M's Code of Conduct internally and externally, and organizing H&M's internal monitoring system. Schullström had worked with H&M since 1983 in various positions within the purchasing and production departments.

Schullström held the CSR TMT position until 2010 when she left H&M. At that time, H&M had recently transitioned CEO's from Rolf Eriksen to Karl-Johan Persson in 2009. Persson is the grandson of H&M's founder Erling Persson and the son of H&M's Chairman Stefan Persson. Persson appointed Björn Magnusson in an acting capacity to CSR TMT position, where this position title was listed as "Corporate Social Responsibility" on the company's website (without additional position hierarchical qualifiers such as "EVP," etc.) until Helena Helmersson assumed the role later in 2010 on a permanent basis. At this time, H&M's company website listed the position as "Corporate Responsibility." Helmersson had been with H&M since 1998,

beginning her career in H&M's Buying Department in Sweden and later taking a Human Resources Manager role while she resided in Bangladesh and a role in which she participated in audits at suppliers' factories across Cambodia, China, Bangladesh and India.

In early 2003, H&M published its first ever CSR report that begins with a letter from Schullström followed by a letter from CEO Rolf Eriksen. These letters express rationales regarding H&M's engagement in CSR activities through a formalized approach to CSR. In the following, the CSR TMT position holder Schullström describes the deployment formally rational tools like key performance indicators (KPIs) (i.e. targets) in service of the CSR activities:

One of our objectives for reporting on CSR has been to create a base for improvement of our performance. A concrete example is that while evaluating our work in 2002 we have realised that less factory re-inspections than expected were unannounced. Such insights help us to develop targets and action plans for specific areas of improvement where we find that our work is not meeting our ambitions. The internal benefits of the measures and reporting should not be underestimated.

The CEO Rolf Eriksen describes a hierarchy associated with CSR, and where formally rational tools including procedures are of important means. Eriksen seems to imply these formally rational tools are in service of a substantively rational ends regarding H&M's "social responsibility":

As a major international company, H&M has a social responsibility. It is important that we have good relations with the world around us and take responsibility for how people and the environment are affected by our activities. Corporate social responsibility (CSR) has high priority within H&M and the department that is responsible for the environment and social responsibility reports directly to me. This enables me to keep a close track on this important work. Our employees have also demonstrated great commitment to these matters and during the year we introduced training of sales staff in CSR matters.

Eriksen also implies that the CSR activities require coordination that includes across multiple stakeholder groups:

These types of issues require cooperation and dialogue with many different interested parties around the world. We run our own projects as well as cooperating with industry colleagues and international organisations. H&M also supports the UN Global Compact. In so doing we want to signify that we respect human rights and are prepared to contribute to sustainable development within the areas that we are able to influence.

In 2009, newly appointed H&M CEO Karl-Johan Persson seems to imply that CSR itself is a means through which to achieve the substantively rational ends from the neoclassical economics standpoint as represented by Friedman, that is to say to make profits. (Note: Persson employs 'sustainability' with his response, which I describe as a "CSR synonym."):

Sustainability is part of our strategy. In order to secure H&M's future growth and continued high profitability it is important for us to run our business in a socially and environmentally sustainable manner. H&M does not own any factories. Our 16 production offices in Asia and Europe work closely with the 700 independent suppliers who make our products. To us, sustainability goes hand in hand with our business concept: to offer fashion and quality at the best price. Quality is about ensuring that our products meet or exceed the expectations of our customers. It also means that our clothes should be made and sold under good working conditions and with a limited impact on the environment. In this way we can offer our customers even more value for money.

Persson also states efforts to more deeply embed considerations for CSR (i.e. sustainability) within H&M. Here he implies that the CSR activities will shift from a control approach to more of a coordination approach:

As sustainability is strategically important at H&M, we decided to make these issues the responsibility of the whole company in 2009. We shifted the responsibility for environmental and social issues to each of the company's functions away from the Corporate Social Responsibility (CSR) department, which in turn will become a support function. A great deal of improvement has been made since we started to work actively on sustainability in the supply chain in 1997. However, there is still a lot left to do, and we are greatly humbled by the challenge of what is needed to achieve long-term improvements.

In my interview with Helmersson, she indicates that charges of substantive irrationality encouraged H&M to consider the establishment of a formalized bureaucratic structure dedicated to CSR.

We started with a code [19]97 which means that we started to think a little bit before that. So when it comes to the social responsibility that has been there for quite some time and I would say that that came in the time when there were lots of incidents. We have the Nike thing and we have the H&M thing in the Philippines. We had bad media so I would say that 15 years ago that was a big thing. What I like with H&M... and what I felt changed quite fast was the genuine ambition to actually make a change.

And she invokes the hierarchy of the formalized CSR structure at H&M:

And when it comes to the structure having this [CSR TMT] position under the CEO,... this is very natural to us. I don't know for how many years it's been like that but it's extremely natural and from this family who owns the biggest part of H&M this is a very important thing actually and I would say that starting with the cost and putting so much resources into this, we have almost 100 people working with CSR in the company which I don't know any other company who has that kind of organization. So of course in that sense it costs a lot of money but when we see what we can get back I definitely think that in the long run this will be extremely beneficial to us. And so we're very, very active in the supply chain and we try to incorporate which would for quite some time incorporate this with negotiating prices, with talking about quality because it's so much related.

She further elaborates on a shift from control of CSR activities to her function to coordinate CSR activities.

Yeah, and now since 2008 we're in the process when our sustainability strategy is incorporated in all the functions which means that I am actually driving a support department to support all the other functions. And this sounds lovely, and it is. I mean it sounds like, okay, we started 2008 you must be ready by now but it's really a journey and so one function where we have really got the ownership is production because we've had the cold and we're adding the environmental issues and trying to make the suppliers use less energy, for example, on all these things. But that's been there for quite some time so the ownership is there, and they have their goals. And they are driving this, I would say, very much by themselves. And then we have other functions which are not as mature when it comes to sustainability where we have to be more clear in what areas they can contribute. Because the interest is there but we need to make sure that they know what to do and that they are measured because that's really a way to get clear goals and to get the follow up that we need and to get people running.

And so I would say that is extremely different when different functions, how far they have come and how much we need to support. And I would guess that even though production and the supply chain is more mature, this is still where we put a lot of time here because this is a very – it's a huge part since we are in very challenging countries when it comes to human rights and also the environmental issues. So we are supporting still very actively when it comes to supply chain but more and more in other functions like marketing, like – logistics are also very, they have worked for us for a very long time. But it can be the buying like, if a buyer chooses a button very late that means usually overtime in the factories and to get them things like that is, of course, a journey. Because they are measured on how their collections are selling. And that's what they follow-up every week and, yeah. So it's definitely there for all the functions but it's very different for the outcome, and how much support that we need to give. And also to – it's easy to try to incorporate this in a goal process if you have KPIs but you have to think all through the different stages, like sometimes it can be, okay, should this be my budget? Yeah, because the sustainability but there are still things that needs to be put in place.

Mattel

In September 2007, Mattel installed the position “Senior Vice President, Corporate Responsibility” to its TMT reporting directly to Mattel’s CEO, Robert Eckert. Geoff Massingberd assumed the CSR TMT. His previous position at Mattel held the title “Senior Vice President and General Manager” of Mattel’s International divisions in Canada, Australia, New Zealand, Asia, and Latin America. Massingberd held the CSR TMT position from its inception until the position was removed from Mattel’s TMT in February 2011 and CSR responsibilities were formally transferred to the newly created TMT position of “Chief Operating Officer” that was assumed by Bryan Stockton, Mattel’s former President of International. At that time, Massingberd assumed the TMT position “Executive Vice President, International of Mattel”, which was also included as a TMT position on the company website. Speaking of this move, the CEO Robert Eckert remarked in a quarterly earnings call that this “further aligns Mattel’s senior leadership team with the company’s global strategic priorities. Bryan now oversees the design, development, manufacturing, marketing and sales of all Mattel toys globally, such as Barbie, Hot Wheels, American Girl and Fisher-Price, as well as licensed entertainment properties, and the Mattel Digital Network. He is also responsible for the Operations and Corporate Responsibility functions.”

The installation of this CSR TMT position was immediately on the heels of a series of high profile product recalls administered in August 2007 by Mattel after a number of its toys were discovered to contain unsafe materials- lead paint and overly powerful magnets- that posed health risks to children. Mattel is the world’s largest toy maker where these recalls included its iconic Barbie Doll and Fisher Price product lines with a total number of toys recalled nearing 20 million. The recalled toys were produced in China, and accusations quickly mounted in the drive for profits Mattel engaged with cheap suppliers and by doing it put children’s safety at risk.

Mattel quickly responded to the lead paint issue with tightened safety protocols, a “three-point check system” that included additional supplier certifications, mandatory paint testing, and increased frequency of random inspections at its suppliers and their subcontractors. Similarly, Mattel implemented “new and more rigorous standards” to address the magnetic issue (Mattel, 2007Q3 earnings call). Communication was seen as critical, where its communications went conspicuously beyond just conveying the new and improved processes installed and their

expected improvements to quality. A core element of Mattel's communications was to convey consideration to values and ethics and emotions, and Mattel's explicit engagement with corporate social responsibility (CSR) was a demonstration of this. Mattel's Vice President of Corporate Communications describes "A key message was, 'We aren't just a corporation – we are made up of moms and dads'" (Lewis, 2007).

This attention to convey consideration to values and ethics and emotions was exemplified in September 2007 by Mattel's CEO Bob Eckert (2007) in his Wall Street Journal opinion piece and testimony at a U.S. Senate Committee. In the Wall Street Journal, Eckert's expressed attention to expectations of substantive rationality for child safety from the standpoint of a parent.

When I was a young man growing up in suburban Chicago, my father encouraged me to earn his trust through my actions rather than just talk about what I was going to do. Today, I tell my children 'deeds, not words.' And it is on this principle that Mattel will move forward. We will earn back your trust with our deeds, not just with our words" (Eckert, 2007).

Later that week, Eckert testified at a U.S. Senate Committee (2007) where he expressed "Like many of you, I am a parent. I, like you, care deeply about the safety of children. And I, like you, am deeply disturbed and disappointed by recent events. On behalf of Mattel and its nearly 30,000 employees, I apologize sincerely. I can't change the past, but I can change how we do things... [W]e've created a new Corporate Responsibility organization reporting directly to me. The new organization adds an even greater level of accountability for adherence to the company's safety and compliance protocols.... There is simply nothing more important to Mattel than the safety of children."

In the earnings call that immediately followed in October 2007, the CEO reiterated this new formalized CSR program. After he described the additional safety procedures implemented by Mattel, he offered "More generally, we have also created a new Corporate Responsibility organization reporting directly to me. This new organization adds an even greater level of accountability internally and externally for adherence to the company's safety and compliance protocols." The Corporate Responsibility organization included responsibilities for Product Integrity, Global Sustainability, Environmental Health and Safety, Consumer Relations, Corporate Communications, Government Relations and the Mattel Children's Foundation. This

corresponded with Mattel's announcement that a new position had been installed to its top management team (TMT) with the title *Senior Vice President, Corporate Responsibility* to head the newly established formalized CSR organization (Thottam, 2007; Garrahan, 2007)

Storebrand

In January 2008, Storebrand installed the position "Executive Vice President, Corporate Responsibility" to its TMT reporting directly to Storebrand's CEO, Idar Kreutzer. Elin Myrmel-Johansen assumed this CSR TMT position. Before this, Myrmel-Johansen was "Manager, Corporate Responsibility" from 2005 to 2007 and before this she held positions including "Internal Brand Manager" and was Management trainee at Storebrand Bank beginning in 2000. Myrmel-Johansen held the CSR TMT position from its inception until the position was removed from Storebrand's TMT in February 2011 and CSR responsibilities were formally transferred to the "Senior Vice President and Head of Strategy" position held by Pål Petersen. At that time, Myrmel-Johansen assumed the position "Director, Strategy Implementation" which was not included on the company's website as a TMT position. Idar Kreutzer remained Storebrand's CEO throughout this entire period.

When asked to describe why Storebrand had chosen to install the CSR TMT position in 2008, Storebrand's CEO expressed considerations that attention to substantive rationality represented opportunities for Storebrand.

We have worked intensively with the SRI [(socially responsible investment)] part of corporate social responsibility since 1995. We are one of the larger SRI investors in Europe. All our assets and the management are managed due to very strict criteria. In addition, I have been a member of the World Business Council for Sustainability, a council member since 2000. I have engaged in several of their processes, and I have been fortunate to lead some of them. And that has given me the necessary understanding to put our SRI activities in context. And my reading of all the situation is that the global challenges we are facing -- I mean population, energy, climate, resource, depletion, by diversity, water, I mean the global challenges we are facing will fundamentally change the framework for doing business and represent huge risks, but also significant opportunities for business.

My intention by appointing a senior executive and placing that position in the Executive Committee was to lift the agenda from being a part of what we are doing to bring it into the strategic complex of our core business activities. So that was the reason. So it has gradually developed an understanding and for the strategic impact of what you're talking about. So instead of having this as something we did on the investment side, that did not affect the strategy of the

business, we wanted to lift it up to be a part of the, part of the, so to say, the DNA of the strategic thinking of the company. So that was the purpose. And Elin [Myrmel-Johansen] held that position in three years, and did a fantastic job in both lifting the internal awareness, bringing the global challenges and the CSR agenda to a strategic level in the company and also engaged with our line managers to help operations -- to make it operational and internally. So that was the purpose.

When asked at the time of installation, whether he had planned to remove the position after X years, the CEO expressed that by design the position was elevated to the TMT with the intent of raising considerations to CSR to the “strategic level” and he referenced – and he expressed that he modeled the installation after a government bureaucracy in Norway.

My idea was to use [the installation of the CSR TMT position] as a stepping stone into getting this [(i.e. CSR)] onto the strategic level. But I did not know enough to really have an idea of how long that would take us. But after three years, Elin and myself, we agreed that we had reached a point where we were prepared to take the next step. But that could vary from business to business. And if we did not have the history we had with SRI's, 10, 15 years or so, focusing on SRI investments and the gradual process we have been through, we would probably have needed more than three years of this position- perhaps five, perhaps, seven years.

But, you know, when -- in the '70's [1970's] and '80's [1980's] the Norwegian municipalities, they all, as a consequence of the discussion about the environmentally friendly municipalities, they all put in place an office for Environmental Affairs. So they had a separate office, and you know that the purpose of that office was to see to it that the rest of the municipalities could do whatever they did before, because they had this office that took care of the environment. And now we know that Environmental Affairs has to do with transportation. It has to do with the building policies, it has to do with the core activities of the municipalities. And so that was the picture I had in my head, that we need to have this for a limited timeframe, to lift the awareness and then lift it into the core of the strategy. So, but I did not know that it took three years. It could have been five or two or seven.

The CEO described that the intent of the CSR TMT position was to be a catalyst that would raise awareness of issues of substantive rationality, and to implement formally rational tools like key performance indicators (KPI's) to help support consideration for issues of substantive rationality.

You have seen that we have removed the position after three (3) years. The point is that -- and I don't know if that is the right thing to do or not, but I think it is the

right thing to do. My thinking is that we use -- we have used this position as a catalyst, as a way of increasing the awareness and understanding of global challenges, the society changes that we are facing and the strategic impact. But after three (3) years, and what we are doing now, we are moving the responsibility from one person in the Executive Committee onto the line managers. So I have integrated the CSR agenda as an integral part of the KPI's of the target setting for the Executive -- for the managing directors of the bank, the life insurance company in Norway, life insurance company in Sweden, as a management company, P&C company, they all have their responsibilities now. And they have to integrate this into the core of the strategies of their business. They have clear KPI's that they have to report back, and it's a part of their bonus scheme. So we use the, the position and the Executive Committee [TMT] as a stepping stone to really reaching what we want to, and that is to integrate this as a natural part. I mean if you run a life insurance company, you have to understand customer needs. You have to understand your macro picture and you have to understand the global challenges and you have to understand the risks and the opportunities. So this is a -- as natural and important as the other market data and market understanding.

DISCUSSION

The dynamism of the phenomenon of the CSR TMT position draws attention. While the sample size represented in this study is limited to just 10 corporations, the removal of half of these positions from their TMTs within a just over a one year period appears conspicuous. With the 2 case companies of this study, Mattel and Storebrand, the removal of this position coincided with an explicit statement that formal responsibility for CSR activities is assigned to another other individual in the organization. This merits further, longitudinal investigation to better understand. Within the initial study, Strand (forthcoming) identified a position was elevated to the TMT at Novo Nordisk some two decades ago to coordinate CSR efforts, and since then the position has been moved to a level below the TMT where a CSR bureaucracy still exists (referred to as "triple bottom line" at Novo Nordisk) to coordinate efforts. This includes the consolidation and generation of the company's annual integrated report.

At all 3 the companies- H&M, Mattel, and Storebrand- there appears to be evidence that these CSR TMT positions may be representative of a "CSR bureaucracy" was established. In describing his rationale for installing the CSR TMT position at Storebrand in 2008, its CEO stated that the establishment of bureaucracies dedicated to environmental affairs established in Norwegian municipalities in the 1970's and 1980's served as inspiration. In this section, I use the concept of bureaucracy to further explore the empirical evidence presented. I explore whether a claim can be made that these CSR TMT positions are associated with a "CSR

bureaucracy” at these corporations. Drawing from Max Weber’s (1949) ideal-type bureaucracy, Watson (2006: 38; 2010: 919) defines bureaucracy as:

The control and coordination of work tasks through a hierarchy of appropriately qualified office holders, whose authority derives from their expertise and who rationally devise a system of rules and procedures that are calculated to provide the most appropriate means of achieving specified ends. -- Watson (2006: 38; 2010: 919)

Here it is clear to see that the means have to do with formal rationality- procedures, rules, calculations, etc. And the “specified ends” are the substantively rational ends *from some explicitly defined standpoint*. Thus the distinction is helpful to draw out considerations about purpose with explicit expression regarding from *whose* standpoint?

This definition represents Weber’s “ideal-type” bureaucracy. By ‘ideal,’ Weber did not mean “perfectly desirable” but rather ideal in the sense of a conceptual model of a bureaucracy. Therefore, such a bureaucracy cannot be found empirically but rather a bureaucracy should be considered on a continuum as it will be explored here (Hall, 1963; Gouldner, 1950; Antonio & Sica, 2011:xxi).

Thus to explore the potential that the CSR TMT position may be representative of a “CSR bureaucracy” I consider the empirical evidence presented in this article against this definition of bureaucracy. As the definition is rather long, I march through component by component whereby I cover the full definition, however in a slightly different order than presented in the definition. I begin with my entry point for this exploration- the “office holder.”

I begin with **“through a hierarchy of appropriately qualified office holders, whose authority derives from their expertise.”** The four individuals who occupied the CSR TMT positions described could reasonably be considered as a “qualified officer holder, whose authority derives from their expertise.” Each of these individuals demonstrated prior qualifications of arguably sufficient merit. Ingrid Schullström of H&M and Elin Myrmel-Johansen or Storebrand both assumed their CSR TMT positions coming from previous management positions in CSR or closely related capacities and Helena Helmersson of H&M and Geoff Massingberd of Mattel both assumed their CSR TMT positions coming from previous

management positions where CSR issues represented a high degree of consideration for the organizations at the time. And in each case the CSR TMT position reported directly to the CEO.

I do not offer ample empirical evidence to consider the hierarchy of office holders that may, or may not, report to the CSR TMT position. H&M indicates 100 individuals, but I cannot comment on the qualifications of these individuals nor the reporting structure. Similarly, I cannot offer comment regarding Mattel or Storebrand. The existence of such structures presents an area for future research, while also taking into consideration that bureaucratic structures keeping in line with the “idea-type” may not likely be preferable for CSR bureaucracy where, it stands to reason, flexibility is valued (Adler & Borys, 1996).

Next I consider **“who rationally devise a system of rules and procedures that are calculated to provide the most appropriate means of achieving specified ends.”** This is the component of the bureaucracy definition where formal rationality and substantive rationality come together. The “system of rules and procedures that are calculated to provide the most appropriate means” involves formal rationality. The “specified ends” are the substantively rational ends specified from some explicitly defined standpoint. Considering from whose standpoint these ends are considered substantively rational is helpful to identify and describe tensions that become apparent with the CSR agenda.

At H&M there appears to be a preponderance of evidence that the CSR TMT position presides over a significant system of rules and procedures including codes of conduct, action plans, and quantified key performance indicators. These are formally rational tools. The specified ends expressed are to respect human rights. This is a substantively rational ends from, for example, the standpoint represented by the UN Global Compact.

Here, I take a brief interlude from discussion of bureaucracy as this H&M example can be used to demonstrate how the distinction between formal and substantive rationality is a useful means through which to identify and describe tensions that become apparent with the CSR agenda. For the purposes of discussion, I will simply refer the neoclassical economics standpoint as represented by Milton Friedman as the “neoclassical standpoint” and I will refer to the H&M CSR bureaucracy as the “H&M CSR standpoint” fully recognizing the oversimplified nature of doing so. I also recall to the discussion that a tension exists when some ‘thing’ is considered

substantively rational from one standpoint but substantively irrational from a different standpoint. The same goes for when some ‘thing’ is considered formally rational from one standpoint but formally irrational from a different standpoint (but this would lead to a situation of substantive irrationality so it is, in effect, already covered).

From the neoclassical standpoint, the only substantively rational ends H&M should consider is maximizing profit. If the installation and maintenance of these formally rational tools in service of the substantively rational ends to respect human rights do not maximize profits, then from the standpoint of the neoclassical standpoint these are formally irrational means because they are not the most appropriate means to achieve the specified ends. As such, this would result in a charge of substantive irrationality from the neoclassical standpoint. However, if these activities are considered as helping to maximize profits- for example if customers demand products certified through such procedures or talented employees want to work for corporations with such policies (The Economist, 2008)- then from the neoclassical standpoint these are formally rational because they are an appropriate means to achieve the specified ends. Then this would be substantively rational from the neoclassical standpoint because the specified ends to maximize profits are achieved.

This latter situation is akin to the notion of “strategic ethics” (Goodpaster, 1991) or “instrumental ethics” (e.g. Quinn & Jones, 1995). (Note: Goodpaster (1991) uses the expression “strategic ethics” but does not endorse it)) where consideration for issues of ethics (in this case, respect for human rights) is seen as a means through which to achieve the ends of maximizing profits. Porter & Kramer’s (2011) description of “creating shared value” is along this vein where consideration of issues of ethics are described as a means through which to achieve the specified ends to maximize profits. The Economist (2008) projects such a position extolling CSR as a means through which “the corporate antennae are more keenly tuned to social trends and sensitivities, alerting managers to risks and opportunities they might not otherwise have spotted, so much the better for business.” Therefore in this line of thinking, when some ‘thing’ is considered substantively irrational from some standpoint, a potential opportunity to make profits arises. As such, considering other standpoints to determine where there are charges of substantive irrationality can be an appropriate means to achieve substantively rational ends from the neoclassical standpoint. This appeared to be the posture Storebrand expressed regarding the installation of the CSR position to the TMT.

As Margolis & Walsh (2003) explain, the bulk of CSR research has attempted to alleviate tensions by establishing this sort of positive connection between CSR activities and maximizing profits. But as Margolis & Walsh and others (eg. Gond & Crane, 2010) describe, the scenarios are much more complex that call for research on how managers negotiate these tensions. For the sake of simplifying the argument, assume the existing system of codes of conduct at H&M is considered to be at the optimum level for profit maximization in which case there would be no tension between the neoclassical standpoint and the H&M CSR standpoint. But consider the introduction of another standpoint- which is what happens when the CSR agenda is considered- brings the potential for tensions to become quickly apparent

Consider the introduction of a “critical standpoint” as represented by Lund-Thomsen & Costa (2010), Lund-Thomsen (2008), Khan & Lund-Thomsen (2011), and Jeppesen & Lund-Thomsen (2010). (Again, this is a gross-overs implication of a standpoint for the purposes of discussion). The critical standpoint probably agrees that “respecting human rights” is in principle substantively rational ends for the corporation to pursue. However, the critical standpoint may express a very different belief regarding what respecting human rights entails and what the appropriate means are the appropriate means to achieve the specified ends. One charge that is immediately apparent from the critical standpoint is that codes of conduct as administered by corporations are often not even effective means to achieve the intended ends. For example, Lund-Thomsen (2008) describes a scenario where codes of conduct in Central American factories are written in English or Chinese (i.e. not the local language) and are placed so high on factory walls that it is impossible for anyone to read them, thus rendering such codes as ineffective. This is a charge of formal irrationality that these are not appropriate means to achieve the specified ends. A charge of formal irrationality can be “fixed.” In this case, the codes of conduct can be translated into Spanish and placed within view.

However, the critical standpoint also charges substantive irrationality- and these do not necessarily have an immediate “fix.” Khan & Lund-Thomsen (2011) explore the entire notion of CSR as a form of “Western imperialism” in the developing world where the very idea of a Western corporation imposing its views and beliefs on a company and people in a developing region is considered substantively irrational from the critical standpoint. This is the realm of substantive rationality as this represents a discussion about beliefs, values, and ethics. Khan &

Lund-Thomsen (2011: 75) describe that codes of conduct and the like exist because of the desire for managers to be able to “fix” issues that may not have a “fix.”

One could argue the critical standpoint shine a light on an underlying desire to express and treat issues as matters of formal rationality, which is the realm in which managers are prescribed to reside according the neoclassical standpoint. As Khan & Lund-Thomsen (2011: 75) describe “complex issues related to economic, social and environmental justice are thus simplified... and rendered manageable for corporate executives through the use of managerial and accounting technique.” Blowfield and Frynas (2005: 511) contend:

The advantage of this is that it allows poverty to be presented to business as something undesirable and solvable on part with, for instance, a manufacturing value or a quality control problem. However, it does nothing to encourage examination of the complexity of multi-layered, structurally rooted problems or the role of business within them.

This is to say that because managers are used to dealing in the realm of formal rationality, there may be a bias to make issues of substantive rationality appear as issues of formal rationality so they can be approached as issues that can be “fixed.” From the critical standpoint, a CSR bureaucracy that implements such codes of conduct is substantively irrational.

In sum, even if we assume that the existing system of codes of conduct at H&M is considered to be at the optimum level for profit maximization, and thus there are no tensions between the H&M CSR standpoint and the neoclassical standpoint, as we introduce other standpoints the opportunity for tensions arise. From the critical standpoint, this ‘thing’ (i.e. codes of conduct) is considered substantively irrational, even if the codes of conduct are implemented by H&M with the best of intentions, the critical standpoint (in this oversimplified exercise) will charge substantive irrationality. Thus a tension is there.

Back to the discussion of CSR bureaucracy, Mattel also demonstrates significant evidence that the CSR TMT position presides over a significant system of rules and procedures including codes of conduct, action plans, and quantified key performance indicators. For example, the quality and safety procedures at Mattel for which the CSR TMT position presides over are the formally rational tools deployed in service of the substantive rational ends children’s well-being

from the standpoint of parents, for example. Storebrand, however, I cannot assess from the evidence I have presented here.

“The control and coordination of work tasks through a hierarchy of appropriately qualified office holders” is of interest. At Mattel, immediately after their crisis their appears to have been an expression of high degree of control for work tasks and the implementation of formally rational tools to achieve the expressed substantively rational ends of safety for children from the standpoint of parents, where there also appears to be an expressed attempt on Mattel’s CEO’s behalf to demonstrate that the employees of Mattel share this same standpoint as they, too, are parents. H&M presents expressed indication of an expressed history of control but an expression of a desired move to coordination. This represents a promising area for further research to explore the kinds of bureaucracies most suitable as CSR bureaucracies considering the varying contexts by company, for example in consideration of Adler & Borys’ (1999) notions of enabling and coercive bureaucracies.

In sum, there appears to be evidence that the CSR TMT position at these companies, in particular H&M, corresponds with a CSR bureaucracy established at these organizations. These bureaucracies do not appear to be rigid structures, but rather are shifting where, for example, the position of the “qualified office holder” who sat atop CSR bureaucracy hierarchy is no longer. And the CSR bureaucracy at H&M appears to be in a transition from a posture of control toward that of coordination. Monitoring the dynamics of the CSR TMT position and associated CSR bureaucracies to understand their structures and activities, and their relationship to issues of substantive rationalities by various standpoints with which the corporation engages, and how, may serve as a vibrant opportunity of research as this appears to be a dynamic period of time for this phenomenon.

CONCLUSION

From the neoclassical standpoint as described within this article, the singular substantively rational end of the corporation is to maximize profits. The CSR agenda, however, complicates this singular ends by calling on corporations to consider substantively rational ends from a multiplicity of other standpoints. The CSR bureaucracy may represent an organizational structure in which the multiplicity of substantively rational ends by differing standpoints are considered, and through which work tasks are coordinated. At H&M, for example, one such

substantively rational ends the corporation for which the corporation states its pursuit is human rights. And after deciding upon this specified ends, the CSR bureaucracy at H&M went about establishing the formally rational tools as are part and parcel of a bureaucracy.

Schön (1991: 338) describes “a reflective institution must make a place for attention to conflicting values and purposes.” Based on the limited evidence I have presented, I contend the CSR bureaucracy could potentially be that place in which conflicting values and purposes- i.e. considerations toward substantive rationality from the multiplicity of standpoints represented by the corporation’s stakeholders- are reflected upon. And considering what du Gay (2000: 76) calls the “heterogeneity of morality” beliefs regarding which are the “right” substantively rational ends for the corporation to pursue likely individual by individual within the corporation.

Similarly, Friedman (2002: 133) asks *If businessmen do have a social responsibility other than making maximum profits for stockholders, how are they to know what it is?* Thus an “ends” of the CSR bureaucracy could be to coordinate consideration across the corporation regarding which of the multiplicity of substantively rational ends the corporation should pursue out of the infinite array it could pursue. However a CSR bureaucracy, if too rigid, risks thwarting such discussions regarding which of the substantively rational ends to pursue. Thus the CSR bureaucracy, itself, exists in tension and as such makes for an interesting object of study in regards to the calls to study business in society as a field of tensions.

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**Corporate Social Responsibility Bureaucracy
at American Cafes Corporation**

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ABSTRACT

I engaged with the top management team (TMT) and employees of American Cafes Corporation as an action/intervention researcher in the 20 months immediately following the TMT's decision to formalize the company's corporate social responsibility (CSR) activities. This led to the establishment of a "CSR bureaucracy" at American Cafes. I explore why the TMT decided to formalize its CSR activities and how the establishment of a CSR bureaucracy affected activities. I employ the Weberian distinction between formal and substantive rational to identify and describe tensions that become apparent when CSR agenda is considered, which brings with it a multiplicity of substantively rational ends for which the corporation could pursue. I show the CSR bureaucracy can create a space for reflection in which the multiplicity of substantively rational ends can be considered, negotiated, and selected, and formally rational tools like key performance indicators (KPIs) can be developed and employed in service of the selected substantively rational ends. I show how these KPIs can serve to highlight tensions between substantively rational ends. As such, I argue the CSR bureaucracy can create a space for reflection within the corporation. But I also show tensions can arise from the establishment of the CSR bureaucracy itself. This suggests the CSR bureaucracy itself resides in a tension.

INTRODUCTION

Margolis & Walsh (2003) describe that corporations are increasingly called upon to assume responsibility for the negative impacts they have on society and for the positive impacts they could have on society. This entails calls for corporations to assume responsibility for issues related to what has become known as corporate social responsibility (CSR) (European Commission, 2001; 2010). However, at the same time Margolis & Walsh (2003: 271) and others (Ghoshal, 2005; Wang et al., 2011; Audebrand, 2010) describe that the discourse of neoclassical economics is the dominant discourse in the business community as exemplified by Milton Friedman's (1970; 1986; 2002) famous remark that "the one and only one social responsibility of business is to make profits for its owners. In the case of a publicly traded corporation that is to say the purpose of the corporation is to maximize wealth for the shareholders. The CSR agenda complicates the singular ends by calling upon corporations to consider objectives beyond just that of maximizing shareholder wealth.

Whenever multiple ends are pursued simultaneously, a tension can arise. Margolis & Walsh describe the bulk of previous research has attempted to alleviate the potential for tensions by establishing a positive connection between CSR related endeavors and the financial performance of the corporation. However, Margolis & Walsh argue that "[t]his continuing research tradition produces an ironic and, no doubt, unintended consequence" that "reinforces, rather than relieves, the tension..." While tensions in the realm of CSR are often described as a tension between CSR and shareholder wealth maximization, tensions can also arise between the CSR considerations themselves with consideration to finite resources of the firm. Thus tensions abound with the CSR agenda where Gond & Crane (2010: 696) propose a renewed research agenda that analyzes the business and society field as a "field of tensions" (Gond & Crane, 2010; Scherer & Palazzo,

2007) to explore “the practical problems of managing tensions that managers face.” This is consistent with calls from Lewis (2000) and Poole & Van de Ven (1989) to embrace tensions as “stimulating starting points” for organizational inquiry.

In this article, I heed the call to explore tensions that managers face when engaging with the CSR agenda. I focus my attention on American Cafes Corporation in the period immediately after its top management team (TMT) (Hambrick & Mason, 1984; Finkelstein et al., 2009; Mintzberg, 1979) decided to formalize the company’s CSR efforts, which resulted in the establishment of a “CSR bureaucracy” and associated CSR objectives with explicit key performance indicators (KPIs). I engaged with the TMT and employees from across American Cafes over the period of 20 months in the form of engaged scholarship Van de Ven (2007) describes as an action/intervention researcher. In exchange for guidance as a “CSR Expert” I was allowed access during this period of vibrant CSR discussions and activities. In this article, I explore the questions of why the TMT had decided to formalize American Café’s CSR efforts and how this formalization of CSR may affect activities at American Cafes.

Toward the end to identify and describe tensions, I introduce to the CSR literature the Weberian distinction between formal and substantive rationality. Here I follow Guthey’s (2012) lead who introduces this distinction to the management fashion literature to identify tensions. This distinction also complements discussion regarding the “CSR bureaucracy” given a bureaucracy entails the deployment of formally rational tools in service of substantively rational ends (Weber, 1947; Brubaker, 1991; du Gay, 2000).

I show that the TMT of American Cafes described the decision to formalize CSR efforts, which led to the establishment of the CSR bureaucracy, as a means through which to more systematically consider and select from the wide array of potential CSR activities American Cafes could engage. And furthermore, the TMT described formalizing CSR as a means to better ensure that the CSR activities that are selected are more likely achieved.

The effect regarding how the CSR bureaucracy affected American Cafes was multifold that, in sum, point to the tension in which a CSR bureaucracy itself resides. The CSR bureaucracy served as a space in which tensions that were not previously discussed rose into view, including tensions between potential CSR initiatives, due to the explicit expression of key performance indicators (KPIs) associated with the selected CSR initiatives. This served to highlight the CSR issues with which American Cafes was engaging and make conspicuous the issues it was not, which created a space for reflection.

I structure this article as follows. First, I introduce the Weberian distinction between formal and substantive rationality, and discuss it in terms of CSR and bureaucracy. I next move to present the methodology I employed at American Cafes which I draw from the category of engaged scholarship Van de Ven (2007) describes as “action/intervention research.” I follow this by my findings and discussion.

Formal Rationality & Substantive Rationality

Max Weber distinguishes between formal and substantive rationality (Weber, 1964; Brubaker, 1991; Swedberg, 1998; du Gay, 2000; Guthey, 2012) – a distinction Brubaker (1991: 36) maintains is “fundamental to Weber’s social

thought.” Brubaker (1991: 35, 36) summarizes Weber’s distinction between formal and substantive rationality as follows:

Formal rationality refers primarily to the *calculability of means and procedures*, substantive rationality primarily to the *value* (from some explicitly defined standpoint) *of ends or results*... From the point of view of a given end... an action or a pattern of action is rational if it is an efficacious means to the end, and irrational if it is not....from the point of view of a given belief, an action is rational if it is consistent with the belief, and irrational if it is not.

Weber’s definition of formal rationality entails the adoption of the most appropriate and efficient means to achieve specified ends. Substantive rationality, by contrast, refers to “a conscious belief in the absolute value of some ethical, aesthetic, religious, or other form of behavior, entirely for its own sake and independently of any prospects of external success” (Weber, 1964: 115 quoted in Podolny et al., 2010; Guthey, 2012).

Friedman (1970; 1986; 2002) contends the “the social responsibility of business is to increase its profits.” His associated comments indicate he holds a higher order belief that society is best served when the corporation maximizes profits. As such, Friedman’s belief is the realm of substantive rationality. For Friedman, it follows that as agents of the shareholders, managers have no sole responsibility to concentrate on maximizing profits (without breaking the law, of course) (Friedman, 1970; 2002). According to this view, managers should not consider issues of substantive rationality ends because that is a given. The task at hand for managers is to apply the most appropriate and efficient means to achieve the specified ends to maximize profits. Therefore, the only thing the manager should concern himself with is to apply formally rational means. These managerial activities are the realm of formal rationality because they “are ultimately concerned with productivity, and with the efficiency of means to induce it, rather

than with the desirability of productivity itself as defined and measured against some system of superordinate beliefs or values” (Guthey, 2012).

Margolis & Walsh (2003: 271) and Ghoshal (2005) contend the dominant discourse of the business community is the neoclassical discourse as represented by Friedman. In a space such as this, the opportunity for tensions to be apparent are limited if the manager follow the prescription to apply the formally rational means (i.e. improving efficiency and productivity) as this is considered in direct alignment with the predefined substantively rational ends. As long as managers do not reflect upon matters of substantive rationality from standpoints beyond this neoclassical economics view, tensions are not likely apparent.

Corporate Social Responsibility

The CSR agenda complicates the singular substantively rational ends as prescribed by the neoclassical economics view. The CSR agenda calls on corporations to consider substantively rational ends from the multiplicity of other standpoints represented by its many stakeholders (European Commission, 2001). Therefore, with the CSR agenda, issues in the realm of substantive rationality become pertinent for managers. And as such, tensions are likely to become apparent.

A tension implies exists when some ‘thing’ is considered substantively rational from one standpoint but substantively *irrational* from a different standpoint. (A tension also exists when some ‘thing’ is considered formally rational from one standpoint but formally *irrational* from a different standpoint. This would lead to a situation of substantive irrationality and thus is covered by the previous statement) Lewis (2000) describes tensions are the underlying source of paradox, and cites Ford & Backoff (1988:89) who describe paradox as “some ‘thing’ that is constructed by individuals when oppositional tendencies are brought

into recognizable proximity through reflection or interaction.” Margolis & Walsh (2003) and Gond & Crane (2010) describe how tensions can arise when the CSR agenda and the neoclassical agenda co-mingle. Whenever multiple ends are pursued simultaneously, a tension can arise.

Bureaucracy

A bureaucracy entails the deployment of formally rational tools in service of substantively rational ends (from some explicitly defined standpoint) (Brubaker, 1991). Adler & Borys (1996) describe the “core features” of bureaucracy as workflow “formalization, specialization, and hierarchy.” Watson (2006; 2010) offers the following definition of bureaucracy:

The control and coordination of work tasks through a hierarchy of appropriately qualified office holders, whose authority derives from their expertise and who rationally devise a system of rules and procedures that are calculated to provide the most appropriate means of achieving specified ends. -- Watson (2006: 38; 2010: 919)

Watson’s definition draws from Max Weber’s (1949) ideal-type bureaucracy. In “reality,” bureaucracies exist along a continuum that satisfy these criteria to various degrees (Hall, 1963: 33; Gouldner, 1950; Antonio & Sica, 2011:xxi). (Note: ‘ideal’ refers to conceptual purity, not “perfectly desirable.”).

METHODS

The Director of Coffee Sourcing with American Cafes (a pseudonym, as are other descriptors throughout), a friend of mine, sent me an email in June 2010 that stated the top management team (TMT) is “acknowledging the need to more formally approach our CSR efforts... so we need some expert perspective on just how far we still have to go.” I offered my guidance in exchange for access, and the TMT agreed. My engagement was motivated by my research interest in CSR

formalization and top management teams (TMTs). Given access to TMTs is often limited (Pettigrew, 1992: 164; Carpenter & Reilly, 2006: 15; Arendt et al., 2005: 694) this represented a promising research opportunity. I was physically located a distance from American Cafes headquarters so it was understood that I would be onsite about once every 3 months and would correspond via email and participate via skype in meetings.

American Cafes Corporation is a U.S. based publicly traded corporation with over 5000 employees and over 500 café locations. The CEO and 6 Vice President direct reports are all listed as members of its TMT. I was familiar with American Cafes as a customer and because of my friend, and I had the impression they traditionally engaged in a comparatively high level of “implicit CSR” (Matten & Moon, 2008).

My two roles: Researcher and “CSR Expert”

In my involvement with American Cafes, I drew from the category of engaged scholarship Van de Ven (2007) describes as “action/intervention research” for which I assumed two overlapping, but conceptually distinct, roles (Pratt & Rafaeli, 1997). To American Cafes, I was a “CSR expert” who could help address questions about CSR. As a researcher, I was intrigued why the TMT had decided to formalize American Café’s CSR efforts and how this formalization of CSR may affect activities at American Cafes. While I had no involvement in the TMT’s decision to formalize its CSR efforts, as an action/intervention researcher I had considerable impact in shaping what the formalization eventually looked like. I reflect upon this within the findings.

Data Collection

From June 2010 through February 2012, I engaged in six distinct means of data collection as depicted in Figure 1. Given my interest in both *why* the TMT decided to formalize the CSR efforts and *how* this may affect activities, a distinct divide in the Findings sections is offered. Means of data collection 1 and 2 primarily inform the question of *why* and data collection means 3 primarily inform the question of *how*.

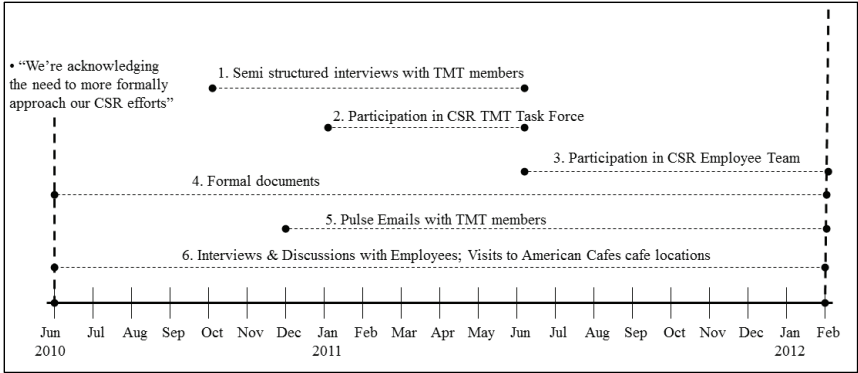


Figure 1: Data collection timeline

1. Semi structured interviews with TMT members. I conducted in-person 1-on-1 semi-structured interviews (Bryman & Bell, 2007) with members of the TMT. In total, I performed 4 rounds of interviews from October 2010 through June 2011. Subject to their conflicts, during each round I interviewed 5 to 7 of the 7 total TMT members. I designed a semi-structured interview guide for each round and interviews to ask each TMT member basically the same suite of questions, but allowed for flexibility (see Appendix A for sample interview questions by round). In total, I conducted 23 one-on-one interviews with TMT members (CEO 3, CFO 3, VP General Counsel 4, VP Marketing 2, VP Operations 4, VP Sales 3, VP Human Resources 4) that each lasted between 30-90 minutes

each and were typically conducted in the TMT member's office. I took notes in each interview and all interviews were recorded and transcribed verbatim.

2. Participation in CSR TMT Task Force. In December 2010 the CEO commissioned a CSR TMT Task Force to develop recommendations for the CSR formalization efforts including the development of company level CSR key performance indicators (KPIs). The task force was comprised of 5 (of the 7 total) TMT members and I was included as "consultant." From January through to June 2011, in total 10 meetings were held ranging in length between 60 – 180 minutes. 3 to 5 of the TMT task force members participated in each meeting. All 7 members of the TMT participated the April 2011 monthly TMT in which a status update was offered. The CSR TMT Task Force finalized company level CSR KPIs and identified a CSR Employee Team to develop and drive supporting CSR initiatives. I took notes in each meeting and all meetings were recorded and transcribed verbatim.

3. Participation in CSR Employee Team. In June 2011, the CSR TMT Task Force formally transferred responsibilities to the CSR Employee Team (see Figure 2) comprised of 9 employees assigned to the 3 CSR areas developed by the CSR TMT Task Force: Sourcing, Environment, and Community. 3 additional individuals were identified as part of the team, one tasked as project leader, one in charge of communications, and I was identified as "Consultant." All individuals were managers or directors and came from across the company. All 5 members of the CSR TMT Task Force were listed as TMT "Sponsors." An email distribution list was set up for the CSR Employee Team to which I was included. From June 2010 through February 2012, I participated in 8 CSR Employee Team meetings in person and via skype and engaged in numerous email correspondences. I took notes in each meeting and all meetings were recorded (but not all transcribed),

powerpoint and other meeting materials collected, some conversations were recorded, and emails were collected.

4. Formal documents. I collected internal and external documents relevant for this study for the duration of my involvement from June 2010 through February 2012. The internal documents included: (blinded) Human Resources survey responses, organizational charts, monthly internal employee newsletter, employee training materials.

5. Pulse Emails with TMT members. I periodically sent out a round of emails to all members of the TMT, individually crafted, to solicit input. These emails served as means through which to collect additional data from TMT members and to maintain more informal ongoing lines of communication given I was physically onsite only periodically.

6. Interviews and Informal Discussions with American Cafes Employees; Visits to American Cafes. From June 2010 through February 2012, I conducted interviews and had discussions with employees at various levels of American Cafes below the TMT on a formal (i.e. scheduled) and informal basis (i.e. hallway conversations) at the company's headquarters. This helped me to gain a better appreciation for American Cafes as an organization and get to know some people on a more personal level, including many of the members of the CSR Employee Team prior to its launch. I also made approximately 30 visits to American Cafes locations in various cities in the U.S. during this extended time period through which I observed marketing and communication efforts at the store level and asked the American Cafes baristas about their general awareness and interest regarding CSR issues. I made myself known as a researcher at American Cafes headquarters. I did not identify myself as a researcher at the cafes as I posed

questions the general public could ask and I would not identify these individuals in my writings.

Data Analysis

A large amount of data resulted where only a small portion is represented here. Throughout the duration of the data collection process, followed an iterative process prescribed by Van de Ven (2007) to go back and forth between data and theory in an abductive manner (Van de Ven, 2007; Locke et al., 2004). I came to focus upon the rationales as expressed by the TMT members regarding why they decided to formalize American Café's CSR efforts that resulted in the establishment of a CSR bureaucracy, and subsequently how this CSR bureaucracy affected activities. Heeding the calls by Margolis & Walsh (2003) and Gond & Crane (2010), I wanted to better understand the tensions associated with the CSR agenda.

Toward this end to identify and explore tensions, I introduce to the CSR literature the Weberian distinction between formal and substantive rationality. Here I follow the lead of Guthey (2012) who introduces this distinction to the management fashion literature as a means of identifying and exploring tensions. This distinction complements discussion regarding the CSR bureaucracy given a bureaucracy entails the deployment of formally rational tools in service of substantively rational ends.

FINDINGS

I divide this section into two main sections. In the first section, I focus on the question of why the TMT had decided to formalize its CSR efforts. In the second section I focus on how this decision, in particular the establishment of a CSR Bureaucracy, affected activities. Stylistically, I employ a somewhat different tone

through which I offer my interpretations of these events between these two sections. The evidence I present regarding the question of why is primarily drawn from TMT member responses to my semi-structured interview questions (i.e. data #1) that I triangulated with other sources (primarily data #2 and data #5). In the second section, however, draw from my participation in the CSR Employee Team (i.e. data #3) for which concise quotes are not as readily available and offer longer accounts of my interpretations.

The TMT members discussed a number of reasons for their desire to formalize CSR efforts. First, a desire to more systemically select from the multiplicity of substantively rational ends for which American Cafes could pursue. Second, a desire to coordinate efforts and deploy formally rational tools to better ensure the selected substantively rational ends are achieved.

Why formalize CSR?

Early in my engagement, one of the TMT members remarked to me that he felt American Cafes was like a “golden retriever with a heart of gold” that would run around sporadically loving everyone it encountered and licking everyone’s face, but it had no focus and “was losing money hand over fist.” American Cafes was only recently profitable. While I cannot speak to the potential effects of CSR related activities on the company’s profitability, it seemed to me that American Cafes was engaged in a lot of activities that could be considered not closely related to the operations of the company.

As I met with various people from across the company and asked them to describe CSR and things they felt American Cafes was doing already in the space of CSR, I heard about the company’s commitment to 100% certified coffee through the “People&Plant” certification body, one of the world’s largest schemes. I heard of

a legacy program named “Elizabeth’s” that was established in commemoration of a Roastmaster of the company who had passed away some 20 years ago but whose legacy lived on as a percentage of sales from her coffee went to promote literacy programs at schools, a cause I was told was important to Elizabeth. I heard of current initiatives such as selling bottled water to support inner-city youth, initiatives for animal welfare, and desired new initiatives regarding underprivileged children, installing heart defibrillators at café locations and provide training, and a new employee program called “Visions” with the expressed intent to encourage employees to get involved with nonprofit organizations. I also heard complaints that the company was not doing enough about recycling at its stores and employees were getting fed up with throwing recyclables in the trash. I heard complaints the initiatives of the CSR nature were sporadically selected where some individuals had more authority in the corporate hierarchy to select initiatives of personal preference (although many times these remarks were offered in a complimentary tone for the individuals demonstrating passion for particular initiatives).

In November 2010, i.e. ~5 months into my engagement, I delivered a 3 page report to the TMT of American Cafes based on my investigations and impressions up to that point. In it, I wrote that American Cafes “clearly has heart” but that without an explicitly articulated strategy, the variety of CSR related initiatives at American Cafes “runs the risk of becoming disjointed over time and contribute to potential confusion about why American Cafes is, or is not, participating in a particular CSR initiative.” I included the Porter & Kramer (2006) article “Strategic CSR” as an appendix. Given my engagement, I did not feel I was reporting anything that was not already being discussed openly.

Multiplicity of Substantively Rational Ends

During my interviews with TMT members, I focused questions on why American Cafes had decided to formalize CSR, and what it hoped to achieve in result. In response, TMT members described that a multiplicity of substantively rational ends exist that American Cafes that contributed to confusion. In the following passage, a TMT member highlights three initiatives that American Cafes could pursue that, while dramatically different from the other, could each be considered a “right thing to do” by some ethical criteria. That is to say each of these could be considered a substantively rational ends for the corporation to pursue from some explicitly defined standpoint.

We have a very hard time deciphering what is the truly critical things that we need to do and what are the quote, unquote “nice things we want to do” because there’s a passion for all of them. And it’s just shades of correct. I’d like to feed the children of Guatemala. Well, that’s not wrong. I’d like to invest so that everybody at [50th and West Washington Avenue] loves my [American Café] store and we hold Friday night book readings. That’s not wrong either. Well, where do we go? Which one do we invest in, you know? I’d like to make sure that we leave a favorable carbon footprint as a result of our operations. That’s not wrong either.

Finite Resources

And TMT members described a challenge they felt in that incrementally, any particular initiative could be considered substantively rational from some standpoint and thus is difficult to decline individually, but these initiatives can incrementally add up to amount to a scenario that is conspicuously substantively irrational from the standpoint of maximizing wealth for the shareholders.

When [employees] come with their “Hey, my basketball team needs a sponsor for the jerseys. Do you have 500 bucks?” You’re almost shamed into saying yes. It’s 500 bucks, come on. Big bad American Cafes can afford 500 bucks. What they don’t see is that it’s your 500, your 1000, your 600, boom, boom, boom, boom. Next thing you know, \$50,000 went out the door... \$50,000 is a media flight... And we’ve got traffic [(customers)] to worry about.

Similarly, another TMT member describes the substantively rational ends to eradicate child hunger- but highlights the complexity of pursuing such an ends because there are many hungry children around the world. These comments could be considered as hinting at resource constraints (i.e. even if American Cafes would want, it could need feed all of the starving children in the world) that, somewhat paradoxically, can essentially be expressed as a tension arising between two, arguably very deserving, stakeholder groups: hungry African children and hungry American children.

You hear people talk about the hungry kids in the United States of America. We are feeding the kids in Africa. What about the kid [from the U.S.] that is going to school every day without breakfast in his belly and he's not going get it at night when he goes home either?

Fairness in Selection Resources

One reason described by the TMT member in the following is without such coordination, decisions about which substantively rational ends to pursue will be made by individuals across the company according to their “pet projects.”

People have their pet projects... I don't believe-- you don't use the organization to move forward your pet projects... I have some things in my personal life that matter to me, one of which is healthy food for kids. And I've started a task force at my school to figure out how can we change that in our school. And while that's important to me personally, and I think it's important to many, I will not bring that to work and ask that it be something that American Cafes do. [But] I think that [this] is being done [at American Cafes.]

Personal Anguish for having to say No

Prior to the formal start of the first meeting of the CSR TMT Task Force (i.e. source of data #2) in January 2011, the following rich exchange took place that offers some color as to the multiplicity of substantively rational ends from various

standpoints the TMT members were asked to consider. TMT #1, #2, and I were the first people in the conference room and we were joined by TMT #3 at about the scheduled start time. TMT #2 was talking about how cold the room was when TMT #3 interrupts her and says “I want to talk about helping children and infants.” TMT #1 laughed, as did I as it was apparent to me that TMT #3 was joking. I replied “We don’t like the children -- or at least I don’t.” TMT #1 and #2 joined in where an exchanged ensued for over two minutes in which a range of various initiatives in which American Cafes was engaged or was considering were listed coupled with expressions for not being concerned. The new employee program called “Visions” was brought up near the end of the exchange that was occurring just prior to the “official” start of the meeting:

TMT #1: ...I’ve been trying to keep you updated on all of the things that will come our way... and I described to him about the inner-city (interrupted)

Me: Inner-city kids, Visions, and--

TMT #1: Dogs.

TMT #3: ...We don’t care about animals.

Me: The “Visions,” I like that one.

TMT #3: ...We don’t care about inner-city children. Wait what’s the Visions about [that] we don’t care [about]? You didn’t say that one.

TMT #1: Oh, well, here was the, yeah, I forgot about that one. But it was, someone [(an employee)] came to me and said, you know, I’ve been really working on my Visions goals and I finally figured it out and I want to be on a board [of a nonprofit organization], and it’s going to cost \$5,000 and will you pay for it? I mean it’s like, it always kills me when people ask for things and, of course, it’s like, okay, you told me to work on Visions goals, and I’m working on them. And now I need \$5,000 where I can go do that.

TMT #2: You got to go Geico on them.

TMT #1: What?

TMT #2: Have you seen that great Geico commercial? “Does a drill sergeant make a good psycho therapist?” (laughter). And that’s why yellow makes me so sad because yellow makes me sad when I look at the yellow cards, and the guy goes, what do you think? And the former drill sergeant goes, “What do I think? I think you’re a

jack ass (laughter), and he throws the tissue at the guy. That's kind of what I feel like. You got to go to Mamby Pamby Land.

TMT #1: All right, I'll send him your way.

TMT #2: CSR!

TMT #1: All right, okay, so I thought if we scheduled this at 3:30, we'd be okay. [TMT #4] is actually in a governance meeting. Doesn't that sound like fun? That I think it is already a half hour over. So we should just go ahead and get started...

TMT #2 referenced a commercial for the large U.S. based insurance company Geico that at the time was airing a television commercial in which a drill sergeant was as an uncaring therapist.

Realizing the intended ends

TMT members also state that the desire to coordinate organizational efforts by way of arguing that that the intention to achieve substantively rational ends does not necessarily lead to the achievement of the desired ends. In the following passage, a TMT member describes that these uncoordinated recycling efforts amounted to a formally irrational means with substantively irrational ends.

We've had store managers who will take all of the empty plastic milk cartons and load their car up at the end of the week, and take it home and throw it in their local recycling. And when you ask questions about, "Why are you doing that?" "Well, I'm recycling." But they don't realize that a lot of times, those milk cartons themselves, unless they're taken to a city that actually has a plastic recycling capability, that they're just wasting energy and gas doing it. It doesn't have the effect behind it... Good intentions, but actually a negative result because putting energy into something and now creating a bigger garbage problem for whatever that local city is.

Similarly, another TMT member states that community involvement efforts also call for coordination otherwise substantively irrational results can.

I've been to various volunteer events here [with American Cafes]... and we're going to go clean up the park. And frankly we show up there and I am literally trying to find where's the paper, where's the trash? The place has just been recently mowed, you know? This one is not the one that needs help. The one that needs help is the one that's covered in shit, trashed cars, and graffiti all over the place. The one that is down the street here [from American Cafes's headquarters] doesn't need my help. I'm walking around looking for three Snicker's [candy bar] wrappers.... So take all the hours of volunteerism that we used on multiple of those wasted ones and focus them, right?

The size of American Cafes was stated as a reason a bureaucracy was needed to coordinate efforts to realize the intended results. In other words, a bureaucracy to structure activities is described as a necessary means through which to achieve the desired substantively rational ends.

We're an organization made up of [over 5000] living, breathing independently thinking individuals. Without some kind of structure around the activity, we might have [over 5000] different takes on what CSR means and what we're going to put our energy behind. Calling it CSR and having a structure around it puts some guardrails around the things that we're going to work on and eliminate some things that we're not going work on. It magnifies the impact of anything that the organization does.

One of the TMT members offered a summary, that I felt was a reasonable generalization of the activities at American Cafes.

We know a lot of things that feel like "but that's just the right thing to do." And we can't help ourselves but to want to undertake them all. And the challenge will be for us is where do we create the best linkage and the best impact? Or the best linkages and the best impacts.... One of the things that I would want us to achieve [with a formalized CSR program is that] we [presently] do a lot of things that get moderate to low recognition because they probably cause moderate to low impact. And so, in quoting the great John Wooden, we're enamored with doing a lot of activity but we have moderate accomplishment. But we love the fact that we're doing so many.

We're gratified by the wrong things. We're gratified by how busy we are doing good as opposed to the impact of the good that we do.

The CSR TMT Task Force concluded in June 2011 after designing the CSR bureaucracy depicted in Figure 2. (Note: My friend was one of the employees assigned to Environment.)

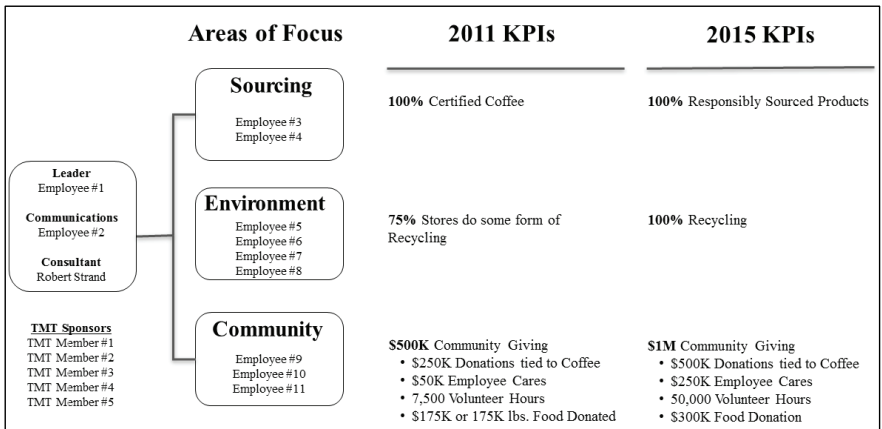


Figure 2: CSR Bureaucracy at American Cafes

Adler & Borys (1996) describe the “core features” of bureaucracy as “formalization, specialization, and hierarchy” where hierarchy and specialization are depicted here, but to a lesser extent formalization. Some CSR training materials had been developed and new CSR training materials were discussed.

I had considerable impact in the design of the CSR Bureaucracy from the standpoint of advocating that it draw from a cross-functional team of employees. In my November 2010 report, I suggested that a point person (~50% headcount) was selected who assembles volunteer cross-functional CSR team of ~5-15

people. The TMT elected to assign a point person (i.e. “Leader” as was described in the communication materials) but with a smaller portion of time than I suggested.

I had limited impact on the key performance indicators (KPIs) but, arguably, a degree of impact in the selection of the 3 categories Sourcing, Environment, and Community for which the KPIs were developed. Although, considering the conversations, my impression is the TMT would have likely come to a categorical scheme similar to what resulted had not participated.

How did the CSR Bureaucracy Affect Activities?

In June 2011, the CSR TMT Task force transferred responsibilities to the CSR Employee team and announced the companywide CSR KPIs as depicted in Figure 2.

Environment Team

Four employees, including my friend, were assigned to the Environment Team. Their conversations often turned to the challenges regarding the coordination of recycling efforts across its over 500 cafes that covered a large number municipalities with disparate recycling laws added with complications regarding landlords of the buildings in which many of American Café locations were located. As I read the employee surveys and discussed the concept of CSR with TMT members and employees, the issue of recycling was conspicuously an open issue. Therefore, the assembling a core team tasked with identifying approaches for increasing recycling, and the mandate from the TMT this team received and capacity to coordinate activities struck me as a difference than before a CSR Bureaucracy was in place, as the CSR Bureaucracy served as a coordinating mechanism.

The Environment Team set a sub KPI goal to establish 35-40 “Field CSR Representatives” at the American Café locations with whom to engage to drive recycling initiatives. By end of year 2011, the Environment Team reported 45 Field CSR Representatives had been “activated” with a minimum of 1 per each geographical districts. The Environment Team reported having held 2 calls with Field CSR Representatives “to recap recycling efforts and roles within districts.”

At the end of 2011, the Environment Team reported 78% achievement against its KPI of 75% Stores engage in some form of recycling. The Environment Team established a 90% KPI for 2012 and developed a supporting initiatives to (end of year drawing from its presentation):

Develop store by store recycling action plan outlining current capabilities and obstacles.... Engage key stakeholders (managers, team members, landlords); Implement strategy for phased national roll-out; Communications strategy both internally and externally to advertise what we are doing; No steps backwards, work with real estate team so that no new store comes on line without recycling capabilities; Move the dial on plastics targeting 50% of stores to recycle plastic; Work in the CSR test store environment to test front of house recycling logistics; Work with TerraCycle to test use of non-recyclables; Take our waste materials and turn into usable products; Amp up Headquarters commitment to lead by example (Example: Any Headquarters employee that does not bring a reusable cup for coffee must pay 25 cents instead of it being free).

Community Team

With the Community Team, a tension was highlighted because the CSR KPIs were brought into consideration with the financial KPIs. American Cafes had traditionally donated excess inventories of food from its stores, and these food donations were demarked as a sub-KPI to help accomplish the overall Community KPI of \$500K. However, the Community Team was concerned that this was

encouraging of poor inventory management that would have a negative impact on reducing expenses. Therefore the Community Team decided to remove that from its 2012 KPI.

Sourcing Team

Given coffee buying patterns, the results for 2011 Sourcing KPI were essentially locked in that Sourcing would achieve the 100% Certified Coffee by the end of the year through its existing commitment with People&Planet Certification. So the discussions from June through December 2011 with the Sourcing team centered primarily on 2012 activities to that would be in support of the longer range 2015 KPI of 100% Responsibly sourced products. Throughout the period, I raised the issue that there were an increasing number of discussions about child slave labor in the cocoa industry. I shared materials including the CNN Freedom Project's internet and television offerings about this issue.

In October 2011, the Sourcing Team reported its 2012 KPIs of 50% People&Planet certified tea and it added a qualitative comment that it would be responsible for testing new paper cups with less material. I continued to push the issue that I felt cocoa merited a response. Employee #3 was responsible for sourcing paper cups, cocoa, and a myriad of other items. I was, to the best of my ability, provoking the Employee #3 in a respectful manner. I wanted to reflect carefully on how I approached this contentious topic for a variety of co-mingled reasons. This was a deeply values-laden issue and furthermore, I was developing the impression this practitioner felt a great deal of pressure from these new CSR Sourcing responsibilities and I wanted to be respectful to the individual in this stressful situation. And the situation was even more complex because my friend, who was a member of the Environment Team, was also involved with the Sourcing Team given it was primarily his project initially to establish the

connection with People&Planet certification some years previously. I continued to push on this issue because I felt it was my role to do so as a consultant. In a meeting in December 2011, the tension was evident (Note: Employee #5 is my friend):

Me: ... A role that I am trying to play is be a little bit of an agitator in some respects...

Employee #3: ... I can appreciate [that]. In all honesty yes you pissed me off. Some of it is frustrating to hear... I know what our [chocolate] supplier is doing. I think we [need to] look at what we know we can tackle and what our team members ask for... [That is] cups and cardboard. I appreciate what you're saying. But understand that there is a lot more here. Resources and constraints. We can't have everything on the radar. We have to focus in on what [we can do]...

Employee #5: ... I understand we are 1 or 2 layers removed from cocoa. But I don't believe we should hold back from having these conversations with our [cocoa] suppliers... You can engage with suppliers. I don't want us to sit here and wait for the suppliers to do something when I think that we know they are not going to hop on board unless driven by our conversations where we say that we want to have those things...

I emailed Employee #3 the meeting continued with a number of moments that I would describe as contentious where challenges, primarily by Employee #5 now to Employee #3 were raised about whether enough was being done raising the issue of social and environmental practices in the cocoa supply chain with American Café's primary supplier of cocoa. After the meeting I sent an email to Employee #3 in which I said "I wanted to thank you for being honest with me about my having frustrated you- I really appreciate you telling me that and want you to know that I take it to heart." Employee #3 replied "Thank you for this. If this was 'easy' to do, we wouldn't feel uncomfortable or frustrated. I believe the good conflict makes us better and that is why I feel open to speak my mind." More conversations were had and more, at times, tense exchanges were had.

At the end of 2011, the Sourcing Team achieved its 100% Certified Coffee KPI and stayed with the 2012 KPIs of 50% People&Planet certified tea and qualitative comment that it would be responsible for testing new paper cups with less material. I continued to push on the cocoa issue, where a January 2012 announcement by the large chocolate producer Hershey's to engage with a major cocoa certification organization reignited the debate.

While the 2012 Sourcing Team KPI did not include cocoa, this example serves to highlight that as part of the CSR bureaucracy, formally rational tools like key performance indicators are developed in service of the substantively rational ends selected to pursue. This forces an explicit calling out regarding which substantively rational ends the corporation is pursuing, which also serves to raise awareness regarding which substantively rational ends the corporation is *not* pursuing. Here the CSR bureaucracy served as a space for reflection upon the multiplicity of substantively rational ends that American Cafes could pursue, where tensions identified.

Unintended Effects and Concerns of CSR Bureaucracy

The establishment of the CSR bureaucracy also brought unintended effects and concerns. In conversation with a member of the TMT, after describing the need to coordinate the selection for organizational level CSR initiatives in which American Cafes will engage, he posed the comment in which he seemed to me to be asking himself "But maybe we would have never done Elizabeth's" had a CSR bureaucracy been established. The legacy program Elizabeth's to promote literacy programs in schools was described to me by many across American Cafes as a core rallying point for who American Cafes is, where in the name of efficiency and formal rationality, it seemed to me as if this TMT member was wondering

aloud if this initiative was proposed after the establishment of the CSR bureaucracy, it may not be selected.

Similarly, in discussion with a TMT member that involved discussion related to who American Cafes is, the TMT member offered:

When the [local disaster occurred]... within the first 50 people that were on site was the store manager for American Cafes and the staff. And they ran there. What the hell happened? Nobody told them, you are a disaster relief worker. Nobody told us we should give coffee to the firemen and the people.... We just did it. You guys get whatever you need. So some of those things- I hate to use what typically can be seen as a naïve statement- but they don't require a business case. You just know that they're the right thing to do...

This comment highlights a desire for some degree of determination for what is a substantively rational ends to pursue to remain at the level of the individual, and not be determined at an organizational level.

A general concern was also expressed in regards to the potential to lose 'personality' with the bureaucratizing of issues of social responsibility. In conversation with one TMT member, the desire was expressed to avoid "corporate speak" which was a concern this TMT member described for formalizing CSR efforts, and where the use of acronyms follow that can, as I was under the impression this TMT member was implying, runs the risk of stripping the meaning from the CSR efforts.

Finally, the hierarchy associated with the CSR bureaucracy meant that certain individuals were selected and explicitly assigned as part of the CSR bureaucracy. But this also meant that some individuals would be left out. One such individual was an employee I had gotten to know who would send emails to colleagues, and copy me, with various things American Cafes could do to green its cafes,

including such things as installing solar panels. During an interview with him, we discussed various CSR related initiatives that he had considered over the years for American Cafes. The establishment of the CSR bureaucracy at American Cafes was brought into our conversation, to which he was not included as an explicitly designated member of the hierarchy. At the conclusion of an interview I had with him, he started pulling out files from his filing cabinet and spreading them across his desk:

Here.... What other of my peers around here has a file on... green energy management... I mean, why do I have this shit?

DISCUSSION

Gond & Crane (2010: 696) call for research to explore “the practical problems of managing tensions that managers face” when engaging in the business in society field. The period immediately following the decision of American Café Corporation’s TMT to formalize the company’s CSR activities proved to be a vibrant period that served to highlight the array of tensions involved when a company engages with the CSR agenda.

Tensions existed before the decision to formalize the CSR activities, but in the process of formalizing and establishing the CSR bureaucracy awareness to tensions was made more readily apparent. The explicit nature of formally rational tools, like key performance indicators (KPIs), makes explicit the substantively rational ends for which the corporation has selected to pursue, and not pursue, at the organizational level. And the explicit nature of assigning employee ownership in some capacity served to raise awareness regarding expressions of tensions related to resource constraints, which served to in turn raise awareness of a tension between potential substantively rational ends for which the American Cafes could pursue (i.e. paper cups or child slave labor). However, with this explicit assignment of ownership, individuals who have informally been involved with the

issues related to the substantively rational ends may feel left out. In this respect, the CSR bureaucracy can contribute to a tension.

Given what du Gay (2000: 76) calls the “heterogeneity of morality,” beliefs regarding which substantively rational ends are the “right” substantively rational ends for the corporation to pursue are likely to vary person by person, where I found significant evidence of this with American Cafes. And I identified some expressions of unfairness regarding the selection of the ends to pursue. The establishment of the CSR bureaucracy engendered negotiations regarding which ends to pursue that could, perhaps, be perceived as a more “fair process” (Kim & Mauborgne, 1997) than if selection is made by individuals on their own.

An argument by Milton Friedman (2002: 133) in the form of a question for avoiding the CSR agenda is *If businessmen do have a social responsibility other than making maximum profits for stockholders, how are they to know what it is?* I would contend the CSR bureaucracy can help to address this by explicitly selecting a suite of substantively rational ends for which the company pursues at an organizational level. This may be further explored as a sort of productive “ethical closure.” Karreman & Alvesson (2010) describe “ethical closure” as a concept that “gestures towards closing off an argument rather than resolving it.” So in the case of the CSR bureaucracy at American Cafes, on an annual basis the suite of substantively rational ends at an organizational level are scheduled and the associated formally rational tools in the form of KPIs are deployed for the year (which is possible because the longer term 2015 KPIs are so broad, such as “100% Responsibly Sourced Products”). This represents an “ethical closure” for the year. Or as one TMT member states “puts some guardrails around the things that we’re going to work on and eliminate some things that we’re not going work on.” This would imply that other potential substantively rational ends that American Cafes

could pursue are not considered until the next annual round of KPI setting. In consideration to expressions of finite resources at American Cafes, this may better ensure that the selected substantively rational ends are more likely realized. In bureaucratic-speak, the process of an annual organizational level ethical closure could better ensure “goal congruence” (Ouchi, 1980) for the corporation. Goal congruence is relatively straightforward when the corporation considers the sole ends of profit maximization, but is problematized when the CSR agenda is taken up. The CSR bureaucracy can help to manage this.

However, as indicated by one TMT member with the disaster example, some space for individuals to act on issues of substantive rationality from their own standpoints can be a desirable characteristic for an organization and the individuals within it. This hints at a fragile tension in which the CSR bureaucracy resides in which a complete “ethical closure” across the organization is not, at least according to the expressed view of this TMT member, a desirable quality.

The establishment of the CSR bureaucracy also engendered the capacity for American Cafés to address tensions that were long known, but seemed to demand coordination of efforts. Despite an apparent desire, “the parts” (i.e. the cafes) could not efficiently address the substantively rational ends of recycling on their own. And when the parts tried, it could result in “Good intentions, but actually a negative result” as one TMT member remarked. At American Cafes the CSR bureaucracy appears to present the promise for more effectively coordinating efforts to across “the whole” to increase the likelihood the intended substantively rational ends are realized.

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APPENDIX A: Interview Schedule

TMT Round 1- Excerpts from Semi-Structured Interviews

- What does corporate social responsibility mean to you?
- Why do you feel American Cafes should engage in corporate social responsibility?
- Can you offer a description of something American Cafes does that you feel exemplifies corporate social responsibility?
- Why do you consider this to be an example of ‘corporate social responsibility?’
- If I asked you “Who is American Cafes Restaurants?” How would you respond?

TMT Round 2- Excerpts from Semi-Structured Interviews

- At American Cafes I have heard expressions including corporate social responsibility and sustainability and stewardship and others. What is your preference? [Why?]
- In your opinion, what is one fundamental thing that needs to be done within the next 90 days regarding the [CSR] initiative?
- What does success look like to you with [CSR] at American Cafes?

TMT Round 3- Excerpts from Semi-Structured Interviews

- Can you describe for me in your own words what is “CSR”?
- Is there any pressure from outside of American Cafes walls to help build a formalized, recognizable, and successful CSR initiative?
- How would you respond to someone if they said to you “Why do you need to explicitly call something the “CSR” program, can’t you just do the CSR activities without explicitly calling it something like “CSR”?”
- What do you feel are the three biggest drivers for American Cafes to adopt an explicit CSR program?

- If I asked you “Who is American Cafes?” How would you respond?
- What does success look like for you with CSR at American Cafes?

TMT Round 4- Excerpts from Semi-Structured Interviews

- Are there any laws or threat of laws that you feel may have helped to compel American Cafes to establish its CSR program?
- Here’s a hypothetical. Do you think that Starbucks may face greater pressure than American Cafes to demonstrate social responsibility through a CSR program?
- Have Starbucks and [other industry peer] having formalized CSR program had any impact that you can think of for American Cafes to establish its CSR program?
- What do you think the response from American Cafes employees would have been had the CSR TMT Task Force unveiled a suite of CSR goals where attention to recycling was not included?
- It sounds as if recycling would always come up at employee roundtables. Why do you think it took the establishment of a CSR program to address this concern by employees?
- Some people have criticized programs like an explicit CSR program saying that explicitly titled programs like “Corporate Social Responsibility” can have the unintended effect of compartmentalizing ethics to just the CSR program, and elsewhere in the corporation it is business as usual where profits trump any sense of ethics. How would you respond to such a criticism?

Dear Me

by Jesse C. Brone

Whats happenin young brother

Enjoying your days

Im dropping you a line

To save you some trouble

Some shit I messed up

Blowin it along the way

I cant give specifics

Just two tricks of the trade

Continue to feel

I know that sounds simple

Youll be surprised young brother

On how numb the world can make you

Remember to know what you feel

Identify with emotion

Please stay honest

Start with truth

Follow through

End with truth

Again sounds obvious

The truth can elude you

If you dont always use him

Stay up and stay real

Peace young brother

And Im out

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