

# **CORPORATE SOCIAL RESPONSIBILITY: A PROCESS MODEL OF SENSEMAKING**

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# **CORPORATE SOCIAL RESPONSIBILITY: A PROCESS MODEL OF SENSEMAKING**

## **Abstract**

In contrast to prevalent models of CSR that are content based, we propose a process model of organizational sense-making that explains how managers think, discuss and act with respect to their key stakeholders and the world at large. A set of cognitive, linguistic, and conative dimensions are proposed to identify such an intrinsic orientation that guides CSR-related activities. Recognizing patterns of interrelationships among these dimensions might lead to a better understanding of a firm's CSR impact, as well as generate a rich research agenda that links key organizational features to CSR character.

The last three decades have witnessed a lively debate over the role of corporations in society. Although businesses have started to acknowledge the importance of CSR, and a wide variety of initiatives have come to light (Nelson, 2004), the recent spate of corporate scandals, accounting frauds, allegations of executive greed and dubious business practices have given ammunition to critics who have leveled a variety of charges, ranging from deception (Lantos, 1999), and manipulating perceptions (Wicks, 2001), to piecemeal adhocism (Porter & Kramer, 2002). Today's climate of heightened scrutiny towards corporate behavior (Raar, 2002; Waddock, 2000) underscores, perhaps as never before, the need for conceptual robustness to guide CSR engagements undertaken by firms.

The three fundamental lines of CSR enquiry prevalent in the academic literature, while not mutually exclusive, might be characterized as:

1. stakeholder driven: CSR is viewed as a response to the specific demands of largely external stakeholders such as governments, NGOs, and consumer lobby groups with regard to a firm's operations, or with regard to generalized social concerns such as poverty reduction (Jenkins, 2005), creating AIDS awareness (Walsh, 2005), or reducing global warming (Le Menestrel & de Bettignies, 2002).

2. performance driven: emphasizes the link between external expectations and a firm's concrete CSR actions, focusing on measuring the effectiveness of such actions (Wood, 1991) as well as determining which activities might be best suited to deliver the requisite performance. Scholars have, for instance, attempted to strengthen the link between CSR and corporate strategy (Porter & Kramer, 2002), assess the impact of CSR on profitability (Aupperle, Carroll & Hartfield, 1985) or select modalities for CSR

implementation (Husted, 2003). For both the stakeholder and performance driven approaches, the key thrust is, in the words of Carrolls: “What is business expected to be or to do to be considered a good corporate citizen?” (Carroll, 1998:1).

3. motivation driven: examines either the extrinsic reasons for a firm’s CSR engagement such as enhancing corporate reputation (Fombrun, 2005), preempting legal sanction (Parker, 2002), responding to NGO action (Spar & La Mure, 2003), managing risk (Fombrun, Gardberg & Barnett, 2000; Husted, 2005), generating customer loyalty (Bhattacharya & Sen, 2001 and 2004), or intrinsic rationales building on philosophical concepts such as contract theory (Donaldson & Dunfee, 1994), Aristotelian virtue ethics (Solomon, 1993) or Kantian duty ethics (Bowie, 1999) to advance particular notions of its obligations and responsibilities.

If there is one broadly shared commonality in the highly pluralized field of CSR research, it is the endeavor to analyze CSR by examining CSR. Examination of CSR has focused largely on inventories of CSR activities (Orlitzky, Schmidt & Rynes, 2003). As described by Snider, Hill and Martin (2003), there has been a voluminous growth in corporate communications with CSR reports filling web pages and brochures. External scrutiny, particularly by investment funds driven by a social responsibility mandate (e.g., Sustainable Asset Management or SAM) also tends to rely heavily on activity measures (i.e., judging firms on a variety of scores, such as whether or not they have a code of conduct, if particular environmental standards are observed, or if they contribute to charities). However, as pointed out by several authors (Fry & Hock, 1976; Snider et al., 2003), simply documenting CSR-related activities without understanding their precipitating causes is unlikely to reveal real differences among firms given the trend of

rising homogeneity and near standardization in CSR reporting. Furthermore, such activity reports may be open to manipulation. Sims and Brinkmann (2003: 243), for example, have described the case of Enron which “looked like an exceptional corporate citizen, with all the corporate social responsibility and business ethics tools and status symbols in place”.

Whereas the above three approaches have made significant contributions to CSR research, the overemphasis on the content of CSR activities has been critiqued as leading to the neglect of institutional factors that might trigger or shape such activities in the first place (Brickson, 2007; Campbell, 2006; Jones, 1999; de Graaf, 2006; Gond & Herrbach, 2006; Margolis & Walsh, 2003; Murray & Montanari, 1986). Hoffman and Bazerman, (2006) have argued that disregarding institutional determinants can lead to failure in understanding how managers make critical decisions. Although there has been some work focusing on *external* institutional influences on organizations and their CSR activities (Campbell, 2006; Greening & Gray, 1994; Jones, 1999) an alternative and potentially richer description of CSR might emerge from studying internal institutional determinants such the mental frames and sensemaking processes within which CSR is embedded (i.e., by studying how an organization makes sense of its world). Whereas such a sensemaking analysis either at the individual manager level or that of the organization has by and large eluded the CSR field (see critically Brickson, 2007, Campbell, 2006), there has been recent interest in studying CSR as arising from underlying mental frames assessing stakeholders in general (Mitchel, Agle & Wood, 1997), civil society pressure (den Hond & de Bakker, forthcoming; Livesey, 2001), CSR reporting (Gond & Herrbach, 2006) and corruption (Anand, Ashforth & Joshi, 2004).

Sensemaking has been described as “a process by which individuals develop cognitive maps of their environment” (Ring & Rands, 1989: 342). It views activities such as CSR as resulting not directly from external demands but instead from organizationally embedded cognitive and linguistic processes. As described by Brickson (2007), these processes of sensemaking within an organization lead the organization to view its relationships with stakeholders in particular ways, which in turn influence its engagement with them. The mental models or frames that underlie organizational sensemaking, then, influence the way the world is perceived within the organization as well as critical decisions with respect to perceived external and internal demands. This view is consistent with both a constructionist (Berger & Luckmann, 1966; Weick, 1995) or an enactment approach (Smirchich & Stubbart, 1985) in organizational theory, which describe organizations as acting not within a “real” environment but a perceived environment, and behaving not as “real” organizations but as self-perceived organizations. Studying CSR through the lens of sensemaking – which might include motivation for CSR as one of its surface representations – as a feature of a firm’s general organizational character, might provide a more robust conceptual basis, rather than simply analyzing the content of its CSR actions within a certain context or over a certain period of time. As described by Ghoshal and Moran (1996), a particular pattern of behavior is more likely to occur as a result of its strong links with cognitive, linguistic and behavioral features that define character. Ciulla (2005) has likewise emphasized the notion of walking the talk, and the congruence between thinking and saying as bases for the emergence of robust relationships (e.g., trust and reciprocity resulting from moral consistency) reflecting an actor’s intrinsic character.

Thus a new direction in CSR research might emerge through studying processes that guide organizational sensemaking, as they pertain to relationships with stakeholders and the world at large<sup>1</sup>. Besides departing from “analyzing CSR by examining CSR”, it might also bring CSR closer to the domain of managerial decision making. After all, decisions regarding CSR activities are taken by managers, and stem from their mental models regarding their sense of who they are in their world. As described by Pfeffer (2005: 128), “what we do comes from what and how we think”. Diagnosing such mental frames then might, for example, explain why some firms react differently to others faced with a similar external demand (e.g., different responses emanating from oil companies to the issue of climate change; Le Menestrel & de Bettignies, 2002), or why some firms succeed in developing constructive relationships with their critics while others fail to do so (Rowley & Moldoveanu, 2003; den Hond & de Bakker, forthcoming).

To summarize, our approach – departing from a largely content driven analysis of CSR activities to that of organizational sensemaking – could help explain CSR behavior in terms of processes, managers are likely to adopt in coming up with their own view of what constitutes appropriate relationships with their stakeholders and of the world in which they exist. Given that such processes are inherently more robust than the vagaries of a particular act in a given context, they might provide a more reliable basis for inferring the nature of likely CSR outcomes. Further, the above approach could open the door to formulating hypotheses regarding varieties of CSR outcomes resulting from

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<sup>1</sup> While distinctions might be made between individual (i.e., manager)-level processes and that of the organization taken as a whole, Daft and Weick (1984) have argued for their strong interrelationship thus allowing us to view sensemaking as an ongoing activity subject to both individual as well as organizational contribution and change.

varieties in sensemaking processes, linking organizational patterns to observed patterns of CSR outcomes.

In the following sections, first a new definition of CSR will be proposed, taking into account varied approaches to organizational sensemaking pertaining to key relationships. Next a framework will be presented with relevant process dimensions within three broad domains – cognitive, linguistic, and conative (i.e., behavioral disposition). Finally, we shall present a research agenda that seeks to explore patterns within these dimensions to develop hypotheses regarding CSR behavior and impact.

### **CSR: A PROCESS MODEL OF SENSEMAKING**

Organizational sensemaking, as mentioned above, involves a tripartite view of its essential processes: *cognitive*, which implies thinking about the organization's relationships with its stakeholders and views about the broader world (i.e., the “common good” that goes beyond what's good for business) as well as the rationale for engaging in specific activities that might impact on key relationships; *linguistic*, which involves ways of explaining the organization's reasons for engaging in specific activities, and how it goes about sharing such explanations with others; and *conative*, which involves the behavioral posture it adopts, along with the commitment and consistency it shows in conducting activities that impinge on its perceived relationships. Viewing CSR as derived from organizational sensemaking then, leads to defining it in terms of the tripartite processes themselves. Thus CSR may be defined as:



*The process by which managers within an organization think about and discuss relationships to stakeholders as well as their roles in relation to the common good, along with their behavioral disposition with respect to the fulfillment and achievement of these.*

Such a process view of CSR locates the phenomenon as an intrinsic part of an organization's character (i.e., the way it goes about sensemaking of its world), with the potential to discriminate it from other organizations that might adopt different types of sensemaking processes. Thus, rather than analyzing CSR by focusing largely on the content of CSR activities, it argues for a deeper examination of organizational character along the tripartite process dimensions. In our next segment, we propose studying an organization's CSR process along two cognitive dimensions (its identity orientation and legitimacy approach), two linguistic dimensions (modes of justifications and transparency) and three conative dimensions (the consistency, commitment and posture it adopts with regard to its engagement with stakeholders and the world at large).

Insert Figure 1 here

## **COGNITIVE CSR DIMENSIONS: WHAT FIRMS THINK**

### **Identity Orientation**

The ideology of an organization has been defined as the “shared, relatively coherent interrelated sets of emotionally charged beliefs, values and norms that bind some people together and help them to make sense of their worlds” (Trice & Beyer, 1993: 33). These shared perceptions are believed to constitute the identity of the organization (i.e., “Who we are”), creating the basis for interacting with other entities

(Albert, Ashforth & Dutton, 2000). Recently, Brickson (2007) has proposed identity orientation as a construct that consists of participants' shared perceptions of what their organization is, thereby driving motivation and behavior. It is "best positioned to inform how businesses relate to stakeholders and why they relate to them as they do" (Brickson, 2007: 13), and seems most appropriate for our understanding of how managers in an organization think about their key relationships with others – including stakeholders and the world at large which might be influenced by their actions.

In specifying the identity orientation that an organization might adopt, Brickson (2007) has described three types – individualistic, relational and collectivistic – each of which is defined by a profoundly different perspective of reality, derived from deeply rooted and commonly-held underlying assumptions about the nature of independence and interdependence between entities. An *individualistic* orientation is said to emphasize individual liberty and self-interest, building upon an "atomized" entity that is distinct and separate from others. Organizations characterized by an individualistic orientation might describe themselves as being "the best in the business" or "leaps ahead of competition". By contrast, organizations that display a *relational* identity orientation conceive of themselves as being partners in relationships with their stakeholders, often displaying strong personal ties symbolized by self-descriptions such as "we are committed to our customers" or "we aspire to become trusted partners". A *collectivistic* orientation disposes organizations to see themselves as members of larger groups which go beyond simply the stakeholders most relevant to their immediate businesses, possessing generalized ties to one another. Such organizations are apt to define themselves almost in

universal terms such as “we believe in eliminating poverty” or “we strive for a sustainable earth”.

Whether managers view themselves and their organizations in individualistic, relational, or collectivistic terms, is likely to influence the type of relationships they would choose to build with their stakeholders and the wider world beyond their sphere of business interest (Brickson, 2007). The structure of these perceived relationships, in turn, would determine the specific nature of their activities including those that are CSR related. An individualistic organization, for example, if it opts to engage in CSR, could display a competitive spirit in being the best performer of its lot, choosing activities that are best showcased for their salience. A relational organization might selectively emphasize those CSR actions that are designed to strengthen particular network relationships which in its view require attention (e.g., contributing to charities that are favored by employees in order to ensure their loyalty) over others. A collectivistic organization might take a de-contextualized view of relationships, choosing to address a social or an environmental issue, such as global warming, collaborating with other institutions and rallying its resources to engage in high profile activism.

### **Legitimacy**

The perceived need to gain acceptance in society, especially among its stakeholders (i.e., legitimacy for its actions) leads organizations to strive for compliance with “some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995:574). Three approaches can be differentiated: pragmatic, cognitive, and moral. In Suchman’s view, achieving *pragmatic* legitimacy hinges on the organization’s ability to convince stakeholders of the usefulness of its decisions, products or processes.

The underlying assumption here, of course, is that the firm can substantially control its environment, thereby managing legitimacy as a resource (Ashforth & Gibbs, 1990). In the CSR domain, an organization might respond to its critics by adopting a pragmatic approach, unleashing a massive advertising campaign to build links with valued icons or showcase achievements that demonstrate conformity with social norms and expectations (Parker, 2002: 146).

In seeking *cognitive* legitimacy, a firm aligns its actions to be congruent to perceived societal expectations. Unlike that for pragmatic legitimacy, the assumption here is that the environment controls the firm (Suchman, 1995), with legitimization resulting from successful adaptation to external demands. DiMaggio and Powell (1983: 149) have labeled such a process of adaptation as isomorphism, whereby rather than engaging in symbolic activities, a firm's "organizational characteristics are modified in the direction of increasing compatibility with environmental characteristic." Adaptations, of course, could ensue from external pressures or as a reaction to uncertainty, and include imitating actors who have in the past faced similar legitimacy challenges successfully. Parker (2002), for instance, has claimed self-regulation by way of developing a code of conduct to be a popular activity as firms attempt to renew/establish legitimacy in the wake of societal changes.

The underlying assumption in Suchman's (1995) notion of *moral* legitimacy is that under conditions of extreme uncertainty brought about by fundamental social changes, organizations might strive to achieve legitimacy by co-creating acceptable norms of behaviors with relevant stakeholders. Kostova and Zaheer (1999) along with Young (2003) have argued that for organizations operating in a highly fragmented and

pluralized world, achieving legitimacy might indeed lie in co-creating norms that are proactive, keeping the broad set of actors in mind. In a similar vein, Calton and Payne (2003; also see Waddock & Smith, 2000) have labeled “relational responsibility” within stakeholders as a way to engage in collaborative search for social legitimacy, involving a variety of approaches such as explicit public consultations (Suchman, 1995) that have the power to turn even antagonistic relations into co-operative ones (Werre, 2003).

## **LINGUISTIC CSR DIMENSIONS: WHAT FIRMS SAY**

### **Justification**

How organizations justify their actions to others might be viewed as reflecting how they interpret their relationships with stakeholders and view their broader responsibilities to society. Studying the very nature of justifications then, might provide insights into why organizations act the way they do, and permit differentiating across organizations based on their dominant modes of providing justifications for their actions. Further, the justifications themselves could influence the way the organization goes about thinking about the relevant issue. Indeed, as pointed out by Ferrao et al (2005:16), “how we talk about behavior, influences that behavior”. Ghoshal and Moran (1996), for example, have claimed that justifying a set of corporate actions using transaction cost theory with its inherent distrust in human nature might become a self-fulfilling prophecy and condition the way the corporation goes about framing future employment related issues. Justification may also be seen as signaling the overall language game that characterizes an organization in terms of how it filters perceptions of the external world, interprets conflict, and formulates reactions to demands. Within the CSR domain, some

authors have gone so far as to claim that conflict between corporations and NGOs are often driven by contradictory language games, that is, the logic of self-interest offered as justification for actions by the corporations conflicting with one of identity-needs posited by the NGOs (Rowley & Moldoveanu, 2003; Wheeler, Fabig & Boele, 2002).

Ashforth and Gibbs (1990) have described three dominant variants of language games: legal, scientific, and economic. Adoption of *legal* justifications for its actions could predispose an organization to provide what would be officially-permitted arguments in support of its actions in response to accusations by its critics (Spar & La Mure, 2003), calling into play its own lexicon of constructs such as obligations, rights, compliance, sanction, penalty, code of conduct, confidentiality, settlement, and so forth (see Ward, 2005). Enron, for example, chose elaborate legal justifications to address criticism of environmental damage leveled against its Indian subsidiary by emphasizing its compliance with public law (Parry, 2001). By contrast, adoption of *scientific* justifications could see a firm claim expertise in the measurement of relevant aspects of its behavior/impact or rely on the verdict of “neutral experts” to defend itself against criticism. When criticized for sinking the oil platform Brent Spar into the North Sea, thereby turning a public resource into a private waste dump, Shell justified its action by citing several independent scientific studies that concluded minimal environmental damage resulting from the disposal (Mirvis, 2000). An organization could as well engage in *economic* justification for its actions, highlighting tangible contributions to stakeholders (e.g., jobs created, taxes paid, charities supported) in defense of its actions (Porter & Kramer, 2002). Kraft, for example, a leading purchaser of coffee beans, argued that its key contribution to the common good lay in increasing the worldwide

consumption of coffee, rather than reducing the poverty of coffee farmers through higher wages (Kolk, 2005).

Legal, scientific and economic justifications have been critiqued by Ashforth and Gibbs (1990) for their intention of silencing critics rather than facilitating dialogues. Further, Swanson (1999) has argued that such limited linguistic repertoire might systematically underestimate the risks that emerge from external ethical criticism. A fourth – *ethical* justification – might be envisioned whereby an organization explains the reasons for its actions as derived from “cosmopolitan” or “higher order interests” (Teegen, Doh & Vachani, 2004: 471). Such a justification is directed not towards assuaging stakeholder expectations but achieving universal goals of human welfare such as safeguarding human rights or eradicating HIV/AIDS (Logsdon & Wood, 2002; Swanson, 1999).

### **Transparency**

In addition to the type of justification an organization serves to its external world, it has a choice in terms of the valence of the information included in its CSR communication: either *balanced* with respect to both favorable as well as unfavorable aspects/outcomes of its actions, or *biased* in terms of including simply the favorable and omitting the unfavorable part. Thus, an organization could display different modes of transparency, acting either in a balanced fashion providing scientific justifications, say, for its actions through reports that point out the achieved benefits as well as certain negative outcomes, or in a biased way making available only the positive results.

As described by Tapscott and Ticoll (2003: xi), “in a world of instant communications, whistle blowers, inquisitive media, and googling, citizens and

communities routinely put firms under the microscope”. By and large, firms have reacted to the above by relying on elaborate reporting procedures that include both conventional media as well as the web (Esrock & Leichty, 1998). Obviously, increasing the bulk of communication does not necessarily imply providing a balanced view of performance. As Fry and Hock (1976) have shown, there appears to be a correlation between negative public view of a firm and its reporting on socially responsible actions. Further, Sims and Brinkmann (2003) have argued that CSR reporting might not reveal the real nature of CSR engagement, and that a rotten structure might hide behind a glossy façade (see also Laufer, 2003).

Fear of losing the license to operate could drive an organization to exaggerate or even invent positive impact of its actions (Esrock and Leichty, 1998), drowning stakeholders (e.g., government, NGOs, trade unions) with voluminous data, metrics and standards, trumpeting evidence in favor of its good deeds and announcing its lofty ambitions without reference to negative outcomes or failures. As Sethi (2003: 45) has described, such a firm might aim at gaining public support by unleashing “a flood of public relations rhetoric that are invariably short on specifics and long on generalities, magnanimous in promises and stingy in accomplishment”. It might offer silence on issues that have not surfaced yet or where the efficacy/impact is questionable, unless forced into a disclosure. Laufer (2003: 255) has characterized such disclosures as driven by reasons that have “little or nothing to do with perceived responsibilities or obligations”, raising the specter of green or blue-washing (Ashforth & Gibbs, 1990).

Alternatively, an organization might choose a balanced approach towards disclosing its impacts, reporting its accomplishments as well as dilemmas and challenges,



including even unfavorable and painful information involving the whole supply chain (Spar & La Mure, 2003). Such an approach may furthermore be characterized by the organization's willingness to expose its CSR engagements to external monitoring through independent actors (Waddock, 2005), even allowing its stakeholders to contest its decisions. Parker (2002) has claimed the above to be of particular importance in fostering a process of credible self-regulation.

### **CONATIVE CSR DIMENSIONS: HOW FIRMS TEND TO BEHAVE**

#### **Posture**

The responsive posture of an organization with respect to the expectations, demands or criticisms of others has been viewed as a key behavioral disposition (Carroll, 1979; Epstein, 1987; Strand, 1983). Rather than describing the nature of the response itself, it focuses on how the response is made, with a view to revealing the organization's character in terms of interacting with others (Wood, 1991). Spar and La Mure (2003) have attempted to discover different responsiveness postures across different industry groups, arguing that corporations react mainly in three ways when faced with external criticism: capitulation, resistance, and preemption. In their view, the choice of the specific posture depends either on a calculation of costs and benefits associated with actions that might be necessary to address the criticisms or an assessment of congruence between the corporation's values and those of its critics. Le Menestrel and de Bettignies (2002: 252), on the other hand, have investigated whether or not responsive posture differs within a given industry itself, and fused Spar and La Mure's (2003) two choice

factors into one – a calculation of consequences that include both economic and non-economic analysis – to predict the nature of the selected posture.

Posture has also been viewed as a conative characteristic that evolves as organizations confront new challenges (Werre, 2003; Mirvis, 2000). Analyzing Nike's responsiveness to its critics over a period of time, Zadek (2004) found evidence for a transformation of posture proceeding through five stages from "defensive" (i.e., denial of a reported problem and/or abnegation of responsibility) to adoption of a "civil" posture reflecting greater openness, and a willingness to engage with its critics.

An organization's posture vis-à-vis others then, might illuminate a routinized mechanism in terms of possible interactions with external critics leading to collaboration/conflict, as well as shed light on how it goes about learning from past interactions. Three dominant types of postures can be derived from the above literature: defensive, tentative and open. In being *defensive*, an organization accepts no feedback from others, presumes it is always right in terms of its decisions, and insulates itself from alternative sources of inputs. Even if its past actions have been proven to be inappropriate or ineffective, it might continue with its defensive posture borne of a threat-rigidity syndrome (Staw, Sandelands & Dutton, 1981) that leads to failure in adapting to environmental changes. An organization might be *tentative* with respect to its posture towards others as a result of its inexperience with an issue or lacking appropriate tools to devise solutions, causing it to be uncertain with regard to the consequences of its actions. According to George, Chattopadhyay, Sitkin and Barden (2006), a tentative posture might lead an organization to display both established patterns of behavior (i.e., those incurring criticism) as well as new behaviors directed at redressing misdeeds. Lack of

clarity resulting from a tentative posture could, according to Ashforth and Gibbs (1990), create the impression that the organization was not serious in addressing the grievances and simply bent on window-dressing, leading perhaps to an even greater indignation among its critics. Finally, an *open* posture is oriented towards learning that is based on the organization's willingness to listen and respond to alternative perspectives offered by others. An open posture allows the organization to be ready in sharing not simply the solutions but its perception of the issue with others, debate and discuss the nature of transformation, both internal and external that might be necessary to bring about real change. Mirvis (2000), for example, has described Shell's post Brent-Spar posture as gradually becoming more open to learning from others, which in turn has led to its transformation into a "New Shell".

### **Consistency**

In criticizing contemporary CSR practices, Porter and Kramer (2002: 57) have characterized the vast majority of these as being diffused and "almost never truly strategic". Inherent in their view of strategic coherence is the notion of consistency as a behavioral discipline in approaching CSR tasks. Besides impacting on the effectiveness and credibility of the outcome, it might also lend insight into how predisposed the managers are in terms of behaving in a comprehensive and systematic manner.

Embarking on a CSR engagement appears to hinge on two aspects of consistency: the consistency between an organization's overall strategy and its CSR activities, and that within the varieties of CSR activities contemplated during any given period of time. The "consistency-between" points at deliberate choice-making on the part of managers, i.e., seeking out what would constitute appropriate CSR given the organization's goal and

strategic direction. Thus an organization could prepare to act in a *strategically consistent* way, actively embedding CSR in the organization's strategic conversations and processes (Freeman & Gilbert, 1988; Wheeler, Colbert & Freeman, 2003). If it wishes, for example, to be the reputation leader in its industry, it might initiate internal and external processes to set up appropriate environmental standards to be followed by all players, in order to achieve industry-wide leadership both in terms of business performance and CSR engagement. By contrast, it might be *strategically inconsistent*, without any preparation to guide its selection of CSR activities, simply gearing up to take decisions as and when demanded by internal or external stakeholders.

The "consistency-within" or the internal consistency might also be characterized by either a consistent or an inconsistent behavioral approach with regard to the entire range of CSR activities that are considered relevant. Whereas *internal consistency* implies a willingness among managers to regard proposed CSR activities as a whole package designed to achieve specific aims, *internal inconsistency* conveys a propensity to treat such activities arbitrarily, without a coherent logic or systematic framework applied with respect to their occurrence. Sethi (1975; also Frynas, 2005), for example, has pointed out the risk of internal inconsistencies (i.e., varying and often contradictory CSR practices) when operating under different operational contexts.

Both these aspects of consistency could shed light on the nature of CSR impact, leading perhaps to a prediction of high credibility and effectiveness if both between and within consistency were judged to be high (e.g., if the bundle of CSR activities were each seen as helping to sustain the firm's business strategy by raising reputation/image, improving employee morale, or facilitating stakeholder relationships with a business aim

in mind; Porter & Kramer, 2002). Conversely, a low impact might be predicted if either or both strategic and internal consistency were judged to be low.

### **Commitment**

An organization's commitment to an activity has been viewed as critical in embedding it within its culture (Schein, 1992) and developing routinized processes in terms of delivery (Johnson & Scholes, 1993), contributing to its temporal stability. In displaying persistence, managers might succeed in integrating CSR related activities into daily work patterns, building the necessary skills and requisite mindsets that contribute to successful delivery. As described by Locke, Latham and Erez (1988: 24), commitment signifies "one's attachment to or determination to reach a goal", which forms a conative feature of the organization's character.

Three aspects of commitment have been discussed in the literature: organizational leadership that might act as a driving force (Carlson & Perrewe, 1995; Paine, 1996; Weaver et al, 1999; Parry & Proctor-Thomson, 2002); its depth (Waddock, 2005), that is, the extent to which it manifests itself across various types of activities (e.g., does an outsourcing decision take into account the firm's professed CSR approach, or is it taken without any such consideration?); and the span, usually involving not simply the firm but its entire supply chain (Young, 2004).

Following Wiener (1982), *instrumental* commitment, one derived from external incentives, might be differentiated from *normative* commitment which stems from internal and largely moral considerations. Weaver et al (1999: 550) have claimed the latter to be essential "for the integration of responsible corporate processes into organizations' everyday activities". According to them, a purely instrumental urge to

react to external pressures is likely to lead to less integrated CSR which can be easily decoupled from the firm's other day-to-day practices. Hoffman's (1997) research on the environmental engagement of the US chemical and petroleum industry, for example, shows a remarkable correlation between corporate environmental investment and public attention with regard to the issue (i.e., waxing and waning of CSR engagement depending upon the presence/absence of public demand for the same) – a pattern that has held over three decades.

Our tripartite conception of CSR processes each associated with a set of dimensions might be seen as descriptive of an organization's inherent sensemaking indicative of its character. Over and beyond the specific CSR activities engaged in, understanding such could help to anticipate an organization's future CSR trajectory should specific changes occur in its external or internal environment, as well as provide more robust differentiation among organizations than that arrived at by a simple comparison of their activities portfolios. As emphasized by Pearce II and Doh (2005: 31), corporate engagement in social initiatives is now a given, and the "issue is not whether companies will engage socially", but finding appropriate ways of doing so. Locating intrinsic patterns of CSR processes and relating them to impact might allow enunciation of firm/managerial performance standards and introduce well-grounded actionability in CSR programs. Before such a link could be established though, research advances would be necessary focusing on empirical investigation of CSR processes and formulating profiles of these that correspond with recognizable patterns of observed outcomes.

## **CSR: TOWARDS A RESEARCH AGENDA**

Several authors (Smith, 2003; Gardberg & Fombrun, 2006; Mirvis & Googins, 2006) have described the focus of CSR research as shifting from understanding *Why* (i.e., reasons for CSR engagement) and *What* (i.e., defining the CSR construct) to *How* best to adopt strategies and processes that support CSR decisions within organizations. Whereas such a managerial approach has led to focus on specific CSR activities, it has also led to scrutiny of outcomes resulting from such and their likely impact on the intended audiences. Gardberg and Fombrun (2006) have drawn attention to reputation gain and loyalty of stakeholders as relevant outcomes of CSR programs, claiming successful achievement of the latter to be related to the fit between institutional context and the CSR activities. Porter and Kramer (2002) have suggested competitive advantage as a desirable outcome of strategic philanthropy complimenting corporate goals. In contrast to the above two, Frynas (2005) and Wheeler et al. (2002) have viewed CSR outcome in terms of social benefits accruing to the organization's stakeholders, whereas Pearce II and Doh (2005) have taken the middle ground in analyzing outcome in terms of both organizational and societal welfare.

Regardless of the type of outcome desired by organizations or their stakeholders, sustainability (i.e., the temporal stability of an outcome and the persistence of the actor/s) of the same has emerged in the literature as a significant aspect of CSR impact. In fact, sustainability is often seen as a trading ground for claims of CSR excellence or accusations of failure (Vogel, 2005; Walsh, Weber and Margolis, 2003; Weaver et al., 1999). Sethi (2003), for example, has claimed CSR impact to be sporadic at best for a firm that does not value CSR in terms of business strategy and is essentially reactive in

terms of its perception of external threat. A different pattern of sustainability – durational – is described by Weaver et al. (1999), one which shows remarkable durability over time achieved by integrating relevant CSR elements in decision making, but one that is likely to disappear in the absence of external demand for such activity. The third reported variety might best be described as cathartic, whereby the longevity of a firm’s CSR is determined by the persistence of its leader’s interest for reputational gratification (Porter & Kramer, 2002) with rapid disengagement occurring with change in personnel or the emergence of “more attractive options”. Finally, both Sethi (2003) and Dando and Swift (2003) have indicated the potential for continuous CSR behavior among firms that view it as important in strategic terms, are culturally attuned to responsible behavior and are equipped with requisite systems to support successful implementation.

Following our notion of CSR as derived from organizational sensemaking processes, it would be worthwhile to investigate if the sensemaking dimensions predict the nature of sustainability of an organization’s CSR. That is, to study if there are stable relationships between how an organization thinks, discusses and prepares to act out its perceived role vis-à-vis others, and the type of CSR outcome it actually generates over time. Thus, rather than viewing outcome (as in sustainability) as a CSR feature, which by itself might be vested with very little explanatory power, it could be advantageous to link outcome to a relatively stable, and empirically measurable pattern of organizational sensemaking process dimensions.

It is important, however to note that the specific CSR process adopted by an organization may vary from that adopted by another, and in principle a large variety of these may be available to an organization. As described earlier, such a tripartite process



involves seven underlying dimensions along with specific traits within each of them (e.g., economic/scientific/legal/ethical forms of justification) with potentially a vast number of unique combinations of such dimensional traits arising that could well describe a particular organization's CSR process. Indeed, as argued by Meyer, Tsui and Hinings (1993), there are no limits to the number of organizational types, described along a variety of attributes that could vary independently and continuously. Thus, a fundamental challenge in linking CSR process to CSR outcome would lie in determining if there are certain combinations of these dimensions that are likely to cluster together thereby creating profiles of CSR types. The empirical agenda for CSR research could then investigate whether or not firms that display say an individualistic identity orientation tend also to rely on pragmatic transparency along with biased reporting, a defensive posture and instrumental commitment to its CSR programs. Or if a profile characterized by relational orientation, cognitive legitimacy and scientific justification makes it more likely for a firm to be open or perhaps tentative rather than defensive in terms of its posture dealing with others. Besides the intuition of theorists, such hypotheses formations could draw on the vast reservoir of popular anecdotal accounts describing either profiles of particular firms or a number of these within an industry.

Walmart, for example, has been described (Beaver, 2005) as having built an image of good corporate citizenship among its stakeholders, supposedly encouraging its managers to get involved in local communities and through contributions to charity. However it has also been criticized in the media for its unfair wage policy and aggressive competition against small local businesses. As reported in Ethical Corporation (2005), Walmart has chosen to respond to its critics by "getting more aggressive in telling its

story”, with massive advertising campaigns focusing on the success of its CSR programs. In terms of understanding the nature of CSR outcome for firms “like Walmart”, it might be useful to examine if their dimensions of sensemaking tend to cluster together to form a particular pattern (such as an individualistic orientation, pragmatic legitimacy, economic justification, biased transparency, defensive posture, strategic and internal consistency, and instrumental commitment) leading to a recognizable organizational character with predictable CSR outcomes. Such a typology generating stream of research then, could lead to categorization of organizations described along their sensemaking dimensions and form a systematic basis for relating organizational characteristics to CSR outcomes. Further, such an internal organizational analysis could shed light on existing research questions within the field as well as introduce new ones, as discussed below.

### **CSR Evaluation and Comparison**

Determining whether the CSR engagement of a firm is authentic or simply a façade masking dubious business practices has been a key question in recent debates on CSR (Laufer, 2003; Sims & Brinkmann, 2003). Graafland, Eijffinger and Smid (2004) have discussed the challenges involved in benchmarking authentic CSR performance. Categorizing firms in terms of the above is viewed as critical in socially responsible investment (SRI) funds that follow a "best in class" screening approach (Knoepfel, 2001; see, critically, Hawken, 2004) as well as in rank-ordering firms in terms of their CSR performance (e.g., Johansson, 2001). Examining configurations of sensemaking dimensions might provide a reliable basis for inferring the nature of authentic CSR engagement in place of evaluating activities inventories that may be prone to manipulation. If specific combinations of cognitive, linguistic and conative features were

to be found in certain firms but not in others, it would likely provide a reliable indication of their CSR performance.

Furthermore, several authors have commented on differences in CSR character driven by cultural differences, such as between European and US firms (Maignan & Ralston, 2002; Maignan & Ferrell, 2000; Palazzo, 2002). With the availability of CSR types, as described above, it might be possible to lend coherence to the variety of findings in this area by comparing the cluster of underlying sensemaking dimensions among the studied firms rather than simply tallying up a list of behaviors that might vary from researcher to researcher. It might also be possible to test propositions with regard to differences in CSR character among firms within a chosen sector/geography (Ruud, 2002). For example, are there real CSR differences among firms involved in the natural resources sector?

### **CSR Transformation**

It could be useful to study CSR transformation (incremental or discontinuous) by investigating if there had been significant shifts in underlying sensemaking dimensions, drawing on published accounts of CSR evolution within particular firms following major scandals/setbacks such as for Shell (Mirvis, 2000), Chiquita (Werre, 2003) or Nike (Zadek, 2004). An analysis of dimensional clustering could perhaps reveal if real organization-level changes had occurred or if the claimed changes were merely cosmetic.

### **CSR and Context**

As pointed out by Meyer et al. (1993) in their review of configurational approaches found in the management literature, whereas researchers have been open to thinking about configurations of organizations, there is less evidence of research that

examines configurations of contexts, with “different contextual configurations seen to represent vying forces for change and stability” (Meyer et al., 1993: 1184). Thus, it may be possible to develop taxonomies of contexts, defined by features that tap into their inherent CSR sensitivity (e.g., a community’s past experience) and determine fit with a firm’s CSR character as revealed through its sensemaking processes, where a fit could imply greater probability of positive outcomes and a misfit that of negative ones.

### **CSR and Leadership Style**

Leadership has been argued to be a key driver of corporate ethics (Carlson & Perrewe, 1995; Ciulla, 1999; Paine, 1996; Weaver et al, 1999; Parry & Proctor-Thomson, 2002), contributing to a firm’s overall performance in terms of CSR. Trevino, Brown & Hartman (2003) claim a corporation’s ethical tone to be set at the top, whereas Ramus (2001) argues that supervisory support is essential for CSR engagement. Similar to our notion of CSR character-context fit, it might be advantageous to consider leadership styles that either complement or weaken particular CSR types. Further, it might also be interesting to examine if the underlying CSR dimensions of a firm change when the mantle of leadership passes on from a certain type of leader ( say transformational; Antonakis & House, 2002) to another (e.g., one who is “ethically neutral” or transactional; Trevino et al., 2003). The juxtaposition of leadership style and CSR types could, of course, highlight as well the challenge of CSR implementation and provide useful diagnostics for performance evaluation.

### **CSR and Business Decisions**

Identifying a firm’s CSR type might shed light on certain aspects of its business decisions. It could pose questions linking its character to say the firm’s branding

approach or its outsourcing activities. Would a firm driven by relational or collectivistic identity orientations say, be less likely to use brand dominance as a mode of market share gain than an individualistic firm? Would the former invest more effort in stakeholder consultation prior to an off-shoring decision than the latter? In relating CSR sensemaking processes to elements of a firm's formal or informal decision making, research might help to uncover multifaceted interrelationships that have potentially greater explanatory power than general business strategy frameworks.

## **CONCLUSION**

Understanding what a firm thinks, says and tends to do in relation to others is likely to strengthen CSR analysis by viewing it as an essential aspect of organizational character (i.e., its sensemaking process). Our tripartite framework of process dimensions has the potential to generate empirical enquiry that goes beyond analysis of CSR by examining CSR, seeking to match internal organizational character to the observed outcome. Besides serving as a reliable indicator of a firm's current CSR status and that of the future, it could provide a basis for managerial benchmarking, set aspirational standards in terms of CSR performance, and help to create a common language for CSR through development of typologies. Finally, working with intrinsic sensemaking dimensions and the resulting typologies could open further vistas for research that studies interrelationships between an organization's character and its strategies for engaging with the world.

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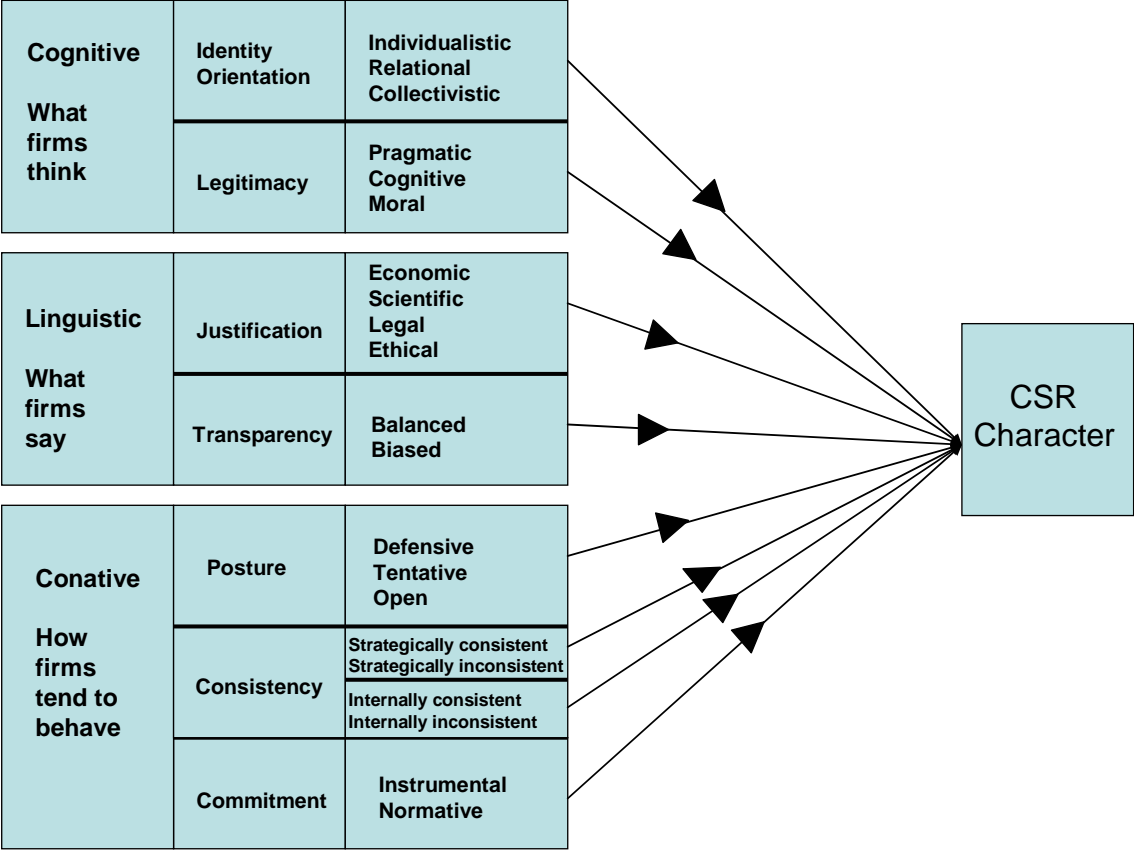
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**Figure 1**

**CSR: Dimensions of the Sensemaking Process**