The business strategy/corporate social responsibility “mash-up”

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Abstract
Purpose – The purpose of this paper is to explore the “mash-up” of business strategy and corporate social responsibility (CSR). In popular music, a mash-up is a file of digitally combined musical sources. Song A is played simultaneously with Song B, and in various other combinations. There are often elements of dissonance, and even cacophony, to the form – but the sum of the parts often surpasses the originals. CSR is a management innovation like the idea of business strategy itself. Each is also a metaphor representing alternative visions and approaches to corporate value creation. Business strategists are talking, writing, and meeting about CSR, and CSR is increasingly intersecting, integrating, converging, with business strategy. The trend is described within as a “mash-up”. But what is the significance of this trend? How serious should companies be about it? Is CSR going to become a part of standard business theory and practice? How long will it take? What should organizations do to respond and participate?

Design/methodology/approach – This paper examines two propositions. First, that CSR is more than a set of ideas and processes; it is a metaphor for a different approach to business. Second, CSR is a management innovation like strategic planning itself. The paper concludes that the impact the two ideas will have on each other and society is fundamentally unpredictable, but it is likely that eventually the current CSR mania will subside and disillusionment will set in.

Findings – CSR is a highly significant trend, and well-managed companies are already taking it very seriously. CSR may become a part of standard business theory and practice, but not without evolving through adoption patterns that will necessarily involve some disillusionment. Leaders will guide their company through this period by focusing on how to make CSR “real” for their organization by embracing the business strategy/CSR mash-up and driving growth and innovation within the new parameters.

Originality/value – Familiarizes business strategists with CSR and CSR practitioners with points of connection and overlap with business strategy.

Keywords Corporate social responsibility, Management strategy, Economic sustainability, Innovation, Management

Paper type Viewpoint

Introduction
Corporate Social Responsibility (CSR) is a management innovation like the idea of business strategy itself. Each is also a metaphor representing alternative visions and approaches to corporate value creation. Business strategists are talking, writing, and meeting about CSR, and CSR is increasingly intersecting, integrating, converging, with business strategy. The trend is described within as a “mash-up”. But what is the significance of this trend? How serious should companies be about it? Is CSR going to become a part of standard business theory and practice? How long will it take? What should organizations do to respond and participate?
In order to begin to think about plausible answers to those questions, this paper examines two propositions. First, that CSR is more than a set of ideas and processes; it is a metaphor for a different approach to business. Second, CSR is a management innovation like strategic planning itself. The paper concludes that the impact the two ideas will have on each other and society is fundamentally unpredictable, but it is likely that eventually the current CSR mania will subside and disillusionment will set in. Time frames are difficult to determine. It has taken a long time for CSR to reach this stage of acceptance, at least 40 and perhaps 100 years or more depending on when one chooses to draw the line. This is not to suggest that responsibility is going to go out of style or become less relevant, but rather that CSR, as a confluence of forces driving management innovation, will share the adoption characteristics of other innovations.

As with most management innovations, leading organizations will realize the benefits first and have the greatest opportunity to use it to create sustainable value over time. Although there is no predictable time frame, there is a noticeable pattern to the adoption of management innovations, of which CSR is one. Since the social group managing its adoption consists of highly educated and technologically connected managers, academics, practitioners, and the media – all of whom reference each other – it is likely that the pattern will resemble other management innovations that have risen to prominence on a wave of hype, weathered the disillusionment, and become part of generally accepted management practice. CSR issues may also share the characteristics of other issues such as privacy and crime, which are reactive and event-driven. A spate of corporate corruption, an oil spill, or any number of public relations disasters can spur legislation on the part of countries, or action on the part of NGOs and companies. As is true for most matters dealing with the perceptions of people, there is very little precedent for an issue staying at the top of the public mind over the long term. If the innovation is successful it will survive the period of disillusionment and will eventually seem to fade or even disappear, as it becomes part of standard business theory and practice. It is probably best to think of this transition in terms of decades, not months and years.

As is characteristic of emergent management practices, the terminology of CSR is in flux and is somewhat interchangeable. Except where it is useful to make distinctions within for purposes of clarification, CSR is treated in this paper as virtually synonymous with sustainability, corporate citizenship, corporate social opportunity, and other variations on the theme. Related practices and ideas include stakeholder theory, business ethics, risk management, reputation management, cause-related marketing, compliance, corporate governance, intellectual capital, strategic philanthropy, and more.

In popular music, a “mash-up” is a file of digitally combined musical sources. Song A is played simultaneously with Song B, and in various other combinations. There are often elements of dissonance, and even cacophony, to the form. According to one commentator writing at the time mash-ups first emerged:

The sum of the parts often surpasses the originals. The more disparate the genre-blending is, the better; the best mash-ups blend punk with funk or Top 40 with heavy metal, boosting the tension between slick and raw. Part of the fun is identifying the source of two familiar sounds now made strange […] (Cruger, 2003).
Strategists tend to use other more reputable sounding words than mash-up to describe a combination of forces, such as “convergence” which was in vogue in 1990s (Patton and Iovine, 1994). The adoption and eventual overuse of that term provides a cautionary tale against oversimplification for those exploring the convergence of business strategy and CSR. The idea created as much confusion as clarity for decision makers:

Although things are clearly “coming together” in communications and computing, at the turn of the century the ultimate direction(s), outcome(s), and timing(s) of change remain unclear because so many variables are at work. Most business planners and policymakers feel that they cannot wait until the turbulence subsides, because by then it may be too late to get a piece of the action. Planners and policymakers prefer to shape the future, to whatever extent they can. This leads them to seek out academics, consultants, and industry leaders who can offer a vision of the future. The buzzword emerging from much peering into the future is *convergence*, a term now used for so many ideas that it has come to lack predictable meaning. Its use varies depending on who is speaking and to whom (Longstaff, 2001).

Management innovations and trends seem to come and go like fashion. Ideas and practices are adopted and discarded, change, mutate, and re-form in an ongoing process of exchange among stakeholders. Over the years many have criticized corporate consultants and academics for promoting one wave after another of management ideas such as total quality management (TQM), business process reengineering, learning organizations, and knowledge management, while at the same time noting the undeniable impact and power of these ideas on business and society as a whole (Micklethwait and Wooldridge, 1996; McKenna, 2006). Their impact may be longer lasting and more profound than many realize. Indeed, according to leading strategy consultant Hamel (2006):

Innovation in management principles and practices can create long-lasting advantage and produce dramatic shifts in competitive position. Over the past 100 years, management innovation, more than any other kind of innovation, has allowed companies to cross new performance thresholds.

Ohmae (1982), the influential McKinsey strategist and author, has continuously made the point over the years that effective strategy, innovation, and invention result from a state of mind of an individual, not a particular style of analysis He wrote:

Insight and consequent drive for achievement, often amounting to a sense of mission, fuel a thought process which is basically creative and intuitive rather than rational. Strategists do not reject analysis. Indeed, they can hardly do without it. But they use it only to stimulate the creative process, to test the ideas that emerge, to work out their strategic implications, or to ensure successful execution of high-potential “wild” ideas that might otherwise never be implemented. Great strategies, like great works of art or great scientific discoveries, call for technical mastery in the working out but originate in insights that are beyond the reach of conscious analysis (Ohmae, 1982).

Perhaps, the greatest contribution of the mash-up CSR and business strategy will be, not in the details of particular approaches to its realization, but rather the change in consciousness of individual business people its emergence may signal. This may not be as far fetched as one might suppose. Harvard Graduate School Professor of Cognition and Education Gardner (1983), whose insight that people have multiple intelligences (linguistic, logical-mathematical, spatial, bodily-kinesthetic, musical,
interpersonal, and intrapersonal) has gained acceptance and application in education throughout the world, is now explicitly promoting and studying the benefits of the ethical mind:

In thinking of the mind as a set of cognitive capacities, it helps to distinguish the ethical mind from the other four minds that we particularly need to cultivate if we are to thrive as individuals, as a community, and as the human race. The first of these, the disciplined mind, is what we gain through applying ourselves in a disciplined way in school. Over time, and with sufficient training, we gain expertise in one or more fields: We become experts in project management, accounting, music, dentistry, and so forth. A second kind of mind is the synthesizing mind, which can survey a wide range of sources, decide what is important and worth paying attention to, and weave this information together in a coherent fashion for oneself and others. A third mind, the creating mind, casts about for new ideas and practices, innovates, takes chances, discovers. While each of these minds has long been valuable, all of them are essential in an era when we are deluged by information and when anything that can be automated will be.

Yet another kind of mind, less purely cognitive in flavor than the first three, is the respectful mind: the kind of open mind that tries to understand and form relationships with other human beings. A person with a respectful mind enjoys being exposed to different types of people. While not forgiving of all, she gives others the benefit of the doubt.

An ethical mind broadens respect for others into something more abstract. A person with an ethical mind asks herself, “What kind of a person, worker, and citizen do I want to be? If all workers in my profession adopted the mind-set I have, or if everyone did what I do, what would the world be like?” (Gardner, 2007).

This individual mind shift, compounded many times over, may be leading to what Harman (1998) described as a “global mind change,” an “optimistic hypothesis” that business can and must be a positive force in society. Cooperrider (2005) described it as the idea that business:

[...] with the most adaptable organizational forms ever invented and it’s agility, innovative capacity, it’s potential for dignified and meaningful work, it’s reach and connective technologies, and its penchant for pragmatic entrepreneurship and continuous learning – could contribute to the well-being of many.

The power of metaphor: war, networks, ecosystems
Metaphor, the representation of one thing in terms of another, is very important in human relations and is no less so in business. Kress (1985) a thought leader in a branch of linguistics that looks, among other things, at the operation of ideology through texts, believes that metaphor is central in language and understanding. He wrote:

Metaphor is both ubiquitous in all linguistic activity, and essential to social life and to conceptual activity. In science, and in all attempts to construct knowledge, metaphor is a necessary strategy. It provides the means to step from the known to the unknown, from the well established to the new and hypothetical (Kress, 1985).

More recently, Zaltman and Zaltman (2008) have popularized the idea that deep metaphors, or unconscious frames people use that influence their thinking and behavior, need to be taken much more seriously by business people and are in fact fundamental to marketing. Their work is grounded in cognitive neuroscience, and the
finding that metaphors are central to cognition, to thinking and knowing. They report that on average people use six metaphors per minute of speech (Zaltman, 1996).

The term strategy is derived from the Greek *Strategia* or generalship, sometimes translated as the art of war. According to Clausewitz, who is often cited as the father of modern military strategy, “war is simply a continuation of political intercourse, with the addition of other means”, and the very practical purpose of war is to promote one’s own policies, to seek one’s own best outcome (Clausewitz, 1832). Strategic planning in business borrowed many fundamental ideas and practices from the military, and indeed from Clausewitz (Grant, 1991). One of the first and best business strategy books in the USA likened business strategy to a game not unlike war or poker, with multiple players and constantly shifting alliances (McDonald, 1950). The metaphor of business as war, a competition to be won, is pervasive. For example, after subjecting large amounts of text from popular business magazines such as *The Financial Times*, *The Economist*, *Business Week* and *Fortune*, to extensive quantitative analysis, Koller (2004) found that business media discourse is characterized by the language of war, and in fact helps to “masculinize” that discourse, thereby in effect devaluing or rendering invisible such “feminine” virtues as cooperation, understanding, and nurturance. What reader of business literature and magazines would deny that the following random sample of business writing cited by the author is commonplace?

From hardball pricing tactics that have knocked rivals back on their heels to a capital-spending war chest that’s the largest in telecom, he’s determined to transform what was once just another sleepy phone company into the pacemaker for the industry (Koller, 2004).

Likewise, the paradigm of business as war is still alive and well in the business book trade, if the popularity of the theme in business books sold in the USA is any indication (Madansky, 2005).

Metaphors are ultimately drawn from common human experience, and there can be little doubt that the experience of war is common and vivid. But, there are other more modern common human experiences that are being applied, in a metaphorical sense, to business. The shift from competition for natural and industrial resources to competition for information and knowledge resources as basic sources of wealth creation has affected almost all aspects of society and business. Information and knowledge are not like other resources in many fundamental respects, and the *modus operandi* organizations employed in the past to manage natural and industrial resources do not fit the new realities. To use a well-worn but appropriate phrase, this represents a paradigm shift. Since the ultimate knowledge resource is the human being, management of organizations, management of knowledge resources is ultimately about people.

The network, connectivity, everything connected to everything else – is an increasingly common human experience. Human beings and organizations exist in a networked world (Castells, 1996). In describing the interaction or coexistence of networks, Oettinger (1980) was one of the first who noted the importance of ecological and biological models as appropriate metaphors to describe what was happening, describing them as social nervous systems:

By widening the range of possible social “nervous systems” the continuing growth of information resources is upsetting the world order just as the Industrial Revolution upset it by widening the range of physical modes of production. Where this will lead is as hard to
foretell as predicting today’s world when the steam engine was invented. However, the
timeless truth that knowledge is power once again needs reinterpretation because of the
newly abundant, varied and versatile modes of gathering, storing, processing, transmitting,
and exploiting information that contrast with ever scarcer and costlier materials and energy
(Oettinger, 1980).

Extending the living system or biological metaphor further, it is apparent that one of
the characteristics of a biological system is the existence of both competition and
cooperation within the system. However, according to Longstaff (1998), The ideas are
not as simple as commonly assumed. Competition and cooperation in systems are
best understood as two sides of the same coin, not opposite ends of the spectrum with
points of relativity in-between. Organizations may compete and they may cooperate,
but not over the same thing at the same time. Longstaff goes on to point out that
competition and cooperation have the interesting property of each being able to cause
the other, and a system may have various levels of competition and cooperation at
play within it. One need not choose competition or cooperation as an either/or choice,
and organizations do not exist in such a binary universe. Business strategists came
up with new language to describe these complex relationships that are both
cooperative and competitive. Neologisms like “Coopetition” (Brandenburger and
Nalebuff, 1997) and “Frenemy” came into use to attempt to describe these new
realities.

Many strategists have made the point that the best possible situation for any
organization is not to be able to overcome the competition, but to in fact have no
competition. This need not be a traditional monopoly in the economic sense, but could
be the happy situation of being able to provide unique value, of being able to meet
customer needs that are not being addressed by the competition. The new product,
service, or solution may be disruptive to the competition, and in fact to the whole
“value network” or economic and social ecosystem in which the innovation has
emerged may be disrupted (Christensen, 1997). It is a huge leap from the paradigm of
organization as nervous system in a biological context, to the idea such a nervous
system must necessarily have a conscience if it is to survive and thrive in a value
network. But, it is true that the modern communications environment is replete with
technologically enabled market and social feedback loops that offer an opportunity for
greater sensitivity to shifts in the business and social environment, including how a
nervous system is perceived by other nervous systems – in particular customers and
non-customers, but including all stakeholders.

As Gates (2007), founder of Microsoft, discussed at a commencement speech at
Harvard, the network metaphor seems to engender visions of cooperation and
innovation more than domination and control:

Thirty years after Marshall made his address, as my class graduated without me, technology
was emerging that would make the world smaller, more open, more visible, less distant. The
emergence of low-cost personal computers gave rise to a powerful network that has
transformed opportunities for learning and communicating. The magical thing about this
network is not just that it collapses distance and makes everyone your neighbor. It also
dramatically increases the number of brilliant minds we can have working together on the
same problem — and that scales up the rate of innovation to a staggering degree.

Proving causality, that the deep metaphor of war that pervades business somehow
leads to a lack of social responsibility on the part of corporations, would — as in most
matters related to causality – be difficult if not impossible to prove. However, the influence of language on cognition is well documented, and the dominance in the past of the “war as business” metaphor in popular business literature is also undeniable.

Peter Drucker long preferred the organic metaphor to the war metaphor for management or business strategy, perhaps in part because of his own experience with the totalitarianism visited on societies by the victors of wars. He pointed out again and again that management is about human beings. Drucker (1996) wrote the following:

> It is this belief in diversity and pluralism and in the uniqueness of each person that underlies all my writings, beginning with my first book more than fifty years ago. During most of these fifty years centralization, uniformity, and conformity were dominant. The totalitarian regimes in which everybody was to conform, to think the same, to write and paint the same, to be centrally controlled – the Nazis called it “switched onto the same track” (gleichgeschaltet) – were but the head of a universal current. It swept over the democracies as well. But every one of my books and essays, whether dealing with politics, philosophy, or history; with social order and social institutions; with management, technology, or economics has stressed pluralism and diversity. Where the prevailing doctrines preached control by big government or big business, I stressed decentralization, experimentation, and the need to create community. And where the prevailing approaches saw government and big business as the only institutions and as the “countervailing powers” of a modern society, I stressed the importance and central role of the non-profit, public-service institutions, the “third sector” – as the providers of community leadership and citizenship. And I pointed out how much of a society is organized and informed by non-business non-governmental institutions 

> We are moving towards organic design, informed by mission, purpose, strategy, and the environment, by social and physical – the design I began to advocate forty years ago in *The Practice of Management* (which came out in 1954) (Drucker, 1996).

Emerging metaphors for business such as networks, biology, and ecosystems have had, and are likely to continue to have, a significant impact on the development of our business and social systems – despite the persistence of the metaphor of war.

**Mash-up where the rubber meets the road**

There is an old adage that all truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as self-evident. The same observation may be made of the management innovations collectively known as CSR. Some assign it a long almost sixty-year gestation period (Frederick, 2006). Some trace it back even further to the 1920s and 1930s (Wells, 2002). In 2008, CSR finally appears to have arrived in the USA, except of course for the predictable difficulties beginning to become apparent as more companies move from conception to execution. It is value is increasingly considered by many corporate executives as self-evident, its adoption is arguably accelerating, increasingly encouraged by regulation, the threat of regulation, and the prodding of activist stakeholders and the general public. For example, in its annual survey of a representative sample of the United States business community in 2007 – 751 small, medium, and large businesses – The Boston College Center for Corporate Citizenship found that 73 percent of the executives surveyed affirmed the importance of corporate citizenship, and 61 percent said that it makes a tangible contribution to the bottom line. However, the study went on to say that while 60 percent of US executives say corporate citizenship is part of their business strategy just
39 percent report it is actually part of their business planning process, and only 28 percent have formal corporate citizenship policies or statements. It also compared the executive data with a survey of the general public, and found significant gaps between business executive perceptions and public expectations regarding large companies’ involvement in solving social problems. For example, 79 percent of the public agrees companies should be held responsible for ensuring that all materials a corporation uses to make its products have been produced in a socially and environmentally responsible manner, and only 55 percent of executives agreed with that (Valeva, 2007).

Patrick Cescau, Group Chief Executive of Unilever, very succinctly captured the evolution of CSR and its relationship to business strategy in a speech he delivered in 2007 at an Alumni Forum. The theme of the forum was “Integrating CSR into business strategy”, and Mr Cescau’s speech was titled “Beyond corporate responsibility: social innovation and sustainable development as drivers of business growth”:

It is a long time since I graduated from INSEAD. I return older but, I hope, a little wiser. Of course when I was here in the early seventies, the subjects I will talk about today – corporate responsibility and sustainable development – barely existed. The green movement that was emerging at that time was the province of politics and protest not business. The idea that companies had responsibilities to society beyond making a few charitable donations did not really start to take shape until a decade later. A lot has changed since then – and I’m not just talking about my appearance!

This agenda is no longer about protest and philanthropy, although both still have their place. And businesses and NGOs are no longer automatic adversaries. In many areas, they are partners working together to achieve common goals. Today social responsibility and environmental sustainability are core business competencies, not fringe activities. We have come a long way since the early eighties when the godfather of free market economics Milton Friedman proudly proclaimed that the only obligation which business had to society was “to make a profit and pay its taxes”.

This change has come about for a variety of reasons. Certainly the political context has altered. The laissez faire economics which characterized the Reagan/Thatcher era have been superseded by a more realistic assessment of what the invisible hand of the market can achieve acting alone. Today there is a growing recognition that the social and environmental challenges facing us in the 21st century are so complex and so multi-dimensional that they can only be solved if government, NGOs and industry work together effectively.

It is difficult, for example, to imagine a problem like climate change being addressed without the active participation of Shell, BP and Toyota. Likewise, it is hard to see an issue like poor nutrition being effectively tackled without the involvement of the world’s major food companies. Slowly but surely both governments and NGOs are accepting that business has a role to play in the development agenda and that we can be trusted.

But perhaps the biggest catalyst for change has been the increasing awareness within business itself that many of the big social and environmental challenges of our age, once seen as obstacles to progress, have become opportunities for innovation and business development. I believe that we have come to a point now where this agenda of sustainability and corporate responsibility is not only central to business strategy but will increasingly become a critical driver of business growth. I would go further: I believe that how well and how quickly businesses respond to this agenda will determine which companies succeed and which will fail in the next few decades (Cescau, 2007).
In 2004, Fortune magazine reported that General Electric’s Chairman and CEO Jeff Immelt stood up before the top 200 GE corporate officers and said it will:

[...] take four things to keep the company on top. Three of those were predictable: execution, growth, and great people. The fourth was not: virtue. And it was at the top of his list (Gunther, 2004).

In GE’s 2007 Citizenship Report, Investing in a Sustainable Future, Immelt clearly went further than ever before, in a manner very similar to Cescau at Unilever, in placing virtue at the center of his strategy. Both are saying more or less that CSR is a growth driver, not a growth inhibitor, and is in fact a value driver with many benefits that are not reflected in traditional financial terms. This does not appear to be CSR as usual. Given the long tenure that GE has historically afforded its CEOs, Immelt will likely have every opportunity to attempt to execute his strategy. Here is how he describes it:

As GE’s place in the global economy grows, we recognize that our products and services touch more and more people around the world. Of note, in 2007, GE will have more revenue from overseas than from within the United States. As we expand in developed and emerging markets, we will be continually challenged to ensure that we invest in a sustainable and intelligent way that leverages our financial, technical and intellectual resources to the benefit of our investors, employees and communities.

To some, this may seem incongruous for a public company like GE whose primary mission is to make money and deliver value to investors. We don’t agree. Many of our growth platforms focus on addressing some of the world’s most complex challenges, especially as they relate to emerging markets such as India, China or Latin America. The challenges of global warming, water scarcity and energy permeate these markets and nearly every part of the world. Our early experience with ecomagination has shown us that we can develop products to address these challenges and make money in doing so. This also reflects a growing consensus among our customers that they value technology that can preserve the environment and achieve productivity at the same time.

Though we believe we are positioned well to capitalize on global trends, risks remain. Our corporate citizenship must be aligned with our business goals in order to drive future growth and better understand and mitigate these risks. This alignment also helps us deliver on our promises while answering the needs of society.

Over the past year, we greatly increased our dialogue with NGOs, members of government, community representatives and social welfare organizations. This dialogue has allowed us to better understand how our business goals can be aligned with commonly held social goals. The counsel we received helped strengthen our citizenship mission.

GE’s corporate citizenship strategy speaks to our strengths in compliance and governance, environmental technology as well as environment, health and safety policies and practices. Those strengths must be reflected and applied in how we do business in emerging markets, a key part of our future growth and success and an important piece of our corporate citizenship strategy. As GE brings to bear its culture of integrity and innovation in communities we serve, our expectation is that we can help to improve the quality of life for citizens, our employees and our investors. (Immelt, 2007).

In the USA CSR was initially formulated by corporate leaders, academics, and consultants, who understood and took for granted that their employers and principals were business entities engaged in competitive commerce. The idea of CSR in the USA was understood and developed in that context (Frederick, 2006) – fundamentally the context of competition or, at its core, war.
Wells (2002), who traces the development of CSR back to the corporate and securities law of the 1920s, points out that its earliest proponents were concerned about “management machinations”, but framed as an issue of management abuse of shareholders, not corporate abuse of society. Two legal scholars by the names of Adolf A. Berle and E. Merrick Dodd (Berle had also taught finance at the Harvard Business School), argued publicly about CSR in the pages of the Harvard Law Review in the early 1930s. Berle, who had been a securities lawyer in the 1920s and had seen first hand the dark side of business, proposed that managers be subject to a strict fiduciary duty to look after the interests of shareholders. According to Wells (2002), when Berle saw the gap open between ownership and control due to the development of capital markets, he saw it as a problem and aimed to fix the situation by imposing new duties on managers that would make them act as if they were owners. Dodd argued that if directors could have new duties to shareholders imposed on them, could and should they not also assume duties to other groups that also had a stake in the corporation, but were not owners? In the days when owners and entrepreneurs were usually one and the same, when ownership and control were one, it made no sense to argue that managers should treat owners as only one of many constituencies. But now, the situation had changed. Ownership and control were no longer so clearly one and the same. These two ideas have been in tension with one another since that time, and are still at the core of many disputes.

Lee (2008) notes that most:

[...] academics and business pundits have noticed how corporate social responsibility has been transformed from an irrelevant and often frowned-upon idea to one of the most orthodox and widely accepted concepts in the business world during the last twenty years or so [...] and points out that “even until the late 1970s, CSR was derided as a joke, an oxymoron and a contradiction in terms by the investment and business community”. Lee traces CSR from Howard Bowen’s Social Responsibilities of the Businessman (1953) to the present, and argues that there has been an evolution in CSR from the macro-societal level to the organizational level, with a greater emphasis on managerial, strategic and ultimately financial issues to the point that the key issue in 2008 is how to integrate CSR into one’s core business.

In the 1960s and early 1970s, the USA began to utilize the corporation as a tool for social policy, and create regulations intending to eliminate discrimination, make safer products and workplaces, and improve environmental quality. (Davis et al., 2006). Lynn Sharp Paine, one of the leading business ethics specialists in the world, said that during that period US corporations were guilty of “moral failings” in the areas of consumer and employee safety, civil rights, the environment, election laws, and misleading investors:

The 1970s, much like the period we are in today, had witnessed a dramatic loss of confidence in business and American institutions more generally. In 1968, 70 percent of the public thought business tried to strike a fair balance between profits and the public interest. By 1977, the proportion was something like 15 percent. The overseas payments scandal was another contributor to the malaise. More than 400 major US companies had admitted to making illegal campaign contributions and bribing public officials to win business overseas (Tishler, 2002).
In 1984, in his seminal article “The new meaning of social responsibility”, Peter Drucker sounded the clarion call for CSR as management and ushered in a new phase of integration of CSR and business strategy that can be traced through to today. As always, Drucker’s insights were ahead of the curve. He wrote:

In the years to come, the most needed and the most effective – indeed perhaps the only truly effective approach to “social responsibilities” will increasingly be [...] if business [...] learns that to do well it has to do good, can we hope to tackle the major social challenges facing developed societies today. He continued, government [...] cannot tackle these challenges. They can be solved only if seen and treated as opportunities. And the economic realities ahead are such that “social needs” can be financed increasingly only if their solution generates capital, i.e. generates a profit. This government’s cannot do. But it is precisely what business is being paid for (Drucker, 1984).

Stakeholder theory, the theory that a firm is a nexus of contracts between stakeholders, emerged in the 1980s and 1990s as well (Freeman, 1984; Clarkson, 1995). Freeman, who was one of the originators of stakeholder theory, in 2008 decried the distinctions, adornments, and complexity that grew with the idea over the last 20 + years. He advocates a much more straightforward perspective:

The primary responsibility of an executive is to create as much value as possible for stakeholders because that’s how you create as much value as possible for shareholders. Where there’s conflict between stakeholders and shareholders, executives have to rethink the problem so the interests go together. No stakeholder interest stands alone here. Where interests conflict, the job of the manager is to figure out how to redefine things so as to create more value for both. Sometimes this involves making tradeoffs in the real world. When that happens, the executive has to figure out how to make the tradeoffs and figure out how to improve the tradeoffs for both sides. Managing the stakeholders is about creating as much value as possible for stakeholders without resorting to tradeoffs, or fraud and deception (Agle et al., 2008).

The theory of corporate citizenship (Carroll, 1999) emphasizes the relationship between business and the community, and now that companies are so large and transnational, between business and the world. It is significant that the Boston College Center For Corporate Citizenship, one of the more developed and influential CSR centers in the USA, describes corporate citizenship as in essence a “strategy”. Waddock (2004) states that corporate citizenship:

[...] is manifested in the strategies and operating practices a company develops in operationalizing its relationships with and impacts on stakeholders and the natural environment, and [...] this definition attempts to integrate two separate streams of thinking: corporate (social) responsibility/performance [...] and stakeholder theory.

She advocates that rather than thinking of the evolution of CSR in a linear sense that it is best understood as various branches of a tree. The tree includes many diverse but related ideas, in addition to those above, such as corporate performance and assessment from which the UN Global Compact and the Global Reporting Initiative emerged, and including a burgeoning spirituality in business movement.

Michael Porter has likely had more influence on how business people conceptualize business strategy than any other theorist. It is not an exaggeration to say he influenced and shaped the last 25 years of thinking regarding corporate strategy and value creation. In January of 2008 (Porter, 2008) reaffirmed with new comments his original
ground breaking work of 1979 that propelled him to prominence, “How competitive forces shape strategy”. The economic language and concepts, the tools for analysis, outlined by Porter are integral to how business thinks about itself at the highest levels of management. The concepts of competitive advantage, industry structure, industry analysis, the threat of new entrants, buyer and supplier power, substitute products or services, remain standard 29 years later.

When Porter entered the CSR fray, so to speak, by publishing in 2006, with Mark Kramer, a paper titled “Strategy & society: the link between competitive advantage and corporate social responsibility”, he gave an imprimatur of respectability and correctness to the confluence of the two ideas that probably no other business figure could have provided. When Michael Porter says “CSR has emerged as an inescapable priority for business leaders in every country” (Porter and Kramer, 2006), business leaders around the world listen. Porter makes a simple proposition:

If corporations were to analyze their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, a constraint, or a charitable deed—it can be a source of opportunity, innovation, and competitive advantage (Porter and Kramer, 2006).

Porter goes on to say that the interdependence between a corporation and a society take two forms. First, there are the inside-out linkages where a company impinges on society through its operations in the normal course of business. He posits that the conceptual tool of the value chain is as useful for CSR as it is for business strategy; instead of seeing CSR in terms of cost and risk it is seen as an opportunity. Second, there are outside-in linkages where external social conditions influence corporations. Porter argues that social conditions form a critical part of the competitive context, which typically gets much less attention by business than the value chain. And making sure that the competitive context is healthy is of benefit to the community as well as the company. Sounding much like Drucker, Porter concluded:

Perceiving social responsibility as building shared value rather than as damage control or as a PR campaign will require dramatically different thinking in business. We are convinced, however, that CSR will become increasingly important to competitive success. Corporations are not responsible for all the world’s problems, nor do they have the resources to solve them all. Each company can identify the particular set of societal problems that it is best equipped to help resolve and from which it can gain the greatest competitive benefit. Addressing social issues by creating shared value will lead to self-sustaining solutions that do not depend on private or government subsidies. When a well-run business applies its vast resources, expertise, and management talent to problems that it understands and in which it has a stake, it can have a greater impact on social good than any other institution or philanthropic organization (Porter and Kramer, 2006).

In 1991, Richard Rumelt, Professor of Strategy at UCLA and the godfather of the resource-based approach to strategy, challenged the Porter model. He said that the key to higher performance is not so much the industry that you are in, or necessarily your position in it, although both are not unimportant. He made the deceptively simple point that being good at what you do is very important. In part, because in a dynamic global business environment, companies find themselves pursuing businesses that cross industry boundaries out of competitive necessity, the concept of the industry lost some
There is no substitute for entrepreneurial insight, but almost all innovation flows from the unexpected combination of two or more things, so companies need access to, and in some cases control of, the right knowledge and skill pools [..] the resource based view [..] at one level looks obvious. It says you’ve got to have good resources in order to have good results. But it’s really a theory about the locus of success. Where is it coming from? It’s coming from having, within a company, difficult to replicate and usually intangible resources. Things that generate and sustain competitive success – things like reputation, a good customer group, network externalities, experienced and competent people performing your processes (Lovallo and Mendonca, 2007).

Thus, it is clear that the resources-based approach does not devalue external factors like reputation and CSR, nor are the constant changes in the external environment peripheral to good resources-based strategy. On the contrary, resources applied to “the next big thing”, are the very source of value creation. In the context of CSR, the next big thing may be the social and environmental challenges of our world.

The trend in business strategy has, first of all been away from large and cumbersome planning processes that we more common 20 years ago, and towards what has been dubbed “dynamic strategy development” (Feurer and Chaharbaghi, 1995), where strategy is treated as part of the responsibility of individuals throughout the organization. Mintzberg (1994) points out that one of the key implications of this shift has been that strategists are shifting away from planning and strategy creation towards strategy finding, knowledge generating, taking advantage of catalysts for change, changes in thinking. Feurer and Chaharbaghi (1995) point out that those activities have increasingly more to do with values, and value systems:

Distributing the ownership of strategy formulation and implementation throughout the organization requires the consideration of a wider value system. With the dynamic approach, organizations can no longer aim at maximizing the values of customers and shareholders alone. The values of other stakeholders such as employees and society will become equally important. This is because the value system in which organizations operate is likely to change owing to an increasing of the detrimental effects resulting from the vicious circle of competition. Those organizations that take a proactive approach to shape future value systems are more likely to succeed in the long run.

The title of this section of the paper just covered is an intentionally mixed, or more exactly, a mashed metaphor. Given the importance of metaphors and perspective in the preceding discussion, the author begs the forgiveness of the reader. The purpose was to illustrate that business strategy and CSR are truly combining, and that the implications of this mash-up are very much playing out within the context of implementation, execution, and all of the attendant social and environmental factors – where the rubber meets the road. The next section provides a perspective on how to think about how fast this has been happening, and what the dynamics of the shift might look like.

**Adoption models**

In 2003, in a working paper at the Boston College Center For Citizenship, Waddock (2003) asked, what will it take to create a tipping point for corporate responsibility?” She used the concept of the “Tipping Point”, popularized by Malcolm Gladwell in his
best selling book by the same name. A Tipping Point is about very sudden and massive change, the moment at which the tide turns, critical mass is reached, the boiling point (Gladwell, 2000):

It is the best way to understand the emergence of fashion trends, the ebb and flow of crime waves, or, for that matter, the transformation of unknown books into bestsellers, or the rise of teenage smoking, or the phenomena of word of mouth, or any other number of mysterious changes that affect everyday life is to think of them as epidemics. Ideas and products and messages spread just like viruses do (Gladwell, 2000).

Waddock concluded that CSR had not yet reached a tipping point, and in order to credibly make such a claim many elements of internal corporate responsibility management would have to be in place, and external corporate responsibility assurance mechanisms would have to be established as well. More than that, some kind of a catalyst or incentive would be required to transform CSR into a business imperative. Making an analogy to TQM in the USA, she pointed out that US industry was very slow to adopt TQM, and it was not until Japanese and German manufacturers began to take significant market share away from them in electronics, consumer products, and automobiles, that they took TQM seriously.

The study of innovation diffusion is the study of how, why, and how fast new ideas and technology spread through cultures. Rogers (1962), in his seminal work Diffusion of Innovations, developed the now very familiar model of technology adoption that divides adopters into categories: innovators, early adopters, early majority, and laggards (Figure 1). Rogers (1962) wrote:

Information about an innovation is often sought from peers, especially their subjective evaluations about the innovation. This information exchange about a new idea occurs through a convergence process involving interpersonal networks. The diffusion of innovations is essentially a social process in which subjectively perceived information is passed from person to person.

The bell curve was useful, according to Rogers, but he noticed that the speed of innovation adoption is determined by two characteristics: $p$, the speed at which adoption takes off, and $q$, the speed at which later growth occurs. Some innovations have a higher $p$, for example, taking off more quickly, while an innovation that has

![Figure 1. Rogers bell curve](image-url)
“network effects” (where the value of the innovation increases as others get it also) may have a higher $q$. Rogers expressed this distinction between how fast an innovation is initially adopted, and the phase at which it is adopted more completely as his famous “S Curve” for innovation adoption (Figure 2).

According to Rogers, word of mouth is the primary driver of innovation diffusion. It takes place within particular social groups and social systems. Individual people are seen as having different degrees of willingness to adopt new technologies, and look to common channels for information and understanding of the innovation as well.

Gartner Inc. (Fenn, 1995) popularized a more poetic version of Roger’s work, a “Hype Cycle” that captured, with language like “the peak of inflated expectations” and “trough of disillusionment”, what the social process of innovation diffusion actually feels like to those in the technology business, and explicitly reflecting the generally compressed adoption cycle applicable to information technologies (Figure 3).

Technology innovations, taking place as they do among a social community of hyper-communicators, and highly educated people who are in fact scanning the environment for new innovations, can get hyped up very quickly and reach the peak of

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**Figure 2.**
Rogers S-curve

**Source:** Rogers (1962)

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**Figure 3.**
The Gartner hype cycle

**Source:** Fenn (1995)
inflated expectations very quickly. Suddenly, the innovation will fall out of favor, and will be roundly criticized for failing to meet expectations. That is the moment of truth for an innovation, whether the social contagion will continue up the slope of enlightenment and reach the plateau of productivity, or whether it will die out. In general, technological innovation cycles seem to be compressing. Electricity took about 50 years to spread to only 25 percent of Americans. It took the telephone 35 years, the car 55 years, the airplane 65 years, and the television 26 years. The personal computer took only 16 years, and the web exploded in less than seven (Daly, 2002).

CSR is not a technology. It is a management innovation and a societal innovation. It is a trend, a perceived change in executive attitude and management practice. But, all of this is taking place within the context of a bursting forth of communications and media, a cornucopia that is definitely something new, an environment that may by its very fact facilitate innovation. Many are tempted to say that the old rules do not apply, that the new environment is going to facilitate dialogue and understanding with a breadth and depth never before seen in human history, And when the great optimists and believers in technology combine visions with great optimists and believers in social progress, it is easy to get caught up in a sort of utopian rapture, and predict faster and better adoption of responsible business practices and ecosystems. But there is another, more cautious narrative that is important to consider:

Described in the newer language of the information revolution are the age old problems of unequal distribution of opportunities and resources among ethnic groups and economic classes, the ghettoizing of minorities, the marginalization of the under-skilled, the intransigence and debilitating effect of generational poverty, the consequences of inevitable economic downturns, and ethical and political struggles [...] broader and more deeply rooted societal conditions [...] that are as sure to cause friction in the future as they have in the past, and are not likely to be assuaged by the silver bullet of internet access (Daly, 2002).

Business strategy, and its tools such as adoption models, are so much a product of economics and engineering that management consultants were originally known as “management engineers”, and the field’s most prominent founding theorist developed an approach he called “Scientific Management” (Taylor, 1911). However, as Oettinger (1990) wrote: “Nothing in science and technology can make a day so clear that you can see forever through von Clausewitz’ the fog of war.”

Taleb, in his influential book The Black Swan – The Impact of the Highly Improbable (2007), challenged the “scientific” approach to management by coming to the very sobering conclusion that nobody knows what is going on, and no one can predict what is going to happen. Taleb (2007) wrote:

The human mind suffers from three ailments as it comes into contact with history, what I call the *triplet of opacity*. They are:

(a) The illusion of understanding, or how everyone thinks he knows what is going on in a world that is more complicated (or random) than they realize;

(b) The retrospective distortion, or how we can assess matters only after the fact, as if they were in a rearview mirror (history seems clearer and more well organized than in empirical reality); and

(c) The overvaluation of factual information and the handicap of authoritative and learned people, particularly when they create categories [...]

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**Corporate social responsibility**

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Taleb’s fundamental point was that just about everything in society results from rare but consequential shocks, and totally unexpected and unpredicted events, but that tools for analysis such as the bell curve, the S-Curve, and the Gartner Hype Cycle discussed within focus on the normal incremental changes that take place between the big shocks that shape our lives more than anything else. Most business and CSR strategists might readily admit that the landscape of CSR is complex, involving many powerful stakeholders including business, government, NGOs, individuals, media and all of the variations in-between, but since they make their living purportedly knowing what is going on and helping chart out strategies and tactics that take into account predictions of what is going to happen, they might find Taleb’s perspective a little over the top.

The answer, quite obviously, is to strike some sort of a balance. It does seem that a fairly good strategic planning assumption to make for the next five years is that CSR is going to continue very rapidly towards adoption, that the necessary management and external assurance of CSR is in full swing, and is likely to continue along that path. It also seems likely that the management innovation of CSR may go through stages that are analogous to technology and management innovation adoption. If that turns out to be true, then we are probably also headed within the next five years towards significant cynicism and questions as to what all the sound and fury of CSR has in fact accomplished. That may be so because of the likelihood that the kinds of economic and social shocks that the USA has experienced in the last few years are going to continue; the .com and telecommunications industry melt-downs in the early 2000s, the sub-prime mortgage debacle of 2007 and 2008, the recent oil shocks, were not predicted. War and the threat of war seem to always be with us. New technologies offer promise, but also peril. These realities may auger well for CSR, because it may be important for our quality of life, if not our very survival. However, CSR is no panacea. The sheer magnitude and difficulty of the issues driving CSR ensure plenty of challenges ahead, and plenty of room for frustration and cynicism. Nevertheless, as human beings on a planet that seems to be getting smaller every day, we are compelled to manage as best we can. As Martin (2006), computer scientist and futurist, Founder of the James Martin Institute for Science and Civilization at the University of Oxford, wrote recently:

We live on a small, beautiful and totally isolated planet, but its population is becoming too large, and growing rapidly in its desire to consume products that need resources beyond what the earth can provide. Technology is becoming powerful enough to wreck the planet. We are traveling at breakneck speed into an age of extremes — extremes in wealth and poverty, extremes in technology and the experiments that scientists want to perform, extreme forces of globalism, weapons of mass destruction and terrorists acting in the name of religion. If we are to survive decently, we have to learn how to manage this situation.

**Conclusion**

Both business strategy and CSR have evolved over time, to the point that there is a significant amount of overlap and convergence between the two ideas. Power attaches to knowledge (Foucault, 1980). Social systems require the adoption of ideas in order to function, in order to have organizing principles. CSR is one of those areas of knowledge and ideas, like business strategy, that is about power, about the allocation of resources both scarce and abundant, about values, about organizations and their inter-relationships, and most of all about people as individuals.
CSR is a highly significant trend, and well-managed companies are already taking it very seriously. CSR may become a part of standard business theory and practice, but not without evolving through adoption patterns that will necessarily involve some disillusionment. Leaders will guide their company through this period by focusing on how to make CSR “real” for their organization by embracing the business strategy/CSR mash-up and driving growth and innovation within the new parameters.

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