

**USING STRUCTURAL COMPLEXITY TO EXPLAIN  
DECISION-MAKING ON CORPORATE  
RESPONSIBILITY**

TAM ROBERT NGUYEN  
DOCTOR OF BUSINESS ADMINISTRATION

NEWCASTLE UNIVERSITY BUSINESS SCHOOL  
UNITED KINGDOM

JULY 2013

## **Abstract**

Intra-organizational factors are an important line of inquiry to improve the explanation of corporate social responsibility (CSR) behavior in current theory and management concepts.

Contributions from organizational behavior literature were used in this thesis to orient the analysis to the company's *structure* in order to provide alternative explanations as to 'why' and 'how' companies addressed social responsibility issues and activities. Qualitative methods were employed to investigate the structure/decision relationship among a sample of decision processes of multinational business organizations. Conclusions suggest that social responsibility issues and activities can be treated contextually by the company, and its complexity can influence and shape the development of alternatives to address the issues and activities.

## **Dedication**

*This is dedicated to my mother, Henriette Bert, M.D., and to my mentors: Frank Ballance, Hironobu Shibuya, and Eric Waldbaum.*

## **Acknowledgements**

*I would like to thank my thesis advisor, Professor Caroline Gauthier of Grenoble Ecole de Management, for her encouragement, patience and guidance.*

## Table of Contents

<b>Abstract</b> .....	<b>ii</b>
<b>Dedication</b> .....	<b>iii</b>
<b>Acknowledgements</b> .....	<b>iv</b>
<b>Table of Contents</b> .....	<b>v</b>
<b>Chapter 1. Introduction</b> .....	<b>1</b>
1.1. Research Goals and Objectives.....	3
1.2. Overview of the Thesis .....	5
<b>Chapter 2. Literature Review</b> .....	<b>7</b>
2.1. Theoretical Developments .....	9
2.2. Frame and Gap.....	12
2.3. CSR Theory .....	13
2.3.1. <i>Instrumental</i> .....	14
2.3.2. <i>Ethical</i> .....	15
2.3.3. <i>Relational</i> .....	16
2.3.4. <i>Political</i> .....	18
2.3.5. <i>Managerial</i> .....	20
2.4. Organizational Structure and Process .....	26
2.4.1. <i>Complexity</i> .....	27
2.4.2. <i>Decision Process</i> .....	31
2.5. Discussion .....	37
<b>Chapter 3. Methodology</b> .....	<b>42</b>
3.1. Research Goal .....	42

3.2. Research Design.....	43
3.3. Data Collection .....	47
3.3.1. <i>Selection of subjects</i> .....	48
3.3.2. <i>Dialogue design</i> .....	53
3.4. Data Analysis .....	58
3.5. Validity Considerations .....	62
3.6. Ethical Considerations .....	65
<b>Chapter 4. Findings .....</b>	<b>67</b>
4.1. Introduction.....	67
4.2. Part One: Decision Process Characteristics .....	67
4.2.1. <i>Activation started with a new problem or opportunity</i> .....	68
4.2.2. <i>Multiple groups engaged</i> .....	69
4.2.3. <i>Engaged groups used tactics</i> .....	69
4.2.4. <i>Inconsistency of objectives and understandings</i> .....	74
4.2.5. <i>Use of third parties</i> .....	75
4.3. Part Two: Complexity and the Decision Process.....	78
4.3.1. <i>Activation</i> .....	79
4.3.2. <i>Engagement</i> .....	81
4.3.3. <i>Decision</i> .....	86
4.4. Discussion .....	92
<b>Chapter 5. Conclusions and Implications.....</b>	<b>98</b>
5.1. Conclusions.....	99
5.2. Limitations of Research .....	107
5.3. Implications for Further Research .....	109

<b>Notes</b> .....	<b>112</b>
<b>Appendix A: Core Narratives</b> .....	<b>118</b>
<b>Appendix B: Decision Process Plots</b> .....	<b>171</b>

## Chapter 1. Introduction

“The benefits of corporate responsibility are hard-won in organizations and often non-existent in the short-term.”<sup>1</sup> The quote, taken from Simon Zadek’s article, *Path to Corporate Responsibility*, highlights an often overlooked, but important reality regarding a business organization’s engagement in corporate social responsibility (CSR). Institutionalizing if a CSR issue or activity is not a given. There can be an internal struggle for the ‘soul of the practice’<sup>2</sup> between those that believe it is the right thing to do and those that seek private gains from its implementation. Thus, achieving internal engagement and alignment around CSR – grounded in consensus and collaboration – is not easy. And, indeed, are ‘hard-won’ for businesses that have publicly expressed a commitment to do so.

The complexity of trying to explain how and why a firm implements CSR should not be underestimated. The investigation can take the researcher from the physical (e.g. the business organization itself) to the metaphysical (e.g. what is its purpose and role in the world). It can also take the researcher into the two states of the firm – rational and irrational – where the firm’s stated CSR goals and strategies is contradicted by high profile public controversies and pitfalls. Enron, Arthur Anderson, WorldCom, and several Wall Street firms portrayed themselves as model CSR firms, most notably for their internal controls and contributions to society. As we witnessed, the internal controls did not work, and the impact on employees, families, shareholders, and consumers were significant. Other instances are far less eventful. While Toyota was actively marketing its hybrid automobiles – and linking this to its considerations of environment and sustainability issues – it was also actively lobbying against increasing fuel standards in the United States in order to offset potential investment and sales losses to its sport utility vehicles and pickup trucks.<sup>3</sup> This is not say that Toyota is an irresponsible company, but perhaps its CSR is part of a broader set of issues and concerns that may affect decision processes.

When inconsistencies or contradictions arise, we may not consider CSR as part of a multifaceted decision process where there may be other competing issues, agendas, and priorities. One reason may be that CSR is rationalized based on an inventory of a company’s



CSR statements and activities. However, public goals may not be truly representative of the company because, “organizations tend to hold public goals for front purposes.”<sup>4</sup> Another reason may be that CSR is depicted as an outcome of a logical schema that integrates CSR principles and/or issues into the firm’s management system or strategies. These rationalizations are associated with a number of prevailing CSR theories and conceptual frameworks.<sup>1</sup> While each of these inquiries is by and large correct in terms of why companies pursue CSR, they provide only partial explanations as to the underlying reasons behind a company’s decision to pursue a specific course of action. For example, unexamined in these inquiries are why certain stakeholder demands were chosen above others; how specific performance goals were framed and decided upon; and what and who was driving the firm’s motivation to address a particular issue. These rationalizations may oversimplify the structure and complexity of the business organization and overlook the decision process. There can be many internal stakeholders with diverse interests, different exposures, or varying levels of comfort with a particular CSR issue or activity.

Intra-organizational aspects are emerging as a basis of inquiry to address the gaps in these current explanations of why and how firms pursue CSR.<sup>5</sup> According to Kunal Basu, “Disregarding institutional determinants can lead to failure in understanding how managers make critical decisions.” There has been a shift in the analysis and theory of CSR, which is contributing to the body of knowledge to help us investigate the decision process for CSR.<sup>6</sup> First, analysis is shifting the investigation from a focus on outcomes to a focus on means. Currently CSR is an outcome related to (i) macro-social level effects, such as external pressures and societal issues on the firm; (ii) organizational-level effects, such as the integration of CSR into firm processes; or (iii) individual-level effects that are largely based on individual efforts to promote CSR.<sup>7</sup> Corresponding to this analytical shift, theory is progressing in the direction of performance-oriented management analysis where normative arguments are implicit.<sup>8</sup>

---

<sup>1</sup> Ethical, relational, instrumental, political, and managerial theories will be discussed in Section 2.

## **1.1. Research Goals and Objectives**

The crux of this investigation is the facilitation of CSR in decision processes in large, highly complex business organizations. These business organizations are typically transnational in nature operating in multiple markets. There are numerous, differentiated corporate departments and business units contributing to the management of the company's resources, products and services, and other ongoing issues. The company functions in a decentralized way, though there can be a mix between command-and-control from the corporate center and degrees of autonomy by the business units. They generally implement a multi-prong business strategy that involves multi-domestic and global strategies.

This type of structure requires a rethinking and reorientation of the way CSR is treated in analysis. If we treat CSR as a company activity or course of action facilitated by a decision process, then we must analyze its co-existence with other company concerns and issues that the company must attend to simultaneously. Then, if CSR issues vie with other priorities for various business reasons, then we must account for the business organization's complexity where different internal groups are in a state of conflict and struggle for sources of power and influence.<sup>9</sup> This reorientation of analysis can provide an alternative explanation of why and how a firm selects certain CSR strategies, policies or other activities. This is a significant aspect of the investigation of CSR behavior because it may help deepen the analysis on internal aspects and the impact and implications on outcomes.

The overall goal of my research is to contribute to the body of interest and knowledge of CSR in managerial studies, particularly organizational-level analysis and the impact on firm process and performance. It will hopefully support the opening of new avenues for future research, particularly how comprehensively decisions are integrated into strategy and the effect of choice(s) on the outcome for the company.

The main objective of my research is to understand the effect of high complexity and related macro-organizational behavior on decision processes in connection to CSR issues or activities. Because there is no widely-accepted and common definition of CSR, we should not be too prescriptive with the usage of 'CSR issues and activities'. For this purpose of this

research it is broadly used. Issues would have some materiality or significance to the company and would fall under the rubric of CSR; for example, human rights, transparency, economic development, and environmental protection. Activities can be either internal (e.g. company strategies, policies, guidelines, research and development, management processes and tools); or external (e.g. philanthropic contributions, socially-responsible products, multi-stakeholder dialogues, or community investment programs). Again, these are difficult to define precisely, as CSR-related issues and activities can vary across different companies, industries, cultures, and geographies.

Macro-organizational behavior is defined as “conflict or power of major sub-systems or organizations and the contextual, as opposed to individual, factors that help explain and manage these features of organizational life”.<sup>10</sup> Here the analysis centers on internal departments or units, as well as the inner context they operate in. An undercurrent of macro-organizational behavior is organizational politics, which is defined as, “... intentional acts of influence undertaken by individuals or groups to enhance or protect their self-interest when conflicting courses of action are possible”.<sup>11</sup> While political behavior is widely accepted as a common feature in organizational life, it may be overlooked as a potential influence on the decision process related to CSR issues and activities. However, it is worth reminding that it is not the objective of this research to determine whether the outcomes of the decision process impacted the company’s overall business or CSR performance. Nor is it the objective to examine a company’s CSR as it pertains to its overall corporate values or beliefs. This type of correlation is again an opportunity for future investigations.

With this as a basis of inquiry, my main research question is what is the effect of structural complexity on the decision processes related to CSR issues and activities in large, highly complex business organizations? My inquiry was guided by three assumptions:

1. Complex business organizations have structures that engender and foster macro-organizational behavior. As a result, strategic decision processes may not occur in complete isolation from macro-organizational behavior.

2. 'CSR' as an operating term and practice can be internally abstract and ambiguous. As a result, CSR crosscuts different organizational issues, functional roles and responsibilities, and departments/units particularly in large, complex business organizations.
3. In complex business organizations CSR issues and activities may be an outcome of a strategic decision process where alternatives are generated and a preferred alternative is selected by top leadership.

Some of these assumptions are based on my experience and observations having worked in, and with, several large and complex business organizations. They served as reference points for my investigation.

## **1.2. Overview of the Thesis**

The thesis is divided into five sections. Section one provides a review and analysis of current literature with regard to the reasons why and how companies pursue CSR. The aim of this section is to assess potential variance in explaining how large, complex business organizations make decisions related to CSR issues or activities. In line with the emerging focus on organizational-level analysis, the investigation will examine institutional aspects, but take an alternative look at the company's structure and inner complexity.

Section two and three will discuss the data collection and analysis process. The aim of this section is to (i) reconstruct the organizational-level context where decisions on CSR issues and activities were facilitated; and (ii) examine the affect on a course of action or preferred alternative.

Section three and four will discuss the results and meaning of the findings with respect to the current variance identified in the literature review. In other words, are there potentially alternative explanations, in relation to prevailing conceptual frameworks and CSR theories, as to why and how complex business organizations select certain CSR activities?

Section five will discuss the conclusions and recommendations that contribute to future research management studies on CSR.

## Chapter 2. Literature Review

The justifications for CSR are often framed with an explicit or implicit normative and stakeholder core. Business is responding to societal expectations, which are ostensibly shaping how business is conducted and how performance is measured.<sup>12</sup> For example, producing products and services in a sustainable manner to protect people and the environment, or securing trust and support from stakeholders to conduct and maintain business. Over the past decade the behaviors of business have increasingly become scrutinized by varied stakeholders, including media, activist groups and NGOs, international institutions, and shareholder groups. Even governments are crafting more explicit CSR policies and standards, such as the European Commission policy on CSR. Then again, the expectation and role of business has also expanded to address a myriad of social issues traditionally under the purview of the state.<sup>2</sup> Some firms may actually need to engage in particular societal issues to conduct business safely and securely. These issues are by and large material to their business. Yet, some companies may be employing a strategy to appear to be aligned with or in compliance with societal expectations. While the objective may be to reinforce or restore the firm's legitimacy externally, in actuality it may be designed to preserve the current leadership, processes, and majority beliefs internally.<sup>13</sup> It may never be clear whether this is a one-time occurrence or a fundamental change in corporate behavior.

An output of a management systems process also may not provide a complete and accurate explanation of CSR behavior. For example, companies are constantly reconciling competing issues and demands placed on the organizational system by internal departments and units, as well as external stakeholders and issues. CSR-related issues or activities would also be subsumed into a negotiated process that can involve several alternatives; so who is involved, and their motivations and sources of power and influence can affect how far and deep CSR is integrated and institutionalized.

---

<sup>2</sup> To respond to various global issues and societal expectations, companies developed, co-developed, and/or participate in voluntary codes of conduct or multi-stakeholder initiatives.

There may be limits in using outcomes-oriented explanations to justify CSR behavior. It may not account for internal issues and its drivers. This is important for several reasons. A normative core may not always help to explain the apparent inconsistencies that may exist between a company's public CSR position and their misaligned actions. Similarly, a relational core may not always explain why some companies would prioritize one set of issues and stakeholders over another set with respect to their CSR. For instance, in Asia, "... asking where their primary responsibilities lie they [corporation] must recognize that it depends on which stakeholders are prioritized: shareholders in transatlantic capitalism; employees in traditional Japanese capitalism; owners of family capitalism; customers if the purpose of the corporation is customer satisfaction; or community, in the view of many NGOs."<sup>14</sup> A management core would not necessarily account for the organizational setting in which CSR issues and activities are treated. There can be inherent complexities and tensions associated with structure of the organization and the goals of different groups within the organization.

In contemporary literature the concepts for explaining CSR still lack a strong empirical base; "This field of study [CSR] is not only theoretically and conceptually poor, but it also empirically unexplored."<sup>15</sup> From the existing literature, theory tends to explain or infer decisions regarding CSR issues and activities as an 'ends'; in other words, various circumstances that would rationalize CSR behavior, e.g. maintaining relationships with stakeholders or responding to regulatory constraints. Because these explanations may be empirically weak, there has been more thinking and focus on the 'means'. This change has included studies on the integration of CSR issues into the firm's business process. This analytical focus, however, requires more empirical investigation. At its current state, it may be an oversimplification to create constructs or schemata to explain how CSR is internalized, and then make the linkages to a firm's CSR activities or policies, strategies or positions on CSR issues. Multinational companies, for example, may be too complex to formulate such generalizations.

A further review of the literature is needed to develop a more grounded understanding and explanation of the 'means' or 'how', particularly the *decision process* at the firm's level.

Specifically, what facilitated internal decision making to pursue a CSR issue or activity? How were alternatives generated in the decision process and why was a preferred alternative selected? This research orientation toward the decision process would consider the complexity of the business organization and its internal context in which decisions are framed and processed. A focus on the decision process may help to explain how comprehensively decisions are integrated into the company's CSR strategy, policy or activities.

The literature review is organized in three parts and builds on the work of several researchers in the fields of CSR, organizational structure, and macro-organizational behavior.

Part one examines current theoretical and conceptual developments of CSR that explain why and how a firm implements CSR activities. The determinants of influence on firm decision-making will be examined as part of this discussion. Part two and three looks at alternative explanations that may account for variance in prevailing theory, and focuses on the organizational decision process that can facilitate action on a CSR issue or activity. Part two will examine the decision-making process in complex business organizations, particularly how structure and macro-organizational behavior can influence a firm's decision on CSR. Part three will analyze the premises of decision-making. In this section the discussion will look at the co-existence of CSR with other firm issues and priorities and the overall affect on decision processes.

## **2.1. Theoretical Developments**

CSR is a widely used term that means different things to different people.<sup>16</sup> Its ambiguity and malleability is both its strength and weakness depending who is defining it and how it is being used. Thus, there is significant heterogeneity of concepts and theories associated with CSR. Nevertheless they serve as important points of inquiry to investigate the potential influence on strategic CSR decision making. A number of these developments provide clues, perspectives, and insights into what can broadly guide a firm's decisions on CSR issues and activities.



The analysis and explanation of CSR has evolved since the 1950s. In one of the influential works by William Frederick, “The Growing Concern over Business Responsibility”, he observed some of the underlying tensions between business decision-making and CSR. Frederick recognized that profit-making is a constant and will be a source of ongoing divergence with the ideals of social responsibility.<sup>17</sup> He also suggested that business managers may not be able to influence the organizational context in which they operate in. His early observations offer two important insights. First, while there are pressures to adapt or conform to societal issues, there are also pressures to stay true to the mission of the business. Second, companies are not mechanized entities where conformance to external issues or expectations is somehow automated. Integration of CSR can disrupt the natural order of the firm. The give and take between decisions to pursue profits and going beyond the core business is still by and large implicit in contemporary definitions of CSR, “the firm’s considerations of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social [and environmental] benefits along with traditional economic gains which the firm seeks.”<sup>18</sup> These observations allude to the inherent and ongoing tensions, even in contemporary CSR, that continue to exist between a company’s societal responsibilities and its strategic decision-making process.

The normative origins of CSR are not abandoned in contemporary literature. Decision-making around ‘doing the right thing’ or ‘doing no harm’ in the exercise of business is still an ethical imperative for most companies. However, there has been increasing research and analysis of the institutionalization of CSR in the management systems and processes of business organizations. And this pivot is helping to integrate CSR into management oriented studies, which will advance knowledge and understanding of the intra-organizational aspects of CSR, including strategic decision processes – the focus of this paper.

By drawing on the collation of theories and concepts and the analyses of Davide Secchi,<sup>19</sup> Elisabet Garriga and Domènec Melé,<sup>20</sup> and John Campbell,<sup>21</sup> five theories of CSR are pulled together to identify the potential determinants of CSR decision-making: (1) ethical; (2) instrumental; (3) political; (4) relational; and (5) managerial (see Table 1).

Theory	Potential Relationship with CSR Decision-Making	Some References
<b>Ethical</b>	<p>Company decision-making is guided by an overarching normative consideration regarding its relationship with society. The company should accept social responsibilities as an ethical obligation above any other.</p> <ul style="list-style-type: none"> <li>• Respecting human rights in the conduct of business</li> <li>• Balancing social, environmental and economic considerations in decision-making</li> <li>• Contributing to the common good</li> </ul>	<p>William Frederick (Business ethics)  William Bowen (Business ethics)  T. Donaldson (Business ethics)  Edward Freeman (Stakeholder theory)  Report of the Special Representative of the United Nations Secretary-General on the issue of human rights and transnational corporations and other business enterprises (2008)  Brundtland Report of the United Nations World Commission on Environment and Development (1987)</p>
<b>Instrumental</b>	<p>Company decision-making is influenced by economic benefits to the firm. The corporation is an instrument for wealth creation and this is the primary social responsibility. The economic aspect of its interactions with society is the main consideration, including positive impacts that can accrue to society. CSR is a means to an end.</p> <ul style="list-style-type: none"> <li>• Maximizing of shareholder value</li> <li>• Gaining competitive advantage in markets</li> <li>• Enhancing firm reputation and/or product brand recognition</li> </ul>	<p>Milton Friedman (Instrumental theory, Shareholder value)  Michael Porter, Mark Kramer (Strategic Philanthropy, CSR Competitiveness)  C.K. Prahalad ('Base of the Pyramid')</p>
<b>Political</b>	<p>Company decision-making is influenced by the social power of corporations, specifically in its relationship with society and its political responsibility with this power. It is also influenced by the broader political economy, specifically the constraints placed on the company.</p> <ul style="list-style-type: none"> <li>• Maintaining social contract with society</li> <li>• Demonstrating corporate citizenship</li> <li>• Acting in response to regulation, industry self-regulation, multi-stakeholder governance and other 'soft laws'</li> </ul>	<p>John Campbell (Political Theory)  David Detomasi (Political Theory)</p>
<b>Relational</b>	<p>Company decision-making is influenced by the demands and expectations of stakeholders identified by the company. Companies depend on society for its continuity and growth; even for the existence of</p>	<p>Edward Freeman (Stakeholder theory)  S.P. Sethi (Social issues)</p>

	<p>the company itself.</p> <ul style="list-style-type: none"> <li>• Managing stakeholder relationships</li> <li>• Managing stakeholder issues</li> </ul>	management)
<b>Managerial</b>	<p>Company decision-making is influenced by the performance of the company's social responsibility.</p> <ul style="list-style-type: none"> <li>• Managing social issues</li> <li>• Measuring social performance</li> <li>• Reporting social performance</li> </ul>	<p>S.P. Sethi (Social issues management, code of conduct)</p> <p>Steven Wartick and Philip Cochran, D.J Wood, A.B. Carroll (Corporate Social Performance)</p> <p>Kunal Basu and Guido Palazzo (Organizational sensemaking)</p> <p>François Maon, Adam Lindgreen and Valérie Swaen (CSR integration)</p>

**Table 1: Summary of the Potential Relationship with CSR Decision-Making**

## 2.2. Frame and Gap

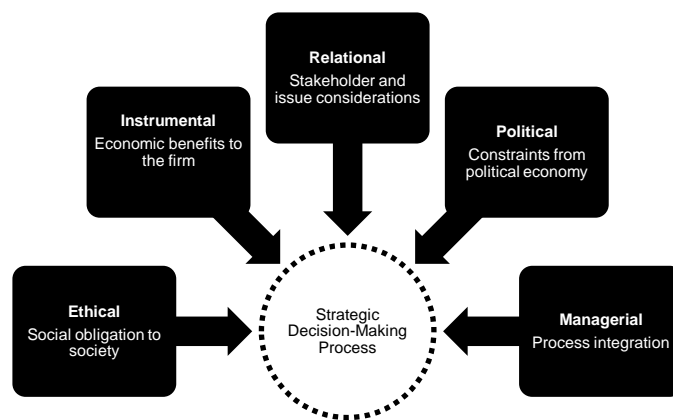
The goal of the literature review is to understand why and how a company makes a decision on a CSR issue or activity. The review focused on a number of existing theories that offer a logical conceptual framework to explain why and how a company would behave in a socially-responsible way. Yet, these theories provide limited explanations of the company's decision process. They tend to be either outcomes-oriented or process-oriented with a pervasive normative core. Outcome-oriented theories rationalize decisions as a conclusion, a result, or a preferred alternative such as those often described in a company's CSR or Sustainability Reports. The company's CSR issues and activities can be fitted and explained in the conceptual frameworks. Process-oriented theories rationalize decisions as a logical and sequential schema to arrive at a decision. However, they often neglect to fully examine macro-organizational behavior and the potential impact and implications on decision processes. Both theoretical constructs therefore offer limited insight into the decision process and this aspect deserves greater attention if we are to evolve and advance the research on CSR behavior.

Without more investigation of the decision process, CSR would be treated as a separate and distinct issue inside the company, which may not reflect business reality. Given

the number high level policy statements of most companies, we can infer that CSR as an idea or value may not be a choice, but rather a given. But it would be naive to believe that CSR related to specific positions on global issues, internal or external activities, or corporate strategies is not part of some sort of decision process where other company priorities and interests are attended to simultaneously. If we move from an outcomes-oriented analysis to explain CSR decisions to a means-oriented analysis, we may begin to develop a more comprehensive understanding of how CSR can be affected by the structure and process of the company, particularly what is driving CSR decisions, how alternatives are selected and chosen, and why preferred alternatives or choice are made.

### 2.3. CSR Theory

In this section we review the five theoretical constructs widely used to explain a company's CSR behavior. For the purpose of this research they serve as a baseline of knowledge to examine why and how a company would choose a specific CSR issue to engage on or activity to implement (see Figure 1).



**Figure 1: Potential Determinants of Influence on CSR Decision-Making: Current Concepts and Theories**

### ***2.3.1. Instrumental***

Instrumental theory takes a utilitarian view in which the role of the company is to create and protect its wealth. CSR in this sense is a means to an end, e.g. profit and survival of the company and anything otherwise would be unsustainable both for the company and the economic system. Instrumental theory has been largely influenced by Milton Friedman who believed all company investments, including social investments, should increase shareholder value; otherwise it would not be an optimal use of the company's resources.

Instrumental theory essentially explains the meaning of business, which is why it is considered a "supreme reference for corporate decision making."<sup>22</sup> Yet, there has been an evolution of thinking on the treatment and application of this construct, especially in contemporary CSR where business investments and social investments can overlap and address both business and broader societal issues. We see this debate playing out within the broader political economy where there are competing views as to whether or not socially-oriented investments create shareholder value for the company.

Under this concept the company's decision process would be guided by four considerations, although this list may not be exhaustive. First, if we were to imagine a spectrum issues, the most extreme would likely be pure profit maximization as the key decision criteria. We consider this as extreme because there would be very little to no consideration of any other issues, including the potential harm on society. Addressing societal issues would divert the company's financial resources, reduce profit, and erode shareholder value. Second, there can be decision criteria on developing a brand and/or elevating the company's reputation. In this instance, the company can leverage CSR by marketing and selling products and services connected to a specific societal cause that matter to consumers. The Body Shop actively markets their skincare products as being certified by the British Union for the Abolition of Vivisection. Third, the seminal works of economist C.K. Prahalad highlighted the emerging opportunities for specialized products adapted for the millions of consumers living under the poverty line, which otherwise would not be suitable for mainstream markets.<sup>23</sup> Proctor and Gamble's growth strategy is focused on emerging markets, particularly markets where individuals are living on two dollars a day.

Thus, the decision criteria would still be market access and profit generation, but the goods or services would address a targeted societal issue, which in this case is providing low-income households with appropriate goods and services for their daily needs. Fourth, company decisions, while serving to create and protect wealth, may consider CSR as a way to optimize the conditions for the company to conduct business and generate profit. Porter and Kramer evolved the idea of a company utilizing its social investments more strategically to enhance its operating context to create competitive advantage.<sup>24</sup> Managers can align and deploy organizational capabilities and resources, including those associated with CSR, such as impact assessment process, social investment strategies, or appropriate technology development to remove particular constraints in the company's value chain and improve its overall competitiveness.<sup>25</sup>

### ***2.3.2. Ethical***

There is a salient normative core in explaining CSR behavior. Under the ethical construct, companies have a moral obligation to 'do no harm' and/or generate positive impacts for society. The company's mission, policies, strategies, and activities should be shaped by the value systems or societal norms at the macro level and the stakeholder interests at the community level. There is a proliferation of voluntary codes of conduct and other forms of corporate citizenship activities that are used to demonstrate a company's ethical considerations to external stakeholders.

Because companies have social and political power, their decision criteria should be guided by a moral compulsion to fully consider their impact on society.<sup>26</sup> Beyond shareholders the company should consider the interests and demands of other stakeholders or constituents that may be impacted by the company's operations e.g. host communities, public interest groups, and vulnerable populations. Companies, for example, should respect human rights wherever they operate. While the spectrum of human rights issues that a company should attend to continues to be debated, it is generally accepted that a company should have an internal process to identify and manage potential human rights issues and a mechanism where community concerns can be expressed to the company.<sup>27</sup> There has been a growth in environment, social, and governance (ESG) reporting or indexes to evaluate a company's

business performance against how well it manages non-financial issues. Goldman Sachs' established GS Sustain, an ESG analysis that complements conventional metrics to assess a company's long-term performance<sup>28</sup>. Thus, companies should integrate ESG issues into their decision processes in order to make balanced judgments about business pursuits and its potential impact on society in order to reduce potential financial risk. Finally, as a member of society, companies should contribute to the public good. Their wealth, knowledge and resources should serve to advance or protect society, such as using research, technologies, and know-how to eradicate HIV/AIDS or malaria. This is not without strong debate however in the broader business and public interest communities. For example, there has been a longstanding question about whether pharmaceutical companies have a moral obligation to provide life-saving medicines for free, or at a very low cost, to the poor or to those most in need. Research in business ethics suggest that 'moral' decision-making is sometimes a test for companies, especially where functions and preferences are highly differentiated. Decisions are continually assessed by managers against other competing issues and concerns. And, decisions can be an outcome of an organizational system where different persons and groups are making individual choices.<sup>29</sup>

### ***2.3.3. Relational***

Companies are open systems.<sup>30</sup> They are not only dependent on the external environment they transact with; but they can also be shaped by it. To confront and cope with a continuum of change and uncertainty that can influence the organization's structure and operations, they should engage on a range of issues and with multiple stakeholders and institutions in order to operate efficiently and without major disruptions. Thus, organizations can spend significant resources to managing external issues and stakeholders.

Relational constructs overlap with both normative and instrumental theories. Because the company's survival depends on society, it should take into account societal issues and demands and integrate them into its decision process, which has principles- and process-based aspects. On the one hand, the company's decision criteria would be influenced by the interests and demands of individuals and groups impacted by the company's operations. On

the other hand, it would be affected by the company's own self-interest to manage emerging issues and risks that can impact the company's profitability.

There have been many useful applications of stakeholder management thanks in part to the seminal work of Edward Freeman.<sup>31</sup> The concept has been used to explain or guide the structure and function of the business organization in relation to its external environment.<sup>32</sup> Central to this concept is the consideration of individuals and groups in the decision process who are either impacted by the company's policies and practices or who themselves can have an impact on them. Next, the public process, which is more of a principles-based approach, steers the company toward achieving greater alignment with emerging social trends, such as voluntary business standards or public policies. In this instance the company's public responsibility would supersede its self-interest or profit responsibility.

Closely related with stakeholder management and the public process is social issues management. Because the intent is to have a systematic and orderly way to manage external issues, the focus is on the process.<sup>33</sup> This is a longstanding practice of companies to identify and assess uncertainties emanating from the operating environment in order to inform decisions that minimize surprises or respond to new opportunities. External trends, such as growing societal distrust of a particular business sector, can be a latent or emerging issue that has the potential to develop into reputational, operational, legal, or financial risk for the company. As a process, it is a means not only to inform the decision process, but also to distribute and internalize social issues and objectives across the enterprise and help build CSR capacity within the company.

A potential weakness in prior research, however, is how management treats social issues and stakeholders that vary in importance to their business.<sup>34</sup> In other words, under different circumstances and at different points in time, some social issues and stakeholders can matter more than others, and therefore the company may develop deliberate strategies and tactics to engage them. Furthermore, the company is likely to pay more attention to social issues and stakeholders that impact strategic resources considered vital to the company's business interests.<sup>35</sup> It is unclear how ethical aspects are accounted for in the decision process under the relational construct. The decision process would take into account



short- and long-term financial and non-financial considerations, and weigh the costs and benefits of responses that may include operating business as usual, challenging the expectations of social issues and stakeholders, conforming, or attempting to reshape the environment through policy engagements.

#### ***2.3.4. Political***

Similar to ethical and relational constructs, early thinkers developed concepts of CSR that were perceptive and/or responsive to the societal constraints or pressures related to its operating environment. The changing expectations of society can be endemic to the firm's global and local contexts and therefore affect its decision-making and behaviors.<sup>36</sup> In other words, the “business of doing business” may not have changed, rather, the “rules of the game” have changed consisting of worker rights, environmental safeguards, and national regulations, thereby compelling firms to rethink policies and strategies, resource allocations, and organizational functions.<sup>37</sup> Moreover, this poses a number of organizational issues for the company that cannot be ignored.<sup>38</sup>

Similar to normative-based theories, an implicit social agreement between the company and society exists at the macro-level (e.g. global human rights norms) and at the micro-level (e.g. host communities expectations where the company operates) in political theory.

Under this construct companies are presumed to have significant power, and as such, should be checked by institutions in the broader political economy that have sufficient capacity to enforce appropriate behavior and align them with societal expectations. Over the course of the last few decades, there has been a notable shift by leading companies from a strategy of stalling or outright opposition to international CSR standards to a strategy of engagement. One explanation for this shift is the perception gap between roles and responsibilities between government, civil society, and business.<sup>39</sup> This so-called ‘governance gap’ where state enforcement of rules and regulations are sometimes weak and fragmented, such as the protection of human rights, has led to a growth of global CSR initiatives that are largely voluntary and governed by a tripartite who have an interest in the

issue. Global CSR initiatives, such as United Nations Mandate on Business and Human Rights,<sup>3</sup> the Equator Principles,<sup>4</sup> or the Voluntary Principles on Security and Human Rights,<sup>5</sup> for example, were developed to fill a perceived governance gap in the management of transnational social issues.

The decision criteria to pursue CSR would be influenced and shaped by the broader political economy, especially the institutions and constraints (and opportunities) they may impose on the company. Because profit and responsible behavior have increasingly become more interconnected and visible<sup>40</sup>, the risk exposure for a company may be higher: operating without costly disruptions; having access to capital; maintaining a positive reputation; and coping with emerging regulatory and legal pressures.

There are a constellation of institutions with specific roles and capacities to regulate or check company behavior, including (i) state regulation and enforcement; (ii) industry self-regulation and multi-stakeholder initiatives; (iii) private non-governmental organizations (NGOs) that monitor and mobilize change; (iv) normative calls for change through business school courses and literature; (v) trade and employer associations; and (vi) deliberate dialogues with civil society groups, e.g. communities, unions.<sup>41</sup> Where the company operates, whether in their home market or overseas, domestic political institutions can condition a firm's CSR to promote values broadly consistent with society, and also manage how they are expressed.<sup>42</sup>

Similar to the process dimensions under the relational construct, managers would take into account signals emanating from the market, which would influence how they think about CSR and the decisions they make on CSR activities. The various institutions mentioned earlier have the intentional effect to influence and shape corporate behavior. These institutions use mandatory and/or voluntary models to incorporate specific CSR issues into company practices. The enduring issue is whether the decision to pursue CSR is to be

---

<sup>3</sup> See Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie: A/HRC/8/5, 7 April 2008.

<sup>4</sup> See [http://www.equator-principles.com/resources/equator\\_principles.pdf](http://www.equator-principles.com/resources/equator_principles.pdf)

<sup>5</sup> See [http://www.voluntaryprinciples.org/files/voluntary\\_principles\\_english.pdf](http://www.voluntaryprinciples.org/files/voluntary_principles_english.pdf)

socially responsible from a normative sense, or to protect the company's operational flexibility and profits (or both).

Existing literature does recognize the strategic use of CSR into decision-making for competitive advantage.<sup>43</sup> Because of the constraints a company may face, they may choose to implement corporate citizenship activities many of which are in the domain of the government.<sup>44</sup> The activities tend to focus on addressing local community issues or protecting the environment.<sup>45</sup> These activities can be used to gain reputational or operational advantage over their competitors. CSR can also be a strategy to prevent the introduction of new industry regulations or public policies.<sup>46</sup> Under the guise of CSR, the company can build an alliance of NGOs around a point of view of the company, support competing research and articles against normative calls, or engage in purposeful leadership of an industry self-regulation body. These are by and large strategic political decisions undertaken by the company.

### ***2.3.5. Managerial***

Nike faced mounting criticism for poor factory conditions overseas and associated human rights issues in the 1990s. Magnified by NGO campaigns and the media, Nike became synonymous with corporate irresponsibility. The turnaround for Nike was not an easy one. They had to orchestrate a change management scheme to integrate new CSR considerations into the prevailing business model (e.g. securing the lowest cost sourcing) and overcome internal resistance; "individuals and groups had to negotiate a favorable outcome through a socio-political process".<sup>47</sup>

The company's response to environmental change is a strategic management issue,<sup>48</sup> and we have seen a confluence of external issues elevating CSR as a decision-making issue. This includes growing trust of NGOs versus companies<sup>49</sup>, institutions and processes (e.g. 'soft laws') to manage transnational issues, and the overall visibility of corporate issues through increased access to information technologies<sup>50</sup>. Moreover, transnational companies not only operate in multiple jurisdictions, but also in business environments where regulation and enforcement of global issues are inconsistent.

Internally, the shift in the company’s culture by integrating CSR principles into business processes and performance is also managerial issue. The focus is less on the ‘what’ and ‘why’ of CSR and more on the ‘how’. The corporate social performance (CSP) model<sup>51</sup> (see Table 2) was an early attempt to show that the normative concepts of stakeholder management or ethical considerations are not separate and distinct from the company’s management system and performance.

<b>1. Principles</b>	<b>2. Processes</b>	<b>3. Policies</b>
Corporate Social Responsibilities	Corporate Social Responsiveness	Social Issues Management
<ul style="list-style-type: none"> <li>• Economic</li> <li>• Legal</li> <li>• Ethical</li> <li>• Discretionary</li> </ul>	<ul style="list-style-type: none"> <li>• Reactive</li> <li>• Defensive</li> <li>• Accommodative</li> <li>• Proactive</li> </ul>	<ul style="list-style-type: none"> <li>• Issues Management</li> <li>• Issues Analysis</li> <li>• Response Development</li> </ul>
Directed at: <ul style="list-style-type: none"> <li>• Social Contract of Business</li> <li>• Business as a Moral Agent</li> </ul>	Directed at: <ul style="list-style-type: none"> <li>• Capacity to respond to changing societal conditions</li> <li>• Managerial approaches to developing responses</li> </ul>	Directed at: <ul style="list-style-type: none"> <li>• Minimizing ‘surprises’</li> <li>• Determining effective corporate social policies</li> </ul>
Philosophical Orientation	Institutional Orientation	Organizational Orientation

**Table 2: Corporate Social Performance Model (Wartick and Cochran)**

Under the managerial concept, decision criteria for CSR would be largely guided by how CSR is measured (e.g. impact and outcomes) and the business case for pursuing CSR (e.g. return on investment). The performance dimension is complex from the standpoint of CSR analysis. Adam Lindgreen and Valérie Swaen outlined five CSR topics analyzed from the managerial and organizational levels: communication, implementation, stakeholder engagement, measurement, and business case. Inside the business organization CSR issues are more integrated, but a process that is still unfolding, and to some extent, its durability and consistency is not altogether clear.<sup>52</sup> First, company communication is intended to demonstrate transparency on decisions and actions and the process of accountability for those decisions and actions. However, for some companies, communicating externally is not

always a good strategy because of the unintended consequences of being used against you. There are internal decisions on what to say, when to say it, and how to say it based on security, legal, operational or other considerations. Pending litigation, for instance, can prohibit the firm from not only disclosing certain information and facts, but also how the information is presented. Moreover, the choice of information can influence the degree of transparency to external stakeholders. A firm can choose to reveal challenges, areas of improvements, and missteps to build credibility among external critics and stakeholders. Conversely, a firm can elect to remain silent on critical issues or share information in an overly positive tone.

Second, implementation is supposed to trigger organizational change management or reorient managerial rethinking on strategy. It may not be easy for complex business organizations to decide on the type of organizational CSR change that would be appropriate for the company. This can be attributed to territorial and other inherent tensions between different personalities, company departments and units. Third, stakeholder engagement demonstrates the company's broad alignment and consideration of societal interests and demands. Yet, the outcome of company activities can seek to change their perceptions about the firm, or seek to moderate their interests and demands. Moreover, the company process can be inconsistent. The process can pre-select which stakeholders matter and when, or the mode of engagement can be tailored to meet desired outcomes. Fourth, the company would identify metrics and indicators to measure a range of CSR activities. There are several complicating factors associated with measuring CSR activities, including issues of attribution (e.g. did the activity actually lead to the specific outcome), manipulation of criteria and indicators, and the simple fact that a company can be competitive and profitable without a robust CSR program. Fifth, the business case for CSR should demonstrate a return to shareholders and on the financial health of the company. However, the business case itself can be different not only for the company, but for various departments and units who may define the business case as a specific priority relevant to their function, but not necessarily benefiting the company as a whole.

The process dimension is equally complex. The process should inform the company's decisions regarding what CSR considerations would be included in its overall strategy. François Maon, Adam Lindgreen and Valérie Swaen offered a useful change management scheme to illustrate how CSR issues could be integrated into a company's CSR strategy and how it would be implemented. It centers on four stages of internal change: (i) unfreezing the status quo where internal resistance is constraining change and innovation; (ii) moving new ideas and assumptions around what is possible and how it benefits the company in the form of strategies and plans; (iii) refreezing the change by erecting new structures and processes; and (iv) sensitizing senior management and enabling a critical mass of internal persons to overcome resistance and maintain the change. From a process view, the decision process on CSR may not be so sequential and straightforward. It also may not be an accurate predictor of behavior related to decision-making on CSR. The step change is depicted as an organizational change, but much of organizational change is also political and the two are not entirely separate. To examine this further, we use as a reference point Michael Porter's mapping of CSR issues to the company's value chain showing how they can touch different functions of the company.<sup>53</sup> What is important here is that it illustrates how the integration of CSR issues and activities can overlap with existing roles and responsibilities of individuals and departments/units. The company may be required to address new CSR issues and associated management policies and practices that can reshape its structure. Sources of power and influence can transition from one vested group to another; and function, responsibility, and territory become disrupted. CSR issues can present a change to the company's status quo and resistance by some departments/units is natural and perhaps inevitable.<sup>54</sup> The creation of new roles or modifications to existing ones can cause confusion, feelings of uncertainty, and foster intra-company tension. Theorists view schemata or framing "as a representation of contested terrain and various groups struggling for power".<sup>55</sup> Groups may "redraw territorial boundaries and reinterpret the meanings attached to a variety of organizational spaces, relationships, roles, and possessions".<sup>56</sup> Where the initiation of structural change is intended to advance the company's CSR goals, it can also result in groups working against each other.

Transformations<sup>57</sup> companies will undergo to integrate CSR issues into the business strategy can cause impacted departments/units to negotiate the costs and benefits to their

internal constituents, as well as their own vested interests. Episodes of organizational change or uncertainty, such as those triggered by external CSR issues, provide the enabling conditions for departments/units to be opportunistic, which may include taking advantage of the company's 'sensemaking' process, the "primary site where meanings materialize that can inform and constrain identity and action".<sup>58</sup> Impacted departments/units can use a number of historical, perceptive, and communicative processes to attach their meaning and purpose to the CSR issue, allowing the CSR issues to become real and somewhat organized for the company.<sup>59</sup> The inherent uncertainty or prospective opportunities can be a motivating factor behind the exercise of political behavior by these groups, and the tactics and resources they deploy will depend on the situation and what is needed to achieve group goals.<sup>60</sup>

Simon Zadek's "Five Stages of Organizational Learning" illustrates the different stages a firm undergoes to develop their competency of CSR.<sup>61</sup> In summary, companies would (1) deny responsibility or poor practices to defend the company against reputational attacks; (2) adopt policies to demonstrate compliance and mitigate value loss of the company in the short-medium term; (3) begin to insert the social issue into management processes to build capacity and mitigate value erosion in the long-term; (4) integrate the social issue into core business strategies and align strategy and process with the societal expectations; and (5) promote industry engagement to collectively manage the social issue to enhance long-term economic value.

Implicit here is that the integration of CSR issues or activities is part of a learning process for the company. Actions and reactions are tried and tested and learnings are fed back through the system. However, different departments/units, with self-interested behaviors, can influence how the company treats and manages CSR issues.<sup>62</sup> Some of these behaviors can be explicit routines or ongoing practices "... to maintain new ideas as part of organization's life without repeated interventions by self-interested actors", or discreet acts initiated by self-interested actors "... to transform ideas into interpretations that are shared in order to influence the thoughts, feelings, and behaviors of other stakeholders".<sup>63</sup>

Using the Social Psychological and Political Processes of Organizational Learning by Thomas Lawrence, Michael Mauws, and Bruno Dyck,<sup>64</sup> we can examine this aspect further.

First, interpretation is "... a social process in which members negotiate meaning through conversations, adopting particular language and constructing new cognitive maps."<sup>65</sup> CSR issues and insights, as we noted, may have different meanings to different groups within the organization. By highlighting specific advantages and disadvantages to any one interpretation, the range of options to various departments/units would be intentionally limited. Second, integration is "... coherent, collective action and that this is achieved through conversation and shared practice among community members"<sup>66</sup> Competing groups, especially those that may be disadvantaged, may attempt to undermine the integration of certain CSR issues and activities by proposing alternatives to the company. Thus, dominant coalitions can try to restrict the range of alternative learnings and ideas and ensure the course of action is followed. Third, institutionalization is "embedding organizational innovations in the systems, structures, strategy, routines, and investments in information systems and infrastructure"<sup>67</sup> CSR issues and activities can disrupt the company's current state and trigger internal resistance. To overcome potential resistance, learning can be systematically integrated in predetermined decision processes, such as procedures, plans, or information technologies. Fourth, intuition is "... the process through which individuals first recognize patterns in their experience that allow them to imagine new solutions and opportunities"<sup>68</sup> The company's learning process focuses on building individual expertise on CSR to align and reinforce the company's preferred approach to project planning, risk tolerance, etc. Moreover, reference points, such as what is in scope for CSR, are pre-determined within this process. This can include mentoring, routine training, behavioral instruction, and incentive plans to ensure members gain the expertise appropriate for the company's culture and preferences.

The change caused by CSR issues, whether real or perceived, can trigger behaviors within the company which can either advance the company's CSR agenda or defend the status quo. Potentially affected groups may develop different assessments of the cost and benefits of this change to their interests, and the company as a whole<sup>69</sup>, which can ultimately influence the level of commitment of various departments/units to the CSR-related change. Although the company is expected to move on a common platform to address a CSR issue or implement a particular CSR activity, it may be in fact fragmented leading to inconsistencies,



for example, between public company statements and the actual behavior or actions of different groups involved behind the scenes. The level of commitment by these groups can influence how comprehensively decisions on CSR issues and activities are integrated in the company's strategy. The company can commit to CSR, but individuals,<sup>70</sup> departments and units are often left to implement it.

While the normative core remains pervasive in prevailing theories and concepts to explain CSR behavior, equally pervasive is the business case. As noted earlier, instrumental theory is considered a primary reference for decision making in business organizations. Relational and political theories, as well as managerial concepts embed an instrumental core, e.g. managing the interests of the company. Furthermore, contemporary interpretations and explanations of CSR theory continue to evolve and increasingly point to social responsibility integral part of the base business and not necessarily a discreet function. Consider the efforts to produce products and services that reach the base of the pyramid; the market growth of impact investing (e.g. social projects with a return on investment); using social investments to unlock constraints to market development and business growth; and company cost-savings in deploying new energy technologies that reduce carbon emissions at the same time. Economic theory tends to treat CSR decision-making as a means to optimize market conditions for the firm. Political theory treats CSR decision-making as part of a negotiated process between competing individuals and groups that transact with the organization's system. In either case, certainly deserving of more analysis, the business case for CSR would not be completely dominated by a superimposed social responsibility goal that eroded the firm's value to its owners and operators.

#### **2.4. Organizational Structure and Process**

A company's structure can provide important insights into how CSR issues are integrated into corporate strategy and plans, especially as companies are becoming more complex, geographically distributed and less hierarchical.<sup>71</sup> To examine the decision process for CSR issues and activities in complex business organizations, we apply James

Fredrickson's premise that a company's strategy will follow the company's structure, and the structure's complexity will affect its decisions on CSR.<sup>72</sup>

#### **2.4.1. Complexity**

Structural complexity refers to an organization having many groups and functions that are interrelated. It relates to its vertical and horizontal differentiation and spatial dispersion.<sup>73</sup> Complexity is relevant to the discussion of CSR behavior because of the involvement of different individuals, departments/units, and internal 'coalitions' and their motivations in the broader decision process.<sup>74</sup> The more division of labor and coordination in the organization, decision points, and geographies it operates in the more complex the organization. As a result, decision-making is not easy to locate inside the organization, and decision-making on CSR issues or activities may not reside in a single department. Moreover, as complexity increases so does the probability that (i) members will become less sensitized to a strategic issue or simply ignore it; (ii) decisions must satisfy an extensive set of internal stakeholders; (iii) political negotiations will likely determine action; and (iv) the integration of strategic decisions will likely be low.<sup>75</sup>

A company doing business in multiple geographies and jurisdictions would need to manage a range of CSR issues that reflect society's changing expectations of the company or its sector. This can be in the form of NGO activism, voluntary codes of conduct, new regulations, introduced legislation, etc. Needless to say, CSR can become major source of ongoing uncertainty for the company and impact the decision process. Overreliance on existing corporate processes can limit the scope of data and information that would inform the decision process exposing the company to threats associated with changing circumstances. Then again, strategic CSR issues can be unknowingly or deliberately neglected because of the department/unit's task-specialization and predisposed views. Even if the external environment the company operates in pose risks or opportunities, the structure of the company can still direct a course of action that may or may not serve the interests of the company. While there has been substantial research and literature on external influences and factors that may shape CSR behavior, less analysis has been done on internal factors and conditions.<sup>76</sup>

There are a number of potential impacts and implications complexity can have on the decision process for CSR issues and activities. The structure's complexity can influence how individual departments/units and other internal groups treat and manage CSR issues. To complicate matters, because of its abstract nature CSR is not well-positioned as a goal or strategy that unifies the firm because it is subject to different definitions, interpretations, and goals by different groups with varied levels of understandings and interests. CSR issues and activities are already atomized throughout the organization and roles and responsibilities are not well understood. For example, the Alien Tort Statute (ATS), an instrument to hold American companies liable for alleged human rights abuses overseas, can be construed as a legal issue, but prevention or establishing a pattern of effort and engagement to minimize the likelihood of a human rights abuse can be construed as a community affairs issue. Moreover, engaging in the debate as to how to use the instrument, as well as advocacy campaigns to strengthen it can be construed as a public affairs issue. Organizational territories can be blurred and become a source of ongoing tension affecting the management of the CSR issue, especially when the issue is connected to a high profile external event or attracts significant executive attention.

Next, the more task-specialized the department or unit the more they may have parochial perceptions. The pursuit of data related to CSR can be skewed because individuals may be predisposed to focus on information that is important to their department/unit. Furthermore, the internal dissemination of this data and information can also be engineered in a way to highlight specific CSR issues and activities relevant to the interests of the department/unit, especially to senior executives. For example, the framing of the CSR issue and the strategic changes can be influenced by the private interests of different departments/units.<sup>77</sup> Groups framing the issue and the change it would entail would need to communicate a version of reality that not only develops common understanding, but also secures critical 'buy-in' and support among key internal groups that would be impacted and possibly resist. Middle managers of different departments/units can be important in this regard.<sup>78</sup> Figure 2 illustrates their strategic positioning inside the company. They can select which CSR issue they will raise to senior management, how it will be framed to them, and the suggested course of action.<sup>79</sup> Not only do they have access to senior management, they

have access to the decision process. During phases of key decision points, they can influence the decision process and eventually affect the available options and choice of how the CSR issue will be managed.<sup>80</sup>

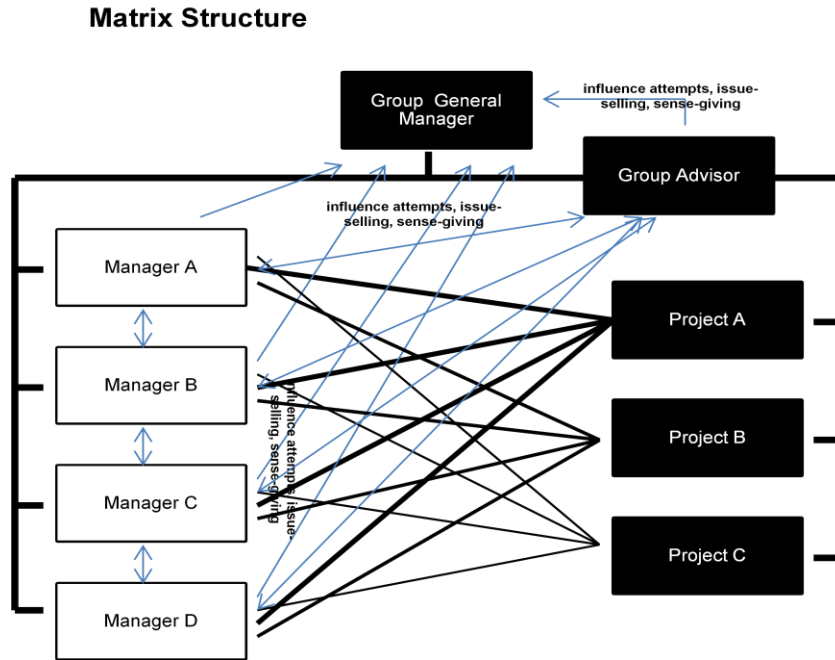
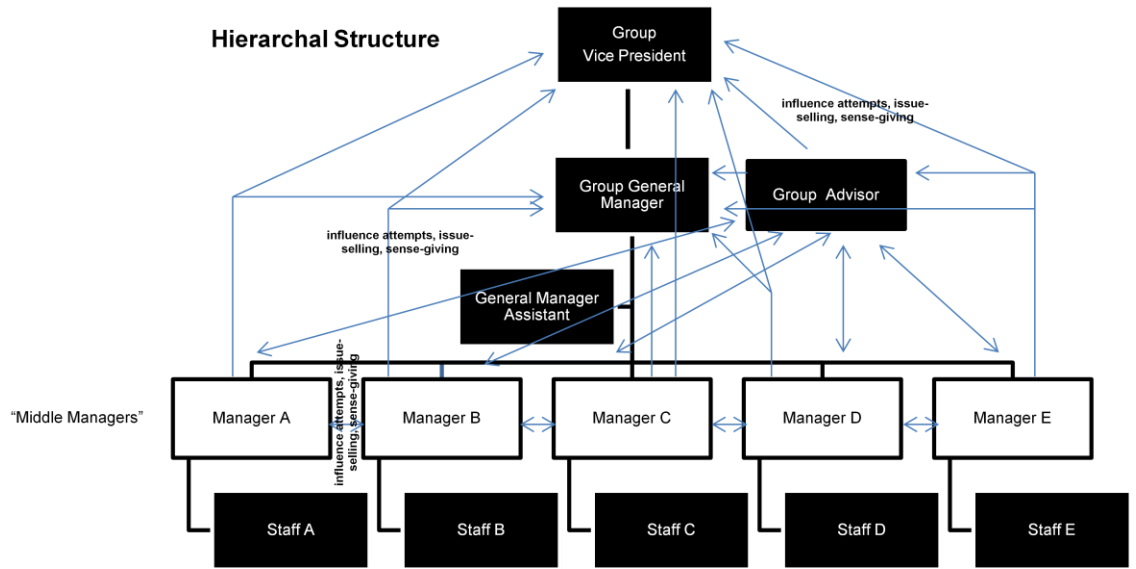


Figure 2: Strategic Positioning of Middle Managers

In a complex setting, building consensus around the company’s CSR goal(s) can be difficult. First, it may be nearly impossible to reconcile all of the diverse interests of various groups, especially in complex business organizations. There can be cognitive dissonance within the company as to the meaning and materiality of the CSR issue affecting who is responsible for managing the issue and how to manage it. This may be negotiated by different departments/units motivated by their private interests. Second, different departments/units impacted by the CSR issue may focus their attention and resources on where and how the decision process is initiated, how CSR and other business issues and priorities are treated in the process, and the enabling/constraining factors related to the comprehensiveness of the decisions once they are made. Third, and in connection to the second point, managers may focus on the means for attaining decisions, but not necessarily on the company’s CSR goals. As a result, CSR issues that are important to the company can receive appropriate attention; however, it can also receive limited to no attention and action, while CSR issues important to the department/unit can receive significant attention and action.

#### **2.4.2. Decision Process**

Because of structural complexity, multiple participants are involved in the company’s decision process, including individuals, departments/units, and coalitions.<sup>81</sup> James Fredrickson describes the decision process (see Table 3) using six characteristics that have strong grounding in theoretical literature.<sup>82</sup>

<b>Process Characteristics</b>	<b>Description</b>
1. Process Initiation	Concern of how and where the process is initiated in the organizational system
2. Role of Goals	Issues regarding the role that goals play in the decision process
3. Means/Ends Relationship	Concerned with the relationship that exists between alternatives and goals
4. Explanation of Strategic Action	Considers alternative explanations of the process that resulted in strategic action
5. Comprehensiveness in Decision-Making	Attempting to identify the factors that limit the comprehensiveness of the strategic decision process

6. Comprehensiveness in Integrating Decisions	Concerned with how comprehensively individual decisions are integrated
---	--

**Table 3: James Frederickson’s Description of Process Characteristics**

Highly complex companies must have sufficient flexibility and capacity to adapt to all the contextual issues where they operate, which includes participation and input from differentiated groups throughout the enterprise. Individuals and groups at different levels and sites throughout the company are exchanging data, information, and insights that can affect the decision process. Moreover, the dynamics of their ongoing interactions and engagements may determine how comprehensively decisions on CSR issues and activities are being integrated in corporate strategy and plans.<sup>83</sup> Because the traditional theory of the firm tends to ignore the affects of macro-organizational behavior<sup>84</sup>, it is important to examine its relationship to complexity and the management implications for CSR in complex business organizations.

**2.4.2.1. Macro-organizational behavior**

Macro-organizational behavior places importance not on the individual stakeholder, but rather the company’s broader social structures and environment. Macro-organizational behavior is defined as “conflict or power of major sub-systems or organizations and the contextual, as opposed to individual, factors that help explain and manage these features of organizational life”.<sup>85</sup> Conflict is a “condition that is manifested when the goal oriented intentional behaviors of members of one unit or a coalition of units result in block-directed behaviors and expectations of members of other organizational units.” Implicit are the role personal goals and objectives can play in driving behavior. Each unit is a study in itself and they are treated as separate systems. The organization (company) is described as a coalition of self-interested groups sharing common attributes: (i) competition for finite resources; (ii) dependence on, and transaction with, the external environment; and (iii) displaying public support for the organization’s mission, while pursuing contrasting goals and objectives for private gain.<sup>86</sup> When considering these attributes, the company appears to be in a constant state of conflict. Conflict between these units cannot be easily resolved by assigning an

overarching goal or mission, such as a CSR strategy or policy, designed to cut across all department/units. Their goals and preferred placement within the larger system sometimes act independently of the system itself.<sup>87</sup>

Macro-organizational behavior has several characteristics that may have important implications for the decision process related to CSR issues and activities. Because power is a valued commodity, internal struggle between individuals, departments/units and internal groups is a common feature.<sup>88</sup> Power is considered an ability or resource, as well as how it is exercised,<sup>89</sup> and it is used in subtle ways to achieve desired objectives. There are several attributes of power at the group level: (i) access and control of resources; (ii) contingency or reliance on the group to cope with uncertainty; (iii) activities that are central to the company and cannot be substituted by another group; (iv) power of one group to influence another group; and (v) constructing a false or exaggerated sense of reality to steer the company into areas where uncertainty will be managed by the group. The behavior of these groups would appear to be incongruent with the explicit goals and mission of the firm.<sup>90</sup> This is because the company exists in two states: rational and irrational.<sup>91</sup> In the rational state the behavior of groups appears to be aligned with the company's mission and by and large understood in the public sphere. However, the company also operates as a socio-political institution where competing groups seek to secure power. This perspective shifts the analysis of the decision process to a different set of issues, such as power acquisition and use, internal competition and conflict, and the practicality of actions to attain private goals.

Another characteristic of macro-organizational behavior is the redistribution of power and influence. Because of resource and contingency issues, at any given time a department/unit can hold a certain value within the company and exert influence over its decision process. CSR practices have increasingly focused on proactive measures to mitigate risks to the company, such as impact assessment processes. Within complex business organizations there are dedicated teams that manage CSR. Such groups can “perform a range of activities that maintain the link between the organization and its environment to represent and protect the firm.”<sup>92</sup> They are responsible for engaging with external CSR issues and stakeholders and sometimes negotiating outcomes for the company. These groups can accrue



considerable power because they not only transact with the external environment, but internally too; “Getting CSR on the agenda of top management teams is a political process and the motives may vary and conflict.”<sup>93</sup>

Different departments/units may also be tasked to address a specific set of CSR issues and each may have a different interpretation of its impact and the means to manage it. Consequently, group members can pre-select decision factors that others will likely accept – but surreptitiously advance the group’s agenda – or participate in legitimated committee structures to co-opt other groups.<sup>94</sup> With regard to a company’s decision on a CSR issue and activity, rational behavior “...presumes that individuals and groups will not attach their own definitions and decision criteria to achieving the ‘goal’.”<sup>95</sup> The reality is that different groups may have their own opinions about what the overall goal of the company should be and how it should be pursued. Whether they can reconcile private interests with the ‘greater good’ of the company may determine the direction and outcome of the decision process.

#### ***2.4.2.2. Premise for decision-making***

Given the proliferation of demands and expectations by society, we would assume that CSR receives a significant degree of focus and attention by companies and management. And despite best efforts to attend to CSR issues or deliver CSR-related activities, the list of demands can be never-ending. Through various forms of corporate communications (e.g. CSR reports, web, conference presentations) companies will describe how they are managing societal expectations to demonstrate their accountability to their stakeholders. Companies can produce CSR communications that are not necessarily reflective of how they think and behave, and also something distinct and separate from their organizing strategies and practices. In May 2008, a group of scholars and business leaders assembled to lay out a road map for reinventing management. They created a list of issues that business managers should address or risk failure in the future. Among those issues listed was the need to fully institutionalize CSR into their management systems.<sup>96</sup> Yet, the ongoing economic downturn has served as a measure of CSR’s resilience over the long-term. To the point, if a company accepts the value of CSR, they will likely continue to support it. If a company views CSR as

an intangible value that is not necessarily connected to business success, they may scale back their commitment to CSR.<sup>97</sup>

The reality is that a company's CSR cannot tackle every social issue, and moreover, companies must contend with a multitude of other business issues, such as profit, competition, taxes, political risk, customers, the economy, or legal liability. The issues can be endless. Sometimes there can be trade-offs between issues and priorities, which can influence the decision process.

Decision-making related to CSR is not a given; it coexists with other organizational issues, concerns and priorities. Every issue, including social responsibility, is attended to simultaneously, particularly in highly complex companies. Moreover, these issues can be revisited, re-prioritized, and renegotiated internally depending on the immediacy and urgency of constraints and opportunities confronting the company. The company can have different premises for decision-making and CSR may not be treated equally or consistently in relation to other competing issues.

Having different premises for decision-making can also impact the company's CSR strategy and consistency with its values. Similar to other company issues, CSR issues are not always considered 'strategic' to the company. To be treated as a strategic imperative, it largely depends whether or not the CSR issue will have a significant impact on the company's ability to meet its strategic objectives. Jeremy Galbreath, drawing on the work of several scholars, identified six dimensions of strategy: (i) achieving the mission in the long-term; (ii) internal and external issues that impact the company's ability to achieve its mission (strategic issues); (iii) markets the company should compete in; (iv) products and services to offer customers in chosen markets; (v) internal resources needed to compete; and (vi) competitive advantage. At any given time, one of the six strategies may be more important than others,<sup>98</sup> which may or may not include CSR. If CSR issues are not integrated into the company's broader strategy, "... a company runs the risk of equating CSR with codes of ethics, triple bottom line reports, and PR."<sup>99</sup> Here again we refer to complexity and macro-organizational behavior. The company's decision process can either delink CSR from its core strategy rendering it a largely voluntary or non-essential issue, or the decision process can

make CSR an imperative by linking it more directly to the company's strategy and plans. Because a company can have different premises for decision-making, many departments/units can be interested in CSR and treat it in different ways.

The choice on a CSR issue or activity, at any given time, can demonstrate that the company is either consistent or inconsistent with its values, or consistent or inconsistent with its strategy. Kunal Basu and Guido Palazzo identified four rationalizations to describe potential decisions by a company: (i) greed for power and aggressive drive toward wealth creation; (ii) philanthropic activities that are separate from the core business and CSR is excluded from business strategy; (iii) usually under greater scrutiny and sensitive to external issues and pressures and the potential impact on the bottom line; and (iv) more inclusive of economic and social objectives and there is a public goods lens to produce products and support policies.<sup>100</sup>

There are behavioral and cognitive features that can help explain potential decisions. This includes the company's (i) ideological tendencies; (ii) pursuit and maintenance of legitimacy – appear to be in alignment with societal expectations [can be for transactional purposes] or institutionalization of values and norms into the culture and management systems of the firm; (iii) use of strategic language to influence internal and external stakeholders, to maintain legitimacy, and to explain decisions; and (iv) leadership and the direction they set – they can be transformational, transactional or instrumental. This is a useful explanation to help categorize why they pursue it and how they demonstrate it. It also provides insight as to how different characteristics of a company may influence its CSR decisions. However, there are operational realities as a result of structural complexity. There are instances where two or more features are demonstrated by the same company and perhaps in different circumstances. What accounts for the dual use? Highly complex companies may have different rationalizations occurring at the same time. A company can also determine what constitutes legitimacy; not just external stakeholders. There are internal drivers too. The typology tends to focus on external influences, but not what may motivate and influence internal decisions. There can be specific tendencies of departments/units that are expected to manage the CSR issues and different personalities of leadership team members. Essentially

companies can choose to pursue an opportunity or address a potential risk. Their decisions can be aligned or misaligned with their prevailing values or strategy. Macro-organizational behavior can help to explain the variance and choice.

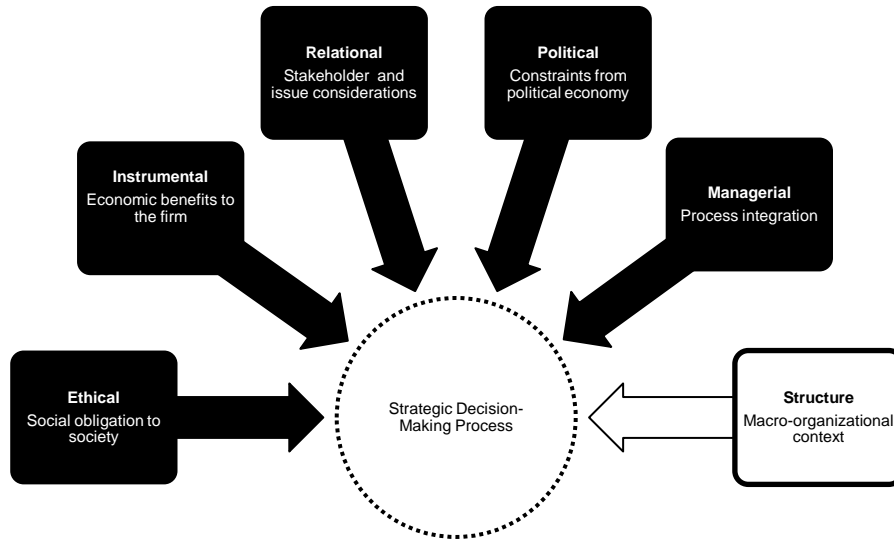
Complexity and associated macro-organizational behavior can influence and shape the company's strategic choice on a CSR issue or activity, and by extension affect the outcome for the organization. Because information will crosscut multiple departments/units, the comprehensiveness of decision-making can be constrained because decision processes can be shaped by the structure's effects. One such effect is related to the 'bounds of rationality'. For example, different departments/units will experience cognitive limitations to assess the data and information they receive, and time limitations to formulate the right decision. This can be attributed to their experience with the CSR issue, the control of information thereby limiting their full access, or the amount of internal discussions they are required to carry out to assess the issue.

Furthermore, the choice the company makes may not accurately reflect the strategic action the organization will actually take since "...strategic action is incremental and tends to be a result of an internal political process."<sup>101</sup> Consequently, choices on CSR issues and activities may not account for the full range of threats and opportunities confronting the company thereby making its decisions on CSR – and the associated outcomes – perhaps less than optimal. Political behavior is often viewed pejoratively because of its emphasis on self-interest to shape decisions that may not be in the best interest of the organization. Departments/units engaging in organizational politics tend to conceal their true motives to influence the broader organization to adopt their specific proposals. They can employ a range of discreet tactics to advance their self-interest, such as controlling the flow of data and information that would be used as input into the decision process.

## **2.5. Discussion**

By examining the decision process, there is perhaps an alternate view to explain a company's CSR behavior. The decision process can influence a company's position on a

CSR issue, what activities it will undertake, or conversely what it will ignore altogether. Moreover, the decision process can be shaped by the company's structure.



**Figure 3: Determinants of Influence on CSR Decision-Making Process: Consideration of the Complexity**

Complex companies are comprised of multiple departments/units, coalitions, and sub-groups that may vie for resources to influence their version of CSR that may have little bearing on the company's CSR. They can be motivated by many different factors: external pressures, internal power and territory, stories and metaphors about behavior, personal convictions, and the context the company operates in. On the other hand, structural complexity can identify emerging social issues or trends and tailor local responses to local issues. There is a healthy dose of flexibility and efficiency in complexity. One of CSR's unique characteristics is that it is malleable, which means it can be interpreted differently by various departments/units.

Senior managers will make choices for the company which has been influenced by its decision process. However, the decision process may reflect the two states of the company – irrational and rational – and the meaning of success can be different between the company and the groups that operate within it. Thus, managers may tend to seek a satisfactory solution rather than the optimal one. This may explain why some CSR issues and activities become institutionalized and some do not. More importantly, this extends to the company's

performance on CSR,<sup>102</sup> including how CSR is measured and communicated. For example, the internal disconnect between various groups and agendas can affect the way CSR is communicated internally and externally. When CSR integration is fragmented, "... some of the clueless communications that result raise questions about management's commitment and whether they 'get it' or are more interested in protecting market share..."<sup>103</sup>

Parochial perceptions can affect how far and deep decisions are integrated into company strategy. The more task specialized they are the more their perceptions are parochial. The strength and divergence of their goals makes the decision process political. This can increase or decrease the impact of organizational goals, and produce strategic actions that are either incremental departures from the company's current state or something more transformative toward a desired state. When pursuing a course of change within the company, the neglect or oversight of macro-organizational behavior can cause initiatives to fail and in some cases dispose of its sponsors.<sup>104</sup>

Arguably, decision-making on CSR, if reduced to macro-organizational behavior, can undermine the moral underpinning of CSR; that it should be the right thing to do for the company despite other competing issues and interests. In other words, macro-organizational behavior cannot be the driving force behind a company's CSR. There should not be an internal struggle between purists or 'believers' and functionalists or those that seek reward for its implementation.<sup>105</sup> The notion of a CSR strategy would lose its meaning and significance if strategic action is taken after extensive political-like bargaining between groups.

These effects have neither been widely recognized nor investigated because the literature has been somewhat fragmented and underdeveloped. One possible reason is that the unobtrusiveness of complexity and macro-organizational behavior is an obstacle to understanding true company behavior. Interestingly, legal research on corporate culture has begun to examine whether a company's management processes can be a source of organizational liability.<sup>106</sup> The research shifts the emphasis from the individual and his/her actions to the business organization as the basis of liability. While criminal liability tends to be linked to individual behaviors, these behaviors may be influenced and shaped by the

complexity of the company; “Corporations can only ever act through human beings, yet the actions of human employees or agents always occur within the matrix of these [organizational] hierarchies, structures, and attitudes.”<sup>107</sup>

Another interesting example reflects the recent work of Harvard University Professor John Ruggie under a mandate of the United Nations Secretary-General on business and human rights. He recommends a corporate due diligence framework inferring that the institutionalization of CSR in the company’s management system is a precondition to actually demonstrating respect for human rights; as he comments at a conference, “We’re glad that you respect human rights and that you say so. But how do you know? How do you know that you respect human rights? So what we are doing is we’ve suggested what you need to have is an adequate and appropriate due diligence system.”<sup>108</sup> According to Professor Ruggie few companies have an internal system that enables them to be aware of, sensitized to, and effectively address potential human rights-related impacts from their operations. Thus, human rights due diligence is part of the institutionalization of CSR, or in this case creating an organizational norm to prevent and/or manage human rights issues. Beyond aspirational statements, such as a company code of conduct or *ad hoc* one-off activities to address human rights issues, the due diligence concept intends to advance the integration of CSR into the company’s “*broader enterprise risk management systems*”<sup>109</sup>, which can affect how the firm thinks about and makes decision on human rights issues.

Finally, we cannot ignore the historical antecedents of CSR, which has been shaped by global events, the trending toward greater deregulation, and multinational competitiveness.<sup>110</sup> Early observations and analyses of business and society issues helped to develop theories and concepts to explain CSR behavior. These theories have common characteristics; namely a strong normative core with relational and instrumental attributes. They continue to provide important insights into what may influence a company’s decision on a CSR issue and the outcomes of those decisions. And, we continue to form logical assumptions that decision making is based on these explanations, or a company’s inventory of CSR activities disseminated in the public domain. However, without further analysis into the decision process itself, we may take for granted that these are the explanations for a

company's choice for a CSR activity or position on a societal issue. Decisions on CSR issues and activities are not a given. It can be shaped by the company's structure and complexity; "power and politics is the social energy that transforms insights of individuals and groups into institutions of an organization."<sup>111</sup> Additionally, a company's CSR commitment and strategy can be in a state of flux responding to the ongoing concerns of the company and the varied interests of different departments/units,<sup>112</sup> as the rationality of goals and actions lies in the individuals or groups and not some superordinate goal.<sup>113</sup>

The limited attention to the company's decision process to explain choices on CSR issues and activities is the basis and impetus for my research investigation.



## Chapter 3. Methodology

### 3.1. Research Goal

As discussed in the literature review, intra-organizational factors are emerging as a line of inquiry to address some of the potential improvements in explaining CSR behavior in current theory and management concepts. Company behaviors on CSR are either explained as an outcome of a normative, instrumental or relational consideration, or an outcome of a change management scheme. Looking more closely at the decision process can encourage greater understanding of the means, and help to reorient and retool research on CSR behavior around the company's structure.

Qualitative research methods were selected for this study because there was a priori hypothesis derived from earlier research explaining how structure can influence strategy. This alternative view behooves researchers to examine whether structure can also influence a company's CSR directive or strategy as opposed to conventional notions that a CSR strategy or policy can influence the organization. CSR issues and activities may not be treated as separate and distinct from other ongoing business issues and activities and as a consequence it may undergo the same strategic decision process. These are meaningful issues to investigate if we are to advance the research agenda on CSR.

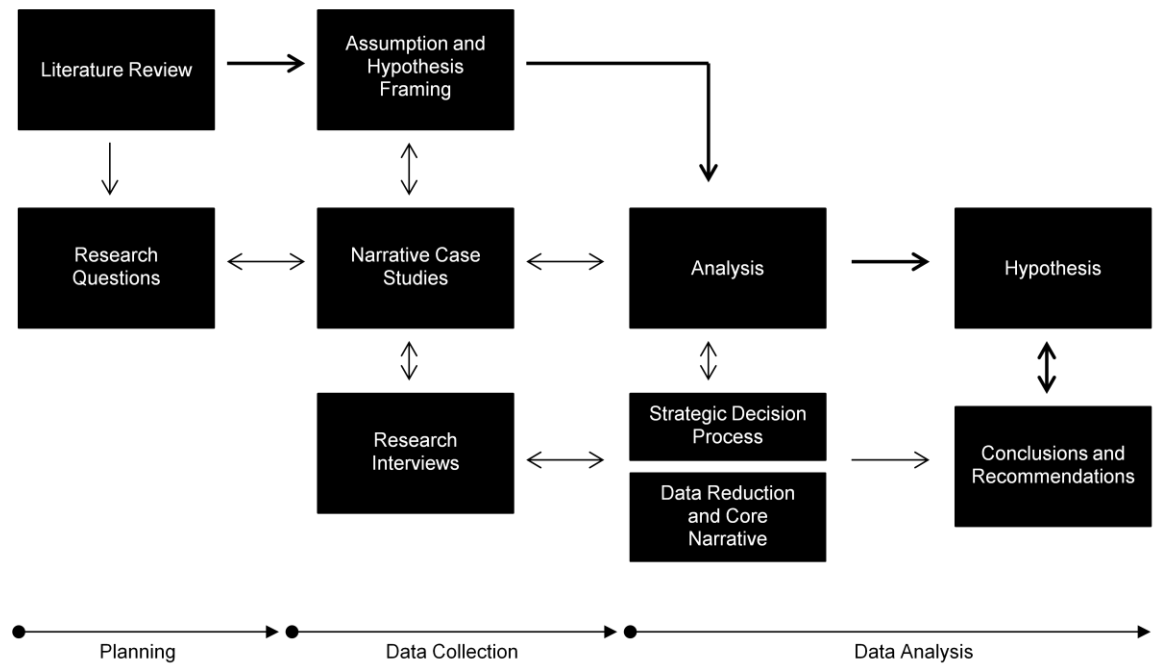
Once more my research goal is to understand whether the structural complexity of companies can shape and influence the decision process of a company's CSR. While there are other dimension-specific structures that can be studied, namely centralized and formalized business organizations, this research is intended to examine the decision process of *complex* business organizations. These companies generally have the following characteristics: an average +/-5,000 to +/-100,000 employees, several different or complementary lines of products and services, differentiated departments/units, and operate in multiple markets domestically, regionally and globally. These business organizations typically disperse goals, resources and capacities to address a range of business issues and objectives, and decision-making can occur in local units, as well as various departments

throughout the enterprise. There can be stark differences between the company goals and the goals of business units operating locally.<sup>114</sup> They have to contend with not only domestic issues, such as customization of products and services or complying with local rules and regulations, but also global issues, such as international legal instruments, ‘soft law’ frameworks, and reputational management.

Described in this section is the research design to investigate the effects of complexity on the decision process for CSR issues and activities. I will describe the methodology for the collection of data, the analysis of data, validity issues, ethical considerations, and finally my role as the researcher.

### **3.2. Research Design**

Complex structures can be illustrated through different organizational charts, organigrams, diagrams, ‘decision trees’, etc. The macro-organizational behavioral features of complexity can occur in ways that are obvious in a company setting, but more often than not it can be subtle. Figure 4 illustrates the research design framework for this study. The design follows a simple, logical process that was fit-for-purpose to accomplish the research objective.



**Figure 4: Qualitative Research Design**

The literature review would identify, collate, and analyze the relevant knowledge and information available on the decision process for CSR. I gleaned from existing literature that complexity and macro-organizational behavior centered on the interactive engagements of different individuals, departments/units, and internal coalitions/groups within the company’s operating system. Moreover, there was increasing research and examination of the management system and process of companies and how this affected CSR behavior. And, there was a potential opportunity to further this research by focusing on the structure of the organization and its decision process.

The research would need to draw out first-hand descriptions, experiences, perceptions, and beliefs of individuals and groups indirectly or directly involved in the decision process of a specific CSR issue or activity. The aim was to have a reinterpretation of the past to explain what happened and why in relation to the decision process. In addition, the peculiarities of structural complexity, especially macro-organizational behavior, would be embedded in narratives to help explain how the decisions were made and the key factors influencing the process. Personal accounts would also need to be organized in such a way that the decision processes can be analyzed and compared. The findings from the analyses

could then support current research investigations of intra-organizational issues to explain CSR behavior.

During the planning phase of the research design, I conducted a pilot research project to test some of my assumptions, as well as the approach I would use to collect the data and analysis (see Figure 5). The pilot’s objective was to *understand the pattern of social interaction between different groups* inside the company regarding CSR, including between the parent company and its business unit. It was not the objective to generalize the findings to other companies or how CSR is developed in Japan.

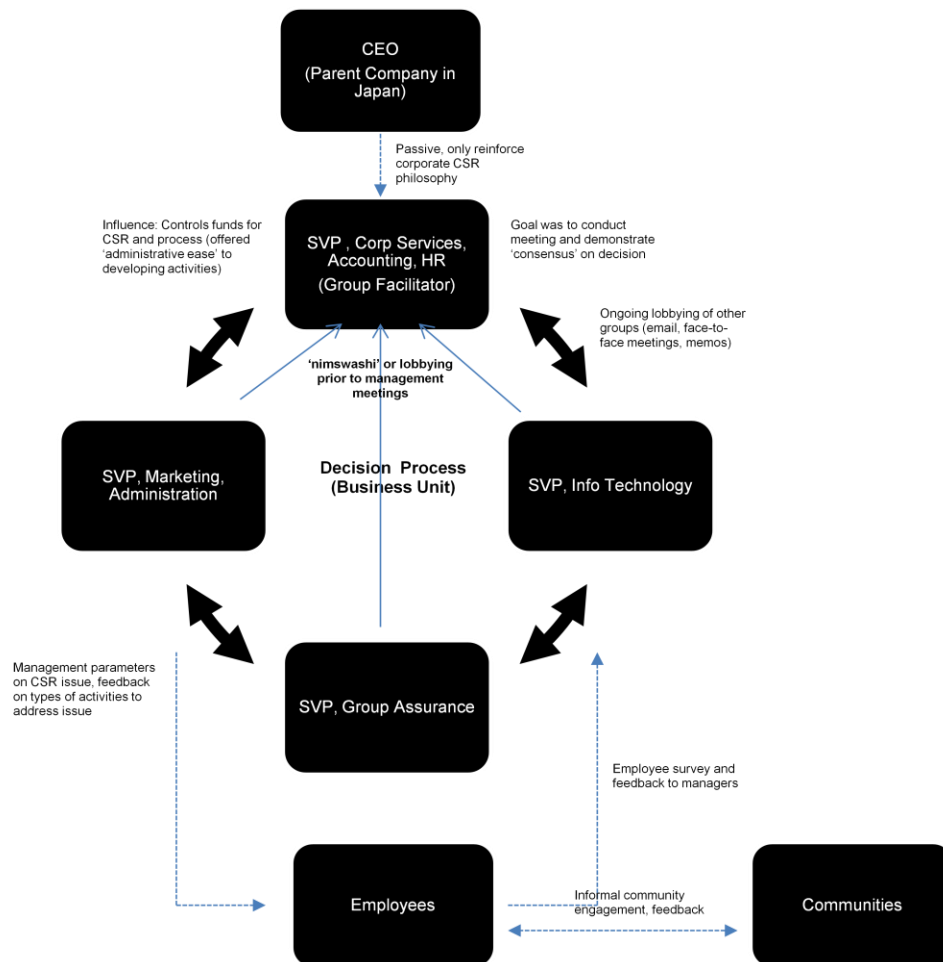


Figure 5: Depiction of Decision Process

The main subject of the research was the decision process of a complex Japanese insurance company operating in Southeast Asian markets. I studied the current trends and drivers of CSR related to Japanese companies to ensure I was familiar with the nuances of Japanese CSR compared to Western concepts. I also studied the concepts of CSR in the Southeast Asian market where business was conducted. The process I used was a series of face-to-face dialogue sessions with several officers of the company in Japan and in the Southeast Asian market. They were asked to reconstruct the decision process setting of how typical CSR issues and activities were developed and described how it functioned. They were prompted during the discussion to offer their personal perceptions and beliefs of what happened, why and how.

Based on the dialogue sessions, the main findings revealed that managers controlling the funding and administrative processes in the business unit influenced what CSR issues would be addressed and what activities would be developed. By facilitating the management meetings, they controlled each phase of the decision process and decided the outcome in spite of active exchanges by other middle managers and staff during the decision meeting. They also controlled the flow of information to influence the decision process. For example, a survey was sent to the in-country staff prior to the management meeting, but the survey pre-identified what CSR issue the business unit would address and types of activities to implement; leaving little opportunity for alternatives to be generated.<sup>6</sup>

Prior to and during the decision meetings middle managers actively used *nimawashi*, a term used by the middle managers referring to the Japanese practice of internal lobbying in order to secure consensus. The decision meeting was largely for the ‘illusion of consensus’, as the decision criteria and resolution was decided prior to the meeting. The findings from this pilot helped to inform my research design, which is described in the next several sections.

---

<sup>6</sup> The pilot project was accepted for presentation at the Nottingham University International Centre for Corporate Social Responsibility Conference: *Agendas for Asia* (Kuala Lumpur, Malaysia, 2006).

### **3.3. Data Collection**

Several important considerations were fully taken into account regarding the data collection process. While there are inherent restrictions to accessing a subject's private content, such as internal memos, strategy papers, presentations, or email exchanges of a company, having privileged access to this content may only provide partial information on the macro-organizational context. We would still need to know the factors behind the content. There are similar limitations in using only freely available content, such as a company's annual CSR or sustainability reports, web stories, conference presentations, or other marketing materials available in the public domain. The content is generally descriptive inventories of CSR activities or likely outcomes of a decision process. It may provide clues into why a particular position or activity was chosen, but not necessarily how, including different alternatives and why one alternative was selected above another, or no alternatives were selected.

This limitation extends into the use of written questionnaires or surveys sent to participants to complete. While this may have been useful to generate data on macro-organizational behaviors and individual beliefs of its impact and implications on decisions related to CSR, the risk issues were similar to direct observation. The subjects may be overly-cautious even resistant to documenting data, stories, insights, and decisions that could harm the company, as well as their employment. Even if the documents passed through internal reviews before being shared, the responses can be 'sanitized' and as a result limit the value of the data collected because key information embedded in the personal stories would be missing. Moreover, I would not be able to enter into a discussion or dialogue to clarify or extrapolate their responses. Finally, documenting responses by the subjects may not illuminate the company's macro-organizational context in which the CSR activity takes place, such as the driving business case behind the activity, the individuals, departments/units directly or indirectly involved and how they interacted with one another, or the complexity construction of the business organization.

There are also inherent limitations to directly observing participants in their own company settings, which may reveal parochial behaviors. Besides logistical, procedural, and

confidentiality issues, subjects would likely be sensitive to displaying their private agendas or sharing specific decisions on CSR issues that can compromise reputational, legal and security considerations. Yet, even having privileged access may not reveal the macro-organizational issues that may influence and shape that subject's behavior. Being in the presence of the subjects or being known to be in the room, the behavior of the observed subjects can be orchestrated or contrived to conceal their true motivations. Being open and visible about their private agendas may have repercussions for that individual or group in the future.

Finally, it is important to note that some companies can be under pending or current litigation for CSR-related issues, or addressing reputational issues as a result of third party campaigns that target an issue the company may be associated with. All of these considerations were factored into the approach to collect data and information.

Against this backdrop, the preferred approach was to use individual dialogue sessions and to frame the discussion around the decision process for a random CSR issue or activity selected by the subject. There were some advantages to this approach. My relationships with these subjects would enable me to: (i) secure agreement to conduct the dialogues and document their accounts, especially on sensitive CSR issues; (ii) elicit meaningful information and insights pertinent to the data collection; and (iii) have an ongoing dialogue with the subjects in order to clarify the complexity issues, which was also pertinent to the data collection. Also, being practicing CSR professionals, we are encouraged to promote continuous learning and good practices. Thus, I offered to share the findings of the interviews with them, with no attribution to the authors, to support their own work to manage CSR activities in their respective companies or with their clients. This was offered to help the subject's feel this was a mutually-beneficial experience while safeguarding their confidentiality. The subjects appreciated and accepted this offer of exchange.

### ***3.3.1. Selection of subjects***

The research required the collection and collation of a sample of decision processes on CSR issues or activities. The sample was not intended to be representative of any one

particular industry, a specific category of individuals, or any specific CSR issue or activity. Being a practicing CSR professional, I was able to use purposeful selection. According to Joseph Maxwell,<sup>115</sup> purposeful selection serves two important purposes for the research: (i) “achieving representativeness or typicality of the settings, individuals, or activities selected”; and (ii) “establish particular comparisons to illuminate the reasons for differences between settings and individuals.” Because structural complexity is characterized by differentiated departments/units, and also because CSR issues and activities may not be located in a single place within the company, selecting only individuals having the title ‘CSR’ in the company could limit the value of data. A range of perspectives from different departments/units, individuals, and internal coalitions would help to enrich the narratives about complexity and the potential effect on decision processes. It also helps to prevent possibly narrowly-conceived ideas of where CSR issues and activities may be located in the company. Therefore, I diversified the selection to represent a cross-section of subjects involved as a participant-observer in the decision process (see Table 4.1, 4.2). Sixty subjects were identified for the dialogue sessions. Four subjects declined the invitation and fifty-six accepted. The sample of decision processes included several complex transnational companies from North America, Europe, Asia-pacific, and Latin America. It also included several industries, including among others, energy, mining, computer, health, chemical, communications, banking, marketing, electronics, and management consulting. While the investigation of the decision process was intended to be stable, having some variation in the nationality and sector of the company may help prevent selection bias.

Next, the sample of decision processes included internal company officers from various departments, such as CSR/sustainability, security, public affairs, corporate policy, and corporate giving/philanthropy. And, external consultants from the fields of government, public relations, law, CSR service firms, industry associations, international public affairs, and academia. Within this sample, there are individuals that are former employees of the company or the external service organization, and more than one individual from the *same* firm or external service organization. Internal officers must operate in the system and they will have important access to the decision process. Their experience and retrospective analysis can be as direct participants or as observers in the decision process. External



consultants or advisors may have a particular view of the decision process that can also enrich the narratives. As outsiders, they can have privileged access to structural complexity and macro-organizational behaviors in ways that I could not as the researcher. For example, they can be contracted to serve as facilitators or ‘change agents’ to help progress the development of a CSR activity in the company. They can also be contracted by specific departments/units in order to help them advance a private agenda. Both internal and external subjects not only can recount the time, setting, and what happened, but they have the opportunity to do a look-back and refine why and how it happened.

The subjects chosen for this research interfaced with structurally complex business organizations and transacted with the decision process connected to a particular CSR issue or activity. A sample of fifty to sixty decision processes was adequate to analyze and compare the potential effects of structural complexity and macro-organizational behavior on the decision-making process. Within the sample, it was necessary to have sufficient diversity of attributes associated with structural complexity to minimize probable explanations around a specific attribute, such as function/department, products/services, number of employees, or business markets. Moreover, diversity of attributes helps to center the analysis closer to the *totality* of structural complexity and its potential influence on the decision process. The sample for this research includes (i) twenty-two different service, base business, and external functions; (ii) seventeen different industry sectors; (iii) a range of two thousand to three hundred thousand (2,000-300,000) employees; (iv) a range of five to one hundred markets; and (v) a range of two to three product and/or service lines. There were a sufficient amount of safeguards embedded in the fifty-six subjects to facilitate a informative baseline analysis of CSR decision processes in complex business organizations.

Subject ID	Group	Industry / Sector	Department / Unit	Location <sup>7</sup>	Products / Services	Number of Employees	Number of Markets
1	A	Health	Govt. Affairs	USA	Pharmaceutical/ Research	+50,000	+20
2	A	Energy	CSR	Eastern Europe, Africa	Oil/Gas	+20,000	+10
3	A	Energy	CSR	USA, Africa	Oil/Gas	+20,000	+5
4	A	Info. Technology	Law and Policy	USA	Internet/Advertising	+10,000	+20
5	A	Mining	CSR	USA, Global	Metals, Minerals	+20,000	+5
6	A	Energy	CSR	Northern Europe	Oil/Gas	+20,000	+20
7	A	Energy	Security	USA, Africa	Oil/Gas/ Renewable	+50,000	+100
8	A	Chemicals	CSR	USA, Global	Applied Materials	+50,000	+100
9	A	Energy	CSR	USA, Global	Oil/Gas	+20,000	+5
10	A	Energy	CSR	USA, Africa	Oil/Gas	+10,000	+10
11	A	Banking	Sustainability	Japan, UK	Project Finance/Investment	+10,000	+20
12	A	Energy	CSR	Canada, Africa	Oil/Gas	+3,000	+5
13	A	Energy	Corp Policy	USA	Oil/Gas/Mining	+50,000	+100
14	A	Computer	CSR	USA, Global	Software/Internet	+50,000	+100
16	A	Energy	CSR	Western Europe, Central Asia	Oil/Gas/ Renewable	+50,000	+20
17	A	Banking	Risk Management	USA	Project Finance/Investment	+100,000	+100
18	A	Energy	Public Affairs	USA, Central Africa	Oil/Gas	+50,000	+20
19	A	Banking	Risk Management	USA, Global	Project Finance/Investment	+100,000	+100
20	A	Energy	CSR	USA	Oil/Gas	+10,000	+20
21	A	Energy	Govt. Affairs and CSR	Canada, Latin America	Oil/Gas	+2,000	+10
22	A	Energy	Social Performance	Western Europe, Central Asia	Oil/Gas/ Renewable	+50,000	+20
23	A	Health	CSR	USA, Switzerland	Pharmaceutical/ Research	+20,000	+100
24	A	Energy	Law	Western Europe, Global	Oil/Gas	+50,000	+100
30	A	Technology	Philanthropy	USA, Japan	Software, Electronics	+20,000	+20
31	A	Energy	Social Performance	Western Europe	Oil/Gas	+50,000	+50

<sup>7</sup> Location includes headquarters, domestic and overseas business units.

32	A	Mining	CSR	Western Europe, Global	Metals, Minerals	+100,000	+20
42	A	Mining	Int'l Affairs	Latin America, East Africa	Metals, Mines	+ 100,000	+20
47	A	Marketing, PR	Corporate Citizenship	Japan, USA	Research, Strategy	+5,000	+10
48	A	Energy	Corp Policy	USA	Oil/Gas/ Renewable	+50,000	+100
49	A	Energy	Social Performance	USA	Oil/Gas/ Renewable	+50,000	+100
50	A	Energy	CSR	Northern Europe	Oil/Gas	+20,000	+20
51	A	Management Consulting	Philanthropy	USA	Strategy, Management	+20,000	+20
52	A	Energy	Corp Policy	USA, Global	Oil/Gas/ Renewable	+50,000	+100
53	A	Energy	Social Performance	Western Europe	Oil/Gas/ Renewable	+50,000	+20
55	A	Energy	Public Affairs	USA	Oil/Gas	+50,000	+20
56	A	Mining	CSR	Western Europe, Global	Metals, Mines	+200,000	+50

**Table 4.1: Group (A)**

Subject ID	Group	Sector	Products / Services	Location	Industry Example	Location	Number of Employees	Number of Markets
15	B	Professional Service	Legal, CSR Advisory	USA	Apparel	Global	+10,000	+50
25	B	Marketing, PR	CSR Research, Strategy	USA	Finance, Insurance	USA	NA	NA
26	B	University	CSR Research, Advisory	USA	Beverage, Energy, Computer	USA, Global	+100,000	+100
27	B	Consulting	CSR Strategy, Management	USA	Retail	USA, Global	+500,000	+20
28	B	Consulting	CSR Strategy, Management	USA	Energy	USA	+50,000	+100
29	B	Government	Govt. and CSR	North America	Energy, Communication, Agriculture, Apparel	Global	+100,000	+50
33	B	University	CSR Research, Advisory	USA	Computer	USA, Africa	+50,000	+100
34	B	Consulting	CSR Strategy, Management	Denmark	Finance, Energy	USA	+50,000	+100
35	B	Consulting	CSR Research, Strategy	USA	Energy	USA	+50,000	+100
36	B	Service NGO	Health Research, Policy	USA	Health/Pharma	USA	+20,000	+100
37	B	Association	CSR Research, Advisory	Netherlands	NA	Netherlands	NA	NA
38	B	Service NGO	CSR Research, Advisory	UK	NA	Global	NA	NA
39	B	Consulting	CSR Research, Strategy	USA	Energy	USA	+50,000	+100

40	B	Professional Service	Legal, CSR Advisory	USA	Energy	USA, Africa	+10,000	+10
41	B	Government	Govt. and CSR	North America	Consumer Goods	Global	+10,000	+50
43	B	Association	CSR Advisory, Policy	USA	Beverage, Computer	USA	+100,000	+50
44	B	Marketing, PR	CSR Research, Strategy	USA	NA	Global	NA	NA
45	B	Association	CSR Advisory, Policy	UK	Energy	Global	NA	NA
46	B	Service NGO	Corp. Risk Management	USA	Mining	Canada, Latin America	+2,000	+5
54	B	Consulting	CSR, Stakeholder	USA	Energy, Apparel	Global	+20,000	+10

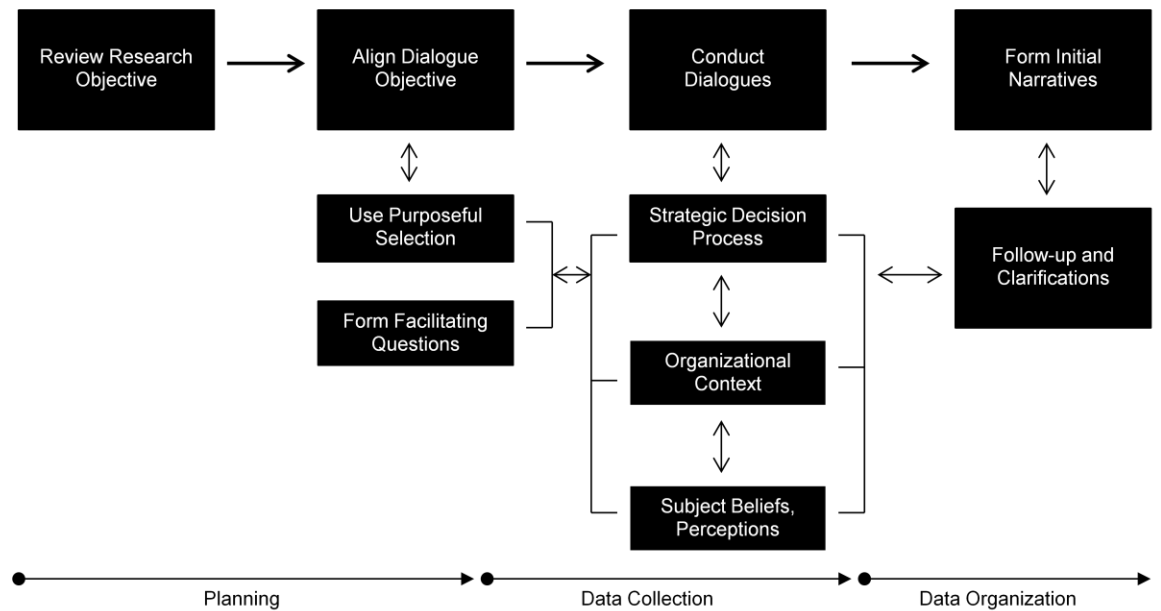
**Table 4.2: Group (B)**

### ***3.3.2. Dialogue design***

The goal of the dialogue was to collect meaningful data and information to address the research objective. Figure 6 illustrates the design. During the planning phase, dialogues were facilitated by unstructured questions to enable the subjects or ‘teller’ to (i) build a story around a specific CSR activity where they participated in or observed its development; (ii) recreate the setting where the development occurred; (iii) describe the internal process to reach a final decision on a course of action; (iv) describe macro-organizational behavior issues related to the process; and (v) share their belief whether the decision process was good for the company. Decision process questions (see Table 5.1, 5.2) were based on the stages of strategic decision making in organizations based on the work of V.K. Narayanan and Liam Fahey, “The Micro-Politics of Strategy Formulation.”<sup>116</sup> Narayanan and Fahey’s research demonstrated how specific macro-organizational behaviors can influence different stages of the decision process: activation, mobilization, coalescence, encounter, and decision. This frame to facilitate the dialogues was used because it is anchored in *gestation* and *resolution*; two basic decision concepts associated with decision-making processes in business organizations. The gestation phase “... involves a period of time when activities by selected members result in an issue (decision) being sponsored for resolution and an alternative(s) for adoption... Resolution marks a period when an organization appraises alternatives and decides whether or not to take action...”<sup>117</sup>

Subjects were invited by email notification or phone call. In advance of the dialogue session, each subject was informed of its purpose, “To describe the process for selecting a CSR activity or a course of action to address a CSR issue.” They were provided with logistical information and procedures to conduct the dialogue, how the data would be used, and assurances of confidentiality and non-attribution. Non-disclosure agreements were prepared in the event subjects wanted additional assurances. The subjects were also asked to identify a specific ‘real life’ CSR issue or activity they directly participated in or observed its development within the company, and expected to be prepared to provide a personal account of how the CSR activity developed within the company.

During the data collection phase, the dialogue questions were used to facilitate fifty-six sessions on the strategic decision process, and to draw out personal observations and beliefs related to the complexity context and whether or not it influenced or shaped the CSR activity outcomes. While complexity and associated macro-organizational behavior may not be obvious to the subjects, it was assumed through the natural course of discussion they would reveal key issues and events that would provide insight into these aspects. The dialogues were conducted through conference calls and face-to-face meetings. The duration of the dialogues lasted on average sixty to one hundred twenty minutes. Both approaches were based on practical decisions given the limited availability of the participants, as well as geographic locations outside the United States (location of the researcher) and time zones. Dialogues were recorded by hand-written note-taking.



**Figure 6: Illustration of Data Collection Process**

The dialogue process was divided into two groups. Group (A) dialogues comprised internal company staff, and Group (B) dialogues comprised external consultants and advisors. The sample was divided in order to tailor the discussions and help generate any data that can be generalized with internal staff experiences and external consultant experiences.

Group (A) dialogues were performed as free-flowing discussions. In the first phase, subjects began by identifying and framing the CSR issue or activity and then described what triggered it and the action plan to address it. The questions were used to prompt a look-back into the organizational setting and decision process that eventually led to the outcome. The semi-structured conversation enabled the subjects to inject personal beliefs, perceptions, and insights into what happened and why specifically related to the decision process. After recounting the decision process, the dialogue moved into a second phase where the subjects were asked to reflect on their experience, especially if they felt the process and outcome was positive or negative for the company. This part of the dialogue focused on their perceptions of the impact and implications of the process with respect to the company.

<b>Decision Process</b>	<b>Description<sup>8</sup></b>	<b>Facilitating Questions</b>
Activation	Individual recognition of potential issues. Major actors are individuals.	Describe how the CSR issue became activated.
		Did the CSR issue belong to any specific group/department?
		Was there consensus within the company about how the issue should be addressed, or who should address it?
Engagement	<p>Mobilization: Individual to collective-level awareness. Major actors are initial individuals and those whom they contact.</p> <p>Coalescence: Temporal alliance if individuals with shared interests. Major actors are coalition leaders and followers.</p> <p>Encounter: Representation and justification of strategic alternatives. Major actors are coalition members and antagonists.</p>	Was it necessary for other groups to become involved to address the CSR issue? If so, why?
		Describe how the groups engaged on the CSR issue.
		Why did they choose to engage on the CSR issue?
		Did a formal or semi-formal working group, coalition, or committee develop to address the CSR issue? If yes, why?
		Identify who was involved and how the group functioned.
		Were there any conflicts within the group?
		Did the group develop alternatives to address the CSR issue? If yes, please describe in general?
		Describe the process for developing the alternatives to address the CSR issue.
		Did any particular group advocate for a specific alternative? If yes, who and why?
Decision	Organizational engagement around the issue. There are zones of consensus. The major actors are mediators.	Describe how the preferred alternative was decided.
		Was there resistance among any groups? If yes, why?
		Did any person or group influence the decision outcome? If yes, why?
Summation	Reflection and review.	Would you agree or disagree that the decision process around CSR was a negotiated process between different groups? Please explain.
		Would you agree or disagree that some groups influenced the outcome? Please explain.
		Would you agree or disagree that the process and outcome was good for the company? Please explain.

<sup>8</sup> Activation, Engagement and Decision adapted from Narayanan and Fahey.

		Did any particular group benefit from the outcome? Please explain.
		Looking back at the process, was there any critical factor that influenced the outcome? If yes, please explain.

**Table 5.1: Facilitating Questions for Group (A)**

Group (B) dialogues were also free-flowing, semi-structured conversations. However, some facilitating questions were added to draw out more their ‘outsider’ views into the setting, process, and complicating factors. Arguably, external consultants and advisors would have a different vantage point compared to internal staff. Table 5.2 lists the additional questions that were used to facilitate the dialogues.

<b>Decision Process</b>	<b>Facilitating Questions</b>
Activation	Which group addressed the CSR issue?
	Was this the right group in your opinion? Please explain.
Engagement	If more than one group addressed the CSR issue, did you find consistency in terms of the goals, objectives, or how the CSR issue was framed?
Engagement, Decision	Did you observe or were made aware of group activities or tactics during the decision-making process. If yes, please explain.
	Do you feel the group activities or tactics were critical to the decision process? If yes, why?
Summation	Do you feel the decision outcome was good for any particular group? If yes, please explain.

**Table 5.2: Facilitating Questions for Group (B)**

During the data organization phase, dialogue notes were collated, transcribed and refined into individual decision process ‘stories’. Follow-up sessions were conducted with several subjects to clarify comments and statements. The data was reviewed against the research question and dialogue objective to ensure relevant information was captured. The data was also used to generate initial comparisons on the decision process, complexity construction and context, and macro-organizational issues that may have influenced the



decision process. These comparisons provided the baseline information to be further examined through narrative analysis.

### **3.4. Data Analysis**

The analysis focused on first person narratives to reinterpret the decision process for a specific CSR issue or activity. Because complexity and macro-organizational behavior can be understated or not well understood by individuals directly or indirectly involved, narrative analysis is an appropriate methodology to generate comparisons.

Narrative analysis was selected for several reasons and draws significantly from the research methods of Catherine Riessman.<sup>118</sup> To explain narrative analysis, we start with the narrative. Narrative is understood to be an oral, written, or filmed account of events told by others or to oneself. Accounts are defined as “storylike constructions containing description, interpretation, emotion, experience, and related material”.<sup>119</sup> For the purpose of this study, narrative is defined as “talk organized around consequential events. The teller takes the listener into a past time or “world” and recapitulates what happened and then makes a point...”<sup>120</sup> There are three elements in this definition: (1) talk (or the perspective of the teller); (2) the consequence of events; and (3) the “world” or context of the teller. Thus, for the purpose of this study the strategic decisions on a CSR issue or activity cannot be fully understood without the point of view of what happened and its significance by the teller, including the key events or actions during decision process and the company’s structural complexity; the setting where the events took place.

Narrative analysis has been used to make sense of the transformative aspects of one’s experience or what he/she bears witness to within a social context. This includes research to explain reasons for marital divorce, coping with chronic illness and other traumatic events, or the undercurrents of one’s political activism and broader social movements.<sup>121</sup> As explained by C Wright Mills, “narrative analysis can forge connection between personal biography and social structure.”<sup>122</sup> This connection, as noted by Mills, is an important feature in the research. CSR agents told their story at a specific point in time, and also within a particular setting in which they had to transact with to exist and endure. Specific events, issues, and

contexts that are relevant to some form of transformation can be meaningful for a particular audience. They can be organized, connected, and evaluated to show significance and consequence.

The aim of narrative analysis is not a presentation of the past, but rather to interpret what happened and give it meaning. It examines the construction of a story and the sense-making and sense-giving behind it. How stories are told is equally, if not more important, than what is told. Subjectivity, therefore, was valued in the personal accounts. Subjectivity is rooted in personal perspective and socio-historical context that can be meaningful and significant, as well as connect to a broader social trend or phenomena. In this case, there was connection to the trend of integrating CSR issues and activities within the companies who have committed to do so. And, connected to the emerging societal expectations and inquiries regarding how management systems and processes are embedding CSR.

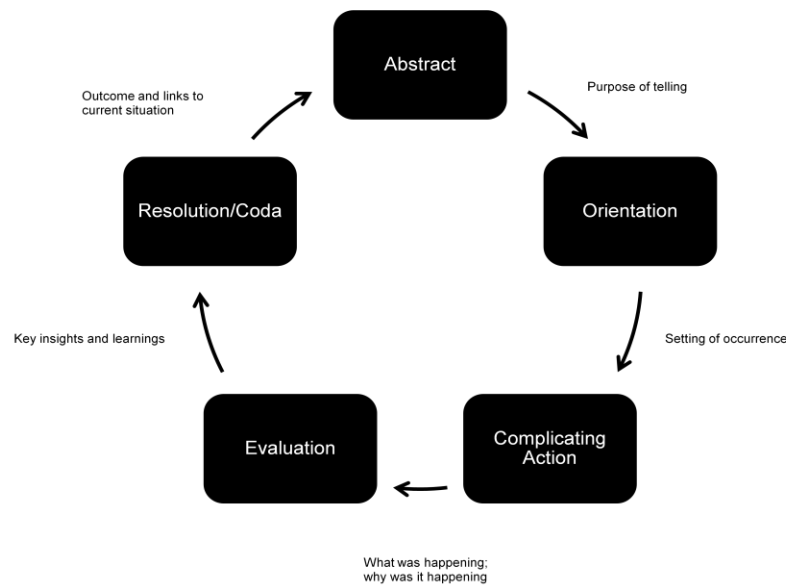
The CSR story is often explained through a cause and effect relationship or a sequence of events that are intended to fit in a neat model. The normative, instrumental, and relational concepts are some of the current explanations of CSR. These are intended consequences for the firm, which may include reputation gain, shareholder value, or mitigating emerging operational, legal, or regulatory risks. Or, simply, the firm becomes enlightened, makes some policy or process changes, and then becomes the ‘good’ company in the eyes of the public.

Narrative analysis centers the inquiry not necessarily on the story, but the plot. “Story is the raw, temporally sequenced, or causal narrative of life – the expected arrangement”.<sup>123</sup> Attention is not on the conventional construct, but rather the substance underlying the plot’s ‘twists’ or turning points. Vignettes of the story are pieced together to support a set of emerging propositions or theory. Inside the company, complexity and the undercurrents of macro-organizational behavior can pervade and influence CSR decision-making. The sequence of events and actions that shaped strategic CSR decisions, and the setting that facilitated it, can show potential variance, as well as opportunities, with current CSR theories.

Against this backdrop, one of the main reasons narrative analysis was chosen is because the research examined the socio-political aspects of the decision process for a CSR issue or activity. The decision process is therefore treated as a social phenomenon, which includes interactions between groups, behaviors and motivations, contextual settings, and external events shaping organizational behavior. A retrospective analysis of the time, setting, and internal dynamics was crucial to deconstructing the formal aspects of the process of decision-making and reconstructing the social processes and the embedded meanings of what happened, why it happened, and how it happened. There were additional reasons for selecting narrative analysis. The teller and I were allowed to be actively engaged in the dialogue sessions, which enabled the process to construct relevant and meaningful narratives. While the teller can make sense of his/her experience, I was able to request them to elaborate and clarify scenes, statements, points of view, and perceptions. Next, the approach provided an organized way to capture and document personal accounts for analysis. I used a data reduction technique in narrative analysis that is discussed later. Unlike a questionnaire or survey, or a highly structured interview, the transcribed data can be interpreted by the meaning of what the subject said; how it was said; and how it was said in a specific context. Moreover, peculiarities and particulars that were embedded in the subject's narratives were preserved, which can be significant to understanding what happened, how it happened and why.

The dialogue sessions were transcribed to form a set of narratives. This was in the form of question and answer, arguments, and other forms of conversation. To analyze the narratives, W. Labov's framework to organize the dialogue material and reduce it to the core narrative was used.<sup>124</sup> Bell's core narrative approach "...provides a skeleton plot, a generalizable structure that investigators could use to compare the plots of individuals who share a common life event".<sup>125</sup> Using this approach I was able to select features of the narrative that are meaningful to the decision process, including specific content, unfolding plots, and the way it is told to represent the subject's experience with the decision process and internal setting. Non-essential aspects from the narratives were either parked for later analysis or discarded altogether.

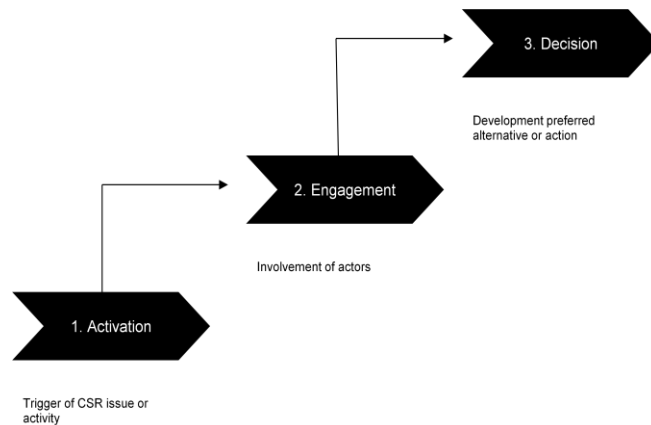
To develop the core narratives, I used Labov’s framework:



**Figure 7: Adapted from W. Labov’s Framework for Core Narratives**

Labov’s framework allowed me to segment personal accounts into a set of common elements that are applicable to any story: (1) the *abstract* or a summary of the substance of the narrative or what follows; (2) *orientation* to the issue, such as time, place, situation, and participants; (3) carry the *complicating action* or the sequence of relevant events; (4) *evaluation* or the consequences of the event, and lessons learned and practical insights for society’s broader benefit related to the phenomena being studied; and (5) *resolution/coda* or what happened and how this is connected to the present. These categories are further discussed in the Findings (see section IV). Appendix A contains the transcribed narratives using Labov’s framework.

Next, by using Labov’s framework, the core narrative from each subject was further reduced into ‘decision process plots’ (see Figure 8), or events and patterns that make up a story, in order to make comparisons across the sample.



**Figure 8: Illustration of ‘Decision Process Plot’**

The plots included (1) *activation* or the subject’s articulation of what triggered the CSR issue or activity and the setting at the time it was triggered; (ii) *engagement* or the involvement of different actors, and the nature of their involvement, to address the CSR issue or activity; and (iii) *decision* or the process by which alternatives, and the preferred alternative, to address the CSR issue or activity were developed. Comparisons are further discussed in the Findings (section IV). Appendix B contains the full data reduction of the decision process plots.

### 3.5. Validity Considerations

Regarding the validity of the data collection, there were two central issues to address. First, would I select data based on my own preconceptions or biases? Would I deliberately seek data that supports my research agenda and ignore competing explanations? Because of my own professional experiences working in large, complex business organizations, as being a CSR practitioner, there was a strong tendency for me to unconsciously focus on specific data and information that validated my own assumptions. There was also a tendency to seek subjects that have the same viewpoint or assumptions, which are based on our professional relationship and similar experiences with decision processes. Second, because the subjects are my peers, would I inadvertently select only subjects that are similar to my profession, position, or department? Moreover, would I unintentionally influence what the subject says about the decision process to, again, to validate my own assumptions about the decision process and CSR?

These validity risk issues were also elevated because of the narrative case methodology I chose to use to help me conduct the dialogues. For example, my role in the dialogues was less passive and more interactive to facilitate the discussion and draw out meaningful data and information. It was essential that I recognized and incorporated these validity issues into my work-flow to collect and analyze data and form conclusions. However, I felt it should not be the overarching goal or objective to remain completely detached from the values and expectations I bring into the research, as well as my own knowledge of the subject matter.<sup>126</sup> Both the teller and listener have a role to play in reconstructing the time and setting, and interpreting the subtleties of complexity and macro-organizational behavior and its potential influence on the decision process. This was a critical aspect in the narrative analysis approach.

Another validity issue relates to the sample. Without proper emphasis upfront in the study, there can be confusion as to whether the sample is in some way representative of the broader population of CSR initiatives. And as a result, doubt can be cast over the findings and whether it represents what is going on inside companies. My literature review demonstrated that there is no one-size-fits-all CSR professional or activity because what is understood as a CSR issue or activity crosscuts many different groups and functions, especially in complex business organizations. For this study, the focus was not on the CSR initiative, but rather on the *decision process*. The process for decision-making was common in complex companies and therefore was a stable aspect to analyze.

Related to the sample is the justification of giving the subjects the freedom to discuss a CSR issue or activity of their choice. They could select an example that followed a decision process, while being involved or aware of other CSR issues or activities that did not. The subjects were not led to select a CSR issue or activity that followed the decision process. The dialogue objective was to understand the process for selecting a CSR activity or a course of action, which can include an unchallenged, straightforward decision by the CEO on the preferred alternative.

I took additional steps to address these validity issues. First, I employed several methods to collect the data. These included telephone and face-to-face dialogue sessions, and

purposeful selection of in-house staff and external consultants from different nationalities and sectors. Second, I selected different types of CSR professionals in order to construct the narratives. These include: (i) individuals currently working as CSR professionals inside companies; (ii) individuals working as external consultants or counselors to support CSR activities of a company; (iii) individuals with particular characteristics, e.g. embedded ‘change agents,’ observers/witnesses, and subject-matter experts; and (iv) a panel of individuals all working within the same company on the same CSR activity. By using varying the approaches and subjects, I helped to minimize interpretability of the results. Next, my dialogue sessions included subjects who were involved in the same decision process for the same CSR issue or activity. The ‘telling’ process is therefore enhanced because we were in a privileged position to develop meaning of what happened and why together. Although my note-taking consisted of very detailed descriptions of the subject’s first-hand accounts, I solicited feedback from the subjects to clarify what was said and what was occurring at the time. Finally, the dialogue sessions were semi-structured, which allowed me and the subjects to search for any discrepant cases and competing explanations.

In using the narrative analysis methodology to analyze the data, there were additional validity issues I considered and incorporated into my work-flow.<sup>127</sup> The first issue is the persuasiveness of my analysis. It is important to recognize that interpretation of the narrative is a snapshot in time and may not be applicable in a future or different setting. As Riessman states, “Our texts have unstable meanings.”<sup>128</sup> This aspect is captured in the discussion of the findings. The implications of the analysis are not fixed; rather, it should encourage the continuous improvement of research on intra-organizational issues to explain CSR behavior. The next issue is the coherence of my analysis. In general, there should be a ‘global’, ‘local’ and ‘thematic’ coherence. Riessman refers to this as (i) the subject’s attempt to explain and justify an action (global); (ii) how the subject uses language and tone to effect in the narrative (local); and (iii) common issues or content the subjects used repeatedly (thematic).<sup>129</sup> The last issue is the practical application of my analysis. By sharing the research work with others, and by others making it useful and applicable, I can help increase its validity. This can be done by describing the methodology and making the primary data available to other researchers. One of the advantages of being a CSR professional is that I am part of a

community of practice that can further examine these issues drawing from real-life experiences.

### **3.6. Ethical Considerations**

The research topic and the disclosure of information were sensitive issues to the subjects. Disclosure of any type of data or information for public consumption was an inherent risk. In particular, the subjects were asked to describe how internal factors shaped and influenced decisions related to a company's CSR. They were asked whether they believed it was good for the company. And, a great deal of personal beliefs was injected in conversations. All of this data and information was documented by me. Again, some of the subjects were under current litigation, pending litigation, or targeted by third party campaigns associated with a particular social issue. Any intentional or accidental disclosure of information and attribution could become discoverable in a court of law or strengthen third party campaigns against the subject. Protecting the subjects was the key ethical consideration.

As the researcher, it was not only my primary responsibility to design the research, but to uphold professional and ethical standards in the conduct of the research. It was important to take the necessary steps to address the main ethical issues mentioned earlier. In negotiating the relationships with the subjects for the dialogue sessions, I explained how the data was going to be assembled and analyzed, as well as the potential risks and how I plan to mitigate those risks. Non-disclosure agreements were made available if requested by the subjects. There were no taped or digital recordings of the interviews and I did not use a third party to conduct the interviews. While there can be similar levels of risk by my own note-taking, I tried to minimize the 'document trail' of having multiple sources of recorded data and information. It is also worth noting that subjects can be more guarded if they know they are being recorded, or they are unfamiliar with the facilitator, which can influence how they tell their stories, convey personal beliefs, and answer particular questions. Along this same point, there was no attribution in collected data, analysis, and iterations of the thesis regarding the subject's name and affiliation. Next, there would be no future effort to disclose



the subject's name and affiliations in any way, shape or form, including external discussions (e.g. conference presentations) concerning the dialogue sessions and findings. Finally, there would be no attempt to utilize the data for the purpose of seeking comparative advantage for the company I am employed at, any future places of employment, or aiding my colleagues in peer companies.

## Chapter 4. Findings

### 4.1. Introduction

The analysis and findings are divided in two parts. Part one attempts to generalize the decision process connected to CSR issues or activities. Largely based on the teller's retrospective experience and analysis, significant events, cause and effect correlations, coincidences, and key turning points are weaved together to describe what happens; why it happens; how it happens; and the implications. Part two attempts to address the fundamental question of whether or not complexity and macro-organizational behavior can influence the decision process for CSR issues and activities.

### 4.2. Part One: Decision Process Characteristics

The transcriptions of fifty-six dialogue sessions were reduced into five categories using Labov's framework, which helped to develop the core narratives and comparative analyses across the sample (see Appendix A). The categories are summarized as follows:

1) **Abstract:** This refers to the subject's reason for selecting and telling the story. It centered on a specific CSR issue, e.g. climate change; or a specific activity, which may include a project, program, corporate standard or process, corporate guidance or tool, corporate strategy, or change management scheme. The teller chose the activity.

2) **Orientation:** This refers to the subject's primary reference points related to the story. This includes location and conditions, actors and behaviors, and timeframe of when the events took place. All of this serves to orient the teller and listener to the context of the decision process where the CSR issue or activity was being developed.

3) **Complicating Factor:** This refers to the chain of events, key issues, and turning points that may have significant meaning to the decision process and the CSR activity's development.

4) **Evaluation:** This refers to the teller's particular insights and perspectives of the underlying reasons behind what happened, why and how. It serves as an opportunity for the teller to emphasize or reinforce key issues and learnings. These insights are brought in during the course of story-telling.

5) **Resolution/Coda:** This refers to the outcome of the decision process and takes us back to some of the reasons the teller chose to tell it.

Orientation (setting) and Complicating Action (sequence of events) showed a discernible pattern across Group (A) (see Table 6.1). Activation of the decision process started with a specific company *problem/opportunity* to address a CSR issue. External factors, such as the company facing a reputational crisis, were common triggers for the problem/opportunity. Next, the decision process involved *multiple groups* with differentiated responsibilities and functions. A single group, such as the CSR department/unit, did not necessarily have ownership over the issue or how it was to be managed. Finally, macro-organizational behaviors affected the decision process. This typically involved the use of *tactics* either to preserve and protect the status quo or to advance or negotiate new alternatives to address the issue. Common in point two and three above were the *private goals and objectives* of specific groups or individuals engaged in the decision process. In most cases, these groups and individuals exercised self-interested behaviors to develop those goals. These aspects are further discussed in the next few sections.

#### ***4.2.1. Activation started with a new problem or opportunity***

Imminent change or potential disruption to the current state of the company presented a change or challenge to the way CSR issues were being presently managed. A form of external pressure was usually connected to the change, which included: (i) third party activism around a CSR issue associated with the company or industry (e.g. human rights) and ongoing scrutiny of company or industry performance; (ii) emergence of a global voluntary standard of conduct or 'soft law' measure to guide or control companies; (iii) regulatory changes on a social issue or policy; (iv) local project-related risks where the company operates (e.g. community protests); and (v) corporate reputation risks associated with a CSR

issue. The status quo typically referred to the company's current division of functional responsibilities, resources, and contingency management as it related to emerging issues and threats to the company.

The external event prompted a perceived or actual change to the company. Moreover, embedded in this change was a problem that needed to be addressed and in the same vein, a potential opportunity to address it. In some cases, new groups or functional responsibilities were formed to address the problem and this was linked in many cases with opportunistic behaviors by some sponsor. This also precipitated territorial and other defensive behaviors from other groups. Impacted groups typically wanted to protect current resources, their privileged access to senior management, the current portfolio of CSR issues, projects and responsibilities, and contingency management of CSR issues or social risks that can impact the company.

#### ***4.2.2. Multiple groups engaged***

The disruption to the status quo and the opportunities that availed initiated engagement by different internal groups. Rarely did it seem that one specific group would manage the implications of the external event. In addition, it was also not clear who was ultimately responsible for the CSR issue or activity or had the appropriate resources and capacities. Again, the nature and ambiguity of the CSR issue, including its risks and opportunities to the company, crosscuts with differentiated functions prompting the involvement of several groups in some way. Owners of the issues and the tools and processes to manage them were generally expected or required to assemble across different functions, such as project teams, technical working groups, task forces, steering committees, etc. within the corporate headquarters, as well as overseas subsidiaries and business units.

#### ***4.2.3. Engaged groups used tactics***

Macro-organizational behavior was apparent in the decision process, and 'political' tactics were exercised by different groups for different reasons. Some groups were impacted by the perceived or actual change in the company because of the external event. Directly

through, as well as outside, formal decision processes different groups negotiated alternatives to manage the issue. However, groups also negotiated to benefit their internal positioning, such as expanding their roles and responsibilities in the company or protecting their existing territory and mitigating future impacts. A range of tactics were used and collated as: (i) specific use of language and content that would resonate with certain internal stakeholders to get buy-in; (ii) deliberate framing of the issue aligned with their internal roles and responsibilities; (iii) alliance and coalition building or ‘strength in numbers’; (iv) ‘backroom’ discussions and influence tactics with key stakeholders and decision-makers; and (v) strategic utilization of internal and external ‘change agents’ (e.g. consultants) to advance private goals and objectives within the company.

<b>Subject ID</b>	<b>Orientation</b>	<b>Complicating Action</b>
1	<ul style="list-style-type: none"> <li>• opportunity triggered change to status quo: stakeholder relations with NGOs</li> <li>• competitive environment and no leadership support; domination of one group</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• engendered resistance and protection of territory</li> </ul>
2	<ul style="list-style-type: none"> <li>• identification of problem that required change management: potential community grievances associated with operations</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• tactics used to sell solution: community relations instead of security</li> <li>• tactics used to gain leadership support</li> </ul>
3	<ul style="list-style-type: none"> <li>• opportunity to change status quo: integrate social issues in risk assessments</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• tactics were used to sell product: risk assessment</li> <li>• tactics used to gain leadership support</li> </ul>
4	<ul style="list-style-type: none"> <li>• external pressure to trigger change status quo: government scrutiny over human rights issue</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• change management happened and no resistance</li> <li>• leadership provided air cover and shield from internal politics</li> </ul>
5	<ul style="list-style-type: none"> <li>• opportunity to change status quo: centralize process consistency of grievance mechanism procedure across enterprise</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• tactics used to sell solution and overcome potential resistance</li> </ul>
6	<ul style="list-style-type: none"> <li>• opportunity to change status quo by a group: moving CSR remit into different group</li> <li>• background of leadership support and</li> </ul>	<ul style="list-style-type: none"> <li>• tactics used to sell idea</li> <li>• tactics used to protect turf</li> </ul>

	<ul style="list-style-type: none"> <li>merger legacy</li> <li>multiple groups impacted</li> </ul>	
7	<ul style="list-style-type: none"> <li>problem identified to change status quo: community grievance toward company operations</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>groups benefitting from status quo</li> <li>tactics used to sell new alternative, get buy-in</li> <li>tactics used to protect turf</li> </ul>
8	<ul style="list-style-type: none"> <li>opportunity identified to change status quo: external pressures at play from standards and stakeholder activism</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell concept and solution: integrate sustainability into business strategy</li> </ul>
9	<ul style="list-style-type: none"> <li>opportunity identified to change status quo: social responsibility framework to complement environmental risk assessment – get into core business</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell concept and solution</li> </ul>
10	<ul style="list-style-type: none"> <li>two opposing cases of organizational behavior: leadership (CEO) and political construction (small and consensus-driven versus large and turf-oriented)</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>engendered opportunity to pursue a solution or exercise resistance to it</li> </ul>
11	<ul style="list-style-type: none"> <li>process change to the status quo: project finance sustainability principles</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell process and get buy-in</li> <li>tactics also used to resist it</li> </ul>
12	<ul style="list-style-type: none"> <li>opportunity identified to change status quo: operationalize policy</li> <li>backdrop of external campaigns and scrutiny</li> <li>multiple groups</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell plans and get buy-in</li> <li>concept not negotiated, but the “how”</li> </ul>
13	<ul style="list-style-type: none"> <li>problem and opportunity identified to change status quo: create community fund to prevent disruption</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell alternative and get buy-in</li> </ul>
14	<ul style="list-style-type: none"> <li>opportunity identified to change status quo: new vision for CSR – computer skills training)</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>counter to prevailing business strategy of not tying to business development</li> <li>tactics used to sell idea and get buy-in from leadership and powerful groups internally and in the business units</li> </ul>
16	<ul style="list-style-type: none"> <li>problem and opportunity identified to change status quo: rule of law program to optimize market for existing operations)</li> <li>backdrop of external pressure and stakeholder scrutiny; competing program:</li> </ul>	<ul style="list-style-type: none"> <li>weak or fragmented tactics to sell alternative – not enough was used</li> </ul>

	<p>regional development</p> <ul style="list-style-type: none"> <li>multiple groups impacted</li> </ul>	
17	<ul style="list-style-type: none"> <li>external pressure to induce change to status quo: climate change position</li> <li>backdrop of hurting base business: getting deals</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell position and strategy and overcome resistance</li> </ul>
18	<ul style="list-style-type: none"> <li>problem identified to change status quo: security and human rights policy</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell concept and get buy-in within a formal issue identification process</li> </ul>
19	<ul style="list-style-type: none"> <li>process change to status quo</li> <li>backdrop of negative perceptions of a group; also external pressure and scrutiny</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell process change and get buy-in; also overcome resistance</li> </ul>
20	<ul style="list-style-type: none"> <li>external pressure triggered change to status quo: human rights policy</li> <li>backdrop of CEO opposition to a new policy</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell concept and overcome resistance</li> </ul>
21	<ul style="list-style-type: none"> <li>external pressure triggered change to status quo: new risk assessment – integrate into other processes</li> <li>backdrop of legacy issue and leadership buy-in for change; and small company – easy to push through</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to overcome resistance</li> </ul>
22	<ul style="list-style-type: none"> <li>external pressure triggered change to status quo: human rights guidance</li> <li>backdrop of guidance versus management system: focus on safety and CEO support</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell idea and get buy-in</li> </ul>
23	<ul style="list-style-type: none"> <li>external pressure triggered change to status quo: NGO engagement</li> <li>backdrop of reorganization</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics not used well to sell idea and get buy-in</li> </ul>
25	<ul style="list-style-type: none"> <li>external standard/pressure triggered change to status quo: anti-corruption policy</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell process and get buy-in and overcome resistance</li> </ul>
30	<ul style="list-style-type: none"> <li>external crisis triggered change to the status quo: disaster</li> <li>backdrop of local strategy and decision-making versus parent (Japanese)</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to get buy in</li> </ul>

	<ul style="list-style-type: none"> <li>multiple groups impacted</li> </ul>	
31	<ul style="list-style-type: none"> <li>external standard/pressure triggered change to the status quo: incident/rating human rights performance</li> <li>backdrop of lack of understanding</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to get buy-in and resist change,</li> </ul>
32	<ul style="list-style-type: none"> <li>external incident/pressure triggered change to the status quo</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell process and get buy-in</li> </ul>
42	<ul style="list-style-type: none"> <li>lack of understanding and competition for contingency</li> <li>backdrop of owner of resources is owner of CSR</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell agenda</li> </ul>
48	<ul style="list-style-type: none"> <li>external issue/pressure triggered change to the status quo: law suit</li> <li>backdrop of competing interests and contingency management among key functions</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell agenda and negotiate alternatives</li> </ul>
49	<ul style="list-style-type: none"> <li>external pressure triggered change to the status quo: law suit</li> <li>backdrop of crosscutting issue and inconsistent understandings</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics were used to advance agendas and influence the internal decision making process</li> </ul>
50	<ul style="list-style-type: none"> <li>external pressure triggered change to the status quo backdrop of competing interests</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics were used to elevate CSR group to handle contingency - form alliances, co-opt on content and sell to executives</li> </ul>
51	<ul style="list-style-type: none"> <li>new internal process triggered change to the status quo</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics used to sell new process: alliance formation</li> <li>lack of political strategy may have led to failure to secure support</li> </ul>
52	<ul style="list-style-type: none"> <li>external pressure/issues triggered change to the status quo</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics were used to sell strategy and issue priority – target senior executives</li> <li>opportunistic to elevate CSR group</li> </ul>
53	<ul style="list-style-type: none"> <li>external pressure/issues triggered change to the status quo backdrop of integrating CSR in existing process</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>tactics were used to advance agenda</li> </ul>



55	<ul style="list-style-type: none"> <li>• new internal process triggering ‘future tension’ to the status quo</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• NA</li> </ul>
56	<ul style="list-style-type: none"> <li>• new process triggered change to status quo, different understandings and opinions of solution</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• tactics used to advance agenda</li> <li>• sell to local stakeholders and prevent resistance and secure buy-in</li> </ul>

**Table 6.1: Group (A) Plots**

Using Orientation and Complicating Action, the plots illustrated three patterns across Group (B), and two of the patterns were similar to Group (A). Among the involved groups, there was a general sense of inconsistency regarding the company’s overall CSR objectives, priorities, and/or understandings. This aspect was not only connected to the involvement of multiple groups, but also the crosscutting characteristic of the CSR issue. Next, a third party was strategically utilized to advance the interests of a particular group. A summary of the Group (B) plots is summarized in Table 6.2. These aspects are further discussed in the next few sections.

#### ***4.2.4. Inconsistency of objectives and understandings***

Across the sample, there was a discernible pattern of inconsistency regarding the company’s goals, objectives, priorities, and/or understandings related to CSR or the means to manage the issues. Several reasons were suggested, which can be collated as the atomization of the issue and the abstraction of CSR, the urgency and immediacy of the external event, the complex structure of the company, and the existing roles, responsibilities, and territories to manage CSR issues and activities. Similar to Group (A), a single department/unit that was both recognized and accepted by the company to handle all CSR-type issues was not obvious. Moreover, the ‘CSR’ group in the company, both in title and function, was seldom the sole possessor of the issue, strategy or activity to manage it.

Depending on the company’s complexity, CSR issues typically were bifurcated into sub-issues, including public policy, community relations, safety, operations, legal, reputation, regulatory, or government affairs. And, their weighted value and importance to the company

can be influenced by an external event impacting the company, or the parochial interests by those groups designated to manage the sub-issues.

#### ***4.2.5. Use of third parties***

Group (B) highlighted a common trend where external third party groups were used to elevate awareness of, or advance, a particular idea or solution on behalf of certain groups in the company. The nature of the services requested of the third party was political. Internal groups were either motivated by self-interest, opportunism or to benefit the greater good of the company and society; nonetheless, they felt the need to leverage external consultants or service firms to sell their ideas and solutions or overcome internal resistance.

In most cases, third parties were instructed to communicate or frame issues in certain ways that would resonate with key influencers and decision-makers, or ‘co-opt’ other individuals and groups with the aim of securing their buy-in for an idea or solution. The services provided by these external firms and consultants extended beyond technical CSR work. They were used as internal ‘change agents’ and became part of an internal strategy of the sponsoring group.

<b>Subject ID</b>	<b>Orientation</b>	<b>Complicating Factor</b>
<b>15</b>	<ul style="list-style-type: none"> <li>• inconsistent understanding and framing</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• tactics used to sell ideas</li> <li>• tactics used to protect turf</li> </ul>
<b>24</b>	<ul style="list-style-type: none"> <li>• inconsistent goals and objectives</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• crisis creates tension over contingency management</li> <li>• opportunism develops because of vagueness and for contingency management</li> </ul>
<b>26</b>	<ul style="list-style-type: none"> <li>• different agendas, but consistency when CEO actively engaged</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• external pressure triggers change to status quo</li> <li>• compete for handling contingency the more CSR is elevated</li> <li>• tactics used to influence and get allies</li> </ul>
<b>27</b>	<ul style="list-style-type: none"> <li>• different understandings</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• external pressure triggered change to status quo</li> <li>• under backdrop of CEO engagement</li> </ul>

		<ul style="list-style-type: none"> <li>tactics used to adopt and integrate change management</li> </ul>
28	<ul style="list-style-type: none"> <li>CSR strategy is a significant change to status quo</li> <li>political construction of company engenders political behaviors: difficult to centralize CSR</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>protect territory – some groups that handle contingency management and process are territorial</li> </ul>
29	<ul style="list-style-type: none"> <li>not clear who owns CSR</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>third party used as a tactic to frame issue in certain way – worked for policy people only</li> </ul>
33	<ul style="list-style-type: none"> <li>not clear who owns CSR</li> <li>inconsistent goals and objectives</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>third party used to communicate CSR in a certain way</li> <li>have incentives for impacted groups</li> </ul>
34	<ul style="list-style-type: none"> <li>not clear who owns CSR</li> <li>inconsistent goals and objectives</li> <li>different framing of the issues</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>third party used as a tactic to sell idea; failure without using tactics</li> </ul>
35	<ul style="list-style-type: none"> <li>not clear who owns CSR</li> <li>inconsistent goals and objectives</li> <li>different framing of the issues</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>use third party as a tactic to sell agenda and overcome resistance</li> </ul>
36	<ul style="list-style-type: none"> <li>different goals and objectives/inconsistent messaging</li> <li>no alignment</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>backdrop of internal reorganization</li> </ul>
37	<ul style="list-style-type: none"> <li>different owners of CSR</li> <li>inconsistent framing</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>backdrop of low understanding of CSR</li> <li>tactics were used to misdirect and undermine contingency</li> <li>conflict was healthy and helped to spur internal engagement</li> </ul>
38	<ul style="list-style-type: none"> <li>dependent on the CSR issue</li> <li>led to inconsistent framing</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>backdrop of self-interest</li> <li>tactics were used to protect territory</li> <li>tactics were used for resistance or making biased recommendations</li> </ul>
39	<ul style="list-style-type: none"> <li>decision making on CSR was not clear</li> <li>multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>backdrop of crosscutting issue: different functional touch points</li> <li>third party used as a tactic to sell agenda or secure buy-in</li> </ul>

40	<ul style="list-style-type: none"> <li>• decision making or owner of CSR is not clear</li> <li>• inconsistent solutions to CSR issues</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• third party used as a tactic to sell risk</li> <li>• had a positive effect: unified different groups – alliances</li> </ul>
41	<ul style="list-style-type: none"> <li>• groups had limited decision making: power rested with law function)</li> <li>• inconsistent objectives and solutions</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• NA</li> </ul>
43	<ul style="list-style-type: none"> <li>• decision making and owner of CSR is not clear</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• backdrop of political structure of organization, leadership goals, and resource control</li> <li>• middle management’s competing interests affected leadership views</li> </ul>
44	<ul style="list-style-type: none"> <li>• inconsistent objectives</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• as CSR issues/risk shifted ownership shifted, control of resource, visibility and contingency was a political driver</li> <li>• tactics have a positive effect – spurs attention and leads to innovation</li> </ul>
45	<ul style="list-style-type: none"> <li>• decision making on CSR was not clear</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• NA</li> </ul>
46	<ul style="list-style-type: none"> <li>• owner of CSR was not clear</li> <li>• different solutions</li> <li>• territorial issue</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• backdrop of the power structure – break up CSR</li> <li>• third party was used as a tactic to frame, co-opt, and sell solution</li> </ul>
47	<ul style="list-style-type: none"> <li>• inconsistent objectives and understandings</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• backdrop of undefined issue and vagueness</li> <li>• used third party to sell agenda and get buy-in</li> </ul>
54	<ul style="list-style-type: none"> <li>• ownership of CSR is unclear and there are inconsistent objectives,</li> <li>• external crisis induces CSR activism</li> <li>• multiple groups impacted</li> </ul>	<ul style="list-style-type: none"> <li>• backdrop of competition for contingency and resources</li> <li>• third party used as a tactic to advance agenda and influence internal client groups</li> </ul>

**Table 6.2: Group (B) Plots**

### 4.3. Part Two: Complexity and the Decision Process

Using Narayanan and Fahey's framework, the transcriptions of fifty-six dialogue sessions were reduced into four categories, which helped to comparatively analyze the phases of decision making regarding complexity's effects on the decision process for CSR issues and activities. Appendix B contains the full data reduction of the decision process plots.

1) **Activity:** This refers to a firm's strategy, project, program, corporate policy or process under the rubric of corporate responsibility. This may include a (i) social investment project to provide access to basic human needs to a community where a firm operates; (ii) corporate funding or donations program for post-disaster relief or reconstruction in a country or community; (iii) corporate policy on human rights or environmental protection; (iv) environment/social/health due diligence process for projects; and/or (v) corporate strategy on CSR or issue related to CSR, i.e. corporate alignment with an international standard of behavior.

2) **Activation:** This refers to the individual level of recognition of the CSR issue or activity. It centers on the individual's cognitive articulation of the CSR issue or activity and what may have influenced it: (i) his/her association to it; (ii) historical context; and/or (iii) prevailing corporate conditioning that may affect language used to describe it and/or coping mechanisms, e.g. problem-solving and decision-making processes.

3) **Engagement:** This refers to the collective level of engagement by more than one group within the company. This can be through formal engagement, such as a standing committee, working group or task force. This can also be through informal engagement, such as *ad hoc* working groups or relationships with other key groups to interpret or define a CSR issue or advance the CSR activity or a dimension of it.

4) **Decision:** This refers to the intra-organizational decision process to generate alternatives in order to select a final course of action to address a CSR issue or activity. The process typically consists of data collection and analysis, generating different scenarios, evaluating advantages and disadvantages for each scenario or alternative, and making a final

decision on a course of action. The process may also include some process of ‘look-backs’ or ongoing improvement in order to modify the course of action.

#### ***4.3.1. Activation***

Across the sample, during the *Activation* phase of the decision process a recognition pattern of the current state of the CSR issue or activity emerged. Nine recognitions were common across the sample, which can be summarized along the two dimensions: (1) crosscutting feature of CSR functions and norms; and (2) organizational complexity.

##### ***4.3.1.1. Crosscutting feature of CSR functions and norms***

Two recognitions across the sample were associated with *group functions and embedded norms*. First, a common recognition pattern was the different understandings, interpretations, objectives and priorities in the company associated with the CSR issue. How the issue was framed to others also varied according to the different groups impacted by the CSR issue. Second, because functional responsibility and sources of ‘power’ are dispersed within the company, there were varying perceptions of how it should be managed and who should manage it. Subjects believed the efficiency to manage the CSR issue was embedded in different groups and its placement and treatment expanded internal boundaries and engendered opportunistic behaviors by some groups. These recognitions illustrated how the crosscutting characteristic of CSR issues and functions can trigger different and sometimes competing interpretations, as well as how the issue should be managed.

##### ***4.3.1.2. Organizational complexity***

Four recognitions across the sample were associated with the *complexity of the company*: (1) functional complexity, (2) competition, (3) opportunism, and (4) change management. First, the company’s structure was a basis for internal misalignments over the handling of CSR issues. The subjects highlighted the *complex structure of their companies* where power, influence, roles and responsibilities were dispersed not only within the corporate center, but across geographies, including subsidiaries, profit centers, or business

units. As a result, a clear ‘owner’ and ‘decider’ was not always apparent. Second, external threats or a confluence of crisis-like event (e.g. law suit, NGO activism, shareholder resolutions) affecting the company were framed as CSR issues and this framing often garnered CEO and other executive attention to CSR, and by extension, to potential groups that could best manage the company problem. Shifting contingency was linked to shifting resources. This helped to initiate competitive and territorial-like behaviors between different groups within the companies.

Second, CSR issues that had, or was perceived to have, a material impact on the company provided a ‘window of opportunity’ for different groups to *compete for the opportunity*. This included internally positioning the group to be the focal point to manage the company issue, and moreover, increasing interaction with top leaders. Opportunism was exercised by instances of ‘power-grabbing’ or ‘elevating the importance of an issue’ to executives based largely on their self-interest. Third, the subtle or overt suggestion of *change within the company*, as a result of the CSR issue, was a central recognition among the subjects. Change was often precipitated by some form of external event or threat that posed a current or future reputation, operational, regulatory or legal issue to the company. It was also prompted by the introduction of a new organizational strategy, process or tool to help manage the CSR issue. The management of change did not always happen with administrative ease. There was awareness that change was associated with a disruption to the existing organizational structure and order.

Within the six recognitions discussed above, macro-organizational behavior was an undercurrent. This pattern also showed to be sequential among the sample. External pressures elevated leadership attention to the CSR issue. Next, the CSR issue engendered multi-group interaction and sensemaking of the issue (i.e. what it is and who has the responsibility to manage it). Then, emerging company strategies, plans, processes, etc. to manage the CSR issue impacted the groups and altered the current state of the company. Some of the potential sources of macro-organizational behavior are summarized as follows.

***External events and pressures:*** Threats to the company can include emerging international CSR standards, regulatory issues, legal action, stakeholder activism, or

operational disruptions. These pressures posed a material risk, whether perceived or actual, and problem for the company. Action to cope with, and find solutions, to the problem was necessary.

***Leadership attention:*** Awareness and attention of the CEO and/or top leadership members to specific CSR issues influenced and shaped how internal groups treated the issue and interfaced with one another. Leadership did not always have an effect on the direction of the company's decisions. Rather, it was their mere interest in the CSR issue and the opportunity for internal groups to develop or expand their access to these individuals.

***CSR variability:*** In most cases, the treatment of CSR by the company led to conflicting understandings, goals and priorities. CSR was largely issue-centric, and therefore, often times stakeholder-centric. In other words, the existing order of the company had already pre-assigned certain groups to manage certain issues.

***Transformative effects:*** The onset of organizational transformation around a CSR issue was often unsettling to the natural order. It stoked territoriality, as well as opportunism among internal groups who depend on the company's resources for their ongoing relevance. The management of change, therefore, was often executed within a context of competing interests.

#### ***4.3.2. Engagement***

Across the sample, during the Engagement phase of the decision process two common patterns emerged: (1) multiple groups were involved in the formulation of options for preferred ideas and a course of action; and (2) tactics were exercised by these groups during the engagement to advance, block or negotiate preferred ideas.

##### ***4.3.2.1. Multiple groups and functions***

Four main groups were typically involved in the Engagement phase of the decision process and this was dependent on the CSR issue. First, the executive body was involved. This typically included the CEO and/or top leadership members. Second, operational groups



were involved. This included advisors, officers, and middle managers from the operational side of the business; both in headquarters and in the business units. Third, service functions were involved. This included advisors, officers, and middle managers from service groups, such as law, security, human resources, procurement, and health, environment, and safety. Fourth, policy groups were involved. This included advisors, officers, and middle managers from CSR, government affairs, and public affairs.

The sample showed more than half of the fifty-six subjects involved the Law function. The participation of corporate counsel was prominent in the narratives. They were included in the engagement phase to assess the potential legal risks related to the CSR issue, as well as the selection of activities to manage it. In some cases they were involved due to current litigation against the company.

Across the sample, there was a common set of underlying drivers for multi-group engagement on a CSR issue or activity. There was recognition of identification or assignment to the issue whether this was real or perceived; again the issue did not rest with a single group. Next, there was recognition of potential impacts and implications that may affect the group. Operational groups, for example, typically needed clarity of internal buy-in, endorsement, or opposition. Service groups, particularly government affairs, CSR, law, risk, or philanthropy typically wanted to know how decisions may affect existing policies, strategies and reputational issues that they have been managing. Next, the comprehensiveness of decisions into the selection of preferred actions generated the need for a diversity of perspectives and consensus among key groups. It was also a requirement for gaining the support of top leadership to actually implement the preferred action.

To achieve the requisite buy-in and consensus during the decision process, informal and formal cross-functional working groups were established to develop and negotiate a preferred course of action. Some of the subjects alluded that working groups were sometimes used by certain groups to co-opt others into a specific idea or solution. A common feature of the intra-group engagement included the assignment of a ‘champion’ or ‘change agent’ to help overcome potential resistance to an idea. Also, participation in the working group was

source of empowerment of many groups; there was an opportunity to pursue private interests and agendas or simply to be ‘seen and heard’ in the company.

#### **4.3.2.2. *Macro-organizational behaviors***

Macro-organizational behavior was apparent in the Engagement phase. A number of tactics were used by different departments/units to influence and shape the decision process.

The subjects cited instances where *language* was intentionally used to frame a CSR issue or activity, influence the intended internal stakeholder, and achieve a desired goal or objective. Subjects typically used the ‘business case’ to frame their issue, and incorporated company- or department-specific words and phrases that were unique to the company. This was essential not only to initiate attention to the issue, but also to get buy-in from the stakeholder that it was indeed an issue they should care about. In most cases, the subjects used ‘risk’ language to elevate the issue to resonate with internal stakeholders. A CSR issue was typically framed as a risk to the firm, and/or a CSR activity was sold as an opportunity and solution to overcome the risk.

*Crafting the issue* was also another deliberate tactic. For example, the subjects selected external or internal data to bolster the CSR issue or reinforce their arguments, e.g. third party reports, internal information or statistics, case studies, intra-organizational ‘stories or rumors’, external stakeholder meeting reports, or benchmarking activities of peers and competitors. Next, issues were crafted in ways that would appeal to interests of the stakeholder they were trying to influence. Again, the abstract nature of CSR enabled influencers to profile CSR issues as a ‘legal issue’; a ‘public affairs issue’; or ‘technical-operational issue’, etc. They also framed the issue using immediacy or priority, such as linking the issue to an emerging reputational, legal or operational risk. In connection to intra-group meetings on the CSR issue, there were conscious attempts by a group to add on, or subtract from, information on the meeting agenda in order to steer the discussion and outcome in a way favorable to the group’s interest.

Another deliberate tactic was the *use of external consultants* as an extension of the group. Subjects identified external consultants as ‘change agents’ to help sell a CSR activity or a particular version of the CSR issue consistent with the sponsoring group. Some of the actions they were expected to perform were intended to shape and influence company thinking about the threat posed by the CSR issue and/or the coping mechanisms. For example, prior to a meeting with a group that is targeted for influence external consultants were coached by the sponsoring group on how to orchestrate the conversation, what to say and how, the positions of particular persons, and whom they should focus on. Next, external consultants were requested to undertake research to produce specific evidence to promote or reinforce the sponsoring group’s proposal related to the CSR issue and how to address it. The ability of the external consultant to express independent opinions about the CSR issue or how it should be managed by the company can be neutralized by the sponsoring group, especially if the contractual terms and compensation to the external consultant are managed by the sponsoring group.

Outside the formal decision process, ‘backroom discussions’ or the creation of *ad hoc* issue or working groups aimed to *co-opt key stakeholders* to support a certain view that would benefit the goals of a sponsoring group. Informal ‘corridor’ conversations were used by sponsoring groups to ‘shop their ideas’ to key decision-makers or those in a position to influence them. They were also utilized to deliberately weaken another group’s concept, proposal or plan related to how to the management of the CSR issue. In these instances the intentional uses of language helped to craft and communicate the CSR issue to the internal consumer. By portraying the CSR issue in a certain way, it also enabled the sponsoring group to highlight the expertise or contingency capacity of the sponsoring group while contrasting other groups. Subjects also described instances where potentially resistant groups were invited to join an informal working group or task force created to address the CSR issue. The subtle, yet underlying driver was to align their views with that of the sponsoring group. Along the same lines, the sponsoring group formed informal alliances with other groups that shared similar objectives. Both tactics helped to promote the sponsoring group’s concept, proposal or plan within the company. More importantly, both tactics provided an ‘illusion of

consensus' to decision-makers and substantiated that sufficient levels of internal stakeholder support was secured.

Perpetuating the Engagement phase during the decision process or *delaying or 'orbiting'* (e.g. never landing on a resolution) key decisions by certain groups was a subtle, yet purpose-driven tactic to prevent critical inter-group agreements from occurring. These were intentional efforts to block another group's CSR concept, proposal or plan from progressing, which required a certain level of feedback, consensus or buy-in from other groups. For example, participating groups would select individuals to represent them in the meeting, but the individual had no formal decision-making authority, nor was he/she delegated any. The individual attends meetings only to observe or take notes; all the while the expectation is that he/she provides some decision on issues and actions. Next, inter-group emails and other communications requesting feedback and decisions were never acknowledged. Again, this enables decision support matters to continue 'orbiting' during the engagement process.

Participating groups also intentionally *kept other groups uninformed* or 'in the dark' regarding a version of the CSR issue or action plan that was sold to executives and the associated resolutions. The uninformed groups continue working for a certain period while key resolutions have been made largely without their input. Finally, the sponsoring group of a CSR proposal concealed critical data and information to produce incomplete analyses. For inter-group decisions, this tactic can delay the formulation or consideration of a particular group's CSR proposals or plans, while intentionally shifting attention to the sponsoring group.

Similar to issue-crafting, *issue-selling* leveraged the profile of other persons or groups to advance the sponsoring group's ideas, and attempted to control organizational structures and processes to manage how data and information was disseminated. Across the sample, inter-group meetings and workshops was a common method for considering CSR issues or action-planning. Subjects intentionally used this approach to sell a specific version of the CSR issue or course of action to other key persons and groups. The sponsoring group, for instance, pre-selected and then inserted individuals into the workshop who had certain

attributes (e.g. subject-matter expertise) that made them effective promoters of arguments, concepts, proposals or plans of the sponsoring group. Moreover, the meeting agenda was orchestrated intentionally to sway participants to think and feel in a certain way. This was exercised by the subtle use of chosen words and information in the document hand-outs or key remarks, such as highlighting the potential ‘legal’, ‘financial’, or ‘technical’ risk of the CSR issue to the firm. Depending on the sponsoring group, the underlying motive was to reinforce their key arguments and capabilities to manage the CSR issue.

Next, across the sample subjects described internal efforts to target key internal stakeholders that needed to be ‘educated’ and influenced because of their significance to the company’s decision process. For example, key senior executives were furnished with specific data, information or arguments that would in turn empower him/her to serve as an ‘*executive champion*’. On account of his/her power and influence, building the executive champion provided the necessary legitimacy or ‘air cover’ for the sponsoring group to move ahead and schedule internal briefings, form working groups, and sell the CSR concept, proposal or plan to other groups. They can also be used to deal with potential resistance by other groups and executives. Again, because of their standing, he/she can set decision criteria that are consistent with the sponsoring group, or speak directly to other executives to try to sway their thinking. Furthermore, prior to key decision phase meetings, subjects lobbied their peers and/or senior managers or executive on a particular version of the CSR issue or action plan. This was carried out through formal briefings, informal meetings, and presentation of data and information.

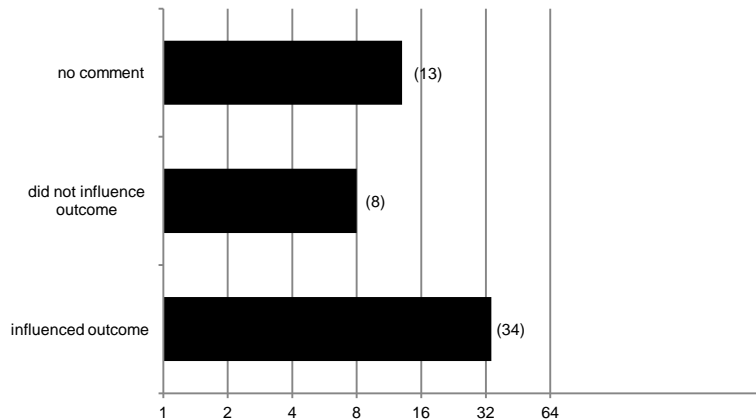
#### ***4.3.3. Decision***

During the Decision stage of the decision process, typically where a course of action is deliberated and chosen related to a CSR issue, the sample highlighted a pattern in which the subjects believed (1) macro-organizational behavior (tactics) influenced the CSR outcome of the decision process; (2) the CSR decision process was good for the company; and (3) the CSR decision process benefitted certain groups.

#### 4.3.3.1. Macro-organizational behavior (tactics) influenced the decision process

After telling their story in the dialogue session and reflecting on the decision process, a majority of the sample *believed that macro-organizational behaviors affected the company's decision process related to the CSR issue or activity*. Subjects considered macro-

Figure 9.1: Belief that Macro-organizational Behavior (Tactics) Influenced the Decision Process



organizational behaviors, including the tactics the groups used, as both a positive or negative influence on the decision process and outcomes.

*Positive influence* includes triggering executive and broader

company awareness and attention, activity, and innovation to address the CSR issue. Without the tactics, the opportunity to address the CSR issue, or to place the company in a better state, would have been missed or lost. A new or updated policy, business process or practices adopted by the company are considered positive influences. In some cases, it simply provided the company with a starting point with the alternative being no action at all. *Negative influence* includes recommendations that served the group rather than the company, stifling company creativity and innovation, or overlooked opportunities to better manage the CSR issue. Regardless of the impact, subjects believed macro-organizational behavior was necessary in terms of stimulating the decision process, driving the company toward action, delivering a resolution.

Subjects also believed macro-organizational behavior and associated tactics enabled the company to *negotiate for something better*; trading-off one CSR concept, proposal or plan for another. Several subjects believed that CSR issues and activities are negotiated within the decision process inside their company. This belief supports prior research on the premises of decision-making. CSR issues are part of a broader set of issues and priorities

attended to by the company and often simultaneously. Moreover, CSR concepts, issues, or activities can be influenced by group sense-making and self-interests.

Next, macro-organizational behaviors helped to *identify, elevate, and develop a CSR activity* that otherwise would not have happened. It helped to spur and promote internal engagement among differentiated groups and functions around a CSR issue or activity during the decision process. The alternative is to rely on prior methods, old plans, or maintain the status quo, which may not have benefitted the company or society. Conversely, subjects also believed macro-organizational behaviors and tactics, or lack thereof, led to missed CSR opportunities for the company. There were instances of preventing internal engagement on a CSR issue or activity during the decision process, rejecting an alternative that would have been more effective in addressing a CSR issue the company was facing, or following a particular direction of a group that had parochial perceptions and biased set of recommendations. Moreover, subjects believed there would have been a different outcome if it was not for the tactics. An outcome that was influenced and shaped by a ‘technical’ group may have been different if it was influenced by a ‘legal’ or ‘public affairs’ group. This aspect would also affect the distribution of resources and capacities, including contingency management within the company.

While a majority believed macro-organizational behaviors influenced the outcome, a small sample of subjects believed it did not. The reasons varied. For example, there was strong protection of a preferred alternative by a senior executive, which they believed prevented group tactics from undermining the course of action. Another case suggested the smaller size and reduced complexity, and clear authority by the CEO shielded the company from excessive or harmful macro-organizational behaviors. The smaller size and reduced complexity suggest that levels of complexity matter and can have an effect on the decision process. The company can have low levels of functional differentiation and spatial dispersion. Lastly, while subjects indicated macro-organizational behaviors did not affect the outcome, their narrative seemed to indicate that specific tactics were used to ‘orchestrate’ and promote a desired course of action. Macro-organizational behavior may not have been

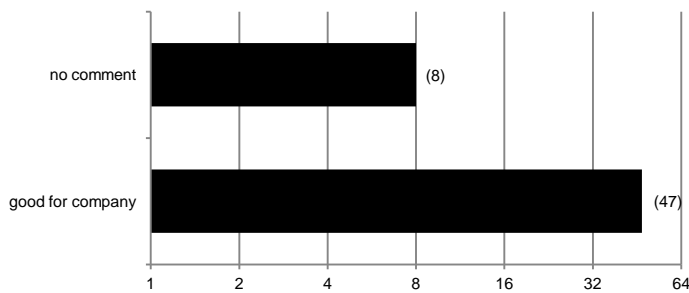
essential to the company’s understanding of CSR, but rather on how it was to be implemented.

#### 4.3.3.2. CSR decision process benefitted the company

After describing their experience and reflecting on it during the dialogue session, a majority of the subjects *believed that the decision process was good for the company*. Subjects cited both tangible, as well as intangible benefits for the company. Tangible benefits were primarily specific CSR ‘products’, for example, adoption of a corporate CSR policy, creation of guidance documents, or development of new business processes. Another tangible example was the creation of dedicated staff positions to manage a CSR issue or activity.

Intangible benefits often complemented the tangible benefits; in other words, there was a multiplier effect or additionality that was good for the company. These were collated as (i)

Figure 9.2: Belief that the CSR Decision Process was Good for the Company



integrating CSR issues into the existing management system and process to improve company efficiencies; (ii) generating more executive awareness of CSR issues and support to manage it; (iii) better engagement with external stakeholders and

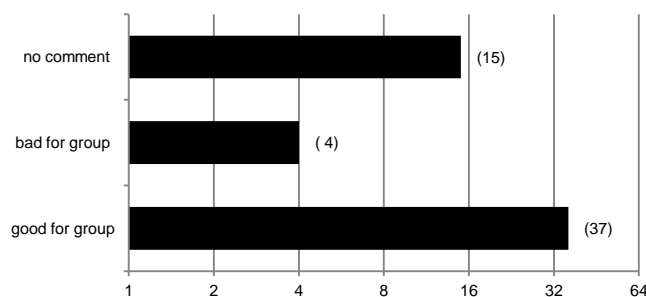
overcoming reputation issues; (iv) serving as a unifier to pull together internal groups and relevant functional skills and competencies to manage the issue; (v) connecting CSR issues closer to business materiality; (vi) raising the CSR issue to a strategic level in the company; and (vii) changing company practices to solve difficult CSR issues. Once more, regardless of the positive or negative influence on the company’s strategic decision process, macro-organizational behaviors were impactful according to the subjects.



### 4.3.3.3. CSR decision process benefitted certain groups

Upon reflection of their own experience, either as direct participants or observers of the decision process, a majority of the subjects *believed that the process benefitted the group that initiated the tactics, and other groups that indirectly benefitted*. The benefit was either a tangible product or an intangible advantage, such as greater executive attention to the CSR issue and the group's capacity to manage it. The benefit for certain groups can be somewhat transformational. It disrupted the status quo and shifted responsibilities, resources, capacities and contingency management between different groups. This supports the earlier argument

Figure 9.3: Belief that CSR Decision Process Benefitted Certain Groups



that CSR issues can alter the current state of the company. A common pattern across the sample was that most groups gained some advantage from more visibility with senior executives, increased access to specific leaders, and overall higher status inside the company. They also benefitted from having expanded

roles and responsibilities in order to manage the CSR issue or develop new activities. In line with this point, some groups expanded their functional boundaries because of the CSR issue, or conversely protected existing 'territory'. Finally, some groups gained greater 'ownership' of a specific CSR issue and more access to technical and financial resources. Also, being 'good' for groups were not homogeneous; in other words, some groups benefitted, but benefitted in different ways. For example, not all groups gained more access to resources or became more visible inside the company.

While some groups benefitted a small sample of subjects believed that the decision process did not benefit groups. In general, complexity and macro-organizational behaviors may have served as *barriers* to new ideas and innovations being sponsored by the group. Some of the subjects felt their ideas, or the ideas of other groups, would have been more optimal. Several examples were highlighted from the dialogue sessions, such as high levels

of functional differentiation engendering a political-like corporate culture that condoned ‘in-fighting’ and competition between different groups. This type of setting benefitted groups with significant power and influence inside the company, and as a result, their ideas and proposals had a much better chance of being considered by decision-makers. Similarly, some groups felt structural complexity undermined the group’s ability to gain the necessary influence to develop a new CSR activity. These examples support the view that there is greater potential for conflict between different groups when power and influence becomes concentrated in a specific group to cope with a particular issue(s).

Next, a prevailing business model left little room for a CSR proposal or activity to be considered. There was a great deal of resistance by more powerful, established groups, especially those closer to the business-side of the company and therefore supportive of the present model. They would naturally perceive a CSR proposal or activity that could transform the business model as a potential threat to the group’s positioning or influence in the company. Likewise, a predominant corporate strategy led by a few powerful groups continued to supersede any consideration of a CSR proposal or activity. While the CSR proposal may have benefitted the company in different ways, the sponsoring group had little chance of developing it; perhaps even less chance in implementing it.

#### 4.4. Discussion

Kunal Basu suggests that the durability of CSR is related to how deeply it is integrated in the company's decision process.<sup>130</sup> However, durability can also be determined by the company's structural complexity. CSR is not implemented by plans and schemes; it is implemented by the company's leaders, staff and departments and it would be naïve to assume their skills, knowledge, opportunities and motivations are all the same. For top management this can be a challenge; "The institutionalization of new ideas and practices does not simply happen; it depends on the actions of interested actors who work to embed them in the routines, structures, and cultures of organizations."<sup>131</sup>

Where a strategic CSR initiative may impact different groups, leadership often underestimates the dimensions and influence of their reactions.<sup>132</sup> Different departments/units, coalitions, and other groups, depending on their interests, may not necessarily embrace a CSR issue or activity, even though it *is* in the best interest of the company and society. During the decision process they can react to the CSR issue or activity by erecting barriers and resisting; supporting broader organizational changes, but for opportunistic reasons; or publicly support the issue or changes, but secretly pursuing opportunities to undermine them to advance a hidden goal. In highly complex business organizations, groups as participants and recipients of its decision process may not be passive. They can also determine the outcome. A high level of commitment or belief in the CSR directive can reflect the group's resourcefulness or initiative to implement CSR activities, and moreover, develop new ideas and innovations to improve performance. A low level of commitment, or conversely a high level of resistance, can reflect the group's mere compliance while using various tactics to undermine the directive in ways that can serve the group's broader interests.<sup>133</sup> This can also result in weak and fragmented activities that do little to improve company performance or benefit the communities and societies they are intended to benefit. Could some of the alternatives generated to address a CSR issue have been more optimal than the preferred alternative that was chosen? While the company will address CSR issues that serve the best interest of the company, the underlying motives department/units and other internal groups may have played a role in influencing and shaping

what this is. We may never know because the organizational reality related to CSR decision processes is largely unknown and therefore unexplored.

These issues were, and continue to be, central to my research and why I spent several years investigating theory, concepts, and case studies to explain CSR behavior and retrospectively making sense of my own observations and experiences. The dialogue sessions and subsequent narratives provided a rich collection of first-hand data for analysis to address the central inquiry of my research. From my investigation of the strategic decision-making process several findings emerged that support existing literature on the potential impact of structural complexity and different premises for decision-making. These are discussed in the next few sections.

**1) CSR issues or activities are not necessarily separate and distinct from the company's decision process.**

Lars Christensen, Mette Morsing, and Ole Thyssen researched the polyphony of CSR.<sup>134</sup> They concluded that companies attend to different business issues and concerns concurrently and decision-making on CSR issues would be affected by these other considerations. When a problem or external pressure emerges and framed as CSR, the materiality of the issue to the company and how it should be addressed can potentially impact established roles and responsibilities of different departments/units. Even with clear definitions, policy prescriptions and management processes, which are broadly understood and accepted by the company, CSR's meaning and its activities can still be subject to different interpretations and influences.

CSR issues, therefore, may not necessarily be given special consideration in the decision process, and moreover, they may not be immune to the various effects of the company's complexity. At different points in time the company can face risk and uncertainty issues, including those involving CSR. This can include a renewed effort around risk management and positioning for future growth during the current economic downturn; the frequency and severity of reputational risks; or the maturing of a so-called CSR infrastructure that "...attempts to effect change by using mechanisms such as peer pressure, visibility,

rankings, activism, and, increasingly, mandate to pressure companies to improve their effects on people, the planet, and societies.”<sup>135</sup>

Because the company attends to numerous concerns and priorities simultaneously, a CSR issue would be contextually defined and different departments/units may be involved in the development of alternatives to address it. Depending on the characteristics of the issue, during the Engagement phase of the decision process some groups can be in a privileged position inside the company and can bolster or weaken the influence of other groups or displace their expertise and ideas.<sup>136</sup> Moreover, research suggests that normative arguments may have less legitimacy within the company compared to instrumental ones.<sup>137</sup> CSR issues can be reframed as economic arguments during the Activation phase of the decision process, which can be used to legitimize the issue by being more aligned with the company’s ongoing concerns. While this reframing can help to move the issue through the Activation and Engagement phases, it also can affect the development of alternatives and resolution during the Decision phase. As a result, CSR issues and activities can either be elevated and developed or lost or diluted during the decision process.

Consider the hypothetical example of managing CSR issues and external stakeholders, a common yet challenging task for highly complex companies operating in multiple environments. The activities of the non-governmental sector (NGO) are a significant factor in helping to shape the meaning of CSR.<sup>138</sup> In this environment companies need to build their credibility given society’s perceived ‘high trust’ in this sector.<sup>139</sup> However, their significance to companies may not lie in the CSR issue they are advancing, but in their power and motives, which can vary, and their motives can influence how the company will address the CSR issue in decision processes. NGOs can be motivated by the need to assist the company to address a particular societal issue, or to drive them into changing their behavior through ‘name and shame’ in public fora or advocating for regulatory measures and litigation. The decision process may involve multiple groups and agendas depending on the urgency, immediacy, and materiality of the issue. The alternatives developed to address the issue can include legal, operational, financial, and reputational considerations and the final

decision may have less to do with addressing the CSR issue, but more to do with protecting the financial and reputational aspects of the company.

**2) The decision process for CSR issues and activities can be influenced and shaped by the company's complexity.**

Complexity refers to how the company is structured internally. Again, the more differentiated the functions, and the more geographies it operates in, the more complex the organization. Moreover, "... the strategy/structure relationship must acknowledge that the strategic decision process and its outcomes can be facilitated, constrained, or simply shaped by the structure's direct effects."<sup>140</sup> Complexity issues were largely unexplored in early CSR theories, but it is increasingly being considered in current investigations. We see this, for example, in managerial theories where there is greater focus on internal processes (Kunal Basu, Guido Palazzo, François Maon, Adam Lindgreen, and Valérie Swaen). Yet, there is opportunity to develop greater research linkages with research on decision-making, complexity, and macro-organizational behavior (Robert Miles, Richard Cyert, James March, James Frederickson). It was my aim to look into some of these potential connections.

Again, the sources of a company's complexity are its functional differentiation and spatial dispersion. In unstable environments, characteristic of highly complex companies, the distribution of power among various groups may be necessary for the company's ongoing survival.<sup>141</sup> Depending on the dimensions of the CSR issue (regulatory, legal, reputation, etc.), multiple departments/units and other internal groups can become involved in the decision process. Each would have specific roles, functional responsibilities, and resources and these attributes would be brought into the decision process. Some groups may have more influence than others, and at different times during the decision process. Thus, building alliances with other groups may be necessary in order to build a broad-based constituency within the company supportive of their CSR ideas.<sup>142</sup>

The cost and benefits of alternatives and potential outcomes can play out in the decision process, sometimes intensely, among the impacted groups. There is greater potential for tension when resources and responsibilities can become concentrated in a group to cope

with a particular issue. The company's overall dependence on a particular group is perhaps a measure of its overall power and influence.<sup>143</sup> The dialogue sessions revealed that internal groups *did* consider the implications of the decision process. And those groups with relative power and influence were better positioned either to promote or block ideas, or expand or defend their relative position within the company. Some of the tactics included controlling what signals get transmitted from the external environment, interaction between groups around the interpretation of CSR-related issues and events, or reference points that can guide decision-making. One of the important implications of high complexity is the difficulty in coordinating and controlling decision activities.<sup>144</sup>

### **3) Macro-organizational behavior can have a positive or negative impact on CSR.**

Macro-organizational behavior is a side effect of complexity. Again, the focus is not centered on the individual stakeholder, rather its broader social system and the groups that operate within that system. Thus, implicit in complexity is struggle and potential conflict between groups that may have contrasting goals and agendas, and varying forms of power and influence. Also implicit is 'non-rational influence', as the desired outcomes may be different than that of the firm as a whole.<sup>145</sup> In this regard their behaviors can be subtle and covert, yet purposeful and determined to advance their private interests. While we may assume that rationality will prevent groups from ascribing their own interests to achieving the company's CSR goals, rational behaviors can also be diluted by the groups' self-interests. Interestingly, almost all the CSR activities used by the research sample described underlying motives of internal groups and the range of tactics used to pursue their goals.

Conflict between groups is viewed as dysfunctional by classical theorists and therefore should be repressed or eliminated in organizations. The dialogue sessions provided examples of how political behaviors by different groups led to recommendations that did not serve the best interest of the company, suppressed innovation that could have led to better management practices and external performance, or maintained the status quo (do nothing), which served the interests of the group, but not necessarily the company.

Then again, conflict is not necessarily dysfunctional in companies; "...conflict may function to maintain an optimum level of stimulation or activation among organizational members and contribute to the organization's adaptive and innovative abilities."<sup>146</sup> The dialogue sessions described how groups, during the decision process, generated and elevated CSR concepts, proposals and plans, spurred fresh thinking and innovation on business processes or practices, or simply 'started something' for the organization. It was better than the alternative which was nothing. Decision outcomes shifted roles and resources to other groups that had the capabilities to address the CSR issue, develop the CSR activities, and improve the company's performance. The alternatives and resolutions generated from the decision process can have a negative or positive influence on the company's CSR.



## Chapter 5. Conclusions and Implications

Shifting the examination of CSR behavior from an outcomes-oriented analysis to a mean-oriented analysis provided some valuable insight into how structural complexity can influence how a company will address a CSR issue or develop a CSR activity, e.g. strategy, policy, process, or project.

By deconstructing the company's decision process, we could begin to draw meaningful connections from prior research that focused more on organizational systems and behavior. Removing the core features of existing CSR explanations, namely normative, relational and instrumental concepts, we were able to apply alternative frameworks, including strategy and structure relationships, premises for decision-making and macro-organizational behavior. These frameworks build on the growing body of research related to managerial constructs to explain a company's CSR behavior. Indeed, the evolutionary process of integration and institutionalization of CSR in business strategies and management systems should naturally shift research away from purist constructs or abstract concepts and explanations to "... the institutional factors that might trigger or shape such [CSR] activities in the first place."<sup>147</sup>

Increasingly using alternate frameworks can help address an unmet need to further understand the broader dimensions of 'why' and 'how' a company makes a decision on a CSR issue or activity. And, it can help us understand why there can be inconsistencies between a company's public communications to appear socially responsible and its actual performance. It can also help researchers and practitioners recognize that the effects of complexity, and its influence on CSR strategy and plans, can be somewhat predictable and manageable. For example, it can help us to understand and perhaps forecast the development of alternatives and/or choice of action in the decision process. Narayanan and Fahey's stages of strategic decision-making illustrated how at different stages in the decision process groups can mobilize, coalesce, engage internally, and attempt to influence the outcome. Moreover, a commitment by different group(s) to a decision outcome can develop early in the process,<sup>148</sup> which may help explain why some aspects of a CSR strategy emerge and why some can be

suppressed. Despite access to learning, data and resources that can lead to informed, objective decision-making on the company's CSR, goals and preferences are not always shared by all members. What we may find is that other interests can be elevated above the overarching interest of the company, and often pursued under the pretext of rationality. Christensen, Morsing, and Thyssen's argument that CSR issues co-exist with other ongoing concerns shows that at any given moment CSR issues can be contextually defined, which can affect how it will be treated during a decision process; and moreover, the likely course of action to address it. Some of these issues are informed by the foundational research of Miles, Cyert and March on macro-organizational behavior and Frederickson on structural complexity. In a nutshell, *structure matters* and CSR behavior can be shaped and influenced by the company's structure.

This final section of my thesis summarizes the main conclusions drawn from my research. I also offer propositions that attempt to connect the structure/complexity relationship to a firm's CSR behavior. I will also discuss the limitations of my research and the potential implications for an expanded research agenda on the intra-organizational aspects of CSR.

## **5.1. Conclusions**

To start, the conclusions are preliminary. There is still more data and analysis that is needed to fully develop the objective that I set out for this study, which was to better understand the effect of high complexity on decision processes for CSR issues or activities. I wanted to contribute to the emerging lines of inquiry where investigation and theory development is moving more toward intra-organizational factors, and where normative and relational factors are implicit.

The structure/complexity treatment of the firm offered an interesting perspective on company behavior and the potential affect on CSR. It centers the analysis not on top leaders and individuals, but rather on the company's dynamic internal context, particularly the operating system and the internal groups (e.g. departments, units, coalitions) that are dependent on the organization's resources for legitimacy, goal-attainment, and survival. It

also recognizes that resources and contingency are dispersed throughout the organization, and at any given time can be redistributed between different groups. This is potentially relevant in two ways: (i) CSR goals, strategies or activities are not a given; and (ii) decisions on CSR issues and activities may or may not be in the best interest of the company.

Next, linking complexity to the decision process highlighted the potential limitations of using current concepts to explain a company's CSR behavior. The decision process, even for CSR issues, can be affected by larger forces inside the organization. By removing the potential explanations for decision-making from current CSR theories, we found potential variance when associated with complexity issues. Normative aspirations or goals were insufficient to explain a company's decision process for CSR issues and activities. Public statements and private actions can be misaligned. Relational concepts do not account for the different treatment and prioritization of issues and stakeholders in decision-making. While political concepts tend to explain CSR behavior as a response to the constraints of political institutions, it may not recognize how CSR can be leveraged by companies to influence and shape public policies and institutions to *favor* the company.<sup>149</sup> Managerial concepts may ignore the internal socio-political context that management systems and processes must occur in, and how this can affect decisions on what processes need to change and how to change it. Much of the potential variance may reflect organizational realities; thus more empirical research is needed to build a stronger foundation of knowledge on CSR behavior.

With this summary, we can begin to address my original inquiry rephrased as a question: *What effect did high complexity have on decision processes for CSR issues or activities?*

From the study, there were two main effects of complexity: (1) CSR issues and activities can be treated contextually by the company; and (2) complexity can influence the alternatives that would be generated to address the CSR issue or activity. These conclusions are discussed in the next few sections.

### **1) CSR issues and activities can be treated contextually by the company.**

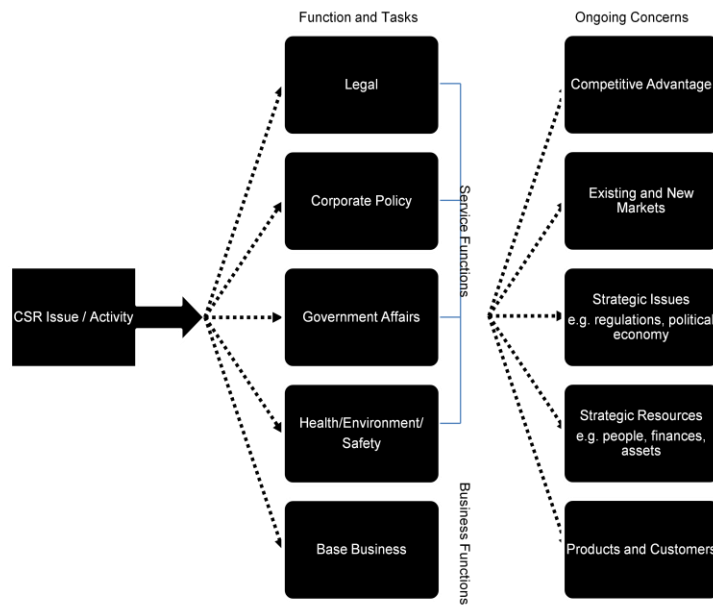
The CSR issue would not necessarily enter the company's system as a monolithic 'CSR' issue. It enters the company's complex structure where different groups with issue specializations, functional responsibilities, and institutional structures that support them exist. The issue and activities can be assessed and compartmentalized by different functions into different interpretations.

Because of its abstract nature, CSR is not always well-positioned as a superordinate goal or strategy of the company and its 'strategic' imperative or understandings can be subjected to the readings and goals of different groups. Moreover, these groups may have latent or current private interests and varied levels of power and influence inside the company. The dimensions of the CSR issue may already be atomized throughout the company based on prior framings, past performance, or legacy issues, e.g. group assignments or management process changes. As a result, clear roles and responsibilities may not be well-founded and boundaries between different groups can become more blurred and a source of new conflicts. These issues can be especially pronounced when CSR is connected to a high profile crisis or significant executive attention and focus. The current complexity of the company can initiate these secondary effects and influence how the CSR issue or activity is treated during the decision process.

The CSR issue would also enter the company's ongoing concerns and strategies. This can include events in the political economy, competitive issues, markets, financial health, legal threats, product development, etc. At any given time, any one of these issues can become prioritized and elevated as 'strategic' to the company. CSR issues and activities can be watered down in the company's strategy or disconnected altogether if it is not embedded meaningfully into what the company is trying to achieve. This can be especially complicated given that the company can be operating in multi-domestic and global markets, producing differentiated products and types of services, facing a confluence of threats (e.g. regulations, economic slowdown, and legal issues), undergoing reorganization, or pursuing several goals and strategies concurrently. As a consequence, CSR issues and activities would likely be assessed in relation to the company's priorities and strategies, which can be reoriented to its

ongoing concerns and may not be a static process. (See Figure 10.1 for graphic illustration of how CSR issues and activities may enter the company).

The company's structural complexity and attention to ongoing concerns can therefore treat the CSR issue and activity contextually, which can affect the decision process. This may include locating the source of the CSR issue (e.g. the problem or opportunity), assessing how it was framed to the company, and determining the decision criteria. Also, complexity, macro-organizational behavior, and different premises for decision-making can limit the extent and quality of information to make rational decisions or reinforce the 'bounds of rationality'. This can affect how *comprehensively* CSR decisions are integrated into company strategy.



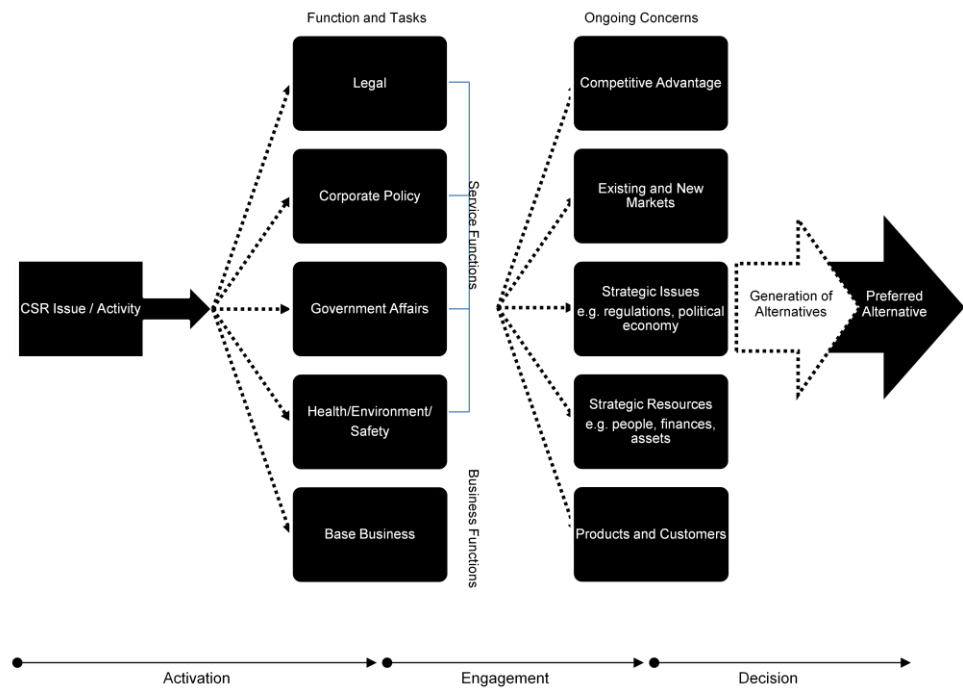
**Figure 10.1: Illustrative Example of a CSR Issue Entering the Company's Complexity**

## **2. Complexity can influence the alternatives to address the CSR issue or activity.**

At specific stages in the decision process, groups will need to work collectively to sponsor a set of alternatives or preferred alternative to address the CSR issue or activity. Where there are high levels of organizational complexity, the “strategic action will be the result of an internal process of political bargaining...”<sup>150</sup> The sources of complexity, namely the dispersion of task specialization, access to information and decision criteria, can cause groups to attach their own meaning and purpose to the alternative, which may or not support the broader strategies of the company. Moreover, the alternative put forward may be limited in scope, or framed in a specific way, related to the CSR issue. It must respond to the constraints influenced by the private interests of sponsoring groups, which is an effect of the bargaining process where costs and benefits of the alternatives to the impacted groups are evaluated. As a result, the ‘strategic’ aspect of the CSR issue for resolution can lose its importance as the alternatives become more narrowly-conceived. There is a healthy dose of reality associated with this process, which can sometimes seem unthinkable in connection to CSR, which has a strong normative element. The resolution may only have increments of change from the company’s current state. Yet, the process is not necessarily negative for CSR. The strength and diversity of groups tasked to resolve the issue can elevate CSR issues to higher levels in the company, develop new technologies or practices to manage it, and set in motion new structures or processes that can ultimately advance company performance. The implications can go beyond the company and shape the behavior of industries and sectors, e.g. establishing a voluntary code of conduct to manage the issue at a global scale. It is beyond the scope of this research, however, to evaluate the outcome of decisions on a company’s CSR performance, which is an opportunity for future research.

Secondary effects of complexity, or macro-organizational behavior, can also have a significant effect on the generation of alternatives. The decision process for CSR may not be divorced from the company’s socio-political context. Department/unit goals and strategies can act independently of the broader goals and objectives set by the company’s leadership. Groups are transacting with the organizational system to access and control resources, prevent substitution of tasks and functions, protect territory, internally selling ideas and

issues, etc. Consequently, conflict and the exercise of power may be inevitable in the decision process and the resolution of these interactions is reflected in the alternatives (see Figure 10.2). It may be near impossible to know how much of the company's interest versus the group's private interests are allocated in the preferred alternative decision.



**Figure 10.2: Illustrative Example of Complexity's Potential Influence on the Decision Process**

Argued in this study is that the company's structure should not be ignored as an influence on CSR behavior. Internal complexity can affect the ongoing organizational 'sensemaking/sensegiving' of CSR issues that can shape decision criteria around options or alternatives to address the problem or opportunity. The findings from the narratives highlighted how macro-organizational behaviors were prevalent, and in most cases, necessary to spur action to resolve the CSR issue. A majority of the CSR cases cited in the narratives attributed some form of political-like tactics and inter-group bargaining, and there were more beliefs regarding its positive impact than negative ones.

As my aim was to examine some of the potential the linkages between CSR theories and organizational behavior, the findings from my the core narratives and comparative

analyses reinforce James Fredrickson's propositions regarding the effects of complexity on decision processes, which are adapted for the purpose of this conclusion section.

**Proposition 1:** The findings illustrated a consistent pattern whereby the decision process involved multiple groups with differentiated responsibilities and functions, as well as varied treatment of the CSR issue or activity. Connected to this, there was also a pattern of inconsistency in understandings, goals, and objectives related to the CSR issue or how to manage it.

Therefore, high levels of organizational complexity *can* lessen members' recognition of the CSR issue's broader strategic importance to the company. Parochial perceptions of CSR issues and activities can influence how departments/units and other internal groups assess the issue; often attaching their own interpretations or opportunistic views. This is complicated by the vagueness of CSR as an understanding or superordinate goal, and the ongoing consideration of other contextual issues important to the company's survival.

**Proposition 2:** The findings showed a pattern whereby different groups employed a range of tactics to influence and shape the decision process based on their parochial understandings and self-interests, and a belief that the decision process benefitted certain groups (and not always the company).

Therefore, high levels of organizational complexity *may* require decisions on the CSR activity to satisfy multiple interests, which can limit how comprehensively decisions will address broader company goals. Different departments/units, coalitions and other internal groups will be engaged directly and indirectly during stages of the decision process and assign parameters to the alternatives and/or preferred alternative.

**Proposition 3:** The findings indicate that because of the involvement of multiple groups, alternatives to address the CSR issue or activity were negotiated. Negotiation had both positive and negative aspects, e.g. negotiating for something better or negotiating for something less than optimal. This aspect is also discussed by prior research by Lars Christensen, Mette Morsing, and Ole Thyssen whereby CSR issues can be subjected to



different premises for decision-making because of the ongoing concerns it must attend to at the same time.

Therefore, high levels of organizational complexity *may* require some form of negotiation between impacted groups to develop the preferred alternative to implement the CSR activity. Along the lines of Proposition 2, different departments/units, coalitions and other internal groups will seek an outcome that can advance or protect their specific interests, which may or may not serve the broader goals and strategies of the company.

**Proposition 4:** Building upon Propositions 1-3, high levels of organizational complexity *can* limit how far and deep decisions on the CSR issue will be integrated in the goals and strategies of the company. Because decisions are based on political bargaining, and likely to be incremental or ‘small fixes’, the integration may be low.

For broader society, can complexity uncover the real nature of a firm’s CSR, such as its commitment, durability, and consistency? The purpose of this study was not to fully address societal implications; mainly because the research would not fully examine the outcome for the company. Still, the research did provide some insight into the relationship between the structure and complexity and the dimensions of commitment, durability, and consistency related to social responsibility. The decision process showed that the complexity context, including macro-organizational behavior, can support and sustain a commitment to a certain CSR issue or activity. For example, having broad spans of control enables the company to capture critical social responsibility cues from the different operating environments and ensures they are receiving due attention. Raising awareness, when perhaps awareness was not apparent, can be a positive impact. A dominant group can also exhibit a strong ‘political’ commitment at the early stages of the decision process. They can maximize existing power inside the company to influence a complex web of groups and leaders to ensure the CSR issue will be addressed. The dominant group can leverage the operating system to influence learning and communications structures, decision criteria, and the preferred alternative that not only can resolve the problem or opportunity, but steer the company toward continuous improvement on social responsibility.

Conversely, it can be used to challenge current or future commitments to CSR goals and strategies. It can use internal structures and process to scuttle plans, undermine innovation and new ideas, or perpetuate the status quo to bring advantage to the group. A dominant group with significant sources of power, influence, and contingency capacity can sustain this effort over a period of time. Complexity, at any given time, can affect the company's commitment to a CSR issue or activity, the durability of prior decisions and actions, and the consistency of how it addresses the same CSR issue under different conditions.

The research also pointed to some discrepant data. In some cases complexity may *not* have influenced the company's decision process. For example, tactics were not used to influence the preferred alternative in some narratives. There was a belief of a strong alignment across multiple groups and leaders on the CSR goal and strategy. Control from the corporate center or an exceptionally strong CEO engagement buffered any opportunism or self-interested agendas. Next, complexity can vary depending on the structure. A smaller structure may not have engendered the same level of macro-organizational behaviors than perhaps larger ones.

## **5.2. Limitations of Research**

There are several limitations of this study. Correlating complexity and secondary effects to CSR decision-making in companies was limited to complex business organizations. Because structure was a critical factor, the decision process may vary related to other types of organizational structures. Using Fredrickson's prior research on structure and strategy,<sup>151</sup> highly *centralized* structures can activate CSR issues differently; engagement may be low or in the hands of a few top leaders, and decisions may be more rational. The cognitive limitations of top leaders may restrict the comprehensiveness of decisions. Similarly, highly *formalized* structures may activate CSR issues based on a formal monitoring and assessment system; engagement may be limited and rely more heavily on standardized processes, and decisions will focus on meeting precise organizational goals. Under this structure the close

attention to details from using standardized processes may limit the comprehensiveness of decisions.

The type of external operating environment can also affect the decision process. The study did not control for this variable; yet, prior research from Fredrickson suggests that decisions can be different in stable environments where decision data and information is more identifiable and predictable.<sup>152</sup> On the other hand, in unstable environments decision data and information may not be identifiable and predictable, and sensemaking is difficult. Cognitive dissonance is often a factor associated with decision-making in these environments.

Other limitations are related to use of the narrative case methodology. While the study provided valuable insights into the complexity construction of business organizations and implications on CSR decision-making, it may be impossible to know the true motivation of individuals, especially using third party accounts, and how this may have affected decision processes. Intent can be influenced by individual or group attributes and characteristics, such as needs, wants, desires, values or predispositions. Knowing true intent may have helped to clarify actions being in the best interest of the group as opposed to the company's broader goals and strategies.

The narrative approach highlights a particular time and setting where events occurred, and uses introspective and retrospective discourse to reveal underlying issues and drivers. While this approach was highly useful in generating a set of narratives to understand internal factors and its potential influence on CSR decision-making, there were limitations. First, because this is contained within a specific time and setting, understanding the extent of its impact – positive or negative – may be restricted. In particular, what is the duration of the impact or outcomes? Which groups were the winners and losers overtime; did the organization benefit or not and how? Additional research would help us to understand the long-term impacts and implications of complexity on CSR.

Next, the findings may have limited applicability and validity because of what Riessman calls *coherence*: justifying what happened, explaining it, and finding

commonalities.<sup>153</sup> For a specific CSR activity confined to one organization, there was limited engagement of subjects involved. While one of the central findings from the study was that multiple groups were impacted, coherence can be strengthened if impacted groups were made integral to the data collection and analysis. For example, the study could have conducted interviews with the different departments/functions and consultants involved in the *same* CSR activity.

### **5.3. Implications for Further Research**

Basu and Palazzo suggested a CSR research agenda that investigates intra-institutional triggers and factors. They collected and collated emerging research and concepts that examined the outcomes of CSR activities.<sup>154</sup> However, they suggested inherent limitations in these conceptual explanations with sustainability of the outcomes as a central argument. It draws attention to inconsistencies in the CSR activities, such as low durability with the absence of external pressure, selective firm engagement, (e.g. strategic versus non-strategic), and waning leader interest and attention. Recognizing this knowledge gap, they suggested organizational sensemaking as a predictive aspect for investigating the sustainability of a company's commitment to CSR.

However, we must also consider the structure/strategy relationship further and its effects on CSR because "...the cognitive and motivational orientation that is induced by a particular structure will affect how a stimulus is perceived and acted upon."<sup>155</sup> As suggested earlier, more empirical-based research is needed to strengthen the foundations of knowledge to explain CSR behavior. The decision process is a useful constant to examine because so much of business is about making 'decisions'.

There is an opportunity to expand the study to examine *alternative structures* and the potential impact on decision processes, as well as *alternative decision process patterns and characteristics* that have not been fully investigated. Different cultures, for example, may have varying types of company structures and decision processes that are 'fit for purpose' in design and function. The advancements in information technologies can offer new insights into complexity and decision-making; having more access to decision data and information

related to social responsibility issues can improve decision quality and moderate the effects of complexity. It can also exacerbate complexity issues by providing too much access to information. These can have implications on developing alternatives to address CSR issues and activities.

The study investigated decision processes in companies where it was implicit that CSR was not fully institutionalized; in other words, where CSR was not a superordinate goal or strategy. Examining a sample of companies where a *CSR strategy is institutionalized* can provide alternate explanations of the decision process. For example, the course of action to address the CSR issue is based on a rational decision process where actions more effectively advance the broader company goals and strategies.

The *external operating environment* is also another area of study. Much of the descriptive cases explaining CSR behavior tend to indicate influence by external events and pressures depicting unstable environments. Alternative explanations related to the decision process can derive from studies where the external environment was stable. Because decision criteria are more identifiable and predictable, would this steer the company toward greater conformance with external expectations? For companies operating in multi-domestic and global markets, would this effect how socially responsible the company can be in one location compared to another?

Common in companies is scenario planning exercises where a number of variables are introduced into a decision process and teams are expected to make strategic choices to achieve certain business goals. This can be expanded to participant-observer studies to examine the structure/complexity relationship on CSR decision making. This can involve multiple simulations of intra-group dynamics; reconstructing institutional processes, time periods, and externalities that can influence the decision process. The simulations can also recreate the realities of having access to imperfect information and making decisions that are often time-sensitive and under some form of internal constraint. It can provide additional perspectives and understandings into how certain groups interpret and treat CSR issues; how CSR issues are treated against other competing issues and concerns; patterns of decision-

making and key influencers; and how comprehensively decisions are integrated in goals and strategies.

At its core, so much of social responsibility is the relationship between companies and society. Since its formative years, this relationship and analysis has been constant. Thus, the practical and applied insights from this type of empirical study, as well as others, should aid business managers and support the continuous improvement of companies. Leaders and middle managers can leverage these learnings and insights to transact with the internal system more effectively to sustain the company's CSR commitments, to make strategic decisions and actions more resilient, or to build greater consistency with company goals and strategies.

## Notes

- 
- <sup>1</sup> Simon Zadek, "Path to Corporate Responsibility," *Harvard Business Review*, 82 (December 2004), 125-132.
- <sup>2</sup> Adrian Haberberg, Jonathan Gander, Alison Rieple and Clive Helm, Juan-Ignacio Martin-Castilla, "Institutionalizing Idealism: The Adoption of CSR Practices," *Journal of Global Responsibility*, 1 (2010), 375.
- <sup>3</sup> Harry Stoffer "Toyota joins Detroit 3 in CAFE fight," *Automotive News*, July 30, 2007 (<http://www.autoweek.com/article/20070730/FREE/70730006>).
- <sup>4</sup> Amitai Etzioni, A Comparative Analysis of Complex Organizations: On Power, Involvement, and Their Correlates (New York: Free Press, 1975), 104.
- <sup>5</sup> Kunal Basu and Guido Palazzo, "Corporate Social Responsibility: A Process Model of Sensemaking" *Academy of Management Review*, 33 (2008), 123.
- <sup>6</sup> Adam Lindgreen and Valérie Swaen, "Corporate Social Responsibility," *International Journal of Management Reviews*, (2010), 1.
- <sup>7</sup> Caroline D. Ditlev-Simonsen, "From Corporate Social Responsibility Awareness to Action?" *Social Responsibility Journal*, 6 (2010), 452-468.
- <sup>8</sup> Lindgreen and Swaen, 1.
- <sup>9</sup> Virginia Schein, "Individual Power and Political Behaviors in Organizations: An Inadequately Explored Reality," *Academy of Management Review*, (January 1977), 64. Abraham Zaleznick and Manfred F. R. Kets de Fries, Power and the Corporate Mind (Chicago: Bonus Press), 109.
- <sup>10</sup> Robert Miles, Macro-Organizational Behavior (Illinois: Scott, Foresman and Company), 3-4.
- <sup>11</sup> Barbara Gray and Sonny Ariss, "Politics and Strategic Change Across Organizational Life Cycles," *Academy of Management Review*, 10 (1985), 707
- <sup>12</sup> Michael Porter and Mark Kramer, "Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility," *Harvard Business Review*, (December 2006), 76.
- <sup>13</sup> Peer Fiss and Edward Zajac, "The Symbolic Management of Strategic Change: Sensegiving via Framing and Decoupling," *Academy of Management Journal*, 49 (December 2006), 1178.
- <sup>14</sup> John Zinkin, "Maximizing the License to Operate: CSR from an Asian Perspective," *Journal of Corporate Citizenship*, 14 (2004), 71.
- <sup>15</sup> M. Hopkins, The Planetary Bargain: Corporate Social Responsibility Comes of Age, (London: Macmillan, 1999).
- <sup>16</sup> Lars Christensen, Mette Morsing and Ole Thyssen, "The Polyphony of Corporate Social Responsibility. Deconstructing Accountability and Transparency," *Academy of Management Proceedings*, DOI 10.5465/AMBPP.2010.54498058 (August 2010).
- <sup>17</sup> William Frederick, "The Growing Concern over Business Responsibility," *California Management Review*, 2 (1960), 54-61.
- <sup>18</sup> Ruth Aguilera, Deborah Rupp, Cynthia Williams and Jyoti Ganapathi, "Putting the S Back in Corporate Social Responsibility: A Multilevel Theory of Social Change in Organizations," *Academy of Management Review*, 32 (2007), 836-837. See also K. Davis, "The Case For and Against Business Assumptions for Social Responsibilities," *Academy of Management Journal*, 16 (1973), 312-323.
- <sup>19</sup> Davide Secchi, "Utilitarian, Managerial, and Relational Theories," *International Journal of Management Reviews*, 9 (2007), 347-373.
- <sup>20</sup> Elisabet Garriga and Domènec Melé, "Corporate Social Responsibility Theories: Mapping and Territory," *Journal of Business Ethics*, 53 (2004), 51-71.
- <sup>21</sup> John Campbell, "Institutional Analysis and the Paradox of Corporate Social Responsibility," *American Behavioral Scientist*, 49 (March 2006), 925-938. John Campbell, "Why Would Corporations Behave in Socially Responsible Ways? An Institutional Theory of Corporate Social Responsibility," *Academy of Management Review*, 32 (2007), 946-967.
- <sup>22</sup> Garriga and Melé, 53.
- <sup>23</sup> Garriga and Melé, 55.
- <sup>24</sup> Garriga and Melé, 54.
- <sup>25</sup> Garriga and Melé.
- <sup>26</sup> Secchi, 360-364.

- 
- <sup>27</sup> Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie: A/HRC/8/5, 7 April 2008.
- <sup>28</sup> Goldman Sachs GS Sustain, November 2011 (<http://www.goldmansachs.com/our-thinking/topics/gs-sustain/gs-sustain-2011/index.html>)
- <sup>29</sup> Gjalte de Graaf, "Discourse and Descriptive Business Ethics," *Business Ethics: A European Review*, 15 (July 2005), 246-258.
- <sup>30</sup> Miles, 5-6.
- <sup>31</sup> Garriga and Melé, 59.
- <sup>32</sup> Thomas Donaldson and Lee Preston, "The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications," *Academy of Management Review*, 20 (1995), 70.
- <sup>33</sup> Garriga and Melé, 58.
- <sup>34</sup> I.M. Jawahar and Gary McLaughlin, "Toward A Descriptive Stakeholder Theory: An Organizational Life Cycle Approach," *Academy of Management Review*, 26 (2001), 400.
- <sup>35</sup> Aguilera, Rupp, Williams and Ganapathi, 401.
- <sup>36</sup> R. Strand, "A Systems Paradigm or Organizational Adjustment to the Social Environment," *Academy of Management Review*, 8 (1983), 90-96.
- <sup>37</sup> Gerald Keim, "Managerial Behavior and the Social Responsibility Debate: Goals versus Constraints," *Academy of Management Review*, 21 (1978), 57-68.
- <sup>38</sup> P. Klein, Unpublished paper cited in C. Walton, *Corporate Social Responsibilities* (Belmont: California: Wadsworth, 1967).
- <sup>39</sup> See Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie: A/HRC/8/5, 7 April 2008.
- <sup>40</sup> James O'Toole and Warren Bennis, "What's Needed: A Culture of Candor," *Harvard Business Review*, 87 (2009), 54-61.
- <sup>41</sup> Campbell.
- <sup>42</sup> David Antony Detomasi, "The Political Roots of Corporate Social Responsibility," *Journal of Business Ethics*, DOI 10.1007/s10551-007-9594-7 (2008). See also Jette Steen Knudsen, "Company Delisting from the UN Global Compact: Limited Business Demand or Domestic Governance Failure?" *Journal of Business Ethics*, DOI 10.1007/s10551-001-0875-0 (2011), 331-349.
- <sup>43</sup> Detomasi, 810.
- <sup>44</sup> Schwab, Klaus, "Global Corporate Citizenship: Working with Governments and Civil Society," *Foreign Affairs* (January/February 2008), 114.
- <sup>45</sup> Garriga and Melé, 57.
- <sup>46</sup> Detomasi, 811.
- <sup>47</sup> Zadek, 6.
- <sup>48</sup> John Kotter, "Choosing Strategies for Change," *Harvard Business Review*, 86 (July/August 2008), 130.
- <sup>49</sup> *The Sustainability Survey 2009* conducted by Globescan and Sustainability indicate that there is 'low trust' in multinational companies ([http://www.globescan.com/news\\_archives/tss\\_release01/](http://www.globescan.com/news_archives/tss_release01/)). This has been somewhat consistent with prior surveys by Globescan, such as the *Corporate Social Responsibility Monitor 2007* which indicated a 'gap' between CSR expectations and perceived industry performance continues to widen in different parts of the world.
- <sup>50</sup> For example, the Business & Human Rights Resource Centre has become the world's leading independent resource on the subject of business and human rights. The website is updated hourly with news and reports about companies' human rights impacts worldwide ([www.business-humanrights.org](http://www.business-humanrights.org)).
- <sup>51</sup> Steven Wartick and Philip Cochran, "The Evolution of the Corporate Social Performance Model," *Academy of Management Review*, 10 (1985), 767. See also A.B. Carroll, "A Three-Dimensional Conceptual Model of Corporate Social Performance," *Academy of Management Review*, 4 (1979), 497-506; and Diane Swanson, "Addressing a Theoretical Problem by Reorienting the Corporate Social Performance Model," *Academy of Management Review*, 20 (1995), 58.
- <sup>52</sup> "A Stress Test for Good Intentions", *The Economist*, May 14, 2009 (<http://www.economist.com/node/13648978>)
- <sup>53</sup> Porter and Kramer, 86.
- <sup>54</sup> Miles, 132.
- <sup>55</sup> Fiss and Zajac, 1174.



- 
- <sup>56</sup> Graham Brown, Thomas Lawrence and Sandra Robinson, "Territoriality in Organizations," *Academy of Management Review*, 30 (2005), 589.
- <sup>57</sup> The Boston College Center for Corporate Citizenship suggests that corporate citizenship is a stage-by-stage developmental process: (1) Elementary, (2) Engaged, (3) Innovative, (4) Integrated, and (5) Transforming (<http://www.bccccc.net/index.cfm?pageId=2009&printview=true>).
- <sup>58</sup> Karl Weick, Kathleen Sutcliffe and David Obstfeld, "Organizing and the Process of Sensemaking," *Organization Science*, 16 (2005), 409.
- <sup>59</sup> Sally Maitlis, "The Social Processes of Organizational Sensemaking," *Academy of Management Journal*, 48 (2005), 21. Weick, 409.
- <sup>60</sup> Schein, 70.
- <sup>61</sup> Zadek.
- <sup>62</sup> Thomas Lawrence, Michael Mauws and Bruno Dyck, "The Politics of Organizational Learning: Integrating Power into the 4I Framework," *Academy of Management Review*, 30 (2005), 182.
- <sup>63</sup> Lawrence, Mauws and Dyck, 182-183.
- <sup>64</sup> Lawrence, Mauws, and Dyck.
- <sup>65</sup> Lawrence, Mauws, and Dyck, 184. See also M. Crossan, H. Lane and R. White, "An Organizational Learning Framework: From Intuition to Institutions," *Academy of Management Review*, 24 (1999), 522-537.
- <sup>66</sup> Lawrence, Mauws, and Dyck, 186. See also M. Crossan, H. Lane and R. White.
- <sup>67</sup> Lawrence, Mauws, and Dyck. See also M. Crossan, H. Lane and R. White.
- <sup>68</sup> Lawrence, Mauws, and Dyck, 187. See also M. Crossan, H. Lane and R. White.
- <sup>69</sup> Miles, 134.
- <sup>70</sup> Deborah Blackman, Monica Kennedy and Ali Qauzi, "Corporate Social Responsibility and Individual Resistance: Learning the Missing Link in Implementation," *Management Learning*, DOI: 10.1177/1350507612444392 (May 2012), 1-16.
- <sup>71</sup> Julia Balogun and Gerry Johnson, "Organizational Restructuring and Middle Manager Sensemaking," *Academy of Management Journal*, 47 (2004), 523.
- <sup>72</sup> James Fredrickson, "The Comprehensiveness of Strategic Decision Processes: Extension, Observations, Future Directions," *Academy of Management Journal*, 27 (1984), 446.
- <sup>73</sup> James Fredrickson, "The Strategic Decision Process and Organizational Structure," *Academy of Management Review*, 11 (1986), 284.
- <sup>74</sup> Fredrickson, 288.
- <sup>75</sup> Fredrickson, 284.
- <sup>76</sup> Basu and Palazzo, 123.
- <sup>77</sup> Fiss and Zajac, 1187.
- <sup>78</sup> Scott Sonenshein, "Crafting Social Issues at Work," *Academy of Management Journal*, 49 (2006), 1162. Donaldson and Preston, 86-87. Aguilera, Rupp, Williams and Ganapathi, 847.
- <sup>79</sup> Bradley K. Googins, Philip H. Mirvis, Steven A. Rochlin, *Beyond Good Company: Next Generation Corporate Citizenship* (New York: Palgrave Macmillan, 2007), p. 172
- <sup>80</sup> Philip Mirvis and Julia Manga, "Integrating Corporate Citizenship: Leading from the Middle," *Working Paper by the Boston College Center for Corporate Citizenship*, 7-8.
- <sup>81</sup> James Fredrickson, "The Comprehensiveness of Strategic Decision Processes: Extension, Observations, Future Directions," *Academy of Management Journal*, 27 (1984), 459.
- <sup>82</sup> James Fredrickson, "The Strategic Decision Process and Organizational Structure," *Academy of Management Review*, 11 (1986), 283.
- <sup>83</sup> Fredrickson.
- <sup>84</sup> Paul Swingle, *The Management of Power* (New Jersey: Lawrence Erlbaum Associates, Inc., 1976), 11. Richard Cyert and James March, *A Behavior Theory of the Firm*, (Maine, Blackwell Publishing, 1992), 8.
- <sup>85</sup> Miles, 3-4.
- <sup>86</sup> Miles, 5-6.
- <sup>87</sup> James March, "The Business Firm as a Political Coalition," *Journal of Politics*, 24 (November 1962), 662-678.
- <sup>88</sup> Zaleznick, 109.
- <sup>89</sup> Miles, 166. Schein, 65.
- <sup>90</sup> Zaleznick, 16.

- 
- <sup>91</sup> Zaleznick, 18.
- <sup>92</sup> Miles, 3-4.
- <sup>93</sup> Aguilera, 839.
- <sup>94</sup> Miles, p. 162.
- <sup>95</sup> Miles, p. 156.
- <sup>96</sup> Gary Hamel, "Moon Shots for Management," *Harvard Business Review*, (February 2009).
- <sup>97</sup> Christopher Flavelle, "Responsibility is Still Good for Business," *The Washington Post*, February 15, 2009 (<http://www.washingtonpost.com/wp-dyn/content/article/2009/02/14/AR2009021400094.html>).
- <sup>98</sup> Jeremy Galbreath, "Building Social Responsibility into Strategy," *European Business Review*, 21 (2009), 120.
- <sup>99</sup> Galbreath, 122.
- <sup>100</sup> Kunal Basu and Guido Palazzo, "An Inductive Typology for Corporate Social Responsibility," *Academy of Management Best Conference Paper* (2005), C1-C6.
- <sup>101</sup> James Fredrickson, "The Strategic Decision Process and Organizational Structure," *Academy of Management Review*, 11 (1986), 289.
- <sup>102</sup> James Dean and Mark Sharfman, "Does Decision Process Matter? A Study of Strategic Decision Effectiveness," *Academy of Management Journal*, 39 (1996), 371.
- <sup>103</sup> Kathee Rebernak, "The Dangers of Clueless Communications," *Ethical Corporation Magazine*, (July-August 2009), 37.
- <sup>104</sup> Schein, 68.
- <sup>105</sup> Haberberg, Gander, Rieple and Helm, Martin-Castilla, 375.
- <sup>106</sup> "Corporate Culture as a Basis for Criminal Liability of Corporations," prepared for the United Nations Special Representative of the Secretary-General on human rights and business by *Allens Arthur Robinson*, (February 2008).
- <sup>107</sup> Allens Arthur Robinson.
- <sup>108</sup> John Ruggie and Devin Stewart, "Business and Human Rights: Achievements and Prospects," Transcript of Global Policy Innovations audio podcast (October 2008), <http://www.carnegiecouncil.org/studio/multimedia/20081028/index.html>.
- <sup>109</sup> Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie: A/HRC/8/5, 7 April 2008.
- <sup>110</sup> Richard Marens, "The Hollowing Out of Corporate Social Responsibility: Abandoning a Tradition in an Age of Declining Hegemony," *McGeorge Law Review*, 39 (2008), 867-870.
- <sup>111</sup> Lawrence, Mauws, and Dyck, 180.
- <sup>112</sup> March, 675. Cyert and March, 33.
- <sup>113</sup> March, 674.
- <sup>114</sup> Miles, 37.
- <sup>115</sup> Joseph Maxwell, *Qualitative Research Design*, (Thousand Oaks: Sage Publications, 2005), 88.
- <sup>116</sup> V.K. Narayanan and Liam Fahey, "The Micro-Politics of Strategy Formulation," *Academy of Management Review*, 7 (1982), 25-34.
- <sup>117</sup> Narayanan and Fahey, 28.
- <sup>118</sup> Catherine Kohler Riessman, *Qualitative Research Methods: Narrative Analysis*, (Newbury Park, Sage Publications, 1993).
- <sup>119</sup> *Blackwell Encyclopedia of Social Psychology*, (Massachusetts: Blackwell Publishers, Inc., 1996), 29.
- <sup>120</sup> Riessman, 3.
- <sup>121</sup> Riessman, 3-4.
- <sup>122</sup> *The Sage Encyclopedia of Social Science Research Methods: Volume 2*, (California: Sage Publications, Inc., 2004), 708.
- <sup>123</sup> Riessman, 30.
- <sup>124</sup> Riessman, 59-61.
- <sup>125</sup> Riessman, 61.
- <sup>126</sup> Maxwell, 108.
- <sup>127</sup> Riessman, 64.
- <sup>128</sup> Riessman, 66.
- <sup>129</sup> Riessman, 67.

- 
- <sup>130</sup> Basu and Palazzo, 131.
- <sup>131</sup> Lawrence, Mauws, and Dyck, 182.
- <sup>132</sup> Kotter, 134.
- <sup>133</sup> Zaleznick, 113.
- <sup>134</sup> Christensen, Morsing and Thyssen.
- <sup>135</sup> Sandra Waddock, Charles Bodwell, and Samuel Graves, "Responsibility: The New Business Imperative," *Academy of Management Executive*, 16 (2002), 87.
- <sup>136</sup> Miles, 170-171.
- <sup>137</sup> Sonenshein, 1162.
- <sup>138</sup> Aguilera, Rupp, Williams and Ganapathi, 850.
- <sup>139</sup> Aguilera, Rupp, Williams and Ganapathi, 852.
- <sup>140</sup> James Fredrickson, "The Strategic Decision Process and Organizational Structure," *Academy of Management Review*, 11 (1986), 294.
- <sup>141</sup> Miles, 169.
- <sup>142</sup> Googins, Mirvis, Rochlin, 164.
- <sup>143</sup> Jawahar and McLaughlin, 401.
- <sup>144</sup> Fredrickson, 284.
- <sup>145</sup> Miles, 154-155.
- <sup>146</sup> Miles, 123.
- <sup>147</sup> Basu and Palazzo, 123.
- <sup>148</sup> Narayanan and Fahey, 32.
- <sup>149</sup> Francis Weysig, "Political and Economic Arguments for Corporate Social Responsibility: Analysis and a Proposition Regarding the CSR Agenda," *Journal of Business Ethics*, DOI 10.1007/s10551-9855-4 (2009), 424.
- <sup>150</sup> Fredrickson, 284.
- <sup>151</sup> Fredrickson.
- <sup>152</sup> James Fredrickson, "The Comprehensiveness of Strategic Decision Processes: Extension, Observations, Future Directions," *Academy of Management Journal*, 27 (1984), 446-448.
- <sup>153</sup> Riessman, 67.
- <sup>154</sup> Kunal Basu and Guido Palazzo, "Corporate Social Responsibility: A Process Model of Sensemaking," *Academy of Management Review*, 33 (2008), 122-123.
- <sup>155</sup> James Fredrickson, "The Strategic Decision Process and Organizational Structure," *Academy of Management Review*, 11 (1986), 288.

*This page is intentionally blank*

## Appendix A: Core Narratives

Subjects	Abstract	Orientation	Complicating Factor	Resolution/Coda	Evaluation
Organization type	Point of the story; reason for telling it and for listening	Information on the time, place of events, identities of participants and initial behaviors	Sequenced clauses that reports the next event	Final clause that returns narrative to the time of speaking	Information on the consequences of the event for societal benefit – personal insights, perspectives, learnings of what happened, why or how
Health (1)	<p><b>Integrated external stakeholder engagement strategy</b></p>	<p><b>Philanthropy group</b></p> <ul style="list-style-type: none"> <li>▪ Ran the meetings</li> <li>▪ Included field officers</li> <li>▪ Formal cross-functional group</li> <li>▪ Linked to SVP reports</li> </ul> <p><b>CSR group</b></p> <p><b>International Public Affairs group</b></p> <ul style="list-style-type: none"> <li>▪ Includes international policy</li> </ul> <p>Poor management</p> <p><b>Needed to work with philanthropy group; used status of philanthropy</b></p> <p>Because not integrated, did not waste time with international public affairs</p> <p>After [key person] left, new person changed goals</p> <p>Philanthropic programs around investments in certain countries</p> <p><b>Competitive behavior</b></p> <ul style="list-style-type: none"> <li>▪ No superimposed CSR strategy</li> </ul> <p><b>Culture is to fight</b></p> <ul style="list-style-type: none"> <li>▪ Fight for budget</li> <li>▪ Overlapping responsibility</li> <li>▪ Systemic</li> </ul> <p>CEO successor <b>Turmoil – “Politically cut throat place”</b></p> <p>Competitive behavior</p>	<p><b>Competition and lack of integration</b> <b>Integration not considered</b></p> <p><b>Expanded territorial behaviors</b></p> <ul style="list-style-type: none"> <li>▪ Communications and goals sent with independence</li> </ul> <p><b>Craft concerns</b> with their input – co-opt informal groups</p> <p><b>Territorial behaviors</b> – Speaking at conference (example)</p> <ul style="list-style-type: none"> <li>▪ Block CSR from speaking</li> <li>▪ Talk in ‘orbit’ – talked to CSR person in a certain way</li> <li>▪ Philanthropy – keep within our shop</li> <li>▪ Influential within company</li> <li>▪ Respond to NGOs is a waste of time</li> <li>▪ Engagement with critics did not resonate with peers</li> </ul> <p><b>Issue-selling</b> happens</p> <ul style="list-style-type: none"> <li>▪ Educate about threats/regulatory creep</li> <li>▪ Impact the business model (legal/IPs and business operations)</li> <li>▪ <b>Philanthropy – moral language</b></li> <li>▪ <b>Engagement – risk language</b></li> </ul>	<p><b>Political behavior influenced the outcome</b></p> <ul style="list-style-type: none"> <li>▪ Unhealthy behavior</li> <li>▪ Lack of political support and stability prevented integration</li> </ul> <p>Outcomes</p> <ul style="list-style-type: none"> <li>▪ <b>Company did not benefit</b></li> <li>▪ Philanthropy benefited – in charge of CSR; more resources, contingency, defined programs and direction</li> </ul> <p>Continue with event driven engagement with external groups</p>	<p><b>CSR is a negotiated process</b></p> <ul style="list-style-type: none"> <li>▪ <b>Competing interests:</b> Different groups more engaged separately; no umbrella “big picture” – believed in current structure</li> <li>▪ There was “no organizational cohesion”</li> </ul> <p><b>CSR would have been a better fit – manager did not want it</b></p>

		<p>Philanthropy <b>versus</b> international public affairs</p> <p>“Always in my business”</p> <p><b>There was no integration as part of the plan</b></p> <p>“SVP believed in the existing CSR engagement strategy”</p> <p><b>Competing interests – Different groups more engaged separately; no umbrella “big picture” – believed in current structure</b></p> <p>There was “no organizational cohesion”</p>			
Energy (2)	<p>Country X case: <b>Build CSR strategy</b> – crude oil transportation, provide structure, cut through tribal areas</p> <ul style="list-style-type: none"> <li>▪ Expect a lot of stoppage and shootings</li> <li>▪ Operations in desert</li> <li>▪ Sensitive country – tribal relations</li> <li>▪ Multiple risks</li> </ul>	<p><b>Security</b></p> <ul style="list-style-type: none"> <li>▪ Not able to handle it; to expand must solve it</li> </ul> <p><b>CSR group involved</b></p> <ul style="list-style-type: none"> <li>▪ Find solution... why was a strategy needed?</li> </ul> <p><b>Use consulting company</b></p> <ul style="list-style-type: none"> <li>▪ Social impact assessment process</li> <li>▪ Local team created – local and internationals</li> </ul> <p><b>Change agent (CSR manager) –</b> influence and implement, bring in concepts, involved in sensitive countries</p> <p>CSR Corp directive</p> <ul style="list-style-type: none"> <li>▪ Go into Exploration and Production (E&amp;P)</li> <li>▪ Community development standard part of E&amp;P</li> <li>▪ Open discussion of issues</li> <li>▪ Stop in 12 months all stoppages</li> <li>▪ Focus on essential items</li> <li>▪ Align all stakeholders</li> </ul> <p><b>Framing:</b> Ex management of international business</p> <ul style="list-style-type: none"> <li>▪ Present in all meetings (2007)</li> <li>▪ “tell me what you think”</li> <li>▪ All managers (country operations, field managers, technical</li> </ul>	<p><b>Buy-in is guaranteed</b> because there are local problems</p> <p><b>Tactics:</b></p> <ul style="list-style-type: none"> <li>▪ Internal stakeholders is the board</li> <li>▪ <b>“convince them you are an expert”</b></li> <li>▪ Mitigate risk</li> <li>▪ Resonate with audience “risk management” is well known</li> <li>▪ Turnkey projects – management must deal with developing country issues</li> <li>▪ Bring in E&amp;P experience in CSR – implement new structure and CSR targets</li> <li>▪ Solution in key operating areas – solved similar problems</li> <li>▪ “realistic picture of my contribution”</li> <li>▪ Not necessary to build an internal coalition; might be necessary in other cases</li> </ul> <p>Aware of human rights – back up of local managers</p> <p>Inform circle of people to catch you up CSR</p> <p>General managers – <b>below were resistance, fear of non-transparency;</b> influencing GMs not a good idea – territorial behaviors</p> <p>Company has limited resources in CSR</p>	<p><b>Political behaviors affected the outcome</b></p> <p>Outcome was good for company</p> <ul style="list-style-type: none"> <li>▪ Created <b>more visibility for the CSR group</b></li> <li>▪ More sensitive operating environments part of their remit</li> </ul>	<p><b>CSR is a negotiated process</b></p> <p><b>“convince them [internal stakeholders] you are an expert”</b></p>

		<ul style="list-style-type: none"> <li>managers) – “cowboys”</li> <li>No answers in harsh environments</li> </ul> <p>Local approach in country X</p> <ul style="list-style-type: none"> <li>Reporting issues – mainly financial not social</li> <li>Operations manager is the most important</li> <li>General manager (filter to the HQ) – “local king”</li> </ul> <p><b>Sustainability and corporate affairs department, HSE, CSR, Law, Corp Governance</b></p>	<p>Country X officers: No interest in CSR – “I live there; you don’t”</p> <ul style="list-style-type: none"> <li>Sensitive operating environments are calling – new business is in these areas</li> </ul>		
Energy (3)	<p><b>Social risk assessment process for existing assets</b></p> <ul style="list-style-type: none"> <li>Emerging issues, trends, risks</li> </ul>	<p><b>Need to sell “risk”</b></p> <ul style="list-style-type: none"> <li>Scenario playing process</li> <li>Decentralized at asset level – EG asset</li> <li>Sometimes not implementing – wait for something to go wrong to use or enhance tool</li> <li>Education and communication</li> <li>Miscalculated by people</li> <li>Jealousy – did not think about it</li> <li>Above ground reviews</li> <li>Get SMEs to feed into evaluation</li> <li>HRIA interfaces with political social risk assessment</li> </ul> <p>No triggers – “comes across desk” Business trigger, policy, process</p> <p><b>Cross-functional working group formed</b></p> <ul style="list-style-type: none"> <li><b>Cross-functional team: HR, HES, Law, PA, GA, Risk Assessment</b></li> <li>Think through issue</li> <li>External stakeholder mapping</li> <li>Each groups looks at issue differently</li> <li>Education process</li> </ul> <p><b>Asset manager is the most important; relationship building with asset manager</b></p> <ul style="list-style-type: none"> <li>Sit through process and see tools</li> </ul>	<p><b>How to influence:</b></p> <ul style="list-style-type: none"> <li>Case study material</li> <li>Back up what trying to say</li> <li>“from what angle are we looking at it”</li> <li>Desktop research</li> <li>Peer competitive issue</li> <li>Strong language or risk – push back by law</li> <li>Use crisis stories</li> <li>Shock factor influenced thinking</li> </ul> <p><b>Issue fall in remit of group member</b></p> <ul style="list-style-type: none"> <li>Convincing needed – push back</li> <li>Don’t want a certain number (risk rating)</li> <li>“we are better than score”</li> <li>Downstream – don’t want to be told what to do</li> <li>No extra work</li> <li>Make it asset specific</li> <li>Involve the “budgets”</li> <li>Want to influence actions</li> </ul> <p>Need to show a successful outcome Need team to be included in actions Need asset manager to have performance commitments</p>	<p><b>Political behavior affected the outcome</b></p> <p>Showing the benefits of CSR</p> <p>Senior management – lots of push back</p> <p>Meet with different organizations</p> <p>Without CEO leading – fallen and failed</p> <p><b>Outcomes:</b></p> <ul style="list-style-type: none"> <li>The CSR group benefited</li> <li>Increased visibility</li> <li>More personnel</li> <li>Expanded territory in procurement and Downstream</li> <li>More accepted</li> </ul>	<p><b>CSR is a negotiated process</b></p> <p>Educate a lot of people about it:</p> <ul style="list-style-type: none"> <li>Workshops to teach CSR with assets – deliberate strategy, piloting workshops, use the language of the asset people to sell – risk, strategies, business process</li> <li>Get buy-in on strategies – use risk</li> </ul> <p>Climate change – raised profile (becoming more important)</p> <ul style="list-style-type: none"> <li>Sexy to work on – more people to work on it</li> </ul>

		<p><b>HES: impact assessment process – have CSR influence</b></p> <ul style="list-style-type: none"> <li>Owners of management process</li> </ul>			
Communication (4)	<b>New business and human rights program</b>	<p><b>Cross-functional group created</b></p> <ul style="list-style-type: none"> <li>Law enforcement</li> <li>Law</li> <li>Policy</li> <li>Communications</li> <li>International Groups</li> <li>Senior leadership</li> <li>Engineers – cyber security</li> </ul> <p>No need to create group – already strong buy-in on issue No resistance</p> <p>[Note: person interviewed was new to position and company; may not know historical issues that lead to the program]</p>	<p>Ethos of company was access to information</p> <p><b>Crisis/event-driven:</b></p> <ul style="list-style-type: none"> <li>Government request for data</li> <li>Conflicts with local and international norms for human rights</li> </ul> <p>CSR functions/volunteer program is completely separate</p> <p><b>Business and human rights program – high visibility because of crisis</b></p> <p>By cross-function and region – no decision making power; reports to general counsel and CEO</p> <p><b>New activities:</b></p> <ul style="list-style-type: none"> <li>HRIA for new markets</li> <li>Risk scenarios</li> <li>Global network initiative</li> <li>Capacity building</li> <li>Stakeholder engagement</li> <li>Research support</li> </ul>	<p><b>"Dramatic way – given how it was based, there was a fair amount of consensus"</b></p> <p>"mach 2 – general agreement"</p> <p>"Alignment"</p> <p><b>Political behavior did not affect outcome</b></p> <ul style="list-style-type: none"> <li>Shielded by general counsel</li> <li>Political behaviors not a factor; or at least not aware of it</li> </ul> <p>Outcome was good for group and company</p> <ul style="list-style-type: none"> <li>Lots of visibility, but has not expanded territory</li> </ul>	<p><b>CSR is a negotiated process</b></p> <ul style="list-style-type: none"> <li>Business and human rights was a new field between groups</li> </ul>
Mining (5)	<b>Community grievance mechanisms</b>	<p>Different mechanism at different sites</p> <ul style="list-style-type: none"> <li>Consistent approach needed</li> <li>External tools coming out</li> </ul> <p><b>CSR manager saw this as a weakness and made a case</b></p> <ul style="list-style-type: none"> <li>Dialogue on what is going on</li> <li>Deal with <b>Communications group</b> – engage and influence</li> </ul> <p><b>Other functions involved:</b> <b>Legal</b> <b>Communications</b> <b>Site General Managers</b></p> <p><b>Must sell this – buy-in needed; "hardest part"</b></p> <ul style="list-style-type: none"> <li>Grievance Mechanism interpreted differently by all groups</li> </ul>	<p>Corporate was easy – people knew</p> <ul style="list-style-type: none"> <li>Need to sit down at site level</li> <li>Issue selling – not a hard sell</li> </ul> <p><b>Internal advocacy group developed</b></p> <ul style="list-style-type: none"> <li>Internal communications</li> <li>Social and environmental group</li> <li>Key players identified</li> <li><b>Legal out</b></li> </ul> <p><b>Territory:</b> Environmental team – existing incident reporting system – incidents should be reported in <b>their</b> system</p> <p><b>Low resistance:</b></p> <ul style="list-style-type: none"> <li>Gap was known</li> <li>Growing pains because of acquisition</li> </ul>	<p>Site support – more awareness and buy-in</p> <p><b>VP/Senior management – show performance is good; get buy-in</b></p> <p><b>Political behavior was part of the negotiation</b></p> <p><b>The outcome was good for both the company and sponsoring group</b></p> <ul style="list-style-type: none"> <li>Company can communicate to stakeholders</li> <li>Building process and making improvements</li> <li><b>CSR group has more visibility</b></li> </ul> <p>Management process for what people are doing anyway</p>	<p><b>CSR is a negotiated process</b></p> <p>"make your lives easier" "better performance"</p> <p>Organizational capability – "tool to help you guys"</p>



Energy (6)	<p><b>Reorganization of CSR: Remove social aspects from HES function</b></p>	<p><b>Trigger: CSR to move to Communications</b></p> <ul style="list-style-type: none"> <li>• <b>No consultations or warnings</b></li> <li>• Head of CSR – moved on – no leadership</li> <li>• Prompted an excuse to move CSR</li> <li>• Reporting line through Communications group</li> <li>• <b>Strong resistance</b> within HES and management team</li> <li>• Leadership vacuum; seize opportunity</li> <li>• <b>“social” – used to be part of HES</b></li> <li>• <b>Overlap on CSR</b></li> </ul> <p>No information why it happened Head of unit – orchestrated internal communications Triggered minor change; new communications strategy (brought CSR into communications – personal agenda – Corp communication rep in the senior leadership committee Driver – wish for the senior committee to control sustainability agenda Get greater engagement into projects Challenged by external pressures <b>Communications group to be more integrated into the business</b></p>	<p><b>Middle management absent</b></p> <ul style="list-style-type: none"> <li>• Upstream has built alliance to resist – built HES ties and networks</li> <li>• Using relations to stop reorganization</li> <li>• Represent key business functions</li> </ul> <p><b>Tactic: Use external (credible) processes with HES</b></p> <ul style="list-style-type: none"> <li>• Risk assessment procedures: CSR are assessed with HES risks</li> <li>• Impact assessment procedure</li> <li>• Community engagement processes</li> </ul> <p><b>Internal tactics:</b></p> <ul style="list-style-type: none"> <li>• If not written down; much weaker</li> <li>• Effort to have it written – formalize it</li> <li>• Cannot take it out by Corp communications</li> <li>• HES leads processes; Corp communications does not</li> </ul> <p><b>Lots of back room discussions on how to erect barriers</b></p> <ul style="list-style-type: none"> <li>• Communications – HES (conflict disrupts work)</li> <li>• Different understandings of what CSR means</li> <li>• Corp communications – wanted to unify and manage agenda</li> </ul> <p><b>“Will placement affect what CSR means for the company – question not answered</b></p> <p><b>Upstream has tried to influence senior leadership committee</b></p> <p><b>SVP international upstream aware of what is going on</b></p> <p><b>CEO wants this to happen (don’t know why...)</b></p> <p><b>EVP communications tight with senior leadership committee</b></p> <p><b>Sell Corp Communications agenda through information</b></p> <ul style="list-style-type: none"> <li>• Specific phrases were used</li> </ul>	<p><b>Political behavior influenced and shaped the outcome</b></p> <p>Outcome:</p> <ul style="list-style-type: none"> <li>• <b>No resolution</b>; will happen</li> <li>• Strengthen Corp communications – more power and influence</li> <li>• Stand-off</li> <li>• Change (?)</li> </ul> <p><b>How much spin was in current story – does he really believe it will help company and drive implementation?</b></p> <p>Is it highlighted in senior leadership committee; so good for company</p> <ul style="list-style-type: none"> <li>• May influence behavior</li> <li>• has improved how we are collaborating with HES; taken more seriously – though same decision making because of separation</li> </ul>	<p><b>CSR is a negotiated process</b></p> <ul style="list-style-type: none"> <li>• Change can bring opportunities</li> <li>• Conflict can be positive</li> <li>• EVPs are negotiating</li> <li>• CEO will be the referee, but will stand up for Communications</li> <li>• Person dependent – new EVP communications will challenge it</li> <li>• <b>Safer to be close to HES (tied to base business - Upstream)</b></li> </ul>
------------	--	--	--	---	--

			<p>to get buy-in (CSR group bought in)</p> <ul style="list-style-type: none"> <li>• “communication is much more than distribution of information”</li> </ul> <p><b>Territorial issue between Hydro and Statoil</b></p> <ul style="list-style-type: none"> <li>• Communications and CSR versus international upstream</li> <li>• Have not seen the opportunity side</li> <li>• Lose collaboration with HES on following up on project risk assessment and impact assessment</li> <li>• Reorganization happened after merger with Hydro</li> <li>• 70% of people in international HES (Hydro) / 100% Hydro CSR</li> <li>• Corp CSR staff are Statoil</li> </ul>		
Energy (7)	<p><b>Risk management strategy: Community relations programs versus Security programs in operations where there is ongoing violence/conflict</b></p>	<p><b>Leadership briefed there was security concerns; no linkage between security and community relations (CR)</b></p> <ul style="list-style-type: none"> <li>▪ Security spend is high; CR spend is low</li> <li>▪ No Corp plan</li> <li>▪ Community problems in 1999 – 2002</li> <li>▪ In Corp, no cross-functional engagement between Security and CR</li> <li>▪ Security determined procedures and handled contingency</li> </ul> <p>Issues: Local employee used local customs</p> <ul style="list-style-type: none"> <li>▪ 95% nationals – rewarding jobs to extended communities and ethnic connections</li> </ul> <p><b>No owner of CSR; there was low understanding</b></p> <ul style="list-style-type: none"> <li>▪ Understanding of CSR was contributing to problems; CSR is “paying to problems” in operations</li> <li>▪ Perception: CSR was used for personal gain</li> </ul>	<p><b>No production because of attacks; “crisis trigger”</b></p> <p><b>Joint team was created – look at solution a different way</b></p> <ul style="list-style-type: none"> <li>▪ Procurement, CR, Security, Law</li> <li>▪ “sensitive way to dispose this person”</li> </ul> <p><b>Procurement/CR: push on CR agenda:</b></p> <ul style="list-style-type: none"> <li>▪ Behind close doors discussions</li> <li>▪ “Change agents” – head of CR and Security</li> <li>▪ There were a number of agendas</li> </ul> <p><b>Also a problem: local with locals – “no white men”:</b></p> <ul style="list-style-type: none"> <li>▪ Tried to sabotage plans</li> <li>▪ Lots of corruption; making money on status quo</li> </ul> <p><b>Selling to leadership:</b></p> <ul style="list-style-type: none"> <li>▪ document presentation on main improvements</li> <li>▪ Sustainable partnerships/growth of fields</li> <li>▪ Cash – cannot take away spend</li> <li>▪ Couch as change process</li> </ul>	<p><b>CR has power to influence outcome – owned by CR</b></p> <ul style="list-style-type: none"> <li>▪ More visibility and leadership</li> <li>▪ Security and CR were asked to find a solution</li> <li>▪ Company leadership bought into it</li> <li>▪ Status quo – focus on security – continue issues with community and local level corruption</li> <li>▪ Continue personal agendas</li> </ul> <p><b>Political behavior shaped the outcome</b></p> <ul style="list-style-type: none"> <li>▪ Soft issue solution – not an engineer solution</li> <li>▪ CR wanted to elevate its position – champion CR approach</li> </ul> <p><b>The outcome was good for the company and good for CR</b></p>	<p><b>CSR is a negotiated process</b></p> <p><b>Leadership tactics:</b></p> <ul style="list-style-type: none"> <li>▪ Private meetings – bring people on board</li> <li>▪ Public meetings – emphasize aspects to move plans</li> </ul>

		<p><b>CR: emerging as a solution</b> at the junior supervision level</p> <ul style="list-style-type: none"> <li>Increasing security forces – more push back from community elders</li> <li>Security cannot deal with community people</li> </ul> <p><b>Selling ideas:</b></p> <ul style="list-style-type: none"> <li>Have workshops away from site</li> <li>“Facilitate ideas”; “guiding them to solutions”</li> </ul> <p><b>Cross-functional meetings:</b></p> <ul style="list-style-type: none"> <li><b>Security management</b></li> <li><b>Operations management</b></li> <li><b>No CR people</b></li> <li>Investigation found increasing security failures</li> <li>Found it was community people</li> </ul> <p><b>Informal community of interest CR and Security:</b></p> <ul style="list-style-type: none"> <li>CR short-changed</li> <li>Security budgets approved quickly; no question</li> <li>Support general manager versus sabotaging him</li> <li>Close gap versus help separate – driven by agendas</li> </ul> <p><b>Resource access issue</b> <b>Competing interests</b></p> <p>CR solution – ideas being sought to get back into tough areas; <b>Management asked for a different plan</b></p> <ul style="list-style-type: none"> <li>“Do whatever it takes”</li> <li><b>Data collected and analyzed by sub-groups to come up with a different plan;</b></li> </ul>	<p>and risk</p> <ul style="list-style-type: none"> <li>Held private meetings of experts (everyone making money)</li> <li>Held public meeting – locals – professional development; opportunity for community “need a different way of selling”</li> </ul>		
Chemicals (8)	<b>Mandate: Elevate from traditional corporate citizenship role and align a strategy with the business</b>	<p><b>No role for Corp citizenship several years ago; philanthropy existed but no global role</b></p> <ul style="list-style-type: none"> <li>Driven by core business strategy and transformation of the company</li> </ul> <p><b>Other drivers:</b></p> <ul style="list-style-type: none"> <li>Commitment to</li> </ul>	<p><b>Brought in external data to validate the issue</b></p> <ul style="list-style-type: none"> <li>UN Global Compact</li> <li>Educating individuals</li> </ul> <p><b>More tactics:</b></p> <ul style="list-style-type: none"> <li>Lots of back door discussions / offline communications</li> <li>Influence c-suite executives</li> </ul>	<p><b>Political behavior shaped the outcome</b></p> <ul style="list-style-type: none"> <li>Moving in CSR space and getting heads there</li> <li>Negotiate for something better (trade-off)</li> </ul> <p><b>Prioritize – build into internal</b></p>	<p><b>CSR is a negotiated process</b></p> <ul style="list-style-type: none"> <li>Education, prioritization, negotiation</li> </ul>

		<p>sustainability (water use) and corporate citizenship (CC) or "social issues"</p> <p><b>Grow internationally in markets: Local relations needed for new assets</b></p> <ul style="list-style-type: none"> <li>▪ Grow market facing business – close to consumers</li> <li>▪ More understanding of CSR needed</li> <li>▪ Grow through Joint Ventures</li> <li>▪ How to bring in value into JVs</li> </ul> <p><b>Human rights and business external trend</b> – the issue needs to be grounded in business strategy</p> <p>Cross-functional Sustainability team – c-suite of company:</p> <ul style="list-style-type: none"> <li>▪ CEO</li> <li>▪ Chief sustainability officer</li> <li>▪ General counsel</li> <li>▪ CFO</li> <li>▪ Manufacturing</li> <li>▪ Engineering</li> <li>▪ Business units</li> </ul> <p><b>External trends – UN work on business and human rights</b></p> <ul style="list-style-type: none"> <li>▪ Individual flagged it; Sustainability team framed it</li> </ul> <p><b>Getting key allies:</b></p> <ul style="list-style-type: none"> <li>▪ Cross-functional working group</li> <li>▪ Government Affairs groups (in-country, key markets)</li> <li>▪ Ask EU to comment</li> <li>▪ "paint the external context"</li> <li>▪ "what does this mean to us?"</li> <li>▪ Met informally as a group</li> </ul> <p>Sign to UN Global Compact:</p> <ul style="list-style-type: none"> <li>▪ VP of business line against it; interpretation as new labor standards</li> </ul> <p><b>Outlined influence to strategy (couched as risk)</b></p>	<ul style="list-style-type: none"> <li>▪ Business risk – way to sell issue</li> <li>▪ Took existing policies and practices with international standards; tie to <b>business strategy</b></li> <li>▪ Participate in more CSR public affairs</li> <li>▪ Sign onto UN Global Compact</li> <li>▪ Pushing strategy</li> <li>▪ M&amp;A due diligence</li> <li>▪ Educate senior leadership</li> <li>▪ Brought in white papers and existing practices</li> <li>▪ Educate us and build our understanding – give us direction</li> </ul>	<p><b>process; secure resources and readiness</b></p> <p><b>The outcome was good for the company</b></p> <ul style="list-style-type: none"> <li>▪ Also good for CSR group – more visibility with executives; viewed in a different light</li> </ul>	
--	--	--	--	---	--

Energy (9)	<p><b>Develop social responsibility framework</b></p>	<p><b>Social responsibility framework – attached to the CSR group</b></p> <ul style="list-style-type: none"> <li>▪ Issue: buying assets without full analysis – need for realizing risks, reputation risks</li> <li>▪ Formulate metrics</li> <li>▪ Better management of above ground risks</li> </ul> <p><b>Internal groups accepted existing HES process</b></p> <ul style="list-style-type: none"> <li>▪ CSR, HES, Law, Int'l teams, Operations, business development, government affairs</li> <li>▪ Law – dealt with legal risks</li> <li>▪ HES – continuous improvement effort</li> <li>▪ Government affairs – interests to be systematic</li> </ul> <p><b>Realized power was diffused</b></p> <ul style="list-style-type: none"> <li>▪ Lack staffing and Corp radars</li> <li>▪ Separate alliance for government affairs and business intelligence/strategic planning – their own visibility</li> </ul>	<p><b>Within groups there were peculiarities; “gentleman’s agreement – form a team and coordinate”</b></p> <ul style="list-style-type: none"> <li>▪ Formulizing process</li> <li>▪ Over loading (laundry list); different interpretations of issues</li> </ul> <p><b>CSR leadership committee – executive committee with members; have oversight</b></p> <ul style="list-style-type: none"> <li>▪ Lobbies members</li> <li>▪ Focus on group interests</li> <li>▪ Issue crafting tailored to interests – the value for them</li> </ul> <p><b>International assets had visibility with leadership/CEO</b></p> <ul style="list-style-type: none"> <li>▪ EVP – production and exploration</li> <li>▪ Business case driven – messages and couch problems in the business</li> <li>▪ Strong opportunity – CSR group dealt with new assets</li> </ul>	<p><b>Political tactics shaped outcome</b></p> <ul style="list-style-type: none"> <li>▪ Influence tactics for good</li> <li>▪ Good for government affairs</li> <li>▪ Good for CSR group</li> <li>▪ Led to mandate</li> </ul> <p><b>Outcome was good for company</b></p>	<p><b>CSR is a negotiated process (started as a negotiated process)</b></p> <p><b>Critical factor – need to preserve best interests of company</b></p>
Energy (10)	<p><b>Educational program in business market</b></p>	<p><b>Cross-functional team:</b></p> <ul style="list-style-type: none"> <li>▪ E&amp;P, Chairman, Law, Government Affairs, Business Units</li> </ul> <p>Steering committee E&amp;P and external NGO</p> <p>Buy-in – understanding there is much at stake</p> <ul style="list-style-type: none"> <li>▪ There was low resistance</li> <li>▪ No territoriality or partisanship</li> </ul> <p>Major program – Corp advantage – legacy</p> <p>Part of business strategy</p>	<p><b>Chairman and senior management buy-in</b></p> <ul style="list-style-type: none"> <li>▪ major social contribution beyond production sharing agreement</li> </ul>	<p><b>Political behavior did not influence the outcome</b></p> <p><b>The outcome was good for company and CSR group</b></p> <ul style="list-style-type: none"> <li>▪ CSR group profile elevated</li> <li>▪ Influenced community investment – good business role (group seen as value to business)</li> </ul>	<p><b>CSR may not have been a negotiated process in this case</b></p> <ul style="list-style-type: none"> <li>▪ “nature of the company”</li> <li>▪ “small”</li> <li>▪ “CEO authority is clear – no political dynamics”</li> </ul> <p><b>OPPOSITE CASE</b></p> <p>Experience in Pharmaceutical Corporation:</p> <p><b>New CEO had a shift in perception of CSR – drag on bottom line</b></p> <ul style="list-style-type: none"> <li>▪ Low support – difficult to execute</li> </ul> <p><b>CSR group had to justify existence</b></p> <ul style="list-style-type: none"> <li>▪ Staff led discussion to step up HIV/AIDS</li> <li>▪ CEO “We are not an HIV/AIDS company”</li> <li>▪ So much given away; “critical stakeholders still hate us”</li> <li>▪ Business model needed to</li> </ul>

					<ul style="list-style-type: none"> <li>▪ change – pricing</li> <li>▪ But host countries set prices</li> <li>▪ Activist pressures: one of the largest pharmaceutical company and largest target; not just as a solution</li> </ul> <p><b>Change in management</b></p> <ul style="list-style-type: none"> <li>▪ Because change of leadership</li> <li>▪ Willingness to kill stakeholder goals</li> </ul> <p><b>In-fighting</b></p> <ul style="list-style-type: none"> <li>▪ <b>Encouraged local behaviors; included and condoned</b></li> </ul> <p><b>Another CEO change</b></p> <ul style="list-style-type: none"> <li>▪ HIV/AIDS background</li> <li>▪ Gained attention of CEO/chairman</li> <li>▪ “need to play in the sandbox” – external stakeholders</li> </ul>
Banking (11)	<b>Implementing the Equator Principles (EPs) into project financing</b>	<p><b>Most important issue for the bank – project finance</b></p> <ul style="list-style-type: none"> <li>▪ <b>2003 adoption by leading banks – management found a new business trend and led by senior management direction</b></li> </ul> <p>Was in financial group (CSR) – then transferred to project finance division Sustainable development department</p> <ul style="list-style-type: none"> <li>▪ <b>Need to impact loan, deal teams, and project finance</b></li> </ul> <p><b>Needed support:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Most important – deal team members</b></li> <li>▪ <b>Need to orchestrate and accept</b></li> <li>▪ <b>Head of project finance division</b></li> </ul> <p><b>External consultant was used (change agent) – experience in due diligence</b></p>	<p>One year before implementation worked with consultant and developed manual of procedures</p> <p>Tokyo team was created</p> <ul style="list-style-type: none"> <li>▪ <b>Appoint FT person (internal change agent)</b></li> </ul> <p><b>Support from each branch – project finance team has close relations with Tokyo</b></p> <ul style="list-style-type: none"> <li>▪ Wore “double hat”</li> <li>▪ Tokyo head (<b>most important</b>)</li> </ul> <p><b>Conflict of interest – EPs should be separate from the deal</b></p> <ul style="list-style-type: none"> <li>▪ Resistance – credit division “already doing it”</li> <li>▪ Needed support at prep stage</li> <li>▪ Internal procedures – did not include them</li> <li>▪ Tactic – no response</li> <li>▪ Compromise – division head spoke with London</li> <li>▪ Loan agreement with EP report</li> </ul>	<p><b>Political behavior did not shape the outcome</b></p> <p>Department assigned to implement</p> <ul style="list-style-type: none"> <li>▪ Consultation and negotiation</li> <li>▪ Project finance deal</li> </ul> <p><b>Outcome was good for good for Bank and Sustainability department</b></p>	<p><b>CSR is a negotiated process</b></p> <p>Need to orchestrate and accept</p> <p>External consultant was used</p> <p>Need to know all project finance people; all key persons of all branches</p>

			<p><b>Three credit divisions</b></p> <ul style="list-style-type: none"> <li>▪ Tokyo (supports EPs), NY (no involvement), London (against EPs)</li> <li>▪ Consensus took 6 months</li> </ul> <p><b>Corp communications supported EPs</b></p> <p><b>Selling – used consultant</b></p> <ul style="list-style-type: none"> <li>▪ Used rise of EPs in global media and bank</li> </ul> <p><b>Top persons of project finance – credit teams</b></p> <ul style="list-style-type: none"> <li>▪ Approve deals “have the power”</li> <li>▪ No process for CSR people</li> <li>▪ Talk to deal makers</li> <li>▪ CSR – no veto power</li> </ul>		
Energy (12)	<b>Operationalizing corporate human rights policy</b>	<p>Adopted a policy without management system</p> <ul style="list-style-type: none"> <li>▪ Surprised there was legal approval</li> </ul> <p><b>Trigger:</b></p> <ul style="list-style-type: none"> <li>▪ <b>NGO scrutiny of operations in sensitive areas</b></li> </ul> <p><b>Different groups involved:</b></p> <ul style="list-style-type: none"> <li>▪ Government relations and Security</li> <li>▪ “homeless policy” – CSR group took it</li> </ul> <p>Current state of policy:</p> <ul style="list-style-type: none"> <li>▪ Low appreciation of it</li> <li>▪ No competition</li> <li>▪ Low visibility</li> </ul> <p><b>Buy-in already – Corp security and government relations</b></p>	<p><b>Operationalization by stealth</b></p> <ul style="list-style-type: none"> <li>▪ industry event in Calgary – training program</li> <li>▪ Competitor/peer company hammered in media – “catalyst”</li> <li>▪ Went to sensitive operating areas – open audience and had ear of country manager</li> <li>▪ Road show</li> <li>▪ Target senior executive</li> <li>▪ Build piece by piece the implementation</li> <li>▪ Legal and general counsel – sent out invitations</li> <li>▪ <b>Operationalization = airtime for the group</b></li> </ul> <p><b>Enabled opportunity for next stage: security and human rights policy (momentum)</b></p> <ul style="list-style-type: none"> <li>▪ Found gap analysis</li> <li>▪ Going beyond voluntary stage to mandatory one</li> <li>▪ Operational level people/country management “get it”</li> <li>▪ Risk trends – became mandatory</li> <li>▪ Individual became subject matter expert</li> <li>▪ External research and trends</li> <li>▪ NGO inquiries - have response</li> </ul>	<p><b>No comment on political behavior shaping outcome</b></p> <p><b>Outcome good for company:</b></p> <ul style="list-style-type: none"> <li>▪ Adopted policy</li> <li>▪ Human rights in country risk assessment</li> <li>▪ Annual sustainability report and updates</li> <li>▪ Management training</li> </ul>	<p><b>Agree and Disagree: CSR is not a negotiated process; not negotiated about the policy</b></p> <p><b>Agree: CEO is a visible champion, VP visible and General Counsel visible</b></p> <ul style="list-style-type: none"> <li>▪ There are changes in new persons</li> <li>▪ New leadership programming, but not all there</li> <li>▪ [good] economy is necessary first</li> </ul> <p>CSR important and part of the culture, but lack systems</p> <p><b>The How: articulate outcome and what you get</b></p> <p>Push back – resources, need of operationalization, realistic, costs-benefits</p> <p>Engage early and often</p> <p>Detect opportunities</p> <p>Seize opportunity – use other change agents to advance agenda</p>

			<p><b>May have competing interest – CSR or security leading it</b></p> <ul style="list-style-type: none"> <li>▪ May lose buy-in</li> </ul>		
Energy (13)	<p><b>Establishing a community development fund</b></p>	<p><b>Opportunity and need:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Mine closing in the future framed the CSR issues</b></li> <li>▪ Company legacy</li> <li>▪ Help economic base and community development</li> </ul> <p><b>Sold to management as “RISK”</b></p> <ul style="list-style-type: none"> <li>▪ Get permits/license to close</li> <li>▪ Less dependent in 10 years – less potential activism when closing</li> </ul> <p><b>Cross-functional working group:</b></p> <ul style="list-style-type: none"> <li>▪ Community relations</li> <li>▪ External advisors</li> <li>▪ Operations facility</li> <li>▪ Environment</li> <li>▪ Corp CE</li> <li>▪ Corp Tax</li> <li>▪ Legal</li> <li>▪ <b>Operating company had decision making power</b></li> </ul> <p><b>Mechanisms:</b></p> <ul style="list-style-type: none"> <li>▪ <b>VP/mining led group</b></li> <li>▪ <b>4 year period of meetings</b></li> <li>▪ <b>Mine manager, HES, Law, External consultant, PR firm</b></li> </ul>	<p><b>Buy-in needed for a fund</b></p> <ul style="list-style-type: none"> <li>▪ How – mine manager</li> <li>▪ <b>Convince</b> them that fund will be positive</li> <li>▪ <b>Sell models of success</b></li> <li>▪ <b>Case studies of other places of closures – exit strategy</b></li> <li>▪ <b>Had other executives (external) talk about similar experiences</b></li> <li>▪ <b>Orchestrated what would be said – control information flow and communication</b></li> <li>▪ <b>Idea learned in meetings and part of process</b></li> </ul> <p><b>Competing interests</b></p> <ul style="list-style-type: none"> <li>▪ Scope to narrow; wanted to expand it, not just “stop bleeding”</li> <li>▪ Example: Call it Economic Development fund – focus on economic development</li> </ul> <p><b>Tactics:</b></p> <ul style="list-style-type: none"> <li>▪ Executives, their wives, face to face meetings with leadership team members</li> <li>▪ <b>Consultant close to leadership and was targeted for lobbying; already bought in but asked him not to attend meetings – too much of an advocate</b></li> </ul> <p>Reconcile: Make it broader, but focus language – community grant tied to economic opportunity</p>	<p><b>Political behavior shaped the outcome</b></p> <ul style="list-style-type: none"> <li>▪ <b>Artificial barriers</b> created by managers</li> <li>▪ Mining – <b>Culture</b> was already decentralized</li> <li>▪ Separate coalitions</li> <li>▪ <b>Open sensemaking – by managers Always part of higher level decision making</b></li> </ul> <p>Alternate experience CR project – leadership rejected it; <b>low lobbying</b></p> <p><b>Fund was good for company and community – community development</b></p> <ul style="list-style-type: none"> <li>▪ New process to manage stakeholder expectations</li> </ul>	<p><b>CSR is a negotiated process</b></p> <ul style="list-style-type: none"> <li>▪ Why? – CSR as a topic</li> <li>▪ Real CSR crosscuts some groups – need buy-in from diverse/affiliated groups</li> </ul>
Computer (14)	<p><b>Unified enterprise vision for CSR</b></p>	<p><b>Deputy General Counsel unveiled new vision for CSR at international conference:</b></p> <ul style="list-style-type: none"> <li>▪ CSR was a separate activity in the past – now, new priorities and definitions to “get ahead of the curve”</li> <li>▪ Unified approach</li> <li>▪ Used external partners to help them decide what to</li> </ul>	<p><b>Tactics:</b></p> <ul style="list-style-type: none"> <li>▪ Sell to Leaders and other executive members – key decision makers (need buy-in)</li> <li>▪ Big company – “mind stream”</li> <li>▪ Country office needs to own it (need buy-in)</li> <li>▪ Spending time and resources</li> </ul>	<p><b>No comment on whether political behavior shaped outcome</b></p> <p><b>Winners: Good for group and company: Put CSR group on map and visibility</b></p> <ul style="list-style-type: none"> <li>▪ <b>CSR shop had greater responsibility</b></li> </ul>	<p><b>CSR is a negotiated process</b></p>



		<p>be known for (used partners to build case)</p> <p><b>New vision:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Computer skills training</b></li> <li>▪ <b>Who to partner with</b></li> <li>▪ <b>Target number to be trained in 5 years</b></li> <li>▪ <b>Define, develop, prioritize</b></li> </ul> <p><b>CSR involved a number of different groups:</b></p> <ul style="list-style-type: none"> <li>▪ CSR group under global Public Affairs</li> <li>▪ Lead by deputy general counsel (reporting to General Counsel)</li> <li>▪ Public Relations, Government sales, research</li> <li>▪ <b>Public Relations was a powerful group</b></li> </ul> <p><b>Education group (potential competing group):</b></p> <ul style="list-style-type: none"> <li>▪ Had different ideas</li> <li>▪ Thrust to be big in education space</li> <li>▪ Had own program to train teachers</li> <li>▪ <b>Less CSR; more business development programming</b></li> <li>▪ Connection to selling software – bottom line</li> <li>▪ Different position</li> </ul> <p><b>CSR group:</b></p> <ul style="list-style-type: none"> <li>▪ How many students trained</li> <li>▪ <b>Hierarchy of goals</b></li> <li>▪ Sell IP policy message (intellectual property protection)</li> <li>▪ Get product to market</li> <li>▪ <b>Built constituency for IPP</b></li> <li>▪ <b>General counsel supports CSR initiative</b></li> <li>▪ <b>IPP idea aligns with business units and General counsel</b></li> </ul> <p><b>Leaders of company very hands-on – MOST IMPORTANT</b></p> <ul style="list-style-type: none"> <li>▪ <b>Public relations, media, advertisement – very</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal selling to get alignment</li> <li>▪ Too different; undefined priorities – opportunism</li> </ul> <p><b>Competing interests – dissatisfaction in decentralization:</b></p> <ul style="list-style-type: none"> <li>▪ Centralized company – executive focus and decision making</li> <li>▪ Deliberate effort to not tie software sales or business impact</li> <li>▪ Sales people out of the loop (some resistance)</li> <li>▪ Leaders did not want to link to business success in developing countries; made it a measurement of success in country offices</li> </ul> <p><b>Resistance by country office on implementation:</b></p> <ul style="list-style-type: none"> <li>▪ Not on concept, but on implementation</li> <li>▪ Needed education group not to object to it</li> <li>▪ Confusion: Business units created separate initiative – focus on developing countries</li> </ul> <p><b>Corp-wide:</b></p> <ul style="list-style-type: none"> <li>▪ Internal organizations need a vote</li> <li>▪ Importance of leaders – must be convinced</li> <li>▪ Shopping around to get buy-in – leaders expected it</li> <li>▪ Head of CSR group was negotiating with other groups – gave comfort to leaders</li> <li>▪ Logical plan/frame = low resistance</li> <li>▪ Lots of messaging – not about their bottom-line</li> </ul> <p><b>Good alignment prevented excessive political behavior:</b></p> <ul style="list-style-type: none"> <li>▪ Corp CSR aligned with what the BU are trying to do</li> <li>▪ Culture supported for this – beyond sales</li> </ul> <p>Philanthropy is not sustainable – must be aligned with other key objectives – keep focus</p>	<p>To outsiders – CSR image tied to IP concerns only – must overcome this image</p> <ul style="list-style-type: none"> <li>▪ Program helped to overcome reputation to outsiders and insiders</li> </ul> <p><b>Country office – different mentality</b></p> <ul style="list-style-type: none"> <li>▪ Not developing products, but selling it (different than HQ)</li> </ul> <p>Opinion surveys</p> <ul style="list-style-type: none"> <li>▪ CSR program implemented it, but difficult to show cause and effect</li> </ul> <p><b>Dissatisfaction with decentralized approach</b></p> <ul style="list-style-type: none"> <li>▪ Centralized culture</li> <li>▪ Wanted consistent message and program</li> <li>▪ Linked with key b-objective and fit structure</li> </ul>	
--	--	---	---	--	--

Professional Service (15)	<p><b>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</b></p> <p><b>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups</b></p>	<p style="text-align: center;"><b>powerful</b></p> <p><b>No clear understanding of CSR Who owned it was not clear</b></p> <p>Apparel company was top down – wanted to look ahead and tied with worker rights</p> <p>Another apparel company driver – branding and who company is</p> <p>Enterprise buy-in and integration is <b>not the norm</b></p> <p><b>Legal</b> – positive and negative role</p> <ul style="list-style-type: none"> <li>▪ Affects independence of <b>CSR department</b></li> </ul> <p><b>Deal with CEO, BoD, GC, CSR groups</b></p> <p><b>CSR group gets activated when something bad happening; lawsuit</b></p>	<p>Today: legal and reputation risk management</p> <ul style="list-style-type: none"> <li>▪ Tool for companies to promote value</li> <li>▪ Protect assets and mitigate risks</li> </ul> <p><b>Working closely sometimes – in house tension</b></p> <ul style="list-style-type: none"> <li>▪ Value and implementation</li> <li>▪ Trend – decision on CSR is made at top levels</li> </ul> <p><b>Fix issue and prevent it from happening again</b></p> <ul style="list-style-type: none"> <li>▪ <b>Inconsistent framing</b></li> <li>▪ <b>Today – CSR may be to mitigate risk</b></li> <li>▪ <b>Some first need risk to establish CSR framework</b></li> <li>▪ Living wage issue in apparel company – cost company money; liability in BU – sweat shops</li> </ul> <p><b>Some legal department run CSR</b></p> <ul style="list-style-type: none"> <li>▪ Becoming more clear today then before – <b>role of General Counsel</b></li> </ul> <p><b>Political agenda – yes</b></p> <ul style="list-style-type: none"> <li>▪ Corp culture</li> <li>▪ Turf – define boundaries</li> <li>▪ Apparel company: “knife in the back” by sourcing group; did not see CSR as impact</li> </ul> <p><b>Definition of issue and parameters</b></p> <ul style="list-style-type: none"> <li>▪ Grab CSR</li> <li>▪ Sell as risk</li> </ul> <p><b>Tactics:</b></p> <ul style="list-style-type: none"> <li>▪ <b>CSR involves General counsel, CEO, Business development, Finance, Sourcing</b></li> <li>▪ Lobbying with board of director members; no surprises; communication – critical (lobbying)</li> <li>▪ Used business case/risk rationale</li> <li>▪ Seminars to talk about it</li> <li>▪ Write memos – risks and</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pushed other groups to focus on CSR</li> <li>▪ CSR meetings with different business groups</li> <li>▪ Lead to cross-function</li> </ul>	<p>Big failures in MNCs</p> <ul style="list-style-type: none"> <li>▪ Communicate internally with themselves and not with other key departments</li> </ul> <p><b>Future trends – CSR cannot be responsibility of CSR guys; groups are responsible for CSR</b></p>
---------------------------	--	---	--	--	--

			<ul style="list-style-type: none"> <li>facts – reflected buy-in</li> <li>Resources needed</li> </ul>		
Energy (16)	<b>Corporate Rule of Law Program in a focus country</b>	<p><b>Highly visible publication on oil/gas project and human rights abuse – triggered external pressure on firm</b></p> <p>[Firm needed to address external pressures] and required internal company engagement</p> <p><b>Typical – crisis led to trigger</b></p> <ul style="list-style-type: none"> <li>Met with author of publication and committed to several things that were difficult – more reactive</li> </ul> <p><b>Cross-functional working group:</b></p> <ul style="list-style-type: none"> <li>Internal stakeholder groups: Global Security, Communications, Legal, senior management (for project); external consultants brought in</li> </ul>	<p>Strategy: Assemble a group of key people (Global Security led); Law and Public Affairs included</p> <p>There was a duplication of efforts – embedded Global Security person; disengage Communications/Public Affairs; there was a lack of enthusiasm and maybe because they were disengaged (?)</p> <p>Many departments pulled in different ways; <b>departments had separate relationships</b></p> <p><b>Competing project:</b></p> <ul style="list-style-type: none"> <li>Regional development program – controlled money and focused on small business development, education, access to energy (<b>legitimacy, strong position and placement</b>); <b>owned by Communications/External Affairs</b></li> <li>Multilateral institution project on reconstruction and development [in focus country] tied to regional development program – Global Security was left out of the loop</li> <li><b>Tactics: Program had “Big pot of money” [= influence for Communications/External Affairs]</b></li> </ul> <p><b>Global Security focused on rule of law program; [but] did not do enough work internally to prioritize; not well thought out</b></p> <ul style="list-style-type: none"> <li><b>Rule of law program strategy was to approach [influence] the regional development program manager</b> (he reported to communications/external affairs director)</li> <li>Early stage – early flagging of need for rule of law program during strategy</li> </ul>	<p>[Global Security] Decided to back off – quick halt</p> <ul style="list-style-type: none"> <li>Regional development manager, communication and community affairs teams pushed back – <b>NO</b></li> </ul> <p><b>Outcome:</b></p> <ul style="list-style-type: none"> <li>It was a missed opportunity for the company; <b>Global security lost out</b></li> </ul>	<p><b>[rule of law issue] Too difficult and politically sensitive:</b></p> <ul style="list-style-type: none"> <li>More money controlled was a factor</li> <li><b>Global security did not make it a major issue</b></li> <li>Did not see HQ funding</li> </ul> <p>Lessons [learned] difficult and sensitive area to intervene</p> <p><b>CSR is a negotiated process:</b></p> <ul style="list-style-type: none"> <li>Joining up Global Security with Communications/External Affairs</li> <li>Sequencing issue and ownership issue (1-Govt Affairs, 2-Upstream, 3-Communications/External Affairs) – Global Security operates separately</li> <li>[rule of law program became] risk migration [option] with other risk assessments; <b>when risk assessment grew, it became an ownership issue</b></li> </ul> <p>Global security should have made a more aggressive move to “champion” the rule of law program:</p> <ul style="list-style-type: none"> <li>Getting a partner on board – [but was] difficult</li> <li>Implementation [of program] – [would be] difficult</li> </ul> <p><b>Flipside: “Rule of law in the focus country is really bad and worsening” – may not be good for company (mixed)</b></p>

			<ul style="list-style-type: none"> <li>formulation, but “not interested”; [then] Trying to get rule of law program into regional development program was not successful:</li> <li>[business case – rule of law issue] research stayed on shelf – no intervention</li> <li><b>Proponents tried to be persuasive; tried to elevate the benefit of business case</b></li> <li><b>Regional development was a “rigid strategy”</b></li> </ul>		
Banking (17)	<b>Climate position</b>	<p><b>Part of risk management, but tension with business line (bankers)</b></p> <p><b>Cross-functional working group:</b></p> <ul style="list-style-type: none"> <li>Corp affairs/Corp sustainability – Corp Communications and Corp relations</li> <li>Environment/social risk management</li> <li>CSR are ideas between risk management, Corp sustainability</li> </ul> <p><b>Climate and carbon – forward looking business strategy/case</b></p> <ul style="list-style-type: none"> <li><b>Work on deal flows – close with bankers</b></li> <li><b>Coal fire plant – screen project</b></li> <li>Received negative media attention; flagged to bankers</li> <li>Bankers, <b>Corp Communications, risk management</b> – holding statements</li> <li>Ensuing negative press; and new campaign threats</li> <li>Corp sustainability – meet with NGOs; new partners stand to distance themselves</li> <li>Sr. management not involved; siloed within Corp sustainability, risk management, and bankers</li> <li><b>Community relations</b> got involved b/c of community activism</li> </ul>	<p>Active campaign started against CEO; engaged and meeting with NGOs</p> <p><b>Crisis: More senior attention</b> Actual strategy:</p> <ul style="list-style-type: none"> <li>Climate position statement</li> <li>Portfolio assessment</li> <li>Joint industry statement</li> </ul> <p><b>Bankers</b></p> <ul style="list-style-type: none"> <li>Pushing back on independent review</li> <li><b>Other motivation – leverage buy-out (risk management has access to information)</b></li> <li>Corp Affairs – no access to information</li> <li><b>Senior officer had to negotiate settlement with NGOs and other bankers</b></li> </ul> <p><b>Tactics:</b></p> <ul style="list-style-type: none"> <li><b>Bankers – two teams of bankers competing to manage deals</b></li> <li><b>Communications – keep groups out intentionally</b></li> <li>Get support of organization at senior level – did not work</li> <li><b>Business line – do not disclose information or do not allow enough time to get support</b></li> <li><b>Day of deal launch</b> – communicate to Risk Management</li> <li>Bring people in early – co-opt them through a “drafting”</li> </ul>	<p>Strategy pushed through</p> <p><b>Political behavior shaped the outcome</b></p> <ul style="list-style-type: none"> <li>Bankers’ investment made a difference</li> </ul> <p><b>Outcome was good for company and board</b></p> <ul style="list-style-type: none"> <li>Unequal benefits – <b>risk management elevated</b></li> <li>Job preservation</li> </ul>	<p><b>CSR is a negotiated process</b></p> <p>Issue “value” selling Need to get beyond reputation risk (always need a reputation problem)</p> <p>Co-opt business line</p>

			<ul style="list-style-type: none"> <li>▪ <b>Risk management and Corp Sustainability formed an alliance</b></li> </ul> <p><b>Corp Sustainability deliberate intent:</b></p> <ul style="list-style-type: none"> <li>▪ Get buy-in from risk management</li> <li>▪ Access to Board</li> <li>▪ <b>Get CEO pressure on business line</b></li> </ul> <p><b>Issue “value” selling</b></p> <ul style="list-style-type: none"> <li>▪ Need to get beyond reputation risk (always need a reputation problem)</li> <li>▪ <b>Co-opt business line to draft climate change statement</b></li> <li>▪ Bankers to work with Corp Communications when there is negative media</li> <li>▪ Protocol “charter”</li> </ul>		
Energy (18)	<b>Integration of Security and Human Rights policy</b>	<p><b>Project in sensitive areas had no guidance to handle security and human rights issues</b> <b>Need to build guidance at Corp level</b></p> <p>Top down Corp policy making; make Corp aware of it</p> <ul style="list-style-type: none"> <li>▪ Issue management process: Each business line and service department is responsible for identifying issues</li> <li>▪ Issue – present to management committee (lobby with management committee first)</li> <li>▪ Sell case to Upstream (issue hits production access)</li> <li>▪ See CEO</li> </ul> <p>List of issues – Corp or specific business issue – process</p> <ul style="list-style-type: none"> <li>▪ Human rights and security flagged – public affairs, global security, Upstream (hey identified the issue)</li> <li>▪ human rights was head of issue manager – my “pet issue”</li> <li>▪ Field people wanted guidance</li> </ul>	<p><b>Goal:</b></p> <ul style="list-style-type: none"> <li>▪ <b>security and human rights integration into processes – management systems</b></li> <li>▪ <b>Human rights policy</b></li> <li>▪ <b>VPs integration into processes – management systems</b></li> </ul> <p><b>Selling policy:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Sell work product to business line</b></li> <li>▪ <b>Resistance – prove around company</b></li> <li>▪ Seeing another policy and guidance to follow</li> <li>▪ Some get it, some don’t</li> <li>▪ Law – focus on meaning and content</li> <li>▪ Concern – policy in plans; customer are the guys in the field; “scars” from the field – explain issue and need</li> </ul> <p><b>Tactics:</b></p> <ul style="list-style-type: none"> <li>▪ Took executives from field (took examples...)</li> <li>▪ <b>Picked it carefully</b></li> <li>▪ Top management</li> <li>▪ Put team together; management/business line picked person</li> </ul>	<p><b>Political behavior did not shape outcome</b></p> <ul style="list-style-type: none"> <li>▪ Political process – issue getting flagged (yes)</li> <li>▪ Tactics shaped the outcome for human rights</li> </ul> <p><b>Outcome was good for company</b> – social responsibility was out of the picture for implementation</p> <p>Initial team to participate in training – deliver training</p> <ul style="list-style-type: none"> <li>▪ human rights and security is different from usual business issue</li> <li>▪ <b>use people who can explain and get support</b></li> </ul>	<p><b>CSR is a negotiated process</b></p> <ul style="list-style-type: none"> <li>▪ Business line and service groups</li> </ul> <p><b>CSR is not an issue – CEO, department or czar</b></p>

		<ul style="list-style-type: none"> <li>▪ <b>Litigation going on – external pressures made it a Corp issue</b></li> <li>▪ Shareholder resolutions</li> </ul> <p>Identified owner of issue – global security and public affairs Issue manager:</p> <ul style="list-style-type: none"> <li>▪ <b>put cross-functional team together (global security, Law, Upstream) responsible for the preferred alternative</b></li> </ul>	<p><b>Concerns over litigation and risk</b> Know exposure and what to avoid Drafting took a while Overcame concerns Each team supposed to address it 100% public affairs background – may not have flagged it</p>		
Banking (19)	<b>Equator Principles (EPs) and Corporate Environmental Policy</b>	<p><b>All the banks got beaten up – external pressures</b></p> <ul style="list-style-type: none"> <li>▪ go beyond compliance – not working</li> <li>▪ use international institution because well known in the market</li> <li>▪ met with IFC and drafted EPs</li> <li>▪ light consultation with NGOs</li> </ul> <p>Bank needed implementation NGOs attacking bank and EPs adopted; but... no infrastructure to implement it</p> <p><b>Corp affairs, Environmental affairs – no integration</b></p> <ul style="list-style-type: none"> <li>▪ Project finance head – did not want to give power</li> <li>▪ Environmental affairs</li> <li>▪ Corp sustainability – already hired people; need to sit within business</li> <li>▪ Risk management – risk management function</li> </ul> <p><b>Bank is large and complex and political</b></p> <ul style="list-style-type: none"> <li>▪ 100 operations</li> <li>▪ Certain groups perceived as international NGO</li> </ul>	<p>EPs already done [no mobilization needed]</p> <p><b>Air cover</b></p> <ul style="list-style-type: none"> <li>▪ CEO had a personal commitment</li> <li>▪ “proud to be at launch of EPs... a strong signal”</li> <li>▪ Where does this fit unresolved</li> </ul> <p><b>Internal fight!! Negotiation and territorial behaviors</b></p> <ul style="list-style-type: none"> <li>▪ Politicking outside of formal decision making</li> <li>▪ assumed it happened</li> </ul> <p>Chief sustainability person</p> <ul style="list-style-type: none"> <li>▪ Individual risk</li> <li>▪ Bankers, deals</li> </ul> <p>Social policy and risk management – create system</p> <ul style="list-style-type: none"> <li>▪ Lots of trouble and problems with mining specialist</li> <li>▪ engineer and did technical deals</li> <li>▪ <b>Resistance, turf, predatory issue</b></li> </ul> <p><b>Tactics:</b></p> <ul style="list-style-type: none"> <li>▪ Need people to be allies on the ground</li> <li>▪ O&amp;G, mining – getting them on our sides</li> <li>▪ Set up by change agents</li> <li>▪ Develop relations with sectors</li> <li>▪ Mid-level champs in regions</li> <li>▪ Senior credit officer – opposed authority for deals</li> <li>▪ Lobbying</li> </ul>	<p><b>Political behavior: Negotiating internally can be very political</b></p> <ul style="list-style-type: none"> <li>▪ Middle of the road is tough</li> <li>▪ Force to accept – bankers</li> </ul> <p><b>Good for company</b></p> <ul style="list-style-type: none"> <li>▪ New group – embedded in credit and risk management</li> <li>▪ Lots of mileage; better than IFC</li> </ul>	<p><b>CSR is a negotiated process</b></p> <ul style="list-style-type: none"> <li>• big complex organization</li> <li>• lots of convincing</li> </ul>

			<ul style="list-style-type: none"> <li>▪ <b>Core - CEO sold value early on (CEO message)</b></li> <li>▪ How to get allies... depended on personality</li> <li>▪ <b>Global training exercise – inserted officer to attend training</b></li> <li>▪ <b>Critical to attend meetings – senior credit officer</b></li> <li>▪ Send signal across organization</li> <li>▪ Bankers – “this is about adding value” (not rejecting it)</li> <li>▪ <b>Training – had examples, cases, major issues</b></li> <li>▪ <b>Business case selling</b></li> </ul>		
Energy (20)	<b>Human Rights policy</b>	<p><b>Peers put out human rights statement and position</b></p> <ul style="list-style-type: none"> <li>▪ Issue management group – look at issues when CoP managing in pieces</li> </ul> <p><b>Cross sectoral issue:</b></p> <ul style="list-style-type: none"> <li>▪ Task force team to develop position</li> <li>▪ Communications, human resources, Law, government affairs, global security, sustainable development (housed in HES), business units, Environmental management somewhere else</li> <li>▪ Alignment (?)</li> <li>▪ Inconsistent interpretation</li> </ul> <p><b>Organizational behavior of company</b></p> <ul style="list-style-type: none"> <li>▪ Buy-in</li> <li>▪ Subject knowledge</li> <li>▪ Internal influence</li> <li>▪ Hierarchical, but think decentralized</li> </ul>	<p><b>Many tactics</b> (expected):</p> <ul style="list-style-type: none"> <li>▪ Education sessions</li> <li>▪ Using company language</li> <li>▪ Snaking – did not do enough; merger – CoP did not figure out</li> </ul> <p><b>Up and down and sideways</b></p> <ul style="list-style-type: none"> <li>▪ <b>Company still learning</b></li> <li>▪ “not my problem; don’t want to interact”; deflect their role</li> <li>▪ Biggest challenge</li> </ul> <p><b>Approved process – play cards</b></p> <ul style="list-style-type: none"> <li>▪ Chain of command; do not approve right now</li> <li>▪ Culture – position or policy should be aspirational</li> <li>▪ Example: three international codes; code versus security and human rights principles created a disconnect (compromise) <ul style="list-style-type: none"> <li>○ Global security – we only could follow international code to letter of law</li> </ul> </li> </ul> <p><b>Tactics: Information crafting</b></p> <ul style="list-style-type: none"> <li>▪ External groups</li> <li>▪ Reduce risk</li> <li>▪ Different lens</li> <li>▪ Felt strongly – SME leads</li> <li>▪ <b>Self agenda</b></li> <li>▪ Pick words to meet internal concerns and address</li> </ul>	<p><b>Political behavior shaped the outcome</b></p> <p>Position – more palatable; <b>allow to move forward</b></p> <ul style="list-style-type: none"> <li>▪ <b>Grid lock</b></li> </ul> <p><b>Sustainable development left out</b></p> <ul style="list-style-type: none"> <li>▪ <b>Not strong; functionally lost out</b></li> </ul> <p><b>Outcome was good for company – starting place</b></p> <ol style="list-style-type: none"> <li>1. Everyone ok with “nothing”</li> </ol>	<b>CSR is a negotiated process</b>

			external issues Policy or position? <ul style="list-style-type: none"> <li>Policy – CEO did not want another policy</li> </ul>		
Energy (21)	<b>Social Due Diligence in Sensitive Operating area</b>	Upstream team looking at Peru  <b>Reputation issues pivotal 1 year engagement before commitment</b>  Context: <ul style="list-style-type: none"> <li>Legacy issues</li> <li>NGO allegations</li> <li>Commercial</li> </ul> <b>Social and political risk assessment – cross-functional working group:</b> <ul style="list-style-type: none"> <li>CSR group</li> <li>Law (report to legal executive), Upstream, Global Security, Environment, Communications, CSR, third party consultant</li> </ul> <b>Consultant:</b> stakeholder map; travel to country to gather and analyze information; met with NGOs; met with communities  <b>CSR</b> – had own imperfections to focus on Reconcile different ideas CSR versus legislation and regulation Environment – broaden issues; friction points Turf issues with environment Global security – loss turf (had informal conversations)  Some degree of lack of understanding <ul style="list-style-type: none"> <li>Sudan experience gave people some idea</li> <li>No structure or template</li> </ul> <b>Critical buy-in – EVP legal, EVP Upstream, CEO</b>	Agreement and decision making to proceed  <b>Internally – CSR group had a strong seat at the table – no need for external SMEs; already a concern</b> <ul style="list-style-type: none"> <li>Country xx – changed name to political and social risk</li> <li>Required – stakeholder and political risk assessment</li> <li>Work with legal teams – took information back to operations committee</li> </ul> Non-States - disputed areas, conflict zones, ethical considerations <ul style="list-style-type: none"> <li>Business teams agreed</li> <li>Some resistance</li> <li>Used business case and information</li> <li>Legacy of corporate issues</li> </ul> <b>Constructive group – internal selling Enablers versus stop signs</b>  Post legacy issue – will CSR group still be relevant <ul style="list-style-type: none"> <li>sat down with key executives and had “heart to heart”</li> <li>Each wanted group to be a strategic function and leverage learnings from Sudan as a Corp advantage</li> <li>Executives had a “vision” – framed as being a competitive advantage for the company</li> <li>CSR group had a seat at the table</li> <li>Early engagement; not after deal was made</li> </ul>	<b>Political behavior shaped the outcome</b> <ul style="list-style-type: none"> <li>Senior people conversations</li> <li>Politicking in a good sense</li> <li>Match objectives of senior decision makers</li> </ul> <b>CSR group became first and center</b> <b>Outcome was good for company</b>	<b>CSR is a negotiated process</b> <b>May be different for a smaller company</b>
Energy (22)	<b>Human Rights guidance</b>	Strategy and policy department – <b>independent because of politics (relations with CEO)</b> <ul style="list-style-type: none"> <li>Geo-politics and strategy</li> <li>Separate CSR team</li> </ul>	Talk to people across the company <b>Workshop with cross-section of personnel – where are we and need to be document</b> <ul style="list-style-type: none"> <li>Group convened to develop</li> </ul>	<b>Political behavior shaped outcome</b> <ul style="list-style-type: none"> <li>Consensus building</li> </ul> <b>Outcome was good for the</b>	<b>CSR is a negotiated process</b> <ul style="list-style-type: none"> <li>Sometimes can be mandated</li> </ul>



		<p>(communications and external relations)</p> <ul style="list-style-type: none"> <li>▪ Had a change agent</li> </ul> <p>Trigger:</p> <ul style="list-style-type: none"> <li>▪ Internally – sensitive operating areas ramping up</li> <li>▪ <b>Projects attracted NGO groups</b></li> <li>▪ Many external trends and standards evolving</li> </ul> <p>CEO engaged on business and human rights</p> <ul style="list-style-type: none"> <li>▪ “surprised” may be where debate was and company not plugged in</li> </ul> <p><b>CSR was ambiguous and vague Goal was no clear; no end product</b></p> <p>Started to talk to particular stakeholders</p> <ul style="list-style-type: none"> <li>▪ CSR and Assets</li> <li>▪ Information gathering and diagnostics</li> <li>▪ Senior people to connect with – Upstream and HES</li> <li>▪ Required people’s time; some jealousy by CSR group of change agent</li> </ul>	<p>document</p> <ul style="list-style-type: none"> <li>▪ End product was not clear – need better guidance</li> <li>▪ People wanted a document</li> </ul> <ul style="list-style-type: none"> <li>▪ Guidance – took away potential resistance; what people wanted</li> </ul> <p><b>Part of management system – (competing issue)</b></p> <ul style="list-style-type: none"> <li>▪ Strong in operations</li> <li>▪ Internal incident happened</li> <li>▪ Calculate that business and human rights debate is salient – get out sooner than later</li> </ul> <p>Conversation of Operations – should this be a part of management system? <b>No, prevent safety issues [take away focus from it]</b></p> <p><b>Tactics:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Use of information – based on conversations</b></li> <li>▪ <b>High level of upfront engagement</b></li> </ul> <p>Another <b>change agent</b> leading CEO case</p> <ul style="list-style-type: none"> <li>▪ Power – people did not like him</li> <li>▪ Tactic – upfront engagement</li> <li>▪ Another change agent had ear of external relations head</li> <li>▪ Non-threatening helped – reduced resistance</li> <li>▪ Hyper awareness of loss roles and behaviors – careful of not over-including</li> <li>▪ Power / collaboration outcome</li> <li>▪ Staff in business – shaped products</li> </ul> <p><b>Engaged with peers and developed allies</b></p> <p>Both groups and individuals worked on it</p> <ul style="list-style-type: none"> <li>▪ Find approval and buy-in from <b>general counsel and chief of staff</b></li> <li>▪ Done for external audience and timing</li> </ul>	<p><b>company, but not if policy [instead of guidance]</b></p> <ul style="list-style-type: none"> <li>▪ Change agent reputation elevated internally</li> <li>▪ May not have happened; no product at all</li> </ul>	
--	--	---	--	--	--

			<ul style="list-style-type: none"> <li>▪ <b>Collaboration process – part of culture!!</b></li> <li>▪ <b>Network place</b></li> </ul> <p><b>Air cover</b></p> <ul style="list-style-type: none"> <li>▪ CEO cover</li> <li>▪ HES, Upstream</li> <li>▪ Depended who was talked to – if new person – leveraged air cover</li> </ul>		
Health (23)	<b>Integration of CSR Issues in Government Affairs Function</b>	<p><b>NGOs have political networks</b> <b>Need relations with NGOs</b></p> <ul style="list-style-type: none"> <li>▪ Access abroad – buy-in of this idea</li> <li>▪ Still foreign to many people</li> <li>▪ Low understanding of global health</li> <li>▪ Part of international government affairs</li> <li>▪ Link to Foundation</li> <li>▪ Link to CSR program in Geneva</li> </ul>	<p>Buy-in – HQ bought in on health issue Foundation funded <b>Head of CSR reports to head of int'l government affairs</b> <b>Foundation</b> – issue not a priority – domestic focus</p> <ul style="list-style-type: none"> <li>▪ Reorganization – CSR on the backburner; save reporting</li> <li>▪ Corp communications and int'l communications push back on project ideas</li> <li>▪ Barrier – <b>health issue is not a priority</b></li> <li>▪ Head of CSR is not heard; not aware; no clear direction/directive</li> <li>▪ Tension with HQ – don't produce antibiotics</li> <li>▪ <b>Low business case</b></li> </ul> <p>Internally – very difficult</p> <p><b>Tactic – sell concepts (low tactical move)</b></p> <ul style="list-style-type: none"> <li>▪ Regional offices – not enough business connection to global project; low prevalence</li> <li>▪ doing CSR in your backyard</li> </ul> <p>Global office – Corp affairs director; don't get it</p> <ul style="list-style-type: none"> <li>▪ CSR – one program does not integrate it</li> <li>▪ No self serving interests to grab onto issue</li> <li>▪ <b>Low strategic value (NGO piece) – focus on negative NGOs</b></li> </ul>	<p><b>Political behavior shaped the outcome</b></p> <ul style="list-style-type: none"> <li>▪ <b>Top leadership – no air cover (linked to low business case)</b></li> <li>▪ <b>Own budget</b> – target a local area only</li> <li>▪ Legal – practices of CSR; threats of accusation of selling drugs</li> <li>▪ Finance – utility of resource</li> </ul> <p><b>Not good for Government affairs group</b></p> <ul style="list-style-type: none"> <li>▪ <b>No one was interested in federal and domestic affairs</b></li> </ul>	<b>CSR is a negotiated process</b>
Energy (24)	<b>Anti-corruption policy</b>	<p><b>Hard law – focused on FCPA in US</b></p> <ul style="list-style-type: none"> <li>▪ Approach needed legal counsel</li> <li>▪ Direction of major litigations</li> </ul>	<p><b>Tactics:</b> <b>Political problems</b></p> <ul style="list-style-type: none"> <li>▪ Indirectly – preventing project and agenda</li> <li>▪ Organizational meetings between people</li> </ul>	<p><b>Political behavior shaped the outcome</b></p> <p><b>Outcome was good for company as a whole</b></p> <ul style="list-style-type: none"> <li>▪ Benefit – new</li> </ul>	<b>CSR is a negotiated process</b> <ul style="list-style-type: none"> <li>▪ <b>Change agent</b></li> <li>▪ Without senior influence – no outcome</li> </ul>

		<p>Approach – <b>soft effort (political?)</b></p> <p><b>Cross-functional engagement:</b></p> <ul style="list-style-type: none"> <li>▪ <b>independent compliance + CSR</b></li> <li>▪ Fines and Control</li> <li>▪ Director/ED of companies (<b>endorsement needed</b>)</li> <li>▪ Ethics committee</li> <li>▪ Audit</li> <li>▪ Human resources: Needed to get their support</li> <li>▪ Early consultation to get input – early engagement</li> <li>▪ Endorsement – help them implement</li> </ul> <p><b>Issue selling/crafting – tactics</b></p> <ul style="list-style-type: none"> <li>▪ What is their agenda?</li> <li>▪ Put project in their perspective</li> <li>▪ Part of something – support</li> </ul>	<ul style="list-style-type: none"> <li>▪ Key person is General Counsel</li> <li>▪ Prior ethic committee – big role in preventing policy internally; raising awareness of people</li> <li>▪ Security – engage the right persons</li> <li>▪ Deliberate tactic – nominated by GC</li> <li>▪ Particular reason – 30 years upstream experience (<b>change agent</b>)</li> <li>▪ He was go-between legal and others</li> </ul> <p>Top</p> <ul style="list-style-type: none"> <li>▪ Shaping mindset</li> <li>▪ Building case</li> </ul> <p>Middle management</p> <ul style="list-style-type: none"> <li>▪ Challenge</li> <li>▪ Hamper their work</li> <li>▪ Overt and covert tactics</li> <li>▪ Fear of being unrealistic</li> <li>▪ Educate them – individual conversations</li> <li>▪ <b>Crafting information to sell</b></li> <li>▪ <b>Use different language – their own language they know – operational risk; individual risk</b></li> </ul> <p>Content – discussed a lot</p> <ul style="list-style-type: none"> <li>▪ Support by general counsel benefited a lot</li> <li>▪ Support in early position and support</li> <li>▪ Legal family – coherent</li> </ul>	<p>assignment for the group – anti-corruption contained within the group</p> <ul style="list-style-type: none"> <li>▪ Visibility – legal team expanded; issue has matured and people agree</li> <li>▪ <b>Visible general counsel influence</b></li> </ul>	
Marketing, PR (25)	<p><b>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</b></p> <p><b>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups</b></p>	<p><b>CSR group – not well defined yet</b> Corp communications or public affairs or government affairs</p> <ul style="list-style-type: none"> <li>▪ Always interfering with other groups</li> <li>▪ Educational component</li> <li>▪ Work with main contact – usually have a CSR focal point</li> <li>▪ HES</li> <li>▪ Foundation</li> </ul> <p><b>Inconsistency in goals and objectives</b></p> <ul style="list-style-type: none"> <li>▪ Immature level – low skills and competencies</li> <li>▪ What it means??</li> </ul>	<p><b>Resistance:</b></p> <ul style="list-style-type: none"> <li>▪ Overcome institutional knowledge and non-confrontational approach; continued consensus building; snaking before meeting happens</li> <li>▪ <b>CEO is agent of change</b></li> </ul> <p><b>Protecting territory</b></p> <ul style="list-style-type: none"> <li>▪ Walking out of meetings</li> <li>▪ Not answering emails</li> <li>▪ Delegating to decision-making meetings – no person to decide</li> <li>▪ No pre-read</li> </ul>	<p><b>Business strategy is influenced by politics</b></p> <ul style="list-style-type: none"> <li>▪ <b>CSR – gets in their territory</b></li> </ul> <p><b>Good for company and group</b></p> <ul style="list-style-type: none"> <li>▪ More information sharing</li> <li>▪ Breaking down silos</li> <li>▪ Corp works with BUs</li> </ul>	<p><b>Ambiguity is an incentive for political behavior</b></p> <p><b>Personal agendas</b> <b>Immature organizations</b> Reducing a center of power</p> <ul style="list-style-type: none"> <li>▪ Money moved in</li> <li>▪ Status elevated</li> <li>▪ CEO recognition</li> </ul> <p>Result – in-fighting would go on</p> <ul style="list-style-type: none"> <li>▪ Become part of it or power shift</li> <li>▪ Money taken from one group's budget</li> </ul> <p>New initiative – had to use it to have success</p>

		<p><b>Crisis – ambiguity – territoriality happens</b></p> <ul style="list-style-type: none"> <li>Response to the crisis</li> <li>Ex: Finance/insurance</li> <li>Transparency sensitivities</li> <li>Legal, Investor relations, Public affairs, Government affairs</li> <li><b>Legal had most power;</b> others had less power</li> <li><b>Part belief; part way of doing things</b></li> <li><b>CSR – gets in their territory</b></li> </ul> <p><b>Overcoming resistance</b></p> <ul style="list-style-type: none"> <li><b>Engage with groups</b></li> <li><b>External expert</b> – used politically to push agenda</li> </ul>	<p><b>Sustainability: Power grab within some departments</b></p> <p>Based on individuals, culture, org structure, whether CEO champions it</p> <ul style="list-style-type: none"> <li>Culture to meet desires of CEO</li> <li><b>Groups want to own it</b></li> <li>Hurt sustainability program – hurting CEO <ul style="list-style-type: none"> <li><b>Detrimental outcome</b> – Corp foundation, NGO partner, stopped innovation</li> <li>Slow process and causes problems – hurts brand [it's hard to overcome?]</li> <li><b>In-fighting</b> – goes away when funding is on board (??)</li> </ul> </li> </ul> <p><b>Convince them of the business case</b></p> <ul style="list-style-type: none"> <li><b>Do it because it is the right thing to do</b></li> <li>Pattern – why and how you do business...</li> </ul>		<ul style="list-style-type: none"> <li><b>Stealth way</b></li> <li>What will finally happen – <b>internal thinking...</b> priorities, offense or defense</li> </ul>
University (26)	<p>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</p> <p>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups</p>	<p><b>Normally dealing with CSR unit Sustainability department HES</b></p> <p><b>More than one unit within CSR</b></p> <ul style="list-style-type: none"> <li>Community and philanthropy</li> <li>HES</li> </ul> <p><b>Inconsistency on goals and objectives</b></p> <ul style="list-style-type: none"> <li>Political dynamics between units and c-suite executives</li> <li>More consistent of political buy-in and consistent leadership of CEO and c-suite (is the <b>single most political factor</b>)</li> <li><b>Influence strategic intent – different frame</b></li> </ul> <p><b>CSR (flow up to CEO) – tactics</b></p> <ul style="list-style-type: none"> <li>Positioning: New stories, external changes and crisis</li> </ul>	<p><b>Ex: beverage company environment and labor (Human Rights)</b></p> <ul style="list-style-type: none"> <li>Consumer based teams: operations, marketing, human resources</li> <li>There was strong CEO framing – lead to consistent story being told and a process in place</li> </ul> <p><b>Competing interests – winner gets airtime with CEO and resources</b></p> <ul style="list-style-type: none"> <li><b>Political skills and articulated vision and corporate performance</b></li> <li>Show materiality</li> </ul> <p><b>CSR – risen to a strategic level Seriousness</b></p> <ul style="list-style-type: none"> <li>Consistent messaging</li> <li>Seriousness of management</li> <li>Resources available</li> <li>Positioning of team within company</li> </ul>	<p><b>Internal tactics were necessary or critical to the success of the organization's CSR</b></p> <p><b>Good for group</b></p> <ul style="list-style-type: none"> <li>Elevated group and individuals</li> <li>Ear of CEO</li> <li>Part of external platforms</li> </ul> <p><b>Good for company</b></p> <ul style="list-style-type: none"> <li>More strategic and consistent</li> <li>Improve credibility –</li> <li>Bottom-line improved (??)</li> </ul> <p>More respected – performance can make company better; non-financial performance</p>	<p><b>Political skills more important than “rational” arguments and behavior</b></p> <p><b>CSR at strategic level – political skill and ambition determine competition between groups; CEO becomes referee or process is applied</b></p> <p><b>Communications and competing interests are political when CSR is put in a strategic position</b></p> <p>Tactics to position it</p> <ul style="list-style-type: none"> <li>Politics and personality that lead CSR group and CEO</li> <li>Political process is about embedding and incentives</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Find internal champs and platforms</li> <li>▪ Strategy group</li> <li>▪ Standing committee</li> </ul> <p><b>CEO (flow down to staff)</b></p> <ul style="list-style-type: none"> <li>▪ Middle management and employees – capacity, communications, incentives</li> <li>▪ More important than materiality of issue, institutional structure</li> </ul> <p><b>Political skills – framing of issues, positioning internally, communicating</b></p>	<p><b>Articulate CSR is a political skill; relies on skill of individual; it does elevate profile</b></p> <p><b>Political players – took CSR</b></p> <ul style="list-style-type: none"> <li>▪ Spearheaded 1-2 material issues</li> <li>▪ External advisor used to ramp up</li> <li>▪ Astute about key influencers</li> <li>▪ Navigate political spectrum</li> <li>▪ Internal champs and external champs</li> <li>▪ Engage with strong critics – support strategy</li> </ul> <p><b>Beverage and energy companies – used external consultant as external agent of change</b></p> <ul style="list-style-type: none"> <li>▪ Important influence and power</li> <li>▪ Identify internal platform and events – symbolic or scale</li> <li>▪ Individual champs</li> </ul> <p><b>Software – asked consultant to make case and bottom line</b></p> <ul style="list-style-type: none"> <li>▪ <b>Influence and shape what to say</b></li> <li>▪ Most influential person is head of EU</li> <li>▪ Worked with him [group] to get it</li> <li>▪ Internal champ and external SME (trust building)</li> <li>▪ Gain business level credibility – identify by CSR group</li> </ul> <p><b>Three political dynamics:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Identify top level BU respected champ to move forward</b></li> <li>▪ <b>Trusted but credible external voice</b></li> <li>▪ <b>Key platforms – symbolic or scale</b></li> </ul> <p>CSR group was politically savvy Politicking and dynamics are critical Factors:</p> <ul style="list-style-type: none"> <li>▪ Confident person</li> <li>▪ CEO vision</li> </ul> <p>Beverage company: Nothing has changed – political process and buy-in need to change, not structure</p>		
--	--	---	---	--	--

			<p>Change – political process and leader (go back to institutional structure)</p> <ul style="list-style-type: none"> <li>▪ Business system is same</li> <li>▪ CR is scattered</li> <li>▪ CR functions are empowered</li> <li>▪ Coherent message</li> </ul> <p>Apparel company – wake up call (crisis) Political skills: CSR folks pushed issue down to business unit level Bring in academic rigor Internal champs – build allies External champs – academia and platforms Super-focused and vision Pick one or two things to be focused on Advocacy committee established <b>Used competitive issue – diffuse territoriality and resistance</b> Legal, buyers and designers – incentive and make them champs Needed buy-in and design on board Used personal relationships, role modeling, and champs</p> <p>c-suite dynamics</p> <ul style="list-style-type: none"> <li>▪ effort must be worth it</li> <li>▪ CR group must convince CEO</li> <li>▪ Need to raise to the strategic level</li> <li>▪ Without political skills; get killed</li> </ul> <p>Energy company</p> <ul style="list-style-type: none"> <li>▪ Used external agents</li> <li>▪ Crisis trigger</li> <li>▪ Internal stories</li> </ul>		
Consulting (27)	<p><b>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</b></p> <p><b>b) Did organizational politics or political behavior shape and influence CSR outcomes;</b></p>	<p>Retail case</p> <p><b>What is CSR – labor and standards</b> Risk management Small incidents – global attention</p> <p><b>How influenced and shaped:</b></p> <ul style="list-style-type: none"> <li>▪ Wanted a quick fix at first – evolved overtime</li> <li>▪ Law suits occurred –</li> </ul>	<p>Thought do all business with Ethical Group – found champ</p> <ul style="list-style-type: none"> <li>▪ Go closer with commodity</li> <li>▪ Bring Retail chain to Africa</li> <li>▪ Got a call that trip was off <ul style="list-style-type: none"> <li>○ <b>Politicization and broadening of CSR</b></li> <li>○ <b>Buy-in not</b></li> </ul> </li> </ul>	<p>Outcome</p> <ul style="list-style-type: none"> <li>▪ System-wide and systemic</li> <li>▪ Invite key NGOs</li> <li>▪ Green market</li> </ul> <p><b>Good for company – more global and less insular</b></p> <p><b>Good for some groups, not</b></p>	<p>What pulls WM through? Thick culture and value system – unifier Placed by Sam Walton Business value argument gets push back – wants to know savings value New CEO – <b>concerned with legacy</b> (cultish)</p> <ul style="list-style-type: none"> <li>▪ Do more good [why]</li> <li>▪ CSR programs – beyond</li> </ul>

	<p><b>was the outcome good for the company or specific internal groups</b></p>	<ul style="list-style-type: none"> <li>resources and time</li> <li>▪ Reputation issue ensued</li> <li>▪ Set off conversation among NGOs</li> <li>▪ Move from reactive/ad hoc approach to coordinated approach</li> </ul> <p>Risk management – dealt with <b>ethical standards team</b> – risk management unit</p> <ul style="list-style-type: none"> <li>▪ As CSR evolved and CEO saw legacy issue</li> <li>▪ Bottom line business incentive</li> </ul> <p><b>Sustainability team</b> created (powerful) – VP level</p> <ul style="list-style-type: none"> <li>▪ Young team</li> <li>▪ Internal consulting group – embedded consultants</li> <li>▪ Change agents</li> <li>▪ <b>Resentment against them</b></li> </ul> <p><b>Government Affairs</b> group</p> <ul style="list-style-type: none"> <li>▪ Need leadership</li> <li>▪ Culture chaos – not into it</li> </ul> <p><b>Corp Affairs</b> – wanted to “grab this”</p> <ul style="list-style-type: none"> <li>▪ Triggered creativity of Corp affairs – global MOU</li> </ul> <p><b>Foundation</b></p> <ul style="list-style-type: none"> <li>▪ Response to requests</li> <li>▪ New director – wants to be known</li> <li>▪ <b>Give its own position of power – inconsistent with HQ</b></li> <li>▪ <b>Confrontational with Corp – strong director phased in</b></li> <li>▪ Competitive behavior</li> <li>▪ Cannot influence CEO on BoD??</li> </ul> <p>Internal consulting group – frame and get buy-in from CEO</p> <ul style="list-style-type: none"> <li>▪ Know buyers not on board</li> <li>▪ <b>Compete against sustainability group</b></li> <li>▪ <b>Loyal to business group when embedded</b></li> </ul> <p>“Ethical group can’t tolerate politicization”</p>	<ul style="list-style-type: none"> <li>o <b>received</b></li> <li>o Barrier – textile group, global procurement group</li> <li>o Had to meet 6 VPs who represented hard business groups: textile, food, wholesale, procurement...</li> <li>o Year and a half delay on MoU</li> </ul> <p>Milestone meeting</p> <ul style="list-style-type: none"> <li>▪ <b>300 NGOs and suppliers and buyers</b></li> <li>▪ <b>Selling sustainability (SVP)</b></li> <li>▪ <b>Savings = business value</b></li> <li>▪ Buyers feel it is not part of the business</li> <li>▪ “hold out group”</li> <li>▪ <b>Will continue to pursue lowest price</b></li> </ul> <p><b>CSR is owned by different groups Understand differently and interpreted differently</b></p> <p>Corp affairs has grown in last nine months – could be a problem</p> <ul style="list-style-type: none"> <li>▪ External image versus price</li> </ul> <p>Ethical group presentation on partnerships</p> <ul style="list-style-type: none"> <li>▪ Corp officer – shot down in meetings</li> <li>▪ But... privately took it</li> </ul> <p><b>Politicking and competing interests is not good “now”</b></p> <ul style="list-style-type: none"> <li>▪ Spread is good – also subsumed by HQ</li> <li>▪ CEO vision – <b>middle management pulled in different directions</b></li> </ul> <p><b>Distrustful teams and territoriality</b></p> <ul style="list-style-type: none"> <li>▪ When went to Corp, more complicated and now a resource issue – <b>politicized</b></li> <li>▪ <b>Tactics: Put sustainability person in operations group</b></li> </ul>	<p><b>buyers (yet); may be antithetical to culture and people’s value</b></p>	<p>standards; products with a story</p>
--	--	---	--	---	---

Consulting (28)	<p>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</p> <p>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups?</p>	<p><b>CR Integration Project</b></p> <p><b>Cross-functional working group:</b></p> <ul style="list-style-type: none"> <li>Public affairs, operating companies, other Corp groups, Upstream, Downstream, HES</li> <li>Alignment (misalignment) across organizations and groups</li> </ul> <p><b>Espoused was Corp public affairs (owner of CSR)</b></p> <ul style="list-style-type: none"> <li>Decentralized</li> <li>Ownership of CSR</li> <li>Tactics happen at business unit level – own, run, manage</li> <li>Fluency, understanding, execution</li> </ul> <p>Reasons: Org readiness</p> <ul style="list-style-type: none"> <li>Evaluation of initiative</li> </ul> <p>Evolution:</p> <ul style="list-style-type: none"> <li>Moving into “globalization”</li> <li>Transition – CSR was not a priority</li> <li>Build Upstream strategic operations first</li> <li>Then HES management system; now CSR (??)</li> </ul> <p>Org is ready now</p> <ul style="list-style-type: none"> <li>External triggers caused issue to become hyper sensitive</li> <li>How CSR is evolving outside company – matured, policy issue</li> <li>Litigation has heightened CSR sensitivities</li> </ul>	<p><b>Political behavior – decentralization</b></p> <p>Corp versus non Corp (extreme) OpCo versus business units (very political) Corp PGPA internally (project leader leading from political sensitivity)</p> <ul style="list-style-type: none"> <li>What gets communicated or not</li> <li>Willing to take risks to push status quo</li> <li>Interpretation of what would work or not</li> <li><b>Political point of view and project management</b></li> </ul> <p>Alternative – different (yes)</p> <ul style="list-style-type: none"> <li>e.g. framework would set analysis with cross-functional team, use of external expert, low risk aversion – outcome may be more rigorous</li> <li><b>political reasons – maintain pace of project; more ‘chefs’ = slow down</b></li> </ul> <p><b>Negotiate with HES (environment) – environmental performance</b></p> <ul style="list-style-type: none"> <li><b>Out of scope quickly (Offline conversation between senior executives)</b></li> <li>CSR versus environmental performance</li> </ul>	<p><b>Political tactics used in a way that diminished opportunity (??)</b></p> <ul style="list-style-type: none"> <li>Get in the way of some innovation that org may have been ready for</li> </ul> <p><b>Good for company and group</b></p> <ul style="list-style-type: none"> <li>Gave purpose to group</li> <li>Leadership for Corp</li> <li>Strategic activity into focus – efficient</li> <li>Better morale for employees</li> </ul> <p>Some groups win; others lose; trying to lobby to get his people involved</p> <p><b>Turf!</b></p> <ul style="list-style-type: none"> <li>Legal versus public affairs on <b>human rights</b></li> <li><b>Stakeholder engagement</b> –tension between process owners and users</li> <li>Technical group – feel they are <b>experts</b>; collateral started; strong point of view</li> <li>Technical group less/no power to claim process ownership</li> <li>Another group has influence with project leader</li> <li>Contact and visibility with executives</li> <li>Org was in crisis</li> </ul>	<p>Success – big company</p> <p>Given – not harmful; would be part of org fabric</p> <ul style="list-style-type: none"> <li><b>Politics/tactics secured project – we have a political culture</b></li> <li><b>Better than not being anything</b></li> </ul> <p><b>Toxic at times – not collaborative; tension was not creative, but conflictive</b></p>
Government (29)	<p>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</p> <p>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups?</p>	<p><b>Policy people – always</b></p> <ul style="list-style-type: none"> <li>Rarely with functional people – did not care what policy people were doing</li> <li>Voluntary Principles – security versus policy teams</li> </ul> <p>Typically dealt with Government Affairs, Public Policy, CSR</p> <ul style="list-style-type: none"> <li><b>HQ versus Government Affairs</b></li> </ul>	<p>Go to bat for companies – <b>asked to say things in certain ways to challenge NGOs</b></p> <ul style="list-style-type: none"> <li>Used government to move specific issues <ul style="list-style-type: none"> <li>Internet company quoted at meeting (deliberate); on blog – transparency – importance of</li> </ul> </li> </ul>	<p>Good for both</p> <ul style="list-style-type: none"> <li>Good for individual and company – one person dedicated to business and human rights</li> </ul>	<p><b>Believes there is inconsistency prior to seeing State</b></p> <p>Voluntary Principles – functional people could have had a different outcome</p> <ul style="list-style-type: none"> <li>Internal tactic necessary</li> </ul> <p>Self serving behavior – Keep CSR centralized and maintain importance; it is hard for CSR... <b>should be decentralized to be good for company</b></p>



		<p>Consistency in general on CSR – <b>get organized before that saw the government</b></p> <p><b>Issue by issue – was not clear who owned CSR</b></p> <ul style="list-style-type: none"> <li>Apparel – head of CSR, sustainability and CSR</li> <li>Retail – international policy person – not clear if they owned it</li> <li>Agri-business – international policy person – not clear they owned it</li> </ul> <p>Policy person (opposed to functional person)</p> <ul style="list-style-type: none"> <li>Negotiation gets bogged down on administrative issues (policy)</li> <li>Voluntary Principles – policy people did most of the negotiating</li> </ul>	<p>issue; build business case; justify position</p>		
Technology (30)	<b>Disaster Relief program</b>	<p>CSR: Disaster response is part of job; includes other operating companies</p> <p><b>Cross-functional issue:</b></p> <ul style="list-style-type: none"> <li>HQ, Foundation, and Communications</li> </ul> <p>Branch of Japanese company</p> <ul style="list-style-type: none"> <li>Regional directors</li> <li>Make decision on NGO – “mother will decide on amount given”</li> </ul> <p>Decentralized in North America</p> <ul style="list-style-type: none"> <li>branch has no power</li> <li>Project goals do not flow through branches</li> </ul> <p>San Jose – Americas Office (NY – CSR falls under him) – branch management</p> <p><b>Within Communications:</b></p> <ul style="list-style-type: none"> <li><b>Disaster Response Committee</b></li> </ul>	<p>Yes decision (executives did not want to send cash – Q4 2009)</p> <ul style="list-style-type: none"> <li>Staff – recommendations formed; guide their decision (statistics and information); used third parties</li> </ul> <p><b>Tactics:</b></p> <ul style="list-style-type: none"> <li>Face-to-face meetings</li> <li>Persuade the right way to go</li> <li>Senior authority by Card – precedent – pitched this benchmarking with other Japanese companies</li> </ul> <p><b>Each company would do what they want to do</b></p> <ul style="list-style-type: none"> <li><b>Brand push – own Haiti issue</b></li> <li>No tracking or measurement</li> <li>Group synergy and one family – branding</li> </ul>	<p><b>The outcome was good for company</b></p> <ul style="list-style-type: none"> <li>Communications – brought group together</li> <li>Brand – more visibility</li> </ul> <p>Regional HQ is better and strategic – evolution</p> <ul style="list-style-type: none"> <li>Non-substitution – regional autonomy/decision making</li> <li><b>In this one drastic case</b></li> </ul>	<p><b>CSR is a negotiated process</b></p> <p>Political tactics – different culture; politics different – aware of this going on</p>
Energy (31)	<b>Human rights project – implementation of guidelines</b>	<p><b>Incident – external influence:</b></p> <ul style="list-style-type: none"> <li>Global ratings – company out because of human rights</li> <li>Started benchmarking best practice – going to many events</li> </ul>	<p>Baseline project – what are we doing (internal)</p> <ul style="list-style-type: none"> <li>No formal policy or practice</li> <li>Plan for intervention in sustainability areas</li> </ul> <p><b>CEO – gave different division</b></p>	<p><b>The outcome was good for sustainability department - more engaged and visibility</b></p> <p>Starting point – challenge – reaction could have been negative</p>	<p><b>CSR is a negotiated process</b></p> <p><b>Flipside: Could have prevented more activity in Corp</b></p> <ul style="list-style-type: none"> <li>Afraid of their reactions – objective of analysis</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Critical for companies</li> <li>▪ New strategic plan (includes sustainability section) – project on human rights</li> <li>▪ Issuing guidelines</li> </ul> <p><b>Cross-functional working group:</b></p> <ul style="list-style-type: none"> <li>▪ Human Resources, Sustainability, Secretary, HES</li> <li>▪ Executive committee (CEO)</li> <li>▪ Sustainability Department</li> <li>▪ Planning and reporting</li> <li>▪ Community investment</li> <li>▪ Working group: Sustainability, Community Investment, Upstream</li> </ul> <p><b>Very few people knew what human rights was – sustainability department had an advantage</b></p> <p><b>Human rights compliance assessment – included different functions (Security, human resources, HES)</b></p>	<p><b>challenging goals</b>  <b>- objectives for my division (sustainability department)</b></p> <ul style="list-style-type: none"> <li>▪ Insert human rights into strategic plan (includes sustainability section)</li> </ul> <p>Human resources and legal – formed verification of document</p> <ul style="list-style-type: none"> <li>▪ Human rights compliance assessment –Involved Corp and division functions</li> <li>▪ Work to analyze procedures and norms against human rights</li> </ul> <p><b>More critical – middle manager</b></p> <ul style="list-style-type: none"> <li>▪ Did not find any big gaps; not a central issue</li> <li>▪ Subsidiary head: critical of need to implement any actions to improve systems of supplier; “his” system was best</li> <li>▪ <b>Managers spread ideas about projects challenges... crafted information</b></li> <li>▪ <b>Criticize report of third party</b></li> <li>▪ <b>Organize meeting between third party and subsidiary middle manager – talk about gaps and improvements</b></li> </ul> <p><b>Used data about gaps; real situations about risk</b></p> <p><b>Head of division – senior officer</b></p> <ul style="list-style-type: none"> <li>▪ Ratings issue</li> <li>▪ <b>Put together different evidence and case studies “on our side” – head of division and CEO (was the starting point)</b></li> <li>▪ Now was convinced issue was important – assessment in other countries; need to improve behaviors</li> <li>▪ Middle management now convinced</li> </ul> <p><b>Used evidence to spread “voice” on issues – meetings with all high level managers in Upstream</b></p> <ul style="list-style-type: none"> <li>▪ Human rights is new – habit</li> </ul>	<p>Now – results are good – one assessment to ensure external influence</p> <p>Management is happy – external engagement</p>	
--	--	--	---	--	--

			<ul style="list-style-type: none"> <li>of making money or cost cutting</li> <li>Commitment of high level managers needed</li> </ul>		
Mining (32)	<b>Resettlement of impact communities</b>	<p><b>Step change in CSR – triggered by crisis (bad resettlement)</b></p> <ul style="list-style-type: none"> <li>Got people’s attention – changed thinking</li> <li>Bad resettlement: Media and NGO attention</li> </ul> <p>Company change – visible and politicized issues</p> <ul style="list-style-type: none"> <li>Bad resettlement – senior level attention – <b>failed to deliver project timelines</b></li> </ul> <p>Business unit – majority shareholder</p> <ul style="list-style-type: none"> <li><b>Autonomous behavior; did not adopt group policy</b></li> <li><b>Territorial behavior – no action</b></li> <li><b>“outside your authority”</b></li> <li><b>Hierarchy in field prevented influence by Corp</b></li> <li>Low expertise at front lines; issue precipitated</li> </ul>	<p>CEO mandate: CSR (business and government affairs) – guidance only BU ignored them</p> <ul style="list-style-type: none"> <li>BU – CRO – Engineers</li> <li>Newly formed group; social practitioners/engineers</li> </ul> <p>Change agent: not many layers to go through</p> <ul style="list-style-type: none"> <li>Tried to get to CEO</li> <li>Memos and updates</li> <li><b>Issue crafting</b></li> <li>Made it personal (CEO)</li> <li>Memos and updates</li> </ul> <p>Mine managers (frontlines) Became a key desire to solve problems – cross business team (Corp and BU)</p> <ul style="list-style-type: none"> <li>Became <b>community of interest – realized issue needed to be resolved</b></li> </ul> <p>Corp CEO and business</p> <ul style="list-style-type: none"> <li>Implement solutions that are possible</li> <li>New policy and procedures – prevention</li> <li>Get it done quickly</li> </ul> <p>CEO dictated what to implement</p> <ul style="list-style-type: none"> <li><b>Power to dictate what to do</b></li> <li><b>Need him to advocate</b></li> <li>Business unit will be involved in the implementation</li> </ul> <p>Worked with senior leadership Build internal capacity at BU level</p>	<p><b>Outcome was good for both</b></p> <ul style="list-style-type: none"> <li>Head of a business group lost out</li> <li>CSR group elevated</li> </ul> <p>Resettlement policy approved Social and economic activity and management system Guidance to most of policy</p> <ul style="list-style-type: none"> <li>Policy</li> <li>Guidance to implement policy</li> <li>Management system – measure implementation</li> </ul> <p>CSR involvement in resettlement action plans; signed off by CSR group Brought in key skills and tools Audit team (CSR group involved)</p>	<p>CSR is a negotiated process <b>Crisis</b> helped the negotiation process</p> <ul style="list-style-type: none"> <li>Highlight gap in system</li> <li>Expertise used more broadly</li> </ul> <p>Shareholder versus societal CSR is not job of Corp, but contributing to cause Negotiation will continue as society changes</p> <p><b>Politics:</b></p> <ul style="list-style-type: none"> <li>Hierarchy politics</li> <li>Business unit autonomy – if different behavior, would not have delayed uptake</li> <li>Enlightened manager at Business unit – easy to engage him/her earlier</li> </ul> <p><b>Can be very territorial</b></p> <ul style="list-style-type: none"> <li><b>Structure enables some groups to have much independence; controls his own “CSR”</b></li> </ul> <p>Opinion: <b>without crisis, no space for CSR group to embed requirements</b> Senior leadership felt uncomfortable Got people’s attention</p> <p>Small group – little overlap <b>Small company</b></p> <ul style="list-style-type: none"> <li><b>Large energy company</b> quite different – high Corp center</li> <li>Flavor of the month – more territorial behavior</li> </ul> <p><b>Roles and representatives in small companies are very clear</b> <b>Much easier to get something done</b></p> <p><b>What are the incentives for different groups?</b></p>
University (33)	<p>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</p> <p>b) Did organizational politics or political behavior shape and influence CSR outcomes;</p>	<p><b>No – based on personal relations CSR, public affairs, strategy, image management</b> Large IT company – many players <b>CSR is distributed</b></p> <p>Internal function/process – CSR person does coordination <b>Public affairs, procurement, legal, CEO</b></p>	<p><b>Political behavior: “internal politics”, “internal stakeholders” – a challenge</b></p> <ul style="list-style-type: none"> <li>Get third party to sell issue</li> <li>Get buy-in or minimize friction</li> <li>How to communicate is very political</li> </ul> <p><b>Project does not fit core business</b></p> <ul style="list-style-type: none"> <li>CEO gets involved and they</li> </ul>	<p><b>Raise issue = outcomes/tangible/good outcome</b></p> <ul style="list-style-type: none"> <li>Outreach by credible individuals</li> <li>Study/external validation</li> <li>CEO talk about it</li> <li>Community of interest</li> </ul>	

	<p>was the outcome good for the company or specific internal groups?</p>	<p><b>Inconsistency – CSR people does translation – message can be superficial</b></p> <ul style="list-style-type: none"> <li>Another department may have a different story</li> </ul>	<p>get interested (personal connection; no challenge)</p> <p><b>Use third party – compromised to say things that are not true</b></p> <p><b>Political structure of organization changed; change from research to the need for internal buy-in</b></p> <p>Talking more about “core business” to activate business unit support</p> <ul style="list-style-type: none"> <li><b>Issue crafting</b></li> </ul> <p>Tough to get them started</p> <ul style="list-style-type: none"> <li>Substantiation</li> <li>Subject matter expertise</li> <li><b>External pressure makes a difference</b></li> </ul> <p><b>Resistance to CSR</b> – looking at development impact of business</p> <ul style="list-style-type: none"> <li>Focus from business to development</li> <li>Changes – business and development – resistance by BUs</li> </ul>		
Consulting (34)	<p>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</p> <p>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups?</p>	<p><b>Head of CSR group</b> <b>Separate group</b> <b>CEO of companies around socio-political issues</b></p>	<p><b>Typically do not engage other groups</b></p> <p><b>Decision making authority / purview not there</b></p> <p><b>Where is influence and power – search for it</b></p> <p><b>Who are change agents?</b></p> <p><b>Each group has different lens</b></p> <ul style="list-style-type: none"> <li>Priority differs; responsibility for issue may have a different priority/views</li> <li>Inconsistency in CSR understandings</li> <li>Framing is different if they don't align in advance</li> </ul> <p><b>One person may have indication to make it work – change agent</b></p> <ul style="list-style-type: none"> <li>Not to much capacity for issue management</li> </ul> <p><b>Politics is 100% in all areas; not just CSR</b></p> <ul style="list-style-type: none"> <li>Convince skeptics</li> <li>[Shape] Agenda and</li> </ul>	<p><b>Outcome was good for both</b> Margins to center for CSR group <b>At mercy of larger forces of institution</b></p>	<p>Believes there is a decision maker, but not in a group</p> <p><b>Influenced outcome</b></p> <ul style="list-style-type: none"> <li>may have succeeded, but third party provided higher probability of success</li> </ul> <p><b>Political tactics critical – failure without it</b></p> <ul style="list-style-type: none"> <li><b>Part of change management</b></li> <li>Must make case for recommendation</li> <li>Justify cost and benefits - must understand politics of organization</li> <li>Bring from margins to core business</li> </ul>

			<ul style="list-style-type: none"> <li>arguments</li> <li>▪ <b>Energy company: explain in a certain way to sell to executives</b></li> <li>▪ Bank Group head asked third party to present to the Board; third party validation (independent expert)</li> <li>▪ <b>Asked to use certain language and content to sell</b></li> </ul>		
Consulting (35)	<p>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</p> <p>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups?</p>	<ul style="list-style-type: none"> <li>▪ <b>Communications or public affairs – where the issue ended up</b></li> <li>▪ <b>HES function</b></li> <li>▪ <b>Human Resources (moved out of their purview – more on philanthropy now)</b></li> <li>▪ <b>Ethics office</b></li> <li>▪ <b>CSR group</b></li> </ul> <p><b>Decision-making – senior person from Corp public affairs group</b></p>	<p><b>Inconsistency</b> [CSR goals, objectives, framing]</p> <ul style="list-style-type: none"> <li>▪ [CSR] Bad term – too confusing</li> <li>▪ Not a lot of shared meaning</li> </ul> <p><b>Within different business functions, difficult to understand what it means to them; different groups expressed it differently [to the CSR consulting firm]</b></p> <p>Example: XYZ Company CSR report:</p> <ul style="list-style-type: none"> <li>▪ Kick off workshop – people had <b>different understandings of what it was</b></li> <li>▪ <b>[CSR] Meaning was equated with their individual functions</b></li> <li>▪ Different groups involved, but <b>not clear on influence and power</b></li> </ul> <p><b>Political tactics: Example – XYZ Company put CSR expectation into human rights policy; new language into existing policy:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Prevent [internal] resistance from happening; [brought in CSR consulting firm to] develop business case to sell internally</b></li> <li>▪ “Trojan horse” function: successful – example: human rights was on the radar screen; [secure] <b>CEO ownership</b> [and as] driver; <b>[elevated] law suits; framed to a policy – couched in risk to make business case</b></li> </ul>	<p><b>Good for both</b></p> <ul style="list-style-type: none"> <li>▪ Third party expertise – helped drive agenda of group</li> <li>▪ Build credibility</li> </ul> <p><b>Public Affairs/CSR group</b></p> <ul style="list-style-type: none"> <li>▪ Seen as previously providing support; now shifted power dynamics – own CSR</li> </ul>	<p><b>[Political tactics] Necessary and critical</b></p> <ul style="list-style-type: none"> <li>▪ <b>Understanding of what [CSR] is and expectations engendered [internal] political behavior</b></li> <li>▪ <b>Can be used to prevent resistance</b></li> </ul>
Service NGO (36)	a) Which individual or group did you typically	<ul style="list-style-type: none"> <li>▪ <b>Assistant director of CSR</b></li> <li>▪ <b>Int'l and Government</b></li> </ul>	<b>[Brought in NGO to] Position them as good corporate citizen [to</b>	Conference – initiated by NGO and Washington, DC office of	<b>Washington, DC office wanted to “do something”</b>

	<p>deal with on CSR issues/activities; was it clear who was in charge?</p> <p>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups</p> <p>Int'l pharmaceutical company wanted a series of conferences to frame their CSR position; [wanted to be] leaders in CSR arena</p>	<p><b>Relations</b></p> <ul style="list-style-type: none"> <li>▪ multiple divisions involved</li> <li>▪ 6 persons on plan at beginning</li> </ul>	<p>Washington, DC policymakers]</p> <p><b>Inconsistent goals/objectives to reach – was not sure of goals</b></p> <p>Objectives – position company as doing positive work, [but] did not know how to get there</p> <p><b>Reasons for inconsistency: lack of depth in CSR (bench strength); low strength [of CSR group] in Washington, DC</b></p> <p>HQ – lack of guidance [provided to Washington, DC]</p> <ul style="list-style-type: none"> <li>• Their ideas did not match Washington, DC</li> <li>• Reorganization of CSR [concurrently happening]</li> </ul> <p><b>No clear sense of direction – [HQ] CSR director was needed; buy-in from HQ [needed]; they were in control</b></p> <p><b>Politics did influence – few months later [HQ] CSR director said HQ would refocus CSR objectives – aligned with drugs sold</b></p> <ul style="list-style-type: none"> <li>▪ Internal process vexing assistant CSR director [Washington, DC office]; buy-in – “fight battle with home office first”</li> </ul> <p>Internal challenges – difficult to push ideas</p> <p><b>Had to get HQ focused to move ahead, [but] HQ did not know how to focus</b></p> <p><b>HQ came to meet NGO without assistant CSR director [Washington, DC] involvement</b></p>	<p>company; sought brand in the space of CSR</p> <p><b>[Outcome] Not good for Washington, DC CSR group</b></p>	<p>HQ came to Washington, DC to assess CSR issue; source of disconnection between Washington, DC office and HQ</p> <p><b>Internal reorganization occurring at same time</b></p>
Association (37)	<p>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</p> <p>b) Did organizational politics or political behavior shape and influence CSR outcomes;</p>	<ul style="list-style-type: none"> <li>▪ <b>CSR and sustainability groups</b></li> <li>▪ <b>Public affairs</b></li> <li>▪ <b>Compliance</b></li> <li>▪ <b>Human resources</b></li> <li>▪ <b>Legal departments</b> – do not drive agenda</li> </ul> <p>Typically 3 types of companies</p> <ul style="list-style-type: none"> <li>▪ CSR owned by CEO</li> </ul>	<p>Human rights – <b>little understanding</b> – not coordinating – driven by issues</p> <p>Other CSR issues – <b>varies by groups and companies</b></p> <p><b>Different groups deal with different issues</b></p> <p><b>Not consistent</b> – sustain and</p>	<p>CSR department lost – did not influence board</p> <p>Bank lost out – not the best CSR bank</p>	<p><b>Territorial behaviors were necessary to influence</b></p> <ul style="list-style-type: none"> <li>▪ <b>Lack of clarity, too ambitious</b></li> <li>▪ Compliance department (bank) – CSR, compliance, operations</li> <li>▪ <b>Compliance – territorial</b></li> <li>▪ <b>Operations – practical</b></li> </ul>

	<p><b>was the outcome good for the company or specific internal groups?</b></p> <p><b>Dutch companies – human rights</b></p>	<ul style="list-style-type: none"> <li>department owns it – driving it – close to board</li> <li><b>no one owns it</b></li> </ul>	<p>coordination</p> <p>Politicking typical in Netherlands - informal dealings</p> <ul style="list-style-type: none"> <li>Put forward objection to board and CSR department – memo written</li> </ul> <p><b>CSR not practical and expensive</b></p> <ul style="list-style-type: none"> <li>Investigating claims of human rights abuse would be expensive</li> </ul>		<p>A step back for the bank – CSR department</p> <p>Most were ad hoc; incentive model – <b>positioning</b></p> <p>More buy-in from groups</p> <p>Now – <b>conflict</b> between groups is healthy - <b>got others to agenda</b></p>
Service NGO (38)	<p><b>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</b></p> <p><b>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups?</b></p>	<ul style="list-style-type: none"> <li>Public policy groups</li> <li>More than one depending on issue/products</li> <li>Human resources and law involved</li> </ul>	<p><b>Inconsistency in framing and understanding</b></p> <p>Issue and tactics vary</p> <p><b>Lack of understanding and business case</b></p> <p>Impact on business (?); get granular quickly</p> <p>Mandate clear, but no decision making power – resource must be coordinated (legal and business units)</p> <p><b>Political behavior – yes</b></p> <ul style="list-style-type: none"> <li>Where they are coming from</li> <li>Intervening – that group can't do it</li> <li>Share information – why?</li> <li><b>Sway outcomes – happens out of self-interest or personal agendas</b></li> <li>Acquisition experience – business unit discussion</li> <li><b>Explain why prioritize and de-prioritize</b></li> <li>What is an important project (?)</li> <li><b>Shape an outcome above others (decentralized) –</b></li> <li>Business units and geographies – orchestrate communications – work through NGO – send messages back “never get heard”</li> </ul>	<p><b>Winners and losers</b></p> <ul style="list-style-type: none"> <li>Resources being pooled</li> </ul> <p><b>Good for company as a whole</b></p> <ul style="list-style-type: none"> <li>bias set of recommendations</li> <li>Helpful to inform decision making</li> </ul>	<p><b>Politics influenced decision making and execution</b></p> <p><b>Expansion of territory = make it strategic</b></p> <ul style="list-style-type: none"> <li>More touch points in firm</li> <li>Gain momentum – articulate business case</li> <li>Resources and visibility</li> </ul> <p>Material impact on recommendation and action of senior management</p> <p>Outcome can resolve problems</p> <p><b>Did shape outcome, but not necessarily for groups</b></p> <ul style="list-style-type: none"> <li><b>Self interest lead to good outcome – raised issues of neglect and marginalization</b></li> <li><b>CSR is a unifier – want to be part of it</b></li> <li><b>Organizational behavior problem</b></li> </ul> <p>Better chance for CSR outcome to being appropriate and operationalized</p> <p>External – allowed to communicate “dirty laundry”</p>
Consulting (39)	<p><b>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</b></p>	<p>Traditionally CSR manager/director and VPs for Sustainability</p> <p><b>[however] Overtime more integrated in the business</b></p>	<p>It is clear who is in charge, [but] <b>Decision-making process is unclear or undetermined</b> – Example: Leadership not taking on broad range issues (nice to have, not a must); put someone in role, but no budget to drive</p>	<p><b>[Internal] Groups involved benefited</b></p> <p>Interest [in CSR issues] by Corp Communications externally – this is a positive outcome</p>	<p><b>Political behavior did shape [CSR] outcome</b></p> <p>Good ones [political tactics]: Use good person or senior executive – <b>“champion”</b> [CSR] issues; raise</p>

	<p><b>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups?</b></p>	<p>Increased interaction [between HQ CSR groups] with business unit [field] people and Procurement teams</p> <p><b>[CSR issues are becoming] more cross-cutting</b></p> <p>Three categories [of companies CSR consulting firm has observed] :</p> <ul style="list-style-type: none"> <li>Some are <b>very confused</b> – under pressure to do something; lessen impact</li> <li>Know what to do – good design – fail on execution; organizational issues come into play, <b>right incentives for managers</b> (needed and not there)</li> <li>Combining design and execution in a reasonable way – how to organize? (<b>need to overcome deficiencies with a good management system/org culture</b>)</li> </ul>	<p>real change/action</p> <p>Example: Company CSR Report – asked [consulting firm] to review and facilitate; individual content owners/managers raise profile of issues they are dealing with; bring in third parties to help elevate it [as most important]</p> <p><b>Tactics can be explicitly or implicitly [known] to [CSR consulting firm]:</b></p> <ul style="list-style-type: none"> <li>Direct Tactics: [CSR firm gets] call about [a] company's needs; will say "we want you to come in and do a workshop and <b>offer a point of view to influence someone</b>"</li> <li>Indirect Tactics: [an internal group will] Talk about lack of external alignment; territorial behavior – subtle ways – <b>how to inform/infer (influence how communications is distributed)</b>; serve internal political [needs]</li> </ul> <p>[Consulting firm asked to] Put [CSR issue] into business case language; address as "<b>risk</b>", not "<b>doing good</b>"; [client's internal groups says] "we don't use this word here"</p> <p>[CSR firm asked to conduct competitor CSR research because] "people like to <b>research peer companies to sell case internally</b>"</p>	<p>awareness [through] deliberate actions (i.e. workshop)</p> <p><b>Competitive behavior for CSR is good</b></p> <p><b>[CSR] Promotes creation of some [personal] agendas – wrong process, low experience, or trying to climb latter</b> (organization loses on development of CSR capacity/ skills)</p> <p><b>[Self] Interest should be to improve practice</b></p>
Professional Service (40)	<p><b>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</b></p> <p><b>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups?</b></p>	<ul style="list-style-type: none"> <li>Stakeholder Engagement – philanthropic lens</li> <li>Legal – risk lens</li> <li>Government Relations – regulatory lens</li> </ul> <p>XYZ oil/gas company [client]:</p> <ul style="list-style-type: none"> <li>Key [internal] stakeholder [groups]: <b>HQ, Security, Upstream, Law, Social Responsibility</b></li> <li>Resource control = Upstream [influential stakeholder group]</li> </ul>	<p><b>Solutions are different – [created] inconsistency</b></p> <p>Power is not equated with role – affects decision making</p> <p><b>Sometimes know who is in charge of CSR; more often they are not in charge – [lots of] transitions</b></p> <p>Example: [firm was asked to do the following by client in order to get support for a human rights impact assessment process]</p> <ul style="list-style-type: none"> <li>Describe risk and gaps</li> <li>Create argument within company</li> <li>Serve as "<b>agent of change</b>"</li> </ul>	<p><b>Outcome – [having human rights impact assessment process] was good for company</b></p> <p><b>[political] Tactics were necessary – brought together [disparate] internal groups to "see" issue</b></p>



			<ul style="list-style-type: none"> <li>Use practical studies (sponsoring individual had no personal agenda)</li> </ul> <p><b>Coached on what language to use; used a “risk” lens; CSR alone would not “sell”</b></p> <p><b>Educated [client’s key internal stakeholders] through phone calls; used as “agent of change”</b></p> <p><b>Brought in special lawyer to give different account and provide different strategy; elevate issue</b></p>		
Government (41)	<p><b>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</b></p> <p><b>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups?</b></p>	<ul style="list-style-type: none"> <li>DC representatives: Government Affairs, lobbyists</li> <li>HQ: CSR people</li> </ul> <p><b>Some people had CSR in title Outsider: person seems in charge – some stature, but limited usually</b></p> <p>Authority really with the lawyers</p> <ul style="list-style-type: none"> <li>General Counsel had CEO ears – <b>legal risk is a “real problem”</b></li> <li>US and non-US companies (more with US companies)</li> </ul> <p>“singing different tune” GA and lawyers – more pragmatic</p>	<p><b>Inconsistency!!</b></p> <ul style="list-style-type: none"> <li>Range within government affairs reps</li> <li>Challenge that needed to go away or behavior change</li> <li>Government affairs “jaded”</li> <li>Business unit had wide range of responses</li> </ul> <p>Different frame:</p> <ul style="list-style-type: none"> <li>Want problem to go away</li> <li>Not a problem</li> <li>Used to going to Hill – get it solved</li> </ul> <p><b>Politics:</b></p> <ul style="list-style-type: none"> <li>DC reps – one approach which is to have the “problem” go away</li> <li>Policy professionals (CSR) understood challenges – speak “my” language</li> <li>Had human rights background; non-business unit people – call and engage with government and NGOs</li> </ul> <p>Different story:</p> <ul style="list-style-type: none"> <li>government “Spin” – cocoa initiative + child labor issues (West Africa)</li> <li>NGO activism and Congressional scrutiny</li> <li>Three main companies in chocolate business involved</li> <li><b>Dismissive</b> of problem and government responsibility – <b>not “our” problem</b></li> <li><b>Spin – not a problem – not feasible (no expertise) –</b></li> </ul>	<p><b>Outcome shaped by political tactic</b></p> <ul style="list-style-type: none"> <li>Company went on one direction of a group</li> </ul> <p><b>Some won and some [won differently]</b></p>	<p><b>CSR group more visible: downturn of economy has reduced some groups</b></p> <p>VP CSR does not matter (overhead)</p> <ul style="list-style-type: none"> <li>More CSR language and projects – but not considered critical position</li> </ul>

			<b>host government responsibility</b>		
Mining (42)	<b>Mozambique social investment project</b>	<p><b>No internal structure in place</b>  <b>Bid winning – why? 170M CSR plan over 20 years (8% of capital investment)</b></p> <ul style="list-style-type: none"> <li>▪ No planning, no risk assessment/management plan</li> <li>▪ Philanthropy – concern was “photo-op for CEO” – <b>big political game</b></li> <li>▪ Tough to spend 8M per year</li> <li>▪ Planning: creates expectations; more important than CSR – managing expectations</li> </ul> <p><b>CSR led by communications team</b></p> <ul style="list-style-type: none"> <li>▪ Good SR process</li> <li>▪ Did consultation with locals</li> <li>▪ Equal benefits for ethnic groups</li> <li>▪ No long-term planning</li> <li>▪ Generating jobs</li> <li>▪ Risk – creates new poverty in local and surrounding areas</li> <li>▪ Create disparity through inequality</li> </ul> <p><b>Cross-functional working group</b></p> <ul style="list-style-type: none"> <li>▪ Communications</li> <li>▪ Foundation advisors</li> <li>▪ Local teams</li> <li>▪ Local engineers</li> <li>▪ HES</li> <li>▪ Human Resources</li> <li>▪ International Public Affairs</li> </ul> <p>Int'l public affairs: political risk (social risk analysis)</p> <ul style="list-style-type: none"> <li>▪ Tangible and intangible risks</li> <li>▪ Needs by local politician</li> <li>▪ CSR project used as a showcase</li> <li>▪ Creates a firewall</li> </ul> <p>HIV/AIDS and Malaria: link to CSR function; mitigate risk Hurts bottom-line</p> <p>Local manager – supposed to get</p>	<p><b>Competing interests:</b> Int'l public affairs – <b>data collection</b>, baseline information, establish priorities  Communications: focus on photo ops and ads</p> <ul style="list-style-type: none"> <li>▪ CSR falls in Communications group, which controls Foundation)</li> </ul> <p><b>Tactics:</b></p> <ul style="list-style-type: none"> <li>▪ Data collection – showed how other companies addressed similar issues</li> <li>▪ Long-term legacy issue</li> <li>▪ Census – data collection in operational area; social risk baseline</li> <li>▪ Cultural trait – allowed “improvising”</li> <li>▪ <b>Delineate messaging to sell ideas – used risk lens</b></li> <li>▪ Must get buy-in of CEO!!</li> <li>▪ <b>External cases of failures</b></li> <li>▪ <b>Executive board needed to be convinced</b></li> </ul> <p><b>Alliances – create new ones</b></p> <ul style="list-style-type: none"> <li>▪ Destroy alliances for communications – 300M per year</li> <li>▪ Power and influence</li> </ul> <p><b>Communications: convening meetings without int'l public affairs</b></p> <ul style="list-style-type: none"> <li>▪ Lobby CEO his idea</li> <li>▪ Used country case as an example</li> </ul>	<p><b>Political tactics shaped outcome</b></p> <ul style="list-style-type: none"> <li>▪ Communications strategy would have one</li> <li>▪ But, eventually CEO would question flaws</li> </ul> <p><b>Outcome was good for company</b></p> <ul style="list-style-type: none"> <li>▪ <b>Changed culture</b></li> <li>▪ Now: negotiate with government; ask government for advice</li> </ul> <p><b>Lost relations with communications</b></p>	<p><b>CSR is a negotiated process</b></p> <ul style="list-style-type: none"> <li>▪ Need Communications because of resources</li> <li>▪ Also – lack of intelligent people/knowledge on the team</li> <li>▪ High amount of hubris – “we are the biggest and the best”</li> </ul> <p>Same in country x: meeting with local managers <b>without risk management team</b></p>

		alignment; <b>not enough brain power on CSR risk</b>			
Association (43)	<p><b>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</b></p> <p><b>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups?</b></p>	<p>2000 revision of global CSR guidelines</p> <ul style="list-style-type: none"> <li>Many internal CSR related groups – <b>revision focused integration</b></li> <li>No cohesive strategy</li> </ul> <p>Company perceptions</p> <ul style="list-style-type: none"> <li>Existing structure and culture – <b>large differences on managing CSR programs</b></li> <li>Systems oriented versus decentralized - <b>very difficult</b></li> <li>Focus on systems</li> <li><b>Big struggle to how it is related</b></li> <li><b>Who should do it</b></li> <li><b>Philanthropy damaged CSR (resources)</b></li> <li>Never wanted to be part of CSR</li> <li>Corp strategy = set up a group</li> </ul> <p><b>Resistance</b> by other groups who owned pieces</p> <ul style="list-style-type: none"> <li>Team (task force) – CSR group not really finalized</li> <li>Buy-in – none</li> </ul> <p>Senior leadership had <b>inconsistent views</b></p> <ul style="list-style-type: none"> <li><b>Middle management tasked to construct it – competing interests</b></li> <li>Not clear on CSR ownership – earlier days</li> <li>Who was the most interested</li> <li><b>CSR department versus construct a team approach</b></li> </ul>	<p><b>Tactics:</b></p> <ul style="list-style-type: none"> <li>Effort to expand CSR organization – add staff</li> <li>Under CEO – Corp communications versus policy being played out – resistance senior management; VP – close to philanthropy</li> <li>Philanthropy put pressure to prevent budget</li> <li><b>Constant question of the role of CSR and why resources needed</b></li> </ul> <p>IT/Computer Company: <b>multiple groups working the issue</b></p> <ul style="list-style-type: none"> <li><b>Inconsistent</b> – status quo approach</li> <li><b>Not coordinated – general pattern</b></li> <li>Create a group and report – use [CSR] report to bring parts together</li> <li>Group created to do something and add value</li> <li><b>Start-up – “huge” [push] – get out there</b></li> <li><b>Rationalization of what they were doing</b></li> <li><b>Companies sat back after 5 years to assess what they were engaged in</b></li> </ul> <p><b>Internal: CSR practice was not effective and no value</b></p> <ul style="list-style-type: none"> <li>Oriented toward to external recognition</li> <li>Loss opportunity – not embedded in systems</li> <li>CR report: section of what division is doing and CSR group – <b>need to justify</b></li> <li><b>What it was doing; not integrated issue</b></li> </ul> <p><b>CEO getting cornered – old days</b></p> <ul style="list-style-type: none"> <li><b>New person coming in and using recognition of CEO to force things through internally</b></li> <li><b>change agent used</b></li> <li><b>Resistance</b> internally – did not want to get out in front</li> </ul>	<p>Beverage company:</p> <ul style="list-style-type: none"> <li>Group and activity got added to him – <b>his organization grew and more visibility</b></li> <li>Sees effectiveness</li> </ul> <p>Pharmaceutical: Top down policy</p> <ul style="list-style-type: none"> <li>Can depend on personalities</li> <li>Not based on strong advocates</li> <li><b>Don’t grow CSR group – internally</b></li> </ul>	<p><b>Politics has impact</b></p> <ul style="list-style-type: none"> <li>Management styles</li> <li>What management will take on</li> <li>Loss opportunity – not embedded in systems</li> </ul> <p>Philanthropy damaged CSR (resources)</p> <p><b>Territorial:</b> manifestation of their business model – Pharmaceutical company (missing opportunity)</p> <ul style="list-style-type: none"> <li><b>Carried over to in other parts of the company</b></li> </ul> <p>Not coordinated – <b>general pattern</b></p>

<p>Marketing, PR (44)</p>	<p>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</p> <p>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups?</p>	<p>Operations/marketing/CSR/Communications</p> <p>Early stages – Public affairs side</p> <ul style="list-style-type: none"> <li>▪ CSR seen more to manage risk; not to add value</li> <li>▪ Shifted to CSR department – stakeholders outside government affairs</li> <li>▪ Back to public affairs and Corp communications – part of brand</li> <li>▪ Still varies: preventing risk to something of business value and broad</li> <li>▪ Engage with consumers – proactive shift</li> </ul> <p>Kind of engagement – shift</p> <ul style="list-style-type: none"> <li>▪ Moved away from government affairs to activists</li> <li>▪ PR and advocacy front</li> <li>▪ Audience to consumer – differ per group and their stakeholders</li> </ul> <p>Crosscutting across entire enterprise</p> <ul style="list-style-type: none"> <li>▪ New for internal group and external advisors – inconsistent understandings</li> <li>▪ Example: Operations – budget focus</li> <li>▪ Some have started to embrace – make sense for business</li> <li>▪ Competing priorities in companies</li> <li>▪ New for CSR, not new for companies</li> <li>▪ Always had conflict with marketing and operations</li> <li>▪ More processes with social and environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>▪ Number of groups (Government affairs) – no consensus of creative discussion</li> <li>▪ Consensus by groups</li> </ul> <p>Not clear who was in charge</p> <ul style="list-style-type: none"> <li>▪ Ownership is shifted and many owners not a typical CSR officer</li> <li>▪ Everyone owns a piece of the budget</li> <li>▪ Cannot identify one specific group – vacuum</li> </ul> <p>Political behavior – economic challenge</p> <ul style="list-style-type: none"> <li>▪ CSR used to have a free rein</li> <li>▪ Crunch on the budget</li> <li>▪ Pushing and shoving on responsibility</li> <li>▪ More important and cross-cutting</li> <li>▪ Posturing to be a leader</li> <li>▪ Make case to be important</li> </ul> <p>1. Opportunity for personal growth</p> <ul style="list-style-type: none"> <li>▪ Sold by individual workers to leadership – engineering company he has worked with</li> <li>▪ CSR is leaderless... put themselves forward/how to position it in marketing department (exclude important departments)</li> </ul> <p>2. Operational level risk management</p> <ul style="list-style-type: none"> <li>▪ Individuals will take ideas to sell to team; participate in meetings and sell to leadership team and not inclusiveness of others – keep others in the dark</li> <li>▪ People driving CSR at different angles to be visible – leads to differences – see threats and opportunities</li> </ul>	<p>Good for company to use these tactics</p> <ul style="list-style-type: none"> <li>▪ CSR efforts are disjointed – leadership team sees this because of politicking</li> </ul> <p>Good for company – push because one believes; push because of politics</p> <ul style="list-style-type: none"> <li>▪ self-interested behavior is positive – spurs innovation and attention</li> <li>▪ Not good for groups</li> </ul>	<p>New for CSR, not new for companies</p> <p>Political behavior does influence CSR behavior</p> <p>Tactics are necessary and critical to successful alignment and integration</p> <p>Always had conflict with marketing and operations</p> <ul style="list-style-type: none"> <li>▪ Align and integration increasingly important</li> <li>▪ Individuals [change agents] better than group to drive change</li> </ul>
---------------------------	---	---	--	---	--

<p>Association (45)</p>	<p>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</p> <p>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups?</p>	<p>15 companies: <b>Inconsistency</b> – some had different approaches</p> <ul style="list-style-type: none"> <li>Strategic CSR in some cases, but varied</li> <li>Many worked in different departments</li> <li>Little consistency in types of people – broad differences – HES/Law/Security</li> </ul> <p>Each company had a <b>particular position on CSR</b></p> <ul style="list-style-type: none"> <li>Visible differences between companies</li> <li>Some companies it was very clear</li> <li>Larger companies – clear who was in charge in some (<b>different groups</b> participated in association work)</li> </ul>	<p><b>Use association to learn how to overcome barriers in the field</b></p> <ul style="list-style-type: none"> <li>Low decision making capacity; influence how CSR was operationalized</li> <li>One company: management decision making versus advisors</li> <li>Management structure – attitude of management; outdated perception (low power)</li> <li>Downsize and CSR people first to go</li> </ul> <p>Implementation of CSR tool – based on personality</p> <ul style="list-style-type: none"> <li>Depended on priority placed by company</li> <li>Top driver needed in some cases</li> <li><b>Mandate = more interest and participation internally</b></li> </ul>	<p>Tool: used under banner of a change; not driven by CSR people</p> <ul style="list-style-type: none"> <li>Need others to support</li> </ul>	<p><b>How firm was structured influences level of tactics</b></p> <ul style="list-style-type: none"> <li>Smaller companies – easier</li> </ul>
<p>Service NGO (46)</p>	<p>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</p> <p>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups?</p>	<p><b>Government affairs – Initiatives have a government component</b></p> <p>Extractives: <b>CSR started moving into government affairs</b></p> <ul style="list-style-type: none"> <li>Consolidation into HQ</li> <li>CSR relations group</li> <li>Deal with CSR piece</li> <li><b>Turf battle</b> between CSR and GA (HES and Security)</li> </ul> <p><b>Cross-functional working group: In-country: Security, Community relations, HES</b></p> <ul style="list-style-type: none"> <li>Figure out <b>who transacts with you</b></li> <li>Lead to recognition of <b>group power</b></li> <li>Finance and general counsel goes after it</li> <li>Need c-suite; back-up</li> </ul> <p><b>Groups: want to show risk</b></p> <ul style="list-style-type: none"> <li><b>Water down position papers</b> – at board level</li> <li><b>Risk based</b> lens</li> <li>Paper/idea changes completely</li> <li>Risk sells – personal exposure</li> <li><b>Too much CSR focus – they lose legitimacy</b></li> </ul>	<p>Buy-in: <b>need reputation to be hurt to act; need it to be attacked</b></p> <ul style="list-style-type: none"> <li>They get embarrassed – gives power</li> <li>Sell risk – increase or decrease</li> <li>General counsel versus other rising groups</li> </ul> <p><b>Brought in agent of change to sense-give and secure buy-in – reinforce through emails and other communications</b></p> <p>Take out ideas “strip out” and get operations person to <b>put in “ownership” to shape outcome</b></p>	<p><b>Win-win for company and group</b></p> <ul style="list-style-type: none"> <li>Executives bought in</li> <li>CSR unit given power [to work an issue]</li> </ul>	<p><b>Internal tactics are necessary</b></p> <p>Bad/bad scenario</p> <ul style="list-style-type: none"> <li>Diffusion: divide CSR into small pieces; deliberate strategy</li> <li>Group no longer exists <ul style="list-style-type: none"> <li><b>Company cannot institutionalize because fear of power structure</b> – not good for the company</li> <li>Low skills to manage it where difficult</li> </ul> </li> </ul> <p>No change of hierarchal structure – <b>want attention of CEO</b> (have the access)</p> <p><b>Take CSR issues for themselves</b> that has reaction [human rights]</p> <p><b>Without politicking and influencing will go with foundation model – follow the past; a pet idea</b></p> <ul style="list-style-type: none"> <li>Country office can easily undermine project alternative – simple call to CEO “you don’t know</li> </ul>

		<ul style="list-style-type: none"> <li>▪ <b>Downside of sensegiving CSR</b></li> <li>▪ Does not allow company to learn CSR – low innovation internally</li> </ul> <p><b>Tactics:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Co-option</b> of general counsel or “snaking”</li> <li>▪ CSR = power (given or diffused)</li> <li>▪ CSR needs desire</li> <li>▪ Internally need a <b>change agent</b> – put him/her in a position of power</li> <li>▪ Risk exposure of CSR</li> <li>▪ Temporary alliances around budget – <b>alliance for resources</b></li> <li>▪ CSR standards: general counsel versus other groups</li> <li>▪ Security: <b>Take out international standards language; take out CSR language</b></li> <li>▪ <b>Embellish risk to sell case – issue crafting</b></li> <li>▪ Asked to <b>make information sound “scarier”</b></li> </ul>			Panama”
Marketing, PR (47)	<p>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</p> <p>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups?</p>	<p>1980 – 1991 period Japanese MNCs in US</p> <p><b>Not clear who owns CSR</b> [because of Tokyo decision making]</p>	<p>Need OK from Tokyo [on CSR decisions]</p> <ul style="list-style-type: none"> <li>▪ <b>Inconsistency</b> and sometimes dramatic</li> <li>▪ Frustrated US managers</li> </ul> <p>Talk to major Japanese companies</p> <ul style="list-style-type: none"> <li>▪ <b>Not clear – groups involved</b> (CSR/XYZ executives)</li> <li>▪ CSR: <b>Weak; just facilitators</b> [in Japanese companies]</li> <li>▪ CSR – will become more powerful; <b>wanted group to be powerful for business</b> <ul style="list-style-type: none"> <li>○ Persuade executives – buy-in to your idea</li> <li>○ <b>CSR group begging third party (give credit to CSR unit)</b></li> <li>○ For third party –</li> </ul> </li> </ul>	<p><b>Use agency – good for agency business</b></p> <ul style="list-style-type: none"> <li>▪ Good for group; not good for companies</li> <li>▪ Elevate CSR group; trend to continue</li> </ul>	<p>Japanese corporations and corporate citizenship</p> <ul style="list-style-type: none"> <li>▪ Not prepared</li> <li>▪ Not interested</li> <li>▪ Exposed to “all” issues, including impact or implications of decisions</li> <li>▪ <b>“gate keepers” only</b></li> <li>▪ <b>Tension between HQ and Field units</b></li> <li>▪ Protect career when he returns to HQ</li> </ul> <p><b>CSR is fashionable</b> <b>CSR group must do something</b></p>

Energy (48)	<p><b>CSR Strategy Review for Legacy Assets</b></p>	<p><b>External trigger – long standing issue for the company</b></p> <ul style="list-style-type: none"> <li>▪ Tactical lead person to execute</li> <li>▪ Twice a week meetings</li> <li>▪ Need someone – but don't know what they need</li> <li>▪ Provide information to support decision making</li> <li>▪ Tactical and strategic - press release, community program</li> <li>▪ <b>Decision body is cross-functional</b> <ul style="list-style-type: none"> <li>○ Group 1: VP/Law/GM-Policy/Media/government affairs</li> <li>○ Group 2: Security/Invest or relations /Media/Policy/ External Relations (quality group)</li> </ul> </li> </ul> <p><b>Consensus: fair amount of conflict</b></p> <ul style="list-style-type: none"> <li>▪ Low consensus</li> <li>▪ Media – own idea</li> </ul> <p><b>Hierarchy:</b></p> <p>Law Media – competing agenda with government relations government relations – competing agenda with Media and policy Policy (CSR related to issue) – competing agenda with government relations</p> <ul style="list-style-type: none"> <li>○ Wins come from other issues, not CSR</li> </ul>	<p style="text-align: center;">potential revenue stream</p> <p><b>Sense-giving: work on VP on idea</b> <b>Sensegiving and alliance building:</b> Law and media thought out idea</p> <ul style="list-style-type: none"> <li>▪ Buy-in stage</li> <li>▪ Pre-work on lawyers</li> <li>▪ Consultants are used – sell ideas and not in company's best interest</li> </ul> <p>Government relations: works directly VP – Lead Counsel (leave others out)</p> <p><b>Competing interests and different interpretation</b> Inter-personal skills are bad; cannot admit defeat</p> <p>Policy: integrated opinions</p> <ul style="list-style-type: none"> <li>▪ Winning Group – <b>access to full information</b></li> <li>▪ Decision making people and not advisors</li> <li>▪ Hid information from competitors</li> <li>▪ <b>Information was manipulated by certain groups</b></li> </ul> <p><b>Lots of advocacy</b></p> <ul style="list-style-type: none"> <li>▪ <b>Keep on radar, not controversial – deliberate strategy</b></li> <li>▪ Internal communications</li> <li>▪ <b>Selective information/alternatives added to agenda</b></li> </ul>	<p><b>Losers: no data donation; media activity lost (no results); policy lost (low support)</b></p> <p>Factors: little resistance because it met legal strategy</p> <p>Losers = community plan and team</p> <p><b>External issues: Good for government affairs</b></p> <ul style="list-style-type: none"> <li>▪ What is good for CSR group (has something to talk about; show value)</li> <li>▪ Environment: Not good for the group (HES), but good for company</li> </ul>	<p><b>Most influential is Law</b></p> <p>dependent on personal relationships Set up for failure (CE project)</p> <p>External CSR issues are a negotiated process</p> <p style="text-align: center;">Even with a process in place, <b>items are negotiated away</b></p> <p><b>Tactic of pre-work and back-room dealings</b></p> <p>5-6 times before a meeting Some things get negotiated away – end of decision making process</p> <p>General recommendations: <b>“Find me a justification to talk to co-leaders and decision making group”</b></p> <p><b>Big Company</b></p> <ul style="list-style-type: none"> <li>▪ Single factor: <b>b-case – make it happen</b></li> <li>▪ Change words – <b>liability and costs</b></li> <li>▪ How you couch case</li> <li>▪ Horse trading happens</li> <li>▪ Need people who have... <ul style="list-style-type: none"> <li>○ an agenda</li> <li>○ a business case</li> </ul> </li> <li>▪ <b>Snaking – Perspective from others and selling (dual purpose)</b></li> </ul>
Energy (49)	<p><b>Social Risk Management Process for New Projects</b></p>	<p><b>Reaction to legacy issue and externalities</b> on projects where company operates</p> <ul style="list-style-type: none"> <li>▪ Not proactive management</li> <li>▪ Risk management and future liabilities</li> <li>▪ Operational policy</li> </ul>	<p><b>Bilateral conversations outside team meetings</b></p> <ul style="list-style-type: none"> <li>▪ Influence key persons</li> <li>▪ Use external triggers to sell issue</li> </ul> <p><b>Lobbying: focused vetting seniors or approvers – get buy-in</b></p>	<p><b>If tactics were not used, move company to be further decentralized</b></p> <p><b>Good for both</b></p> <ul style="list-style-type: none"> <li>• CSR elevated profile</li> <li>• Company had a risk management process</li> </ul>	<p><b>CSR is a negotiated process and there is always politics/politicking</b></p> <p><b>Individual motivations vary to do both (good for me and good for company)</b></p>

		<p>commitment</p> <p>Groups: <b>cuts across functions</b></p> <ul style="list-style-type: none"> <li>▪ Defined to operations deliberate to be social function</li> <li>▪ Internal process is also cross-functional</li> <li>▪ HES/Law/PGPA</li> <li>▪ [felt] backroom dealings going on <ul style="list-style-type: none"> <li>○ <b>Negotiate ownership</b></li> <li>○ <b>Horse trading taking place</b></li> <li>○ CSR role; Law asserted themselves</li> <li>○ Baseline information; right to retain documents</li> <li>○ Environment participation – <b>5 lawyers – control information</b></li> <li>○ Grand compromise to get new social process approved</li> </ul> </li> </ul> <p><b>CSR understood differently by different groups</b></p> <ul style="list-style-type: none"> <li>▪ Legal understanding of social risk – we cause problems</li> <li>▪ <b>Cross-functional team – diverse group</b></li> <li>▪ <b>governance board was cross-functional</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Competing interests</b> – legal supported argument of exposure to problems; disregarded because they see value</li> <li>▪ <b>Legal was “empire building”</b></li> </ul> <p>Some <b>influence over decision criteria</b> by third parties</p> <p><b>Law: Use slide deck</b></p> <ul style="list-style-type: none"> <li>▪ <b>Issue crafting – risk; scare tactic (ATCA cases)</b></li> <li>▪ Raise uncertainty</li> <li>▪ Be worrisome</li> </ul> <p><b>HES has a lot of power</b> – custodian of management system</p> <ul style="list-style-type: none"> <li>▪ Lobbying HES to have this</li> <li>▪ Executive level lobbying</li> </ul> <p><b>CSR/HES</b></p> <ul style="list-style-type: none"> <li>▪ <b>Protect technical turf</b></li> <li>▪ Empirical data used against legal challenge</li> </ul>	for new projects	
Energy (50)	<b>Implementing labor standards in supply chain</b>	<p><b>Risk assessment: identification labor standards – weak</b></p> <ul style="list-style-type: none"> <li>▪ Another company in country x had a child labor incident</li> <li>▪ Criticized in Norwegian media</li> <li>▪ Trigger senior executives – are we prepared?</li> <li>▪ <b>CSR Group</b> – not strong, risks high and strengths low</li> <li>▪ <b>Other groups – prepare memo with HES (big),</b></li> </ul>	<p>Memo of recommended actions</p> <ul style="list-style-type: none"> <li>▪ Executive leadership wanted an operational review</li> <li>▪ wanted review of the policy</li> </ul> <p><b>Tactical consideration to elevate the CSR group</b></p> <ul style="list-style-type: none"> <li>▪ Labor issue was not regulated – <b>CSR used to take the lead (foothold)</b></li> <li>▪ <b>CSR is dangerous... engenders opportunities</b></li> <li>▪ Expected human resources</li> </ul>	<p><b>Politics shaped outcome</b></p> <p><b>CSR group gained</b> – “owned” policy and issue (supply chain agenda)</p> <p>“Own Policy” – CSR group</p> <p><b>Outcome was good for company and for CSR group</b></p>	<p><b>CSR is a negotiated process</b></p> <p><b>Challenge to Think</b></p> <p><b>Most important person is CEO</b></p> <ul style="list-style-type: none"> <li>• Asked for internal discussion</li> <li>• Always pushing others to do it</li> </ul> <p><b>Some stakeholders in task force jockeyed for position to own issue</b></p>



		<p><b>human resources, Law, Procurement</b></p> <ul style="list-style-type: none"> <li>▪ Consistency in message</li> <li>▪ Leave sections open; they fill in</li> <li>▪ <b>Leveraged Business Unit contacts</b></li> </ul>	<p>would be negative</p> <ul style="list-style-type: none"> <li>○ Should be owners</li> <li>○ Early on they had no interest to regulate</li> </ul> <p><b>Law had questions</b></p> <ul style="list-style-type: none"> <li>• Material issue and they are on board</li> <li>• VP/Law <b>became an ally</b></li> <li>• Strong legal department in all business areas</li> <li>• <b>Realized strong and important</b> and set up meeting – internal discussions</li> </ul> <p><b>Set up task force – cross functional</b></p> <ul style="list-style-type: none"> <li>▪ Headed by CSR</li> <li>▪ Procurement/Int'l CSR/human resources (there was a practical decision <b>not to front-end Legal</b>)</li> </ul> <p><b>Steering Committee:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Communications/procurement/HES</b></li> <li>▪ <b>Cross-functional teams was the internal buy-in for executive leadership</b></li> </ul> <p><b>Task Force: Each had specific motivations and objectives – difficult</b></p> <ul style="list-style-type: none"> <li>▪ Procurement: Define and set up strategy that would <b>[help] his unit</b></li> <li>▪ HES: Wanted to require HES work</li> <li>▪ Internal turf: how you define and form policy; legal become helpful</li> <li>▪ <b>Resistance: long discussions; lots of negotiation and direct quarrels</b></li> <li>▪ <b>Side negotiations among task force members</b></li> </ul> <p>10 projects identified for risk assessment Public Affairs: Influence CSR's boss <b>Executive leadership consulted with middle managers</b></p> <p>Executive committee, steering</p>		
--	--	--	--	--	--

			<p>committee, and Task Force (Need Consensus)</p> <ul style="list-style-type: none"> <li>One hour meeting with steering committee</li> <li>Hierarchy – task force members were managers</li> <li>CSR manager had more contact with executive leadership</li> <li>Task force members did try to influence CSR manager thinking</li> </ul> <p>Strategy: rollout of labor standards – road show with EVP of all business areas</p> <ul style="list-style-type: none"> <li>Lead ALL presentations</li> </ul> <p><b>Tactics:</b></p> <ul style="list-style-type: none"> <li>EVP well-briefed before executive leadership decisions (<b>lobbying</b>)</li> <li><b>Use minutes of meetings of executive leadership</b> meetings – CEO recommends adopting international standards</li> </ul>		
Management Consulting (51)	<b>CSR strategy for the firm: Pro bono program or a powerful CSR tool</b>	<p><b>Defining CSR and what it means to an internal audience</b></p> <ul style="list-style-type: none"> <li>Need to <b>educate</b> people internally</li> <li><b>CSR means different things to different people</b></li> <li>For community relations it was a <b>big challenge</b></li> <li>How they <b>define</b> it will be completely different from others <ul style="list-style-type: none"> <li>How to make pro bono service more <b>strategic CSR</b></li> <li>Value proposition: protection reputation, attract and retain talent, differentiate among peers, justify internal spend</li> </ul> </li> <li><b>Driven by change agent; not his boss</b></li> </ul>	<p>Partners already doing pro bono work</p> <ul style="list-style-type: none"> <li>It was unstructured and not strategic</li> <li>Client focused and partners used it for non-paying clients to win new contracts; not a CSR tool</li> <li>“discount” use of pro bono resources</li> <li><b>Each partner used its resources as needed – little consistency across the enterprise</b></li> </ul> <p>Former CEO vision – eliminate “discount” use of pro bono resources</p> <p>Word of mouth – CEO was visionary (he believed in it)</p> <p>Incentive to get into annual report</p> <p>Need to centralize pro bono work</p> <p><b>Partners formed alliance to support issues and not support it</b></p> <ul style="list-style-type: none"> <li>There was limited resources per partners and now strategic focus would take away “consultants” for paid projects</li> <li>Some partners on senior LT</li> </ul>	<p><b>Some partners lost – lost internal resources</b></p> <ul style="list-style-type: none"> <li>Push back when money taken away – disconnected by commercial sales</li> </ul> <p><b>Outcome: No outcome or resolution</b></p> <ul style="list-style-type: none"> <li>Missed opportunities to help NGOs on social issues</li> </ul>	<p>Use of information: Did not do enough upfront work and promotion</p> <p><b>Need a political strategy;</b> Team did try to influence</p> <ul style="list-style-type: none"> <li>Industry benchmarking</li> <li>Tap into members of organizations</li> <li>External engagement of peers</li> </ul> <p>Get a different director – no framing in risk</p> <p>Community relations director – <b>did not champion; strategic frame rejected</b></p>

		Comm relations team tasked with enhancing pro bono work – provide grants to support NGOs and NPOs	<ul style="list-style-type: none"> <li>▪ Need their buy-in and support</li> <li>▪ Need support of partner(s) – controlled resources</li> <li>▪ <b>LT did not see strategic dimension</b> – saw it as a program</li> </ul> <p>Comm relations <b>formed alliance</b> with some partners and leadership team members – fragmented (?)</p> <ul style="list-style-type: none"> <li>▪ There was already buy-in for the existing program</li> </ul> <p>Goals – expand pro bono work and make it international; make it strategic for the firm</p> <p><b>Buy-in</b> for existing program: Expand and make it international</p> <ul style="list-style-type: none"> <li>▪ Domestic and Int'l – government and commercial – board seat (int'l NGO)</li> <li>▪ Attracting good people – preach it</li> <li>▪ Bring in human resources to build case</li> <li>▪ Did not have to fight for pro bono dollars</li> <li>▪ Get training and support</li> </ul> <p>Lack of leader</p> <p><b>Internal champ – difficult to gain support by senior leadership about a 'local boss'</b></p> <ul style="list-style-type: none"> <li>▪ <b>Program not strategic</b> – performance appraisal of employees [option]</li> </ul> <p><b>Change agent framing</b> – human resources on board (performance appraisal)</p>		
Energy (52)	<b>Putting Social back into CSR</b>	<p>Did not measure social risk</p> <ul style="list-style-type: none"> <li>▪ <b>No clear narrative</b> on managing social risk</li> <li>▪ <b>Business unit versus HQ</b> on how to manage social risk</li> </ul> <p><b>Who framed it? No direction</b></p> <ul style="list-style-type: none"> <li>▪ Remove <b>social</b> – it was deliberate</li> <li>▪ Talk to another level; risk adverse people and Silvia (<b>opportunity for group</b>)</li> <li>▪ Greater engagement as a</li> </ul>	<p><b>Support and buy-in</b> – gather data through meetings</p> <ul style="list-style-type: none"> <li>▪ Put result in writing and meet with credible organizations</li> </ul> <p>Fell to certain executives – growing awareness of social risk</p> <ul style="list-style-type: none"> <li>▪ No country strategy or story</li> <li>▪ Used relations with Law</li> <li>▪ Resistance to overcome</li> <li>▪ Used country experiences (Law)</li> </ul>	<p><b>Political behavior influenced the process;</b> not the outcome (?) [may have been different]</p> <p><b>Good for company Law lost; did not want a CSR policy</b></p> <p>Opportunity for CSR group</p> <ul style="list-style-type: none"> <li>▪ Gain credibility and standing</li> <li>▪ <b>Ambiguity, confusion – function in charge of CSR</b></li> </ul>	<p><b>CSR s a negotiated process:</b> decentralized, risk adverse</p> <p>Lobbying: Empower executive champion</p>

		<ul style="list-style-type: none"> <li>▪ risk</li> <li>▪ <b>law seen to own function</b> – command and control</li> <li>▪ Limit information and engagement</li> </ul>	<p>Selling idea to executives after Law got on board</p> <ul style="list-style-type: none"> <li>▪ No embellishment – cannot take risk too far; direct quotes were used</li> <li>▪ <b>Manipulate messages</b> – risk lens; only company not doing this</li> </ul> <p>CSR group: <b>No informal alliance</b> to raise the issue</p> <ul style="list-style-type: none"> <li>▪ Recognition by executive to have social risk – external trend in human rights</li> <li>▪ NGOs and SRIs and legal cases</li> <li>▪ <b>Follow same process to sell issue</b></li> <li>▪ <b>Used legal cases to sell CSR policy</b></li> </ul> <p><b>Tactics:</b> CSR group focused more internal lobbying with Law</p> <ul style="list-style-type: none"> <li>• Met extensively</li> <li>• How to handle it</li> <li>• Law did not want CSR group to manage CSR</li> <li>• Reconcile: Went above them to general counsel</li> <li>• Law tried to control it</li> <li>• Managing Counsel: reporting information to general counsel was not accurate <ul style="list-style-type: none"> <li>◦ <b>Barrier</b></li> </ul> </li> <li>• <b>Diffusion of power was deliberate</b></li> <li>• <b>Wanted a piece of it – high profile issue</b></li> <li>• <b>She was political</b></li> </ul> <p>Tried to control CSR report – go above her; trying to shape policy</p> <p>Use of external consultants – sell agenda – get executives to see person as a “normal” person</p> <ul style="list-style-type: none"> <li>▪ <b>Orchestrated what to say</b></li> </ul> <p><b>Lobbying:</b></p> <ul style="list-style-type: none"> <li>▪ Empower executive champion</li> <li>▪ <b>Overcome resistance</b> on scope and intent</li> <li>▪ Vice chairman and general counsel most important</li> </ul>	<ul style="list-style-type: none"> <li>▪ Result – <b>groups try to interfere</b></li> <li>▪ No clear leader on CSR; no “DNA”; no goal</li> </ul>	
--	--	---	--	--	--

Energy (53)	<p><b>Environmental and social practices for new projects</b></p>	<p><b>Cross-functional working group:</b></p> <ul style="list-style-type: none"> <li>▪ CSR team, external affairs, Environment operations</li> <li>▪ <b>Integration</b> between CSR team and Environment operations</li> <li>▪ Environment operations – serve business with advice on Environment topics</li> </ul> <p>Environment part only – annual general meeting resolution</p> <ul style="list-style-type: none"> <li>▪ Visible because of “Upstream lifeblood”</li> <li>▪ Access to protected areas</li> <li>▪ CEO – addressed concerns</li> <li>▪ Investor concerns – no process to access areas</li> </ul> <p>Environment protection for new projects; “applicable” projects are screened</p> <p>What about social aspects?</p> <ul style="list-style-type: none"> <li>▪ <b>Change agent</b> came from project with human rights issues/experience</li> <li>▪ Wanted set of social requirements</li> <li>▪ Wrote social requirements in same format as Environment process – <b>integrate</b> the two</li> </ul> <p><b>Resistance</b> from US operations (government affairs, public affairs, Environment, business units... <b>cost considerations</b>); <b>legal issues and compliance</b> with US laws</p>	<p>Manager would like to expand her team</p> <ul style="list-style-type: none"> <li>▪ Manager behavior: ambitious but in good way</li> <li>▪ Saw obvious logic of social practice</li> <li>▪ <b>Opportunity to grow remit</b></li> <li>▪ Expand team and visibility</li> <li>▪ <b>Contingency and non-substitution</b></li> </ul> <p>Saw value in social issues</p> <ul style="list-style-type: none"> <li>▪ Changed name of team to reflect social opportunity</li> <li>▪ Talked with colleagues – crafted dialogue in a certain way</li> <li>▪ Example: who is involved; senior people; <b>politics about it</b>; roles and personalities</li> </ul> <p>Buy-in – no opposition</p> <ul style="list-style-type: none"> <li>▪ Reasons: <b>consulted major projects</b></li> <li>▪ Senior people in Upstream were aware of it</li> <li>▪ Environment and social assessments being done in integrated way</li> <li>▪ Completely new management system – internal roles contained – included social risks</li> <li>▪ <b>Upfront work – constituency of practitioners</b></li> </ul> <p>Met with senior management and interject social component – <b>sell issue</b></p> <ul style="list-style-type: none"> <li>▪ Push manager forward as subject matter expert</li> <li>▪ Integrated and embedded</li> <li>▪ Social impact assessment process – had official status and <b>visibility</b></li> <li>▪ FT person on human rights</li> <li>▪ High profile projects</li> <li>▪ Combination of internal and external influence</li> </ul> <p>No serious opposition or resistance to integrate practices</p> <ul style="list-style-type: none"> <li>▪ <b>If no plans to revise Environment strategy, difficult to develop social practice</b></li> </ul>	<p><b>Political behavior shaped the outcome</b> – how important was it; will require a look back</p> <p><b>Outcome was good for company as a whole</b></p> <p><b>Good for group – credibility within company</b></p> <ul style="list-style-type: none"> <li>▪ High profile and enhanced reputation</li> <li>▪ Source of strong piece of policy and rules, and business unit support</li> </ul> <p>Wrote social requirements in same format as Environment process – integrate the two</p>	<p><b>CSR is a negotiated process – seen more of it in the past few years</b></p> <ul style="list-style-type: none"> <li>▪ “no matter how good your idea is and support you get; if you don't get socialization and <b>work politics right</b>; you are going to struggle”</li> </ul> <p><b>Compromise</b> objective???</p> <ul style="list-style-type: none"> <li>▪ Example – tactic – who you know</li> <li>▪ Environment/Social – <b>as CSR, would have gone nowhere</b></li> <li>▪ <b>CSR is vague</b></li> <li>▪ <b>SR = risk management</b></li> </ul> <p>Manager knew all people <b>needed to influence</b></p> <ul style="list-style-type: none"> <li>▪ Craft business benefits document – <b>transformed it from aspiration to risk management conversation</b></li> </ul> <p><b>Conversation will rarely use CSR</b> – badly defined term and too many different interpretations</p> <p>Problem: Upstream will be reorganized</p> <ul style="list-style-type: none"> <li>▪ New senior people to be consulted – “digging heals”</li> </ul> <p><b>Community of practice</b> – formal and informal</p> <ul style="list-style-type: none"> <li>▪ Issued based and networks</li> <li>▪ <b>Influence members to sell message</b></li> </ul> <p>Education – be <b>change agents</b></p> <ul style="list-style-type: none"> <li>▪ Official role to do so</li> <li>▪ People who are influential – senior management listens to them</li> </ul>
-------------	---	--	--	---	---

			<p><b>Resistance</b></p> <ul style="list-style-type: none"> <li>Internal and presented as a "large document"</li> <li>"Shall" statements</li> <li>External resistance from US</li> <li>Upstream – will not endorse so many commandments</li> <li>Manager did a lot of face to face meetings</li> <li>Difficult messages were not being given</li> <li>Prevent filter – <b>made sure senior management heard messages</b></li> </ul> <p>Re-do the practice document Strip out non essential items Operational management system – too much shall or you should</p> <ul style="list-style-type: none"> <li>Match up topics tied to management system</li> <li>Get acceptance</li> </ul> <p>Get comparison to demonstrate practice</p>		
Consulting (54)	<p><b>a) Which individual or group did you typically deal with on CSR issues/activities; was it clear who was in charge?</b></p> <p><b>b) Did organizational politics or political behavior shape and influence CSR outcomes; was the outcome good for the company or specific internal groups?</b></p>	<p><b>Large companies – very political internally</b></p> <p><b>Clear on client</b> CSR – very <b>little consistency</b></p> <ul style="list-style-type: none"> <li>young field – how to standardize practices</li> <li>varies company to company</li> </ul> <p>Ownership is unclear – ultimate ownership <b>Difference in level at which there is ownership</b></p> <ul style="list-style-type: none"> <li><b>mid level often</b></li> <li>does not spend much time on it</li> <li>multiple responsibilities</li> <li>sometimes CEO takes an interest – unusual</li> </ul> <p><b>started to work with other groups;</b> work with more senior people</p> <p>Ex: mid-size company</p> <ul style="list-style-type: none"> <li>Runs sustainability</li> <li>May be mid-level</li> <li>Wants us to be his resource – <b>do not interact with anyone else</b></li> <li>Senior person wants us to</li> </ul>	<p><b>Political behavior:</b></p> <ul style="list-style-type: none"> <li>Look for information to <b>produce an outcome</b></li> <li>Demonstrate cause and effect – open doors and reverse resistance</li> </ul> <p>Opposite</p> <ul style="list-style-type: none"> <li>Company had a problem</li> <li><b>Trying to let alternative (PR) fail to make case to go to CSR approach</b></li> </ul> <p><b>Tactics:</b> Brought into process – can be good Felt threatened – backfired</p> <ul style="list-style-type: none"> <li>person brought in <b>beholden</b> to someone who was a rival to person who owned CSR process</li> <li>no strategy in advance</li> <li>felt he had to go to battle for his guy</li> <li>over years it resolved itself – <b>power struggle</b> CSR war</li> </ul> <p>Outside groups (third sector)</p> <ul style="list-style-type: none"> <li>Picks off leadership of companies</li> <li>Puts CSR in a particular position</li> </ul>	<p><b>Political tactics are critical</b></p> <p>Good for company</p> <ul style="list-style-type: none"> <li>Pull pieces together – disjointed in the past</li> </ul>	<p><b>Self-interested behavior is good for CSR – plus for career path</b></p> <p>Big wins – defensive cases, solve problems</p> <p>Inside box – comply with law / preserve stock price Outside box (CSR) – always entails <b>political strategy</b></p> <p><b>Crisis – resistance increases – triggering reaction by senior management to innovate</b></p>

		<p><b>work with his team</b></p> <p><b>Dynamics driven by crisis – current or past</b></p> <ul style="list-style-type: none"> <li>Elevate level of engagement in CSR</li> <li><b>Without crisis senior management may not be engaged</b></li> </ul> <p><b>Goals vary – competing views and interests</b></p> <p>Used as a <b>change agent to sell issue</b></p> <ul style="list-style-type: none"> <li>Trying to affect change within company – why firm is contacted</li> </ul> <p><b>Always a group trying to drive an issue!!!</b></p> <ul style="list-style-type: none"> <li><b>Butting heads everyday</b></li> </ul> <p>Bolstering group:</p> <ul style="list-style-type: none"> <li><b>Selling information</b> to internal stakeholders</li> <li><b>Issue crafting</b> – best sense of what will sell</li> <li>Follow lead of client to <b>frame and communicate</b></li> </ul>	<ul style="list-style-type: none"> <li>Take cues of NGOs is dangerous – colors internal politics</li> </ul>		
Energy (55)	<b>Creation of Sustainable Development Issue Management Process</b>	<p><b>CSR report:</b></p> <ul style="list-style-type: none"> <li>All new people: corporate citizenship and investment department</li> <li>Corp involvement enterprise-wide</li> <li>Culture – low engagement</li> <li>Corp CR report – trying to use more sustainable development content</li> </ul> <p><b>Challenge:</b></p> <ul style="list-style-type: none"> <li>Public affairs value proposition to the business</li> <li>Some subsidiaries lately about ‘sustainable development’</li> <li>Business case from Chemicals, some Corp groups, and Lubricants</li> <li>New generation of senior management</li> </ul> <p><b>Future tension: treatment of socio-economic issues</b></p> <ul style="list-style-type: none"> <li>Issue management team</li> </ul>	<p>No owners yet [socio-economic issues]</p> <ul style="list-style-type: none"> <li>Some VPs forced it</li> <li>Goal – unify sub-groups</li> <li>Charter developed</li> <li>Issue owners assigned, meeting only</li> </ul> <p>HES feels ownership</p> <ul style="list-style-type: none"> <li>Easy buy-in with functional VPs</li> <li>HES felt historical ownership</li> <li>Find allies – senior VPs</li> </ul> <p>Social/Human rights – not a culture of soft issues</p> <ul style="list-style-type: none"> <li>Skeptical</li> <li>Not well integrated</li> <li><b>Person dependent</b></li> </ul> <p>HES powerful – but focused only on health and environment</p> <p><b>Social – attribute is limited</b></p> <ul style="list-style-type: none"> <li>Demand driven by BUs</li> <li>Who will take over?</li> </ul>	Development of the process is incomplete	<p><b>Future tension: socio-economic issues</b></p> <p><b>All new people</b></p>

		<ul style="list-style-type: none"> <li>HES, E&amp;P, IR, PA, Chemicals (low understanding), Upstream, Corp</li> <li><b>Inconsistent goals and objectives</b></li> </ul>	<p>Competing interests; BU power</p> <ul style="list-style-type: none"> <li>Social-economic task force</li> <li>Did not think about CSR</li> <li>maybe HES (environmental management system already developed)</li> </ul>		
Mining (56)	<b>CR strategy: Communication response lines</b>	<p>CSR – improve process of community grievance mechanism</p> <ul style="list-style-type: none"> <li>Clear and transparent edict</li> <li>Whistle blowing – hotline, ethics versus community response line</li> <li>Law worked with CSR</li> </ul> <p>Corp and BU</p> <ul style="list-style-type: none"> <li>CSR/Environment/Business Units</li> <li>Plant managers, law, security, Environment, and human resources</li> <li><b>Different opinions of issue and response</b> <ul style="list-style-type: none"> <li>Law – do it in a “risk free” manner</li> <li>CSR – be transparent; should responsible to respond</li> </ul> </li> </ul> <p><b>Environment – territorial</b></p> <p><b>Tactics:</b>  “ours to handle”  “no responses”  “not in writing”</p>	<p><b>Mobilization – demonstrate to plant manager why important</b></p> <ul style="list-style-type: none"> <li>Best practice at facilities; at other facilities it works</li> <li>Plant manager was most important to influence</li> <li>Don’t put individuals in the “hot plate”</li> </ul> <p>Gap between Corp and business unit</p> <ul style="list-style-type: none"> <li><b>No sustainability officer to join Env and Social</b></li> </ul> <p>Environment still <b>resistant</b> – control process</p> <p><b>Tactics:</b></p> <ul style="list-style-type: none"> <li>US is a litigious society, <b>protectionist perspective</b></li> <li><b>Hiding information</b></li> <li>Half responses, <b>no complete “pictures”</b> of situation</li> </ul> <p>CSR: How it would help them?  <b>Highlight “risks”</b></p> <ul style="list-style-type: none"> <li>Individuals – email responses created legal and reputation risk because no process</li> <li>Prove risk – use problem in past to sell point</li> </ul> <p>More cooperation after implemented  Why?</p> <ul style="list-style-type: none"> <li>CSR was not a risk – doing good work</li> <li>14001 requirement – communication line was a requirement</li> </ul> <p>Environment: <b>territorial – still want control and ongoing...</b></p> <ul style="list-style-type: none"> <li>Negotiation – communication and CSR (sign-off) is a risk; Environment wants input</li> </ul>	<p><b>Political tactics were necessary (emphasis added)</b></p> <p>Outcome: good for company</p> <ul style="list-style-type: none"> <li>CSR team and communications team – low resources (could push, but we must standardize)</li> <li>Some control – good for company</li> <li>value for them</li> </ul> <p>Good for law and Environment – still have not taken advantage of Environment management system</p> <p>Same protocol across all sites – CSR and Communications manager at each site</p> <p><b>Negotiation and selling</b> at different sites – depends on leadership in country</p>	<p><b>CSR is a negotiated process</b></p> <p><b>Navigate system and use it – be tactical</b></p>



*This page is intentionally blank*

## Appendix B: Decision Process Plots

### Activation

Individual cognitive articulation of CSR issue

**1 Current state: Philanthropy group dominated**

Not integrated, no super-imposed CSR strategy, believed in current structure, politically "cut throat"

Culture: competitive, in-fighting between groups

Executive leader (SVP) believed in current structure

**2 Current state: Security cannot handle issue; CSR group asked to find a solution to problem**

CSR manager as change agent

Corp directive to find a solution

**3 Current state: Need to sell risk, wait for something to go wrong to use or enhance tool, [social risk] miscalculated by people**

Asset manager is the most important – relationship management

HES: Own impact assessment process – has CSR influence (owners of management process)

Get SMEs to feed into evaluation

**4 Current state: Ethos of company was access to information**

No need to create group – already strong buy-in on issue

No resistance

Crisis/event-driven

Government request for data, conflicts with local and international norms for human rights

**5 Current state: Different mechanism at different sites**

Consistent approach needed

External tools coming out

CSR manager saw this as a weakness and made a case - be change agent

Communications group – engage and influence

Grievance mechanism interpreted differently by all groups

**6 Current state: CSR to move to Communications**

No consultations or warnings

Strong resistance within HES and management team

Leadership vacuum; seize opportunity

"social" – used to be part of HES

No information why it happened

Head of unit – orchestrated internal communications

Triggered minor change; new communications strategy, brought CSR into communications – personal agenda – Corp communication rep in the senior leadership committee

Driver – wish for the senior committee to control sustainability agenda

Get greater engagement into projects

Challenged by external pressures  
Communications group to be more integrated into the business  
"Will placement affect what CSR means for the company – question not answered  
CEO wants this to happen (don't know why...)  
Territorial issue between merged companies - legacy issue  
Communications and CSR versus international upstream

**7 Current state: Leadership briefed there was security concerns; no linkage between security and community relations (CR)**

Security spend is high; CR spend is low  
No Corp plan  
Community problems in 1999 – 2002  
No owner of CSR; there was low understanding  
CR: emerging as a solution  
Security cannot deal with community people  
Resource access issue  
Competing interests  
CR solution – ideas being sought to get back into tough areas; Management asked for a different plan  
Data collected and analyzed by sub-groups to come up with a different plan  
CR short-changed  
Security budgets approved quickly; no question

**8 Current state:**

No role for Corp citizenship several years ago; philanthropy existed but no global role  
Grow internationally in markets: Local relations needed for new assets  
More understanding of CSR needed  
External trends – UN work on business and human rights  
Getting key allies:  
"paint the external context"  
"what does this mean to us?"  
Outlined influence to strategy  
(couched as risk)

**9 Current state:**

Social responsibility framework – attached to the CSR group  
Issue: buying assets without full analysis – need for realizing risks, reputation risks  
Internal groups accepted existing HES process  
Realized power was diffused  
Separate alliance for government affairs and business intelligence/strategic planning – their own visibility  
Strong opportunity – CSR group dealt with new assets

**10 Current state:**

Buy-in – understanding there is much at stake  
There was low resistance

No territoriality or partisanship  
Major program – Corp advantage – legacy  
Part of business strategy

**OPPOSITE: Experience in Pharmaceutical Corporation**

**Current state:**

New CEO had a shift in perception of CSR – drag on bottom line  
Low support – difficult to execute  
CSR group had to justify existence  
Staff led discussion to step up HIV/AIDS  
CEO “We are not an HIV/AIDS company”  
So much given away; “critical stakeholders still hate us”  
Business model needed to change – pricing  
But host countries set prices  
Activist pressures: one of the largest pharmaceutical company and largest target; not just as a solution

**11 Current state:**

Most important issue for the bank – project finance  
2003 adoption by leading banks – management found a new business trend and led by senior management direction  
Was in financial group (CSR) – then transferred to project finance division  
Sustainable development department  
Need to impact loan, deal teams, and project finance  
Needed support:  
Most important – deal team members  
Need to orchestrate and accept  
Head of project finance division

**12 Current state:**

Adopted a policy without management system  
Surprised there was legal approval  
NGO scrutiny of operations in sensitive areas  
Current state of policy:  
Low appreciation of it  
No competition  
Low visibility  
Buy-in already – Corp security and government relations  
CSR important and part of the culture, but lack systems

**13 Current state:**

Mine closing in the future framed the CSR issues  
Company legacy  
Help economic base and community development  
Sold to management as “RISK”  
Get permits/license to close  
Less dependent in 10 years – less potential activism when closing

Operating company had decision making power

Opportunity and need

14 **Current state:**

Deputy General Counsel unveiled new vision for CSR at international conference:

CSR was a separate activity in the past – now, new priorities and definitions to “get ahead of the curve”

Unified approach

Used external partners to help them decide what to be known for (used partners to build case)

New vision:

Computer skills training

Who to partner with

Target number to be trained in 5 years

Define, develop, prioritize

Public Relations was a powerful group

Education group (potential competing group):

Had different ideas

Thrust to be big in education space

Had own program to train teachers

Less CSR; more business development programming

Connection to selling software – bottom line

Different position

CSR group:

How many students trained

Hierarchy of goals

Sell IP policy message (intellectual property protection)

Get product to market

Built constituency for IPP

General counsel supports CSR initiative

IPP idea aligns with business units and General counsel

Philanthropy is not sustainable – must be aligned with other key objectives – keep focus

Country office – different mentality

Not developing products, but selling it (different than HQ)

Public relations, media, advertisement – very powerful

Leaders did not want to link to business success in developing countries; made it a measurement of success in country offices

15 No clear understanding of CSR

Who owned it was not clear

Enterprise buy-in and integration is not the norm

Legal – positive and negative role

Affects independence of CSR department

CSR group gets activated when something bad happening; lawsuit

Today: legal and reputation risk management

Tool for companies to promote value

Protect assets and mitigate risks

Working closely sometimes – in house tension

Trend – decision on CSR is made at top levels  
Fix issue and prevent it from happening again  
Inconsistent framing  
Today – CSR may be to mitigate risk  
Some first need risk to establish CSR framework  
Some legal department run CSR  
Becoming more clear today than before – role of General Counsel  
Political agenda – yes  
Corp culture  
Turf – define boundaries  
Grab CSR  
Sell as risk

16 **Current state:**

Highly visible publication on oil/gas project and human rights abuse – triggered external pressure on firm  
[Firm needed to address external pressures] and required internal company engagement  
Typical – crisis led to trigger  
Regional development was a “rigid strategy”  
Competing project:  
Regional development program – controlled money and focused on small business development, education, access to energy (legitimacy, strong position and placement); owned by Communications/External Affairs  
Multilateral institution project on reconstruction and development [in focus country] tied to regional development program – Global Security was left out of the loop  
Many departments pulled in different ways; departments had separate relationships

17 **Current State:**

Part of risk management, but tension with business line (bankers)  
CSR are ideas between risk management, Corp sustainability  
Climate and carbon – forward looking business strategy/case  
Coal fire plant – screen project  
Received negative media attention; flagged to bankers  
Bankers, Corp Communications, risk management – holding statements  
Ensuing negative press; and new campaign threats  
Corp sustainability – meet with NGOs; new partners stand to distance themselves  
Sr. management not involved; siloed within Corp sustainability, risk management, and bankers  
Community relations got involved b/c of community activism  
Active campaign started against CEO; engaged and meeting with NGOs  
Crisis: More senior attention  
Actual strategy:  
Climate position statement  
Portfolio assessment  
Joint industry statement

18 **Current State:**

Project in sensitive areas had no guidance to handle security and human rights issues  
Need to build guidance at Corp level

Field people wanted guidance  
Litigation going on – external pressures made it a Corp issue  
Shareholder resolutions  
Identified owner of issue – global security and public affairs  
Goal:  
security and human rights integration into processes – management systems Human rights policy  
VPs integration into processes – management systems  
List of issues – Corp or specific business issue – process  
Human rights and security flagged – public affairs, global security, Upstream (hey identified the issue)  
human rights was head of issue manager – my “pet issue”

19 **Current State:**

All the banks got beaten up – external pressures  
go beyond compliance – not working  
use international institution because well known in the market  
met with IFC and drafted EPs  
light consultation with NGOs  
Bank needed implementation  
NGOs attacking bank and EPs adopted; but... no infrastructure to implement it  
Corp affairs, Environmental affairs – no integration  
Project finance head – did not want to give power  
Environmental affairs  
Corp sustainability – already hired people; need to sit within business  
Risk management – risk management function  
Bank is large and complex and political  
100 operations  
Certain groups perceived as international NGO  
“proud to be at launch of EPs... a strong signal”  
Where does this fit unresolved  
Internal fight!! Negotiation and territorial behaviors  
Social policy and risk management – create system  
Resistance, turf, predatory issue

20 **Current State:**

Peers put out human rights statement and position  
Issue management group – look at issues when company managing in pieces  
Cross sectoral issue  
Inconsistent interpretation  
Organizational behavior of company  
Buy-in  
Subject knowledge  
Internal influence  
Hierarchal, but think decentralized  
Policy or position?  
Policy – CEO did not want another policy

21 **Current state:**

Reputation issues pivotal  
1 year engagement before commitment  
Context:  
Legacy issues  
NGO allegations  
Commercial  
CSR – had own imperfections to focus on  
Reconcile different ideas  
CSR versus legislation and regulation  
Environment – broaden issues; friction points  
Turf issues with environment  
Global security – loss turf (had informal conversations)  
Some degree of lack of understanding  
Sensitive country experience gave people some idea  
No structure or template  
Critical buy-in – EVP legal, EVP Upstream, CEO

22 **Current state:**

Internally – sensitive operating areas ramping up  
Projects attracted NGO groups  
Many external trends and standards evolving  
CEO engaged on business and human rights  
“surprised” may be where debate was and company not plugged in  
CSR was ambiguous and vague  
Goal was no clear; no end product  
Started to talk to particular stakeholders  
CSR and Assets  
Information gathering and diagnostics

23 **Current state:**

Need relations with NGOs  
Access abroad – buy-in of this idea  
Still foreign to many people  
Low understanding of global health  
Internally – very difficult  
Reorganization – CSR on the backburner; save reporting  
Barrier – health issue is not a priority

24 **Current state:**

Hard law – focused on FCPA in US  
Approach needed legal counsel  
Direction of major litigations  
Approach – soft effort (political?)



25 **Current state:**

CSR group – not well defined yet  
Inconsistency in goals and objectives  
Immature level – low skills and competencies  
What it means??  
Crisis – ambiguity – territoriality happens  
Response to the crisis  
Part belief; part way of doing things  
CSR – gets in their territory  
Overcoming resistance  
Engage with groups  
External expert – used politically to push agenda  
Sustainability: Power grab within some departments  
Groups want to own it

26 **Current state:**

Normally dealing with CSR unit  
Sustainability department  
HES  
Inconsistency on goals and objectives  
Political dynamics between units and c-suite executives  
More consistent of political buy-in and consistent leadership of CEO and c-suite (is the single most political factor)  
Influence strategic intent – different frame  
CSR (flow up to CEO) – tactics  
CEO (flow down to staff)  
Middle management and employees – capacity, communications, incentives  
More important than materiality of issue, institutional structure  
CSR – risen to a strategic level  
Seriousness of management  
Resources available  
Positioning of team within company  
Engage with strong critics – support strategy

**Current state:**

Retail case

27 What is CSR – labor and standards

Risk management  
Small incidents – global attention  
Wanted a quick fix at first – evolved overtime  
Law suits occurred – resources and time  
Reputation issue ensued  
Set off conversation among NGOs  
Move from reactive/ad hoc approach to coordinated approach  
Risk management – dealt with ethical standards team – risk management unit

As CSR evolved and CEO saw legacy issue  
Bottom line business incentive  
CSR is owned by different groups  
Understand differently and interpreted differently

28 **Current state:**

CR Integration Project  
Alignment (misalignment) across organizations and groups  
Espoused was Corp public affairs (owner of CSR)  
Decentralized  
Ownership of CSR  
Tactics happen at business unit level – own, run, manage  
Fluency, understanding, execution  
Reasons: Org readiness  
Evaluation of initiative  
Moving into “globalization”  
Transition – CSR was not a priority  
Build Upstream strategic operations first  
Then HES management system; now CSR (??)  
Org is ready now  
External triggers caused issue to become hyper sensitive  
How CSR is evolving outside company – matured, policy issue  
Litigation has heightened CSR sensitivities  
Corp versus non Corp (extreme)  
OpCo versus business units (very political)  
Org was in crisis  
Turf!

29 **Current state:**

Policy people – always  
Rarely with functional people – did not care what policy people were doing  
Voluntary Principles – security versus policy teams  
Consistency in general on CSR – get organized before that saw the government  
Issue by issue – was not clear who owned CSR  
Policy person (opposed to functional person)  
Negotiation gets bogged down on administrative issues (policy)  
Voluntary Principles – policy people did most of the negotiating  
Believes there is inconsistency prior to seeing State

30 **Current state:**

CSR: Disaster response is part of job; includes other operating companies  
Branch of Japanese company  
Regional directors  
Make decision on NGO – “mother will decide on amount given”  
Decentralized in North America

branch has no power

Project goals do not flow through branches

Yes decision (executives did not want to send cash – Q4 2009)

Staff – recommendations formed; guide their decision (statistics and information); used third parties

31 **Current state:**

Incident – external influence:

Global ratings – company out because of human rights

Started benchmarking best practice – going to many events

Critical for companies

New strategic plan (includes sustainability section) – project on human rights

Issuing guidelines

Very few people knew what human rights was – sustainability department had an advantage

Human rights compliance assessment – included different functions (Security, human resources, HES)

Baseline project – what are we doing (internal)

No formal policy or practice

Plan for intervention in sustainability areas

32 **Current state:**

Step change in CSR – triggered by crisis (bad resettlement)

Got people's attention – changed thinking

Bad resettlement: Media and NGO attention

Company change – visible and politicized issues

Bad resettlement – senior level attention – failed to deliver project timelines

Business unit – majority shareholder

Autonomous behavior; did not adopt group policy

Territorial behavior – no action

“outside your authority”

Hierarchy in field prevented influence by Corp

Low expertise at front lines; issue precipitated

33 **Current state:**

No – based on personal relations

CSR is distributed

Internal function/process – CSR person does coordination

Inconsistency – CSR people does translation – message can be superficial

Another department may have a different story

Project does not fit core business

34 **Current state:**

Typically do not engage other groups

Decision making authority / purview not there

Where is influence and power – search for it

Who are change agents?

Each group has different lens

Priority differs; responsibility for issue may have a different priority/views  
Inconsistency in CSR understandings  
Framing is different if they don't align in advance  
One person may have indication to make it work – change agent  
Not to much capacity for issue management

35 **Current state:**

Inconsistency [CSR goals, objectives, framing]  
[CSR] Bad term – too confusing  
Not a lot of shared meaning  
Within different business functions, difficult to understand what it means to them; different groups expressed it differently [to the CSR consulting firm]  
Example: XYZ Company CSR report:  
Kick off workshop – people had different understandings of what it was  
[CSR] Meaning was equated with their individual functions  
Different groups involved, but not clear on influence and power

36 **Current state:**

Int'l pharmaceutical company wanted a series of conferences to frame their CSR position; [wanted to be] leaders in CSR arena  
Inconsistent goals/objectives to reach – was not sure of goals  
Objectives – position company as doing positive work, [but] did not know how to get there  
Reasons for inconsistency: lack of depth in CSR (bench strength); low strength [of CSR group] in Washington, DC  
HQ – lack of guidance [provided to Washington, DC]  
Their ideas did not match Washington, DC  
Reorganization of CSR [concurrently happening]  
Internal challenges – difficult to push ideas  
Had to get HQ focused to move ahead, [but] HQ did not know how to focus

37 **Current state:**

Dutch companies - human rights  
Typically 3 types of companies  
CSR owned by CEO  
department owns it – driving it – close to board  
no one owns it  
Human rights – little understanding – not coordinating – driven by issues  
Other CSR issues – varies by groups and companies  
Different groups deal with different issues  
Not consistent – sustain and coordination  
CSR not practical and expensive  
Investigating claims of human rights abuse would be expensive

38 **Current state:**

Inconsistency in framing and understanding  
Issue and tactics vary  
Lack of understanding and business case

Impact on business (?); get granular quickly

Mandate clear, but no decision making power – resource must be coordinated (legal and business units)

39 **Current state:**

[CSR issues are becoming] more cross-cutting

Three categories [of companies CSR consulting firm has observed] :

Some are very confused – under pressure to do something; lessen impact

Know what to do – good design – fail on execution; organizational issues come into play, right incentives for managers (needed and not there)

Combining design and execution in a reasonable way – how to organize? (need to overcome deficiencies with a good management system/org culture)

It is clear who is in charge, [but] Decision-making process is unclear or undetermined – Example: Leadership not taking on broad range issues (nice to have, not a must); put someone in role, but no budget to drive real change/action

Example: Company CSR Report – asked [consulting firm] to review and facilitate; individual content owners/managers raise profile of issues they are dealing with; bring in third parties to help elevate it [as most important]

40 **Current state:**

Solutions are different – [created] inconsistency

Power is not equated with role – affects decision making

Sometimes know who is in charge of CSR; more often they are not in charge – [lots of] transitions

41 **Current state:**

Some people had CSR in title

Outsider: person seems in charge – some stature, but limited usually

Authority really with the lawyers

General Counsel had CEO ears – **legal risk is a “real problem”**

US and non-US companies (more with US companies)

“singing different tune”

GA and lawyers – more pragmatic

Inconsistency!!

Range within government affairs reps

Challenge that needed to go away or behavior change

Government affairs “jaded”

Business unit had wide range of responses

Different frame:

Want problem to go away

Used to going to Hill – get it solved

42 **Activity: Country X social investment project**

**Current state:**

Competing interests: Int'l public affairs – data collection, baseline information, establish priorities

Communications: focus on photo ops and ads

CSR falls in Communications group, which controls Foundation

No internal structure in place

Bid winning – why? 170M CSR plan over 20 years (8% of capital investment)

No planning, no risk assessment/management plan

Philanthropy – concern was “photo-op for CEO” – big political game

Tough to spend 8M per year

Planning: creates expectations; more important than CSR – managing expectations  
CSR led by communications team  
Good SR process  
Did consultation with locals  
Equal benefits for ethnic groups  
No long-term planning  
Generating jobs  
Risk – creates new poverty in local and surrounding areas  
Create disparity through inequality  
Int'l public affairs: political risk (social risk analysis)  
Tangible and intangible risks  
Needs by local politician  
CSR project used as a showcase  
Local manager – supposed to get alignment; not enough brain power on CSR risk

43 **Current state:**

2000 revision of global CSR guidelines  
Many internal CSR related groups – revision focused integration  
No cohesive strategy  
Existing structure and culture – large differences on managing CSR programs  
Systems oriented versus decentralized - very difficult  
Big struggle to how it is related  
Who should do it  
Philanthropy damaged CSR (resources)  
Never wanted to be part of CSR  
Corp strategy = set up a group  
Resistance by other groups who owned pieces  
Team (task force) – CSR group not really finalized  
Buy-in – none  
Not clear on CSR ownership – earlier days  
Who was the most interested  
CSR department versus construct a team approach  
Not coordinated – general pattern  
Create a group and report – use [CSR] report to bring parts together  
Start-up – “huge” [push] – get out there  
Rationalization of what they were doing  
Companies sat back after 5 years to assess what they were engaged in  
Internal: CSR practice was not effective and no value  
Oriented toward to external recognition  
Loss opportunity – not embedded in systems  
CR report: section of what division is doing and CSR group – need to justify  
What it was doing; not integrated issue  
CEO getting cornered – old days  
New person coming in and using recognition of CEO to force things through internally  
Resistance internally – did not want to get out in front

Number of groups (Government affairs) – no consensus of creative discussion

Consensus by groups

**44 Current state:**

Early stages – Public affairs side

CSR seen more to manage risk; not to add value

Shifted to CSR department – stakeholders outside government affairs

Back to public affairs and Corp communications – part of brand

Still varies: preventing risk to something of business value and broad

Engage with consumers – proactive shift

Kind of engagement – shift

Moved away from government affairs to activists

PR and advocacy front

Audience to consumer – differ per group and their stakeholders

Crosscutting across entire enterprise

New for internal group and external advisors – inconsistent understandings

Example: Operations – budget focus

Some have started to embrace – make sense for business

Competing priorities in companies

New for CSR, not new for companies

Always had conflict with marketing and operations

More processes with social and environmental issues

Not clear who was in charge

Ownership is shifted and many owners not a typical CSR officer

Everyone owns a piece of the budget

Cannot identify one specific group – vacuum

**45 Current state:**

15 companies: Inconsistency – some had different approaches

Strategic CSR in some cases, but varied

Each company had a particular position on CSR

Visible differences between companies

Some companies it was very clear

Larger companies – clear who was in charge in some (different groups participated in association work)

**46 Current state:**

Government affairs – Initiatives have a government component

Extractives: CSR started moving into government affairs

Consolidation into HQ

CSR relations group

Deal with CSR piece

CSR = power (given or diffused)

CSR needs desire

No change of hierarchal structure – want attention of CEO (have the access)

Take CSR issues for themselves that has reaction [human rights]

- 47 **Current state:**  
 1980 – 1991 period  
 Japanese MNCs in US  
 Not clear who owns CSR [because of Tokyo decision making]  
 Talk to major Japanese companies  
 Not clear – groups involved (CSR/XYZ executives)  
 CSR: Weak; just facilitators [in Japanese companies]  
 Not prepared  
 Not interested  
 Exposed to “all” issues, including impact or implications of decisions  
 “gate keepers” only  
 Tension between HQ and Field units  
 Protect career when he returns to HQ  
 CSR is fashionable  
 CSR group must do something
- 48 **Current state:**  
 External trigger – long standing issue for the company  
 Tactical lead person to execute  
 Twice a week meetings  
 Need someone – but don’t know what they need  
 Consensus: fair amount of conflict  
 Policy (CSR related to issue) – competing agenda with government relations  
 Wins come from other issues, not CSR  
 Competing interests and different interpretation
- 49 **Current state:**  
 Reaction to legacy issue and externalities on projects where company operates  
 Not proactive management  
 Risk management and future liabilities  
 Operational policy commitment  
 CSR understood differently by different groups
- 50 **Current state:**  
 Risk assessment: identification labor standards – weak  
 Another company in country x had a child labor incident  
 Criticized in Norwegian media  
 Trigger senior executives – are we prepared?  
 Memo of recommended actions  
 Executive leadership wanted an operational review  
 wanted review of the policy
- 51 **Current state:**



Defining CSR and what it means to an internal audience

Need to educate people internally

CSR means different things to different people

For community relations it was a big challenge

How they define it will be completely different from others

How to make pro bono service more strategic CSR

Value proposition: protection reputation, attract and retain talent, differentiate among peers, justify internal spend

Driven by change agent; not his boss

Comm relations team tasked with enhancing pro bono work – provide grants to support NGOs and NPOs

It was unstructured and not strategic

Client focused and partners used it for non-paying clients to win new contracts; not a CSR tool

“discount” use of pro bono resources

Each partner used its resources as needed – little consistency across the enterprise

Former CEO vision – eliminate “discount” use of pro bono resources

Word of mouth – CEO was visionary (he believed in it)

Incentive to get into annual report

Need to centralize pro bono work

There was limited resources per partners and now strategic focus would take away “consultants” for paid projects

Goals – expand pro bono work and make it international; make it strategic for the firm

52 **Current state:**

Did not measure social risk

No clear narrative on managing social risk

Business unit versus HQ on how to manage social risk

Who framed it? No direction

Remove social – it was deliberate

Talk to another level; risk adverse people and Silvia (opportunity for group)

Greater engagement as a risk

law seen to own function – command and control

Limit information and engagement

53 **Current state:**

Environment part only – annual general meeting resolution

Visible because of “Upstream lifeblood”

Access to protected areas

CEO – addressed concerns

Investor concerns – no process to access areas

Environment protection for new projects; “applicable” projects are screened

What about social aspects?

Change agent came from project with human rights issues/experience

Wanted set of social requirements

Wrote social requirements in same format as Environment process – integrate the two

Resistance from US operations (government affairs, public affairs, Environment, business units... cost considerations); legal issues and compliance with US laws

Manager would like to expand her team

Manager behavior: ambitious but in good way  
Saw obvious logic of social practice  
Opportunity to grow remit  
Expand team and visibility  
Contingency and non-substitution

- 54 Large companies – very political internally  
Clear on client  
CSR – very little consistency  
young field – how to standardize practices  
varies company to company  
Ownership is unclear – ultimate ownership  
Difference in level at which there is ownership  
mid level often  
does not spend much time on it  
sometimes CEO takes an interest – unusual  
Wants us to be his resource – do not interact with anyone else  
Senior person wants us to work with his team  
Dynamics driven by crisis – current or past  
Elevate level of engagement in CSR  
Without crisis senior management may not be engaged  
Goals vary – competing views and interests  
Used as a change agent to sell issue  
Trying to affect change within company – why firm is contacted  
Always a group trying to drive an issue!!!  
Butting heads everyday

- 55 **Current state:**  
Develop sustainable development issue management process  
CR report: Culture – low engagement  
All new people  
Challenge: Public affairs value proposition to the business  
Chemical group – lately about sustainable development  
Corp CR report – using more sustainable development content  
New generation of senior management  
Future tension – socio-economic issues  
No owners yet  
HES feels ownership  
HES powerful – focused only on health and environment  
Socio-economic – attribute is limited  
Demand driven by BUs; Who will take over? Competing interests; BU power

- 56 **Current state:**  
CSR – improve process of community grievance mechanism

Clear and transparent edict

Whistle blowing – hotline, ethics versus community response line

Law worked with CSR

Different opinions of issue and response

Law – do it in a “risk free” manner

CSR – be transparent; should responsible to respond

Environment – territorial

“ours to handle”

“no responses”

“not in writing”

Gap between Corp and business unit

No sustainability officer to join Env and Social

## Engagement

Collective involvement in the CSR issue

1 **Multiple groups involved: Philanthropy, CSR, and Int'l PA**

**Tactics: craft issues, co-opt informal groups, blocking CSR group from engaging, use risk language to sell issue**

2 **Multiple groups involved: Security, CSR, consulting firm, Corp affairs, Sustainability, HSE, Law, Corp Governance**

Recognize there are local problems that need a solution; resistance from local staff below GM

Tactics: sell expertise, sell risk, leverage base business knowledge, show similar problems solved (educate), target Operations manager "most important"

3 **Multiple actor involved: HR, HES, Law, PA, GA, Risk Assessment**

Cross-functional working group formed

Tactics: Used crisis stories, use shock factor to influence thinking, case studies, peer competitor issue, use strong language or risk, show benefit of CSR, educate lots of people

Workshops – deliberate strategy, piloting workshops, use the language of the asset people to sell – risk, strategies, business process, get buy-in on strategies

4 **Multiple groups involved: Law, Law Enforcement, Policy, Communications, Int'l Groups, Senior Leadership, Software engineers**

Cross-functional group created

Not aware of tactics: Business and human rights program has high visibility because of crisis

By cross-function and region – no decision making power; reports to general counsel and CEO

5 **Multiple groups involved: Law, Communications, Site Managers**

**Tactics: Internal advocacy group developed**

Key players identified

Legal out

Must sell this – buy-in needed; "hardest part"

"make your lives easier"; "better performance"

Organizational capability – "tool to help you guys"

Territory: Environmental team – existing incident reporting system – incidents should be reported in their system

Low resistance: Gap was known, growing pains because of acquisition

Corporate was easy – people knew

6 **Multiple groups involved: CSR, HES, Upstream, Communications**

Middle management absent

Tactics: Upstream has built alliance to resist – built HES ties and networks

Using relations to stop reorganization

Use external (credible) processes with HES

If not written down; much weaker

Effort to have it written – formalize it

Cannot take it out by Corp communications

HES leads processes; Corp communications does not

Lots of back room discussions on how to erect barriers

Communications – HES (conflict disrupts work)

Different understandings of what CSR means

Corp communications – wanted to unify and manage agenda

7 **Multiple groups involved: CR, Security, Procurement, Law, Local Leadership**

**Tactics: Cross-functional meetings**

Informal community of interest

CR and Security

Joint team was created – look at solution a different way

Procurement/CR: push on CR agenda:

Behind close doors discussions

“Change agents” – head of CR and Security

There were a number of agendas

Selling to leadership

document presentation on main improvements

Sustainable partnerships/growth of fields

Cash – cannot take away spend

Couch as change process and risk

Held private meetings of experts (everyone making money)

Held public meeting – locals – professional development; opportunity for community

“need a different way of selling”

8 **Multiple actors involved: Cross-functional Sustainability team – c-suite of company:**

CEO

Chief Sustainability Officer

General Counsel

CFO

Manufacturing

Engineering

Business Units

**Tactics:**

Brought in external data to validate the issue

Lots of back door discussions / offline communications

Influence c-suite executives

Business risk – way to sell issue

Took existing policies and practices with international standards; tie to business strategy

Participate in more CSR public affairs

Educate senior leadership

Brought in white papers and existing practices

Educate us and build our understanding – give us direction

9 **Multiple groups involved: CSR, HES, Law, Int'l teams, Operations, business development, government affairs**

**Tactics:**

Within groups there were peculiarities; “gentleman’s agreement – form a team and coordinate”

Over loading (laundry list); different interpretations of issues

CSR leadership committee – executive committee with members; have oversight

Lobbies members

Focus on group interests

Issue crafting tailored to interests – the value for them

Business case driven – messages and couch problems in the business

10 **Multiple actors involved: E&P, Chairman, Law, GA, Business Units**

**Tactics: None**

11 **Multiple actors involved:**

External consultant was used (change agent) – experience in due diligence

Appoint FT person (internal change agent)

Support from each branch – project finance team has close relations with Tokyo

Tokyo head (most important)

Tokyo (supports EPs), NY (no involvement), London (against EPs)

Corp communications supported EPs

**Tactics:**

Conflict of interest – EPs should be separate from the deal

Resistance – credit division “already doing it”

Needed support at prep stage

Internal procedures – did not include them

Tactic – no response

Compromise – division head spoke with London

Loan agreement with EP report

Selling – used consultant

Used rise of EPs in global media and bank

Top persons of project finance – credit teams

Approve deals “have the power”

No process for CSR people; no veto power

Talk to deal makers

12 **Multiple actors involved:**

Government relations and Security

“homeless policy” – CSR group took it

**Tactics:**

Operationalization by stealth

industry event in Calgary – training program

Competitor/peer company hammered in media – “catalyst”

Went to sensitive operating areas – open audience and had ear of country manager

Road show

Target senior executive

Build piece by piece the implementation

Legal and general counsel – sent out invitations

Operationalization = airtime for the group

The How: articulate outcome and what you get

Push back – resources, need of operationalization, realistic, costs-benefits

Engage early and often

Detect opportunities

Seize opportunity – use other change agents to advance agenda

13 **Multiple actors involved: Cross-functional working group**

Community relations

External advisors

Operations facility

Environment

Corp CE

Corp Tax

Legal

**Tactics:**

Buy-in needed for a fund

How – mine manager

Convince them that fund will be positive

Sell models of success

Case studies of other places of closures – exit strategy

Had other executives (external) talk about similar experiences

Orchestrated what would be said – control information flow and communication

Idea learned in meetings and part of process

Competing interests

Scope to narrow; wanted to expand it, not just “stop bleeding”

Example: Call it Economic Development fund – focus on economic development

Executives, their wives, face to face meetings with leadership team members

Consultant close to leadership and was targeted for lobbying; already bought in but asked him not to attend meetings – too much of an advocate

Reconcile: Make it broader, but focus language – community grant tied to economic opportunity

14 **Multiple actors involved:**

CSR group under global Public Affairs

Lead by deputy general counsel (reporting to General Counsel)

Public Relations, Government sales, research

**Tactics:**

Sell to Leaders and other executive members – key decision makers (need buy-in)

Big company – “mind stream”

Country office needs to own it (need buy-in)

Spending time and resources

Internal selling to get alignment

Too different; undefined priorities – opportunism

Competing interests – dissatisfaction in decentralization:

Centralized company – executive focus and decision making

Deliberate effort to not tie software sales or business impact

Sales people out of the loop (some resistance)

Resistance by country office on implementation:

Not on concept, but on implementation

Needed education group not to object to it

Confusion: Business units created separate initiative – focus on developing countries

Corp-wide:

Internal organizations need a vote

Importance of leaders – must be convinced

Shopping around to get buy-in – leaders expected it

Head of CSR group was negotiating with other groups – gave comfort to leaders

Logical plan/frame = low resistance

Lots of messaging – not about their bottom-line

15 **Multiple actors involved: CEO, BoD, GC, CSR groups**

CSR involves General counsel, CEO, Business development, Finance, Sourcing

**Tactics:**

Lobbying with board of director members; no surprises; communication – critical (lobbying)

Used business case/risk rationale

Seminars to talk about it

Write memos – risks and facts – reflected buy-in

Resources needed

16 **Multiple actors involved:**

Internal stakeholder groups: Global Security, Communications, Legal, senior management (for project); external consultants brought in

Assemble a group of key people (Global Security led); Law and Public Affairs included

**Tactics:**

Program had “Big pot of money” [= influence for Communications/External Affairs]

Global Security focused on rule of law program; [but] did not do enough work internally to prioritize; not well thought out

Rule of law program strategy was to approach [influence] the regional development program manager (he reported to communications/external affairs director)

Early stage – early flagging of need for rule of law program during strategy formulation, but

“not interested”; [then] Trying to get rule of law program into regional development program was not successful:

[business case – rule of law issue] research stayed on shelf – no intervention

Proponents tried to be persuasive; tried to elevate the benefit of business case

17 **Multiple actors involved:**

Corp affairs/Corp sustainability – Corp Communications and Corp relations

Environment/social risk management

**Tactics:**

Bankers – two teams of bankers competing to manage deals

Communications – keep groups out intentionally

Get support of organization at senior level – did not work

Business line – do not disclose information or do not allow enough time to get support

Day of deal launch – communicate to Risk Management

Bring people in early – co-opt them through a “drafting”

Risk management and Corp Sustainability formed an alliance

Corp Sustainability deliberate intent:



Get buy-in from risk management  
Access to Board  
Get CEO pressure on business line  
Issue “value” selling  
Need to get beyond reputation risk (always need a reputation problem)  
Co-opt business line to draft climate change statement  
Bankers to work with Corp Communications when there is negative media  
Protocol “charter”

18 **Multiple actors involved:**

put cross-functional team together (global security, Law, Upstream)  
responsible for the preferred alternative  
Top down Corp policy making; make Corp aware of it  
Issue management process: Each business line and service department is responsible for identifying issues  
Issue – present to management committee (lobby with management committee first)  
Sell case to Upstream (issue hits production access)  
See CEO  
**Tactics:**  
Sell work product to business line  
Resistance – prove around company  
Seeing another policy and guidance to follow  
Some get it, some don't  
Law – focus on meaning and content  
Concern – policy in plans; customer are the guys in the field; “scars” from the field – explain issue and need  
Took executives from field (took examples...)  
Picked it carefully  
Top management  
Put team together; management/business line picked person  
Concerns over litigation and risk  
Know exposure and what to avoid  
Drafting took a while  
Overcame concerns  
Each team supposed to address it  
100% public affairs background – may not have flagged it

19 **Multiple actors involved:**

EPs already done [no mobilization needed]  
**Tactics:**  
Air cover  
CEO had a personal commitment  
Politicking outside of formal decision making  
Need people to be allies on the ground  
O&G, mining – getting them on our sides  
Set up by change agents  
Develop relations with sectors

Mid-level champs in regions  
Senior credit officer – opposed authority for deals  
Lobbying  
Core - CEO sold value early on (CEO message)  
How to get allies...depended on personality  
Global training exercise – inserted officer to attend training  
Critical to attend meetings – senior credit officer  
Send signal across organization  
Bankers – “this is about adding value” (not rejecting it)  
Training – had examples, cases, major issues  
Business case selling

20 **Multiple actors involvde:**

Task force team to develop position  
Communications, human resources, Law, government affairs, global security, sustainable development (housed in HES), business units, Environmental management somewhere else  
Alignment (?)

**Tactics: Information crafting**

External groups  
Reduce risk  
Different lens  
Felt strongly – SME leads  
Self agenda  
Pick words to meet internal concerns and address external issues  
Approved process – play cards  
Chain of command; do not approve right now  
Culture – position or policy should be aspirational  
Many tactics (expected):  
Education sessions  
Using company language  
Snaking – did not do enough; merger – company did not figure out  
Up and down and sideways  
Company still learning  
“not my problem; don’t want to interact”; deflect their role  
Biggest challenge

21 **Multiple actors involved:**

CSR group  
Law (report to legal executive), Upstream, Global Security, Environment, Communications, CSR, third party consultant  
Consultant: stakeholder map; travel to country to gather and analyze information; met with NGOs; met with communities  
Agreement and decision making to proceed  
Internally – CSR group had a strong seat at the table – no need for external SMEs; already a concern  
Country xx – changed name to political and social risk  
Required – stakeholder and political risk assessment  
Work with legal teams – took information back to operations committee

Non-States - disputed areas, conflict zones, ethical considerations  
Business teams agreed  
Some resistance  
Used business case and information  
Legacy of corporate issues  
Constructive group – internal selling  
Enablers versus stop signs  
Post legacy issue – will CSR group still be relevant  
sat down with key executives and had “heart to heart”  
Each wanted group to be a strategic function and leverage learnings from Sudan as a Corp advantage  
Executives had a “vision” – framed as being a competitive advantage for the company  
CSR group had a seat at the table  
Early engagement; not after deal was made  
Match objectives of senior decision makers

22 **Multiple actors involved:**

Strategy and policy department – independent because of politics (relations with CEO)  
Geo-politics and strategy  
Separate CSR team (communications and external relations)  
Had a change agent  
Senior people to connect with – Upstream and HES  
Required people's time; some jealousy by CSR group of change agent  
Workshop with cross-section of personnel – where are we and need to be document  
Group convened to develop document  
End product was not clear – need better guidance  
People wanted a document  
Guidance – took away potential resistance; what people wanted  
Part of management system – (competing issue)  
Internal incident happened  
Calculate that business and human rights debate is salient – get out sooner than later  
Conversation of Operations – should this be a part of management system? No, prevent safety issues [take away focus from it]

**Tactics:**

Use of information – based on conversations  
High level of upfront engagement  
Another change agent leading CEO case  
Power – people did not like him  
Tactic – upfront engagement  
Another change agent had ear of external relations head  
Non-threatening helped – reduced resistance  
Hyper awareness of loss roles and behaviors – careful of not over-including  
Power / collaboration outcome  
Staff in business – shaped products  
Engaged with peers and developed allies  
Both groups and individuals worked on it  
Find approval and buy-in from general counsel and chief of staff

Done for external audience and timing  
Collaboration process – part of culture!!  
Network place  
Air cover  
CEO cover  
HES, Upstream  
Depended who was talked to

23 **Multiple groups involved:**

Part of international government affairs  
Link to Foundation  
Link to CSR program in Geneva  
Buy-in – HQ bought in on health issue  
Foundation funded  
Head of CSR reports to head of int'l government affairs  
Foundation – issue not a priority – domestic focus  
Corp communications and int'l communications push back on project ideas  
Head of CSR is not heard; not aware; no clear direction/directive  
Tension with HQ – don't produce antibiotics  
Low business case

**Tactics:**

Sell concepts (low tactical move)  
Regional offices – not enough business connection to global project; low prevalence  
doing CSR in your backyard  
Global office – Corp affairs director; don't get it  
CSR – one program does not integrate it  
No self serving interests to grab onto issue  
Low strategic value (NGO piece) – focus on negative

24 **Multiple actors involved:**

independent compliance + CSR  
Fines and Control  
Director/ED of companies (**endorsement needed**)  
Ethics committee  
Audit  
Human resources: Needed to get their support  
Early consultation to get input – early engagement  
Endorsement – help them implement

**Tactics:**

Issue selling/crafting – tactics  
What is their agenda?  
Put project in their perspective  
Part of something – support  
Political problems  
Indirectly – preventing project and agenda

Organizational meetings between people  
Key person is General Counsel  
Prior ethic committee – big role in preventing policy internally; raising awareness of people  
Security – engage the right persons  
Deliberate tactic – nominated by GC  
Particular reason – 30 years upstream experience (change agent)  
He was go-between legal and others  
Shaping mindset  
Building case  
Middle management  
Challenge  
Hamper their work  
Overt and covert tactics  
Fear of being unrealistic  
Educate them – individual conversations  
Crafting information to sell  
Use different language – their own language they know – operational risk; individual risk  
Content – discussed a lot  
Support by general counsel benefited a lot  
Support in early position and support  
Legal family – coherent

25 **Multiple groups involved:**

Corp communications or public affairs or government affairs  
Always interfering with other groups  
Educational component  
Work with main contact – usually have a CSR focal point  
HES  
Foundation  
**Tactics:**  
Overcome institutional knowledge and non-confrontational approach; continued consensus building; snaking before meeting happens  
CEO is agent of change  
Protecting territory  
Walking out of meetings  
Not answering emails  
Delegating to decision-making meetings – no person to decide  
No pre-read  
Based on individuals, culture, org structure, whether CEO champions it  
Culture to meet desires of CEO  
Hurt sustainability program – hurting CEO  
Detrimental outcome – Corp foundation, NGO partner, stopped innovation  
Slow process and causes problems – hurts brand [it's hard to overcome?]  
Convince them of the business case  
Do it because it is the right thing to do  
Pattern – why and how you do business...

26 **Multiple actors involved:**

More than one unit within CSR

Community and philanthropy

HES

**Tactics:**

Competing interests – winner gets airtime with CEO and resources

Political skills and articulated vision and corporate performance

Show materiality

Political skills – framing of issues, positioning internally, communicating

Positioning: New stories, external changes and crisis

Find internal champs and platforms

Strategy group

Standing committee

Articulate CSR is a political skill; relies on skill of individual; it does elevate profile

Political players – took CSR

Spearheaded 1-2 material issues

External advisor used to ramp up

Astute about key influencers

Navigate political spectrum

Internal champs and external champs

Beverage and energy companies – used external consultant as external agent of change

Important influence and power

Identify internal platform and events – symbolic or scale

Individual champs

Software – asked consultant to make case and bottom line

Influence and shape what to say

Most influential person is head of EU

Worked with him [group] to get it

Internal champ and external SME (trust building)

Gain business level credibility – identify by CSR group

Identify top level BU respected champ to move forward

Trusted but credible external voice

Key platforms – symbolic or scale

CSR group was politically savvy

Politicking and dynamics are critical

CEO vision

Change – political process and leader (go back to institutional structure)

Business system is same

CR is scattered

CR functions are empowered

Coherent message

Apparel company – wake up call (crisis)

Political skills:

CSR folks pushed issue down to business unit level

Bring in academic rigor  
Internal champs – build allies  
External champs – academia and platforms  
Super-focused and vision  
Pick one or two things to be focused on  
Advocacy committee established  
Used competitive issue – diffuse territoriality and resistance  
Legal, buyers and designers – incentive and make them champs  
Needed buy-in and design on board  
Used personal relationships, role modeling, and champs  
c-suite dynamics  
effort must be worth it  
CR group must convince CEO  
Need to raise to the strategic level  
Without political skills; get killed  
Energy company  
Used external agents  
Crisis trigger  
Internal stories

27 **Multiple actors involved and tactics:**

Sustainability team created (powerful) – VP level  
Internal consulting group – embedded consultants  
Change agents  
Resentment against them  
Government Affairs group  
Need leadership  
Culture chaos – not into it  
Corp Affairs – wanted to “grab this”  
Triggered creativity of Corp affairs – global MOU  
Foundation  
Response to requests  
New director – wants to be known  
Give its own position of power – inconsistent with HQ  
Confrontational with Corp – strong director phased in  
Competitive behavior  
Cannot influence CEO on BoD??  
Internal consulting group – frame and get buy-in from CEO  
Know buyers not on board  
Compete against sustainability group  
Loyal to business group when embedded  
“Ethical group can’t tolerate politicization”  
Ethical group presentation on partnerships  
Corp officer – shot down in meetings  
But... privately took it

CEO vision – middle management pulled in different directions  
Distrustful teams and territoriality  
When went to Corp, more complicated and now a resource issue – politicized  
Tactics: Put sustainability person in operations group  
Barrier – textile group, global procurement group  
Had to meet 6 VPs who represented hard business groups: textile, food, wholesale, procurement...  
Year and a half delay on MoU  
Selling sustainability (SVP)  
Savings = business value  
Buyers feel it is not part of the business  
“hold out group”  
Will continue to pursue lowest price

28 **Multiple groups involved:**

Public affairs, operating companies, other Corp groups, Upstream, Downstream, HES

**Tactics:**

Corp PGPA internally (project leader leading from political sensitivity)  
What gets communicated or not  
Willing to take risks to push status quo  
Interpretation of what would work or not  
Political point of view and project management  
Alternative – different (yes)  
e.g. framework would set analysis with cross-functional team, use of external expert, low risk aversion – outcome may be more rigorous  
political reasons – maintain pace of project; more ‘chefs’ = slow down  
Negotiate with HES (environment) – environmental performance  
Out of scope quickly (Offline conversation between senior executives)  
CSR versus environmental performance  
Political tactics used in a way that diminished opportunity (??)

29 **Multiple groups involved:**

Typically dealt with Government Affairs, Public Policy, CSR  
HQ versus Government Affairs  
Apparel – head of CSR, sustainability and CSR  
Retail – international policy person – not clear if they owned it  
Agri-business – international policy person – not clear they owned it

**Tactics:**

Go to bat for companies – asked to say things in certain ways to challenge NGOs  
Used government to move specific issues  
Internet company quoted at meeting (deliberate); on blog – transparency – importance of issue; build business case; justify position

30 **Multiple groups involved:**

HQ, Foundation, and Communications  
Within Communications:  
Disaster Response Committee

**Tactics:**



Face-to-face meetings  
Persuade the right way to go  
benchmarking with other Japanese companies  
Each company would do what they want to do  
Brand push – own Haiti issue

31 **Multiple groups involved:**

Human Resources, Sustainability, Secretary, HES  
Executive committee (CEO)  
Sustainability Department  
Planning and reporting  
Community investment  
Working group: Sustainability, Community Investment, Upstream  
CEO – gave different division challenging goals  
objectives for my division (sustainability department)  
Insert human rights into strategic plan (includes sustainability section)  
Human resources and legal – formed verification of document  
Human rights compliance assessment –Involved Corp and division functions  
Work to analyze procedures and norms against human rights

**Tactics:**

More critical – middle manager  
Subsidiary head: critical of need to implement any actions to improve systems of supplier; “his” system was best  
Managers spread ideas about projects challenges... crafted information  
Criticize report of third party  
Organize meeting between third party and subsidiary middle manager – talk about gaps and improvements  
Used data about gaps; real situations about risk  
Ratings issue  
Put together different evidence and case studies “on our side” – head of division and CEO (was the starting point)  
Now was convinced issue was important – assessment in other countries; need to improve behaviors  
Middle management now convinced  
Used evidence to spread “voice” on issues – meetings with all high level managers in Upstream  
Human rights is new – habit of making money or cost cutting  
Commitment of high level managers needed

32 **Multiple groups involved:**

CEO mandate: CSR (business and government affairs) – guidance only  
BU ignored them  
BU – CRO – Engineers  
Newly formed group; social practitioners/engineers

**Tactics:**

Change agent: not many layers to go through  
Tried to get to CEO  
Memos and updates  
Issue crafting  
Made it personal (CEO)

Memos and updates

Became a key desire to solve problems – cross business team (Corp and BU)

Became community of interest – realized issue needed to be resolved

CEO dictated what to implement

Power to dictate what to do

Need him to advocate

Business unit will be involved in the implementation

Worked with senior leadership

Build internal capacity at BU level

33 **Multiple groups involved:**

CSR, public affairs, strategy, image management

Large IT company – many players

Public affairs, procurement, legal, CEO

**Tactics:**

Political behavior: “internal politics”, “internal stakeholders” – a challenge

Get third party to sell issue

Get buy-in or minimize friction

How to communicate is very political

CEO gets involved and they get interested (personal connection; no challenge)

Use third party – compromised to say things that are not true

Political structure of organization changed; change from research to the need for internal buy-in

Talking more about “core business” to activate business unit support

Issue crafting

Tough to get them started

Substantiation

Subject matter expertise

External pressure makes a difference

Resistance to CSR – looking at development impact of business

Focus from business to development

Changes – business and development – resistance by BUs

34 **Multiple groups involved:**

Head of CSR group

Separate group

CEO of companies around socio-political issues

Politics is 100% in all areas; not just CSR

Convince skeptics

[Shape] Agenda and arguments

Energy company: explain in a certain way to sell to executives

Bank Group head asked third party to present to the Board; third party validation (independent expert)

Asked to use certain language and content to sell

35 **Multiple groups involved:**

Communications or public affairs – where the issue ended up

HES function

Human Resources (moved out of their purview – more on philanthropy now)

Ethics office

CSR group

Decision-making – senior person from Corp public affairs group

**Tactics:**

Political tactics: Example – XYZ Company put CSR expectation into human rights policy; new language into existing policy:

Prevent [internal] resistance from happening; [brought in CSR consulting firm to] develop business case to sell internally

“Trojan horse” function: successful – example: human rights was on the radar screen; [secure] CEO ownership [and as] driver; [elevated] law suits; framed to a policy – couched in risk to make business case

36 **Multiple groups involved:**

Assistant director of CSR

Int'l and Government Relations

multiple divisions involved

6 persons on plan at beginning

**Tactics:**

[Brought in NGO to] Position them as good corporate citizen [to Washington, DC policymakers]

No clear sense of direction – [HQ] CSR director was needed; buy-in from HQ [needed]; they were in control

Politics did influence – few months later [HQ] CSR director said HQ would refocus CSR objectives – aligned with drugs sold

Internal process vexing assistant CSR director [Washington, DC office]; buy-in – “fight battle with home office first”

HQ came to meet NGO without assistant CSR director [Washington, DC] involvement

37 **Multiple groups involved:**

CSR and sustainability groups

Public affairs

Compliance

Human resources

Legal departments – do not drive agenda

**Tactics:**

Politicking typical in Netherlands - informal dealings

Put forward objection to board and CSR department – memo written

38 **Multiple groups involved:**

Public policy groups

More than one depending on issue/products

Human resources and law involved

**Tactics:**

Where they are coming from

Intervening – that group can't do it

Share information – why?

Sway outcomes – happens out of self-interest or personal agendas

Explain why prioritize and de-prioritize

What is an important project (?)

Shape an outcome above others (decentralized) –

Business units and geographies – orchestrate communications – work through NGO – send messages back “never get heard”

39 **Multiple groups involved:**

Traditionally CSR manager/director and VPs for Sustainability

[however] Overtime more integrated in the business

Increased interaction [between HQ CSR groups] with business unit [field] people and Procurement teams

**Tactics:**

Tactics can be explicitly or implicitly [known] to [CSR consulting firm]:

Direct Tactics: [CSR firm gets] call about [a] company’s needs; will say “we want you to come in and do a workshop and offer a point of view to influence someone”

Indirect Tactics: [an internal group will] Talk about lack of external alignment; territorial behavior – subtle ways – how to inform/infer (influence how communications is distributed); serve internal political [needs]

[Consulting firm asked to] Put [CSR issue] into business case language; address as “risk”, not “doing good”; [client’s internal groups says] “we don’t use this word here”

[CSR firm asked to conduct competitor CSR research because] “people like to research peer companies to sell case internally”

40 **Multiple groups involved:**

Stakeholder Engagement – philanthropic lens

Legal – risk lens

Government Relations – regulatory lens

Key [internal] stakeholder [groups]: HQ, Security, Upstream, Law, Social Responsibility

Resource control = Upstream [influential stakeholder group]

**Tactics:**

Example: [firm was asked to do the following by client in order to get support for a human rights impact assessment process]

Describe risk and gaps

Create argument within company

Serve as “agent of change”

Use practical studies (sponsoring individual had no personal agenda)

Coached on what language to use; used a “risk” lens; CSR alone would not “sell”

Educated [client’s key internal stakeholders] through phone calls; used as “agent of change”

Brought in special lawyer to give different account and provide different strategy; elevate issue

41 **Multiple groups involved:**

DC representatives: Government Affairs, lobbyists

HQ: CSR people

**Tactics:**

DC reps – one approach which is to have the “problem” go away

Policy professionals (CSR) understood challenges – speak “my” language

Had human rights background; non-business unit people – call and engage with government and NGOs

Different story:

government “Spin” – cocoa initiative + child labor issues (West Africa)

NGO activism and Congressional scrutiny

Three main companies in chocolate business involved

Dismissive of problem and government responsibility – not “our” problem

Spin – not a problem – not feasible (no expertise) – host government responsibility

42 **Multiple groups involved:**

Cross-functional working group  
Communications  
Foundation advisors  
Local teams  
Local engineers  
HES  
Human Resources  
International Public Affairs

**Tactics:**

Data collection – showed how other companies addressed similar issues  
Long-term legacy issue  
Delineate messaging to sell ideas – used risk lens  
Must get buy-in of CEO!!  
External cases of failures  
Executive board needed to be convinced  
Alliances – create new ones  
Destroy alliances for communications – 300M per year  
Power and influence  
Communications: convening meetings without int'l public affairs  
Lobby CEO his idea  
Used country case as an example

43 **Multiple groups involved:**

Effort to expand CSR organization – add staff  
Under CEO – Corp communications versus policy being played out – resistance senior management; VP – close to philanthropy  
Philanthropy put pressure to prevent budget  
Constant question of the role of CSR and why resources needed  
IT/Computer Company: multiple groups working the issue  
Group created to do something and add value

**Tactics:**

Senior leadership had inconsistent views  
Middle management tasked to construct it – competing interests  
change agent used  
Don't grow CSR group – internally  
Not based on strong advocates

44 **Multiple groups involved:**

Operations/marketing/CSR/Communications

**Tactics:**

Political behavior – economic challenge  
CSR used to have a free rein  
Crunch on the budget  
Pushing and shoving on responsibility  
More important and cross-cutting  
Posturing to be a leader

Make case to be important

Opportunity for personal growth

Sold by individual workers to leadership – engineering company he has worked with

CSR is leaderless... put themselves forward\how to position it in marketing department (exclude important departments)

Operational level risk management

Individuals will take ideas to sell to team; participate in meetings and sell to leadership team and not inclusiveness of others – keep others in the dark

People driving CSR at different angles to be visible – leads to differences – see threats and opportunities

45 **Multiple groups involved:**

Little consistency in types of people – broad differences – HES/Law/Security

Many worked in different departments

**Tactics:**

Use association to learn how to overcome barriers in the field

Low decision making capacity; influence how CSR was operationalized

One company: management decision making versus advisors

Mandate = more interest and participation internally

Top driver needed in some cases

Depended on priority placed by company

Implementation of CSR tool – based on personality

Tool: used under banner of a change; not driven by CSR people

Need others to support

46 **Multiple groups involved:**

In-country: Security, Community relations, HES

Turf battle between CSR and GA (HES and Security)

General counsel versus other rising groups

**Tactics:**

Figure out who transacts with you

Lead to recognition of group power

Finance and general counsel goes after it

Need c-suite; back-up

Groups: want to show risk

Water down position papers – at board level

Risk based lens

Paper/idea changes completely

Risk sells – personal exposure

Co-option of general counsel or “snaking”

Internally need a change agent – put him/her in a position of power

Risk exposure of CSR

Temporary alliances around budget – alliance for resources

CSR standards: general counsel versus other groups

Security: Take out international standards language; take out CSR language

Embellish risk to sell case – issue crafting

Asked to make information sound “scarier”

Brought in agent of change to sense-give and secure buy-in – reinforce through emails and other communications

Take out ideas “strip out” and get operations person to put in “ownership” to shape outcome

Buy-in: need reputation to be hurt to act; need it to be attacked

They get embarrassed – gives power

Sell risk – increase or decrease

**47 Multiple groups involved:**

Need OK from Tokyo [on CSR decisions]

Inconsistency and sometimes dramatic

Frustrated US managers

**Tactics:**

CSR – will become more powerful; wanted group to be powerful for business

Persuade executives – buy-in to your idea

CSR group begging third party (give credit to CSR unit)

For third party – potential revenue stream

**48 Multiple groups involved:**

Decision body is cross-functional

Group 1: VP/Law/GM-Policy/Media/government affairs

Group 2: Security/Investor relations /Media/Policy/External Relations (quality group)

Law

Media – competing agenda with government relations

government relations

competing agenda with Media and policy

Media – own idea

**Tactics:**

Provide information to support decision making

Tactical and strategic - press release, community program

Sense-giving: work on VP on idea

Sensegiving and alliance building: Law and media thought out idea

Buy-in stage

Pre-work on lawyers

Consultants are used – sell ideas and not in company's best interest

Government relations: works directly VP – Lead Counsel (leave others out)

Policy: integrated opinions

Winning Group – access to full information

Decision making people and not advisors

Hid information from competitors

Information was manipulated by certain groups

Lots of advocacy

Keep on radar, not controversial – deliberate strategy

Internal communications

Selective information/alternatives added to agenda

Tactic of pre-work and back-room dealings

5-6 times before a meeting

Some things get negotiated away – end of decision making process

General recommendations: “Find me a justification to talk to co-leaders and decision making group”

Big Company

Single factor: b-case – make it happen

Change words – liability and costs

How you couch case

Horse trading happens

Need people who have...

an agenda

a business case

Snaking – Perspective from others and selling (dual purpose)

49 **Multiple groups involved:**

Groups: cuts across functions

Defined to operations deliberate to be social function

Internal process is also cross-functional

HES/Law/PGPA

Legal understanding of social risk – we cause problems

Cross-functional team – diverse group

governance board was cross-functional

**Tactics:**

[felt] backroom dealings going on

Negotiate ownership

Horse trading taking place

CSR role; Law asserted themselves

Baseline information; right to retain documents

Environment participation – 5 lawyers – control information

Grand compromise to get new social process approved

Bilateral conversations outside team meetings

Influence key persons

Use external triggers to sell issue

Lobbying: focused vetting seniors or approvers – get buy-in

Competing interests – legal supported argument of exposure to problems; disregarded because they see value

Legal was “empire building”

Some influence over decision criteria by third parties

Law: Use slide deck

Issue crafting – risk; scare tactic (ATCA cases)

Raise uncertainty

Be worrisome

HES has a lot of power – custodian of management system

Lobbying HES to have this

Executive level lobbying

CSR/HES

Protect technical turf

Empirical data used against legal challenge



50 **Multiple groups involved:**

CSR Group – not strong, risks high and strengths low  
Other groups – prepare memo with HES (big), human resources, Law, Procurement  
Consistency in message  
Leveraged Business Unit contacts  
Set up task force – cross functional  
Headed by CSR  
Procurement/Int'l CSR/human resources (there was a practical decision not to front-end Legal)  
Steering Committee:  
Communications/procurement/HES  
Cross-functional teams was the internal buy-in for executive leadership

**Tactics:**

Tactical consideration to elevate the CSR group  
Labor issue was not regulated – CSR used to take the lead (foothold)  
CSR is dangerous... engenders opportunities  
Expected human resources would be negative  
Should be owners  
Early on they had no interest to regulate  
Law had questions  
Material issue and they are on board  
VP/Law became an ally  
Strong legal department in all business areas  
Realized strong and important and set up meeting – internal discussions  
Task Force: Each had specific motivations and objectives – difficult  
Procurement: Define and set up strategy that would [help] his unit  
HES: Wanted to require HES work  
Internal turf: how you define and form policy; legal become helpful  
Resistance: long discussions; lots of negotiation and direct quarrels  
Side negotiations among task force members  
Public Affairs: Influence CSR's boss  
Executive leadership consulted with middle managers  
Executive committee, steering committee, and Task Force (Need Consensus)  
Hierarchy – task force members were managers  
CSR manager had more contact with executive leadership  
Task force members did try to influence CSR manager thinking  
Strategy: rollout of labor standards – road show with EVP of all business areas  
Lead ALL presentations  
EVP well-briefed before executive leadership decisions (lobbying)  
Use minutes of meetings of executive leadership meetings – CEO recommends adopting international standards

51 **Multiple groups involved:**

Partners already doing pro bono work  
Partners formed alliance to support issues and not support it

**Tactics:**

Some partners on senior LT  
Need their buy-in and support  
Need support of partner(s) – controlled resources  
LT did not see strategic dimension – saw it as a program  
Comm relations formed alliance with some partners and leadership team members – fragmented (?)  
There was already buy-in for the existing program  
Buy-in for existing program: Expand and make it international  
Bring in human resources to build case  
Did not have to fight for pro bono dollars  
Get training and support  
Lack of leader  
Internal champ – difficult to gain support by senior leadership about a 'local boss'  
Program not strategic – performance appraisal of employees [option]  
Change agent framing – human resources on board (performance)

52 **Multiple groups involved:**

CSR, Policy, Law, LT

**Tactics:**

Support and buy-in – gather data through meetings  
Put result in writing and meet with credible organizations  
Fell to certain executives – growing awareness of social risk  
No country strategy or story  
Used relations with Law  
Resistance to overcome  
Used country experiences (Law)  
Selling idea to executives after Law got on board  
No embellishment – cannot take risk too far; direct quotes were used  
Manipulate messages – risk lens; only company not doing this  
CSR group: No informal alliance to raise the issue  
Recognition by executive to have social risk – external trend in human rights  
NGOs and SRIs and legal cases  
Follow same process to sell issue  
Used legal cases to sell CSR policy  
CSR group focused more internal lobbying with Law  
Met extensively  
How to handle it  
Law did not want CSR group to manage CSR  
Reconcile: Went above them to general counsel  
Law tried to control it  
Managing Counsel: reporting information to general counsel was not accurate  
Diffusion of power was deliberate  
Wanted a piece of it – high profile issue  
She was political

Tried to control CSR report – go above her; trying to shape policy  
Use of external consultants – sell agenda – get executives to see person as a “normal” person  
Orchestrated what to say  
Lobbying:  
Empower executive champion  
Overcome resistance on scope and intent  
Vice chairman and general counsel most important

53 **Multiple groups involved:**

CSR team, external affairs, Environment operations  
Integration between CSR team and Environment operations  
Environment operations – serve business with advice on Environment topics  
**Tactics:**  
Changed name of team to reflect social opportunity  
Talked with colleagues – crafted dialogue in a certain way  
Example: who is involved; senior people; politics about it; roles and personalities  
Buy-in – no opposition  
Reasons: consulted major projects  
Senior people in Upstream were aware of it  
Environment and social assessments being done in integrated way  
Completely new management system – internal roles contained – included social risks  
Upfront work – constituency of practitioners  
Met with senior management and interject social component – sell issue  
Push manager forward as subject matter expert  
Resistance  
Internal and presented as a “large document”  
“Shall” statements  
External resistance from US  
Upstream – will not endorse so many commandments  
Manager did a lot of face to face meetings  
Difficult messages were not being given  
Prevent filter – made sure senior management heard messages  
Re-do the practice document  
Strip out non essential items  
Operational management system – too much shall or you should  
Match up topics tied to management system  
Get acceptance  
Get comparison to demonstrate practice

54 **Multiple groups involved:**

multiple responsibilities  
started to work with other groups; work with more senior people  
**Tactics:**  
Look for information to produce an outcome

Demonstrate cause and effect – open doors and reverse resistance  
Trying to let alternative (PR) fail to make case to go to CSR approach  
Brought into process – can be good  
Felt threatened – backfired  
person brought in beholden to someone who was a rival to person who owned CSR process  
no strategy in advance  
felt he had to go to battle for his guy  
over years it resolved itself – power struggle CSR war  
Outside groups (third sector)  
Picks off leadership of companies  
Puts CSR in a particular position  
Take cues of NGOs is dangerous – colors internal politics  
Bolstering group:  
Selling information to internal stakeholders  
Issue crafting – best sense of what will sell  
Follow lead of client to frame and communicate

55 **Multiple groups involved:**

HES, E&P, IR, PA, Chemicals (low understanding), Upstream, Corp

**Tactics:**

Find allies – senior VPs

Champion drove it

56 **Multiple groups involved:**

Corp and BU

CSR/Environment/Business Units

Plant managers, law, security, Environment, and human resources

**Tactics:**

Mobilization – demonstrate to plant manager why important

Best practice at facilities; at other facilities it works

Plant manager was most important to influence

Don't put individuals in the "hot plate"

Environment still resistant – control process

US is a litigious society, protectionist perspective

Hiding information

Half responses, no complete "pictures" of situation

CSR: How it would help them? Highlight "risks"

Individuals – email responses created legal and reputation risk because no process

Prove risk – use problem in past to sell point

More cooperation after implemented

Why?

CSR was not a risk – doing good work

Environment: territorial – still want control and ongoing...

**Decision**

Process to generate alternatives/preferred alternative

- 1 **Decision: No integration, continue event drive engagement with external NGOs**  
**Outcome: Not good for company; good for Philanthropy group - in charge of CSR, resources, contingency, defined programs and direction**  
**Evaluation: No political support for integration, political structure/tactics influenced outcome**
  
- 2 **Decision: Developed CSR strategy**  
**Outcome: Good for company; good for CSR group - more visibility and more remit**  
**Evaluation: Political tactics influenced outcome**
  
- 3 **Decision: Use social risk assessment process**  
**Outcome: Good for company; good for CSR group - increased visibility, more personnel, expanded territory in procurement and downstream, more accepted internally**  
**Evaluation: Without CEO leading – fallen and failed, political tactics affected the outcome**
  
- 4 **Decision: Have a business and human rights program**  
**Outcome: Good for company; good for group - lots of visibility, but has not expanded territory**  
**Evaluation: Business and human rights was a new field between groups**  
Political tactics not a factor; or at least not aware of it  
“Dramatic way – given how it was based, there was a fair amount of consensus”  
“mach 2 – general agreement”, “Alignment”, Shielded by general counsel
  
- 5 **Decision: Have a consistent grievance mechanism at site locations**  
**Outcome: Good for company - site support – more awareness and buy-in and can communicate with external stakeholders; good for group - more visibility**  
**Evaluation: Political tactics was part of the negotiation**
  
- 6 **Decision: No CSR strategy**  
**Outcome: Good for company (leadership aware); good for Communications - more power and influence**  
**Evaluation: Political tactics influenced the outcome**  
Change can bring opportunities  
Conflict can be positive  
CEO will be the referee, but will stand up for Communications  
Person dependent – new EVP communications will challenge it
  
- 7 **Decision: Shift to community relations program**  
**Outcome: Good for company; good for CR - power to influence outcome, more visibility and leadership, company leadership support**  
**Evaluation: Political structure/tactics influenced the outcome**  
CR wanted to elevate its position - champion CR approach  
Personal agendas will continue
  
- 8 **Decision: Corp Citizenship role more integrated into business**

**Outcome: Good for company; good for group - more visibility with executives; viewed differently internally**

**Evaluation: Political tactics shaped the outcome; CSR is a negotiated process**

Education, prioritization, negotiation

Negotiate for something better (trade-off)

Prioritize – build into internal process; secure resources and readiness

9 **Decision: Led to mandate to have social responsibility framework**

**Outcome: Good for company; good for CSR group, GA**

**Evaluation: Political tactics shaped outcome; CSR is a negotiated process (started as a negotiated process)**

Influence tactics for good

10 **Decision: Launched education program**

**Outcome: Good for company; good for group - CSR group profile elevated; Influenced community investment – good business role (group seen as value to business)**

**Evaluation: Political tactics did not influence the outcome; CSR may not have been a negotiated process in this case**

"nature of the company"

"small"

"CEO authority is clear – no political dynamics"

**Evaluation:**

Because change of leadership

Willingness to kill stakeholder goals

In-fighting

Encouraged local behaviors; included and condoned

Another CEO change

HIV/AIDS background

Gained attention of CEO/chairman

"need to play in the sandbox" – external stakeholders

11 **Decision: Implement the Eps**

**Outcome: Good for company; good for Sustainability group - assigned to implement**

Consultation and negotiation

Project finance deal

**Evaluation: Political tactics did not shape the outcome; CSR is a negotiated process**

Need to orchestrate and accept

External consultant was used

Need to know all project finance people; all key persons of all branches

12 **Decision: Adopted policy**

**Outcome: good for company**

Human rights in country risk assessment

Annual sustainability report and updates

Management training

**Evaluation: Agree and Disagree: CSR is not a negotiated process; not negotiated about the policy; No comment on political behavior shaping outcome**

Agree: CEO is a visible champion, VP visible and General Counsel visible

[good] economy is necessary first

13 **Decision: Established community development fund**

**Outcome: Fund was good for company and community – community development**

New process to manage stakeholder expectations

**Evaluation: Political tactics shaped the outcome; CSR is a negotiated process**

Artificial barriers created by managers

Mining – Culture was already decentralized

Separate coalitions

Open sensemaking – by managers always part of higher level decision making

Real CSR crosscuts some groups – need buy-in from diverse/affiliated groups

**Alternate experience:**

CR project – leadership rejected it due to low lobbying

14 **Decision: Adopted vision**

**Outcome: Winners: Good for company and group - Put CSR group on map and visibility**

CSR shop had greater responsibility

To outsiders – CSR image tied to IP concerns only – must overcome this image

Program helped to overcome reputation to outsiders and insiders

**Evaluation: No comment on whether political tactics shaped outcome; CSR is a negotiated process**

Dissatisfaction with decentralized approach

Centralized culture

Wanted consistent message and program

Linked with key b-objective and fit structure

Good alignment prevented excessive political behavior:

Corp CSR aligned with what the BU are trying to do

Culture supported for this – beyond sales

Leaders of company very hands-on – MOST IMPORTANT

15 **Outcome:**

Pushed other groups to focus on CSR

CSR meetings with different business groups

Lead to cross-function

**Evaluation:**

Big failures in MNCs

Communicate internally with themselves and not with other key departments

Future trends – CSR cannot be responsibility of CSR guys; groups are responsible for CSR

16 **Decision: No Rule of Law Program was developed**

**Outcome: Not good for company; not good for group**

[Global Security] Decided to back off – quick halt

Regional development manager, communication and community affairs teams pushed back – NO

It was a missed opportunity for the company; Global security lost out

**Evaluation: CSR is a negotiated process**

[rule of law issue] Too difficult and politically sensitive:

Global security did not make it a major issue

Sequencing issue and ownership issue (1-Govt Affairs, 2-Upstream, 3-Communications/External Affairs) – Global Security operates separately

[rule of law program became] risk migration [option] with other risk assessments; when risk assessment grew, it became an ownership issue

Global security should have made a more aggressive move to “champion” the rule of law program:

Getting a partner on board – [but was] difficult

Implementation [of program] – [would be] difficult

Flipside: “Rule of law in the focus country is really bad and worsening” – may not be good for company (mixed)

17 **Decision: Strategy pushed through**

**Outcome:**

Good for company and board

Unequal benefits – risk management elevated

Political tactics shaped the outcome

Bankers’ investment made a difference

Job preservation

**Evaluation: CSR is a negotiated process**

Need to get beyond reputation risk (always need a reputation problem)

18 **Decision: Integrated VPs**

**Outcome: Good for company; Not good for social responsibility - out of the picture for implementation**

**Evaluation: Political tactics did not shape outcome**

Political process – issue getting flagged (yes)

Tactics shaped the outcome for human rights

use people who can explain and get support

CSR is a negotiated process

19 **Decision: Integrated EPs into business**

**Outcome: Good for company; New group – embedded in credit and risk management**

Lots of mileage; better than IFC

**Evaluation: Political tactics - Negotiating internally can be very political**

Middle of the road is tough

CSR is a negotiated process

big complex organization

lots of convincing

20 **Decision: Did not adopt policy**

**Outcome: Good for company - starting place; Everyone ok with “nothing”**

Sustainable development left out

Not strong; functionally lost out

**Evaluation: Political tactics shaped the outcome**

Position – more palatable; allow to move forward

Grid lock

CSR is a negotiated process



- 21 **Decision: Conduct social due diligence**  
**Outcome: Good for company; good for CSR group - became front and center**  
**Evaluation: Political tactics shaped the outcome**  
Senior people conversations  
Politicking in a good sense
- 22 **Decision: Deployed human rights guidance**  
**Outcome: Good for the company, but not if policy [instead of guidance]; Change agent reputation elevated internally**  
**Evaluation: CSR is a negotiated process**  
Political behavior shaped outcome  
Consensus building  
May not have happened; no product at all
- 23 **Decision: No CSR integration**  
**Outcome: Not good for Government affairs group**  
**Evaluation: Political behavior shaped the outcome**  
Top leadership – no air cover (linked to low business case)  
Own budget – target a local area only  
Legal – practices of CSR; threats of accusation of selling drugs  
Finance – utility of resource  
No one was interested in federal and domestic affairs
- 24 **Decision: Adopted anti-corruption policy**  
**Outcome: Good for company as a whole; good for Legal department - new assignment for the group – anti-corruption contained within the group**  
Visibility – legal team expanded; issue has matured and people agree  
**Evaluation: Political behavior shaped outcome**  
Visible general counsel influence  
CSR is a negotiated process  
Change agent  
Without senior influence – no outcome
- 25 **Outcome:**  
Good for company and group  
More information sharing  
Breaking down silos  
**Evaluation:**  
Business strategy is influenced by politics  
CSR – gets in their territory  
Ambiguity is an incentive for political behavior  
Personal agendas  
Immature organizations  
Reducing a center of power  
Money moved in  
Status elevated

CEO recognition  
Result – in-fighting would go on  
Become part of it or power shift  
Money taken from one group's budget  
New initiative – had to use it to have success  
Stealth way

26 **Outcome:**

Beverage company: Nothing has changed – political process and buy-in need to change, not structure  
Good for group  
Elevated group and individuals  
Ear of CEO  
Part of external platforms  
Good for company  
More strategic and consistent  
Improve credibility –  
Bottom-line improved (??)  
More respected – performance can make company better; non-financial performance

**Evaluation:**

Internal tactics were necessary or critical to the success of the organization's CSR  
Political skills more important than "rational" arguments and behavior  
CSR at strategic level – political skill and ambition determine competition between groups; CEO becomes referee or process is applied  
Communications and competing interests are political when CSR is put in a strategic position  
Tactics to position it  
Politics and personality that lead CSR group and CEO  
Political process is about embedding and incentives

**Outcome:**

27 Good for company – more global and less insular  
Good for some groups, not buyers (yet); may be antithetical to culture and people's value  
Corp affairs has grown in last nine months – could be a problem  
External image versus price

**Evaluation:**

Politicization and broadening of CSR  
Buy-in not received  
Politicking and competing interests is not good "now"  
Spread is good – also subsumed by HQ

28 **Outcome:**

**Good for company and group**

Gave purpose to group  
Leadership for Corp  
Strategic activity into focus – efficient  
Better morale for employees  
Some groups win; others lose;

trying to lobby to get his people involved  
Legal versus public affairs on human rights  
Stakeholder engagement –tension between process owners and users  
Technical group – feel they are experts; collateral started; strong point of view  
Technical group less/no power to claim process ownership  
Another group has influence with project leader  
Contact and visibility with executives

**Evaluation:**

Success – big company  
Given – not harmful; would be part of org fabric  
Politics/tactics secured project – we have a political culture  
Better than not being anything  
Toxic at times – not collaborative; tension was not creative, but conflictive  
Get in the way of some innovation that org may have been ready for  
Political behavior – decentralization

29 **Outcome:**

Good for both  
Good for individual and company – one person dedicated to business and human rights

**Evaluation:**

Voluntary Principles – functional people could have had a different outcome  
Internal tactic necessary  
Self serving behavior – Keep CSR centralized and maintain importance; it is hard for CSR... should be decentralized to be good for company

30 **Decision: Implement relief program**

**Outcome: good for company**

Communications – brought group together  
Brand – more visibility  
Regional HQ is better and strategic – evolution

**Evaluation:**

CSR is a negotiated process  
In this one drastic case  
Political tactics – different culture; politics different – aware of this going on

31 **Decision: Issued guidelines**

**Outcome:**

The outcome was good for sustainability department - more engaged and visibility

**Evaluation:**

Starting point – challenge – reaction could have been negative  
Now – results are good – one assessment to ensure external influence  
Management is happy – external engagement  
CSR is a negotiated process  
Flipside: Could have prevented more activity in Corp  
Afraid of their reactions – objective of analysis

32 **Decision:**

Resettlement policy approved  
Social and economic activity and management system  
Guidance to most of policy  
Guidance to implement policy  
Management system – measure implementation

**Outcome: Good for both; good for CSR group - elevated**

Head of a business group lost out  
CSR involvement in resettlement action plans; signed off by CSR group  
Brought in key skills and tools  
Audit team (CSR group involved)

**Evaluation:**

CSR is a negotiated process  
**Crisis** helped the negotiation process  
Highlight gap in system  
Expertise used more broadly  
CSR is not job of Corp, but contributing to cause  
Negotiation will continue as society changes  
Hierarchy politics  
Business unit autonomy – if different behavior, would not have delayed uptake  
Enlightened manager at Business unit – easy to engage him/her earlier  
Can be very territorial  
Structure enables some groups to have much independence; controls his own “CSR”  
Opinion: without crisis, no space for CSR group to embed requirements  
Senior leadership felt uncomfortable  
Got people’s attention  
Small group – little overlap  
Small company  
Large energy company quite different – high Corp center  
Flavor of the month – more territorial behavior  
Roles and representatives in small companies are very clear  
Much easier to get something done

33 **Outcome:**

Raise issue = outcomes/tangible/good outcome

**Evaluation:**

Outreach by credible individuals  
Study/external validation  
CEO talk about it  
Community of interest  
What are the incentives for different groups?

34 **Outcome: Good for both**

**Evaluation:**

Margins to center for CSR group

At mercy of larger forces of institution  
Believes there is a decision maker, but not in a group  
Influenced outcome  
may have succeeded, but third party provided higher probability of success  
Political tactics critical – failure without it  
Part of change management  
Must make case for recommendation  
Justify cost and benefits - must understand politics of organization  
Bring from margins to core business

35 **Outcome:**

Good for both  
Third party expertise – helped drive agenda of group  
Build credibility  
Public Affairs/CSR group  
Seen as previously providing support; now shifted power dynamics – own CSR

**Evaluation:**

[Political tactics] Necessary and critical  
Understanding of what [CSR] is and expectations engendered [internal] political behavior  
Can be used to prevent resistance

36 **Outcome:**

Conference – initiated by NGO and Washington, DC office of company; sought brand in the space of CSR  
Not good for Washington, DC CSR group

**Evaluation:**

Washington, DC office wanted to “do something”  
HQ came to Washington, DC to assess CSR issue; source of disconnection between Washington, DC office and HQ  
Internal reorganization occurring at same time

37 **Outcome:**

CSR department lost – did not influence board  
Bank lost out – not the best CSR bank

**Evaluation:**

Territorial behaviors were necessary to influence  
Lack of clarity, too ambitious  
Compliance department (bank) – CSR, compliance, operations  
Compliance – territorial  
Operations – practical  
A step back for the bank – CSR department  
Most were ad hoc; incentive model – positioning  
More buy-in from groups  
Now – conflict between groups is healthy - got others to agenda

38 **Outcome:**

**Winners and losers**

Resources being pooled

**Good for company as a whole**

bias set of recommendations

Helpful to inform decision making

**Evaluation:**

Politics influenced decision making and execution

Expansion of territory = make it strategic

More touch points in firm

Gain momentum – articulate business case

Resources and visibility

Material impact on recommendation and action of senior management

Outcome can resolve problems

Did shape outcome, but not necessarily for groups

Self interest lead to good outcome – raised issues of neglect and marginalization

CSR is a unifier – want to be part of it

Organizational behavior problem

Better chance for CSR outcome to being appropriate and operationalized

39 **Outcome: Good for company and good for group**

[Internal] Groups involved benefited

Interest [in CSR issues] by Corp Communications externally – this is a positive outcome

**Evaluation:**

Political behavior did shape [CSR] outcome

Good ones [political tactics]: Use good person or senior executive – “champion” [CSR] issues; raise awareness [through] deliberate actions (i.e. workshop)

Competitive behavior for CSR is good

[CSR] Promotes creation of some [personal] agendas – wrong process, low experience, or trying to climb latter (organization loses on development of CSR capacity/ skills)

[Self] Interest should be to improve practice

40 **Outcome:**

Outcome – [having human rights impact assessment process] was good for company

**Evaluation:**

[political] Tactics were necessary – brought together [disparate] internal groups to “see” issue

41 **Outcome:**

Outcome shaped by political tactic

Company went on one direction of a group

Some won and some [won differently]

**Evaluation:**

CSR group more visible: downturn of economy has reduced some groups

42 **Decision: Implemented social investment project**

**Outcome: Good for company; good for communications group**

Changed culture

Now: negotiate with government; ask government for advice

Lost relations with communications

**Evaluation:**

Political tactics shaped outcome

Communications strategy would have one

But, eventually CEO would question flaws

CSR is a negotiated process

Need Communications because of resources

Also – lack of intelligent people/knowledge on the team

43 **Outcome: Good for CSR group**

Group and activity got added to him – his organization grew and more visibility

Sees effectiveness

Can depend on personalities

**Evaluation:**

Politics has impact

What management will take on

Loss opportunity – not embedded in systems

Philanthropy damaged CSR (resources)

Territorial: manifestation of their business model – Pharmaceutical company (missing opportunity)

Carried over to in other parts of the company

44 **Outcome:**

Good for company to use these tactics

Good for company – push because one believes; push because of politics

Not good for groups

**Evaluation:**

self-interested behavior is positive – spurs innovation and attention

CSR efforts are disjointed – leadership team sees this because of politicking

Political behavior does influence CSR behavior

Tactics are necessary and critical to successful alignment and integration

Always had conflict with marketing and operations

Align and integration increasingly important

Individuals [change agents] better than group to drive change

45 **Outcome:**

NA

**Evaluation:**

Downsize and CSR people first to go

How firm was structured influences level of tactics

Smaller companies – easier

46 **Outcome:**

Win-win for company and group

Executives bought in

CSR unit given power [to work an issue]

**Evaluation:**

Too much CSR focus – they lose legitimacy

Downside of sensegiving CSR

Does not allow company to learn CSR – low innovation internally

Internal tactics are necessary

Bad/bad scenario

Diffusion: divide CSR into small pieces; deliberate strategy

Group no longer exists

Company cannot institutionalize because fear of power structure – not good for the company

Low skills to manage it where difficult

Without politicking and influencing will go with foundation model – follow the past; a pet idea

Country office can easily undermine project alternative – simple call to CEO “you don’t know Panama”

47 **Outcome:**

Good for group; not good for companies

Elevate CSR group; trend to continue

**Evaluation:**

Use agency – good for agency business

48 **Outcome:**

Losers: no data donation; media activity lost (no results); policy lost (low support)

Factors: little resistance because it met legal strategy

Losers = community plan and team

External issues: Good for government affairs

What is good for CSR group (has something to talk about; show value)

Environment: Not good for the group (HES), but good for company

**Evaluation:**

Most influential is Law

dependent on personal relationships

Set up for failure (CE project)

External CSR issues are a negotiated process

Even with a process in place, items are negotiated away

49 **Decision: Company had a risk management process for new projects**

**Outcome: Good for both; CSR elevated profile**

**Evaluation:**

If tactics were not used, move company to be further decentralized

CSR is a negotiated process and there is always politics/politicking

Individual motivations vary to do both (good for me and good for company)

50 **Decision: Implemented labor standards**

10 projects identified for risk assessment

**Outcome: Good for company and for CSR group**

**Evaluation:**

Politics shaped outcome

CSR group gained – “owned” policy and issue (supply chain agenda)



"Own Policy" – CSR group  
CSR is a negotiated process  
Most important person is CEO  
Asked for internal discussion  
Always pushing others to do it  
Some stakeholders in task force jockeyed for position to own issue

51 **Decision: No strategy**

**Outcome: Not good for company or group**

Some partners lost – lost internal resources  
Push back when money taken away – disconnected by commercial sales  
Missed opportunities to help NGOs on social issues

**Evaluation:**

Use of information: Did not do enough upfront work and promotion  
Need a political strategy; Team did try to influence  
Industry benchmarking  
Tap into members of organizations  
External engagement of peers  
Get a different director – no framing in risk  
Community relations director – did not champion; strategic frame rejected

52 **Decision: Executive decision to focus on social issues (human rights policy)**

**Outcome: Good for company; good for CSR group - opportunity and visibility**

Political behavior influenced the process; not the outcome (?) [may have been different]  
Law lost; did not want a CSR policy

**Evaluation:**

Gain credibility and standing  
Ambiguity, confusion – function in charge of CSR  
Result – groups try to interfere  
No clear leader on CSR; no "DNA"; no goal  
CSR is a negotiated process: decentralized, risk adverse

53 **Decision: Social impact assessment process – had official status and visibility**

**Outcome: Good for company and group - credibility within company**

High profile and enhanced reputation  
Source of strong piece of policy and rules, and business unit support  
Wrote social requirements in same format as Environment process – integrate the two  
Integrated and embedded  
FT person on human rights  
High profile projects  
Combination of internal and external influence

**Evaluation:**

Political behavior shaped the outcome – how important was it; will require a look back  
No serious opposition or resistance to integrate practices  
If no plans to revise Environment strategy, difficult to develop social practice

54 **Outcome: Good for company**

**Evaluation:**

Political tactics are critical

Pull pieces together – disjointed in the past

Self-interested behavior is good for CSR – plus for career path

Big wins – defensive cases, solve problems

Inside box – comply with law / preserve stock price

Outside box (CSR) – always entails political strategy

Crisis – resistance increases – triggering reaction by senior management to innovate

55 **Decision: Incomplete process**

**Outcome: Incomplete process**

**Evaluation:**

Future tension: Socio-economic issues

All new people

56 **Decision: Implemented response lines in business units**

**Outcome: Good for company; good for law and Environment – still have not taken advantage of Environment management system**

Same protocol across all sites – CSR and Communications manager at each site

CSR team and communications team – low resources (could push, but we must standardize)

Some control – good for company

value for them

Negotiation – communication and CSR (sign-off) is a risk; Environment wants input

**Evaluation:**

Political tactics were necessary (emphasis added)

Negotiation and selling at different sites – depends on leadership in country

CSR is a negotiated process

Navigate system and use it – be tactical

*This page is intentionally blank*