Universitat Ramon Llull

DOCTORAL THESIS

Title	MANAGING RES PONSIBLE COMPETITIVENESS: IDENTITY, CULTURE, PARADOX AND NARRATIVES
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Summary of the Dissertation

"A man is always a teller of tales, he lives surrounded by his stories and the stories of others, he sees everything that happens to him through them; and he tries to live his life as if he were recounting it."

Jean-Paul Sartre

This empirical qualitative study —of eight companies that have implemented responsible competitiveness strategies— contributes to corporate social responsibility management literature by focusing on how leading companies in the field frame and manage CSR in practice. The study finds that these companies generate significant value from their social and environmental practices, but the degree and focus varies from company to company. Each of the companies seems to focus on developing a CSR strategy that best fits the organizational identity, which means centering social and environmental strategies on the firm's core competitiveness factors. The study also suggests that there are some inherent paradoxes to CSR that companies need to manage, and that the responsible competitiveness paradox that represents the tension between CSR and business goals is particularly challenging, where the eight companies manage it by accepting and fostering this paradox, making it part of the firm's identity. The main conclusion from this study is that these eight companies manage responsible competitiveness by constructing narratives around a responsible identity and reputation, indicating a strategic focus and the acceptance of inherent paradoxes in CSR. Finally, the study shows that these eight companies share ten characteristics that they use to anchor and develop these narratives, which include some central corporate attributes, strategic ideas, and strategic assets. By sharing these ten characteristics, this research aims to further develop CSR management literature, as well as providing reflexive practitioners with a guiding conceptual framework.

For Noriko

Acknowledgements

“Before I speak, I have something important to say”

Groucho Marx

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Chapter 1 - Introduction

“It's not so much what you have to learn if you accept weird theories, it's what you have to unlearn”

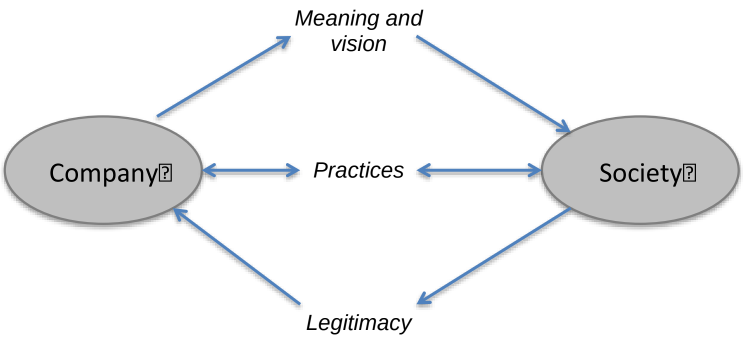
Isaac Asimov

The point of departure

The role that companies should play in society is one of the oldest and at the same time most current debates both for practitioners as well as for academics. In a globalization context, private sector activities affect simultaneously the social, the environmental and the economic spheres. And that impact affects the raison d’être of the organizations: their values, their mission and their identity.

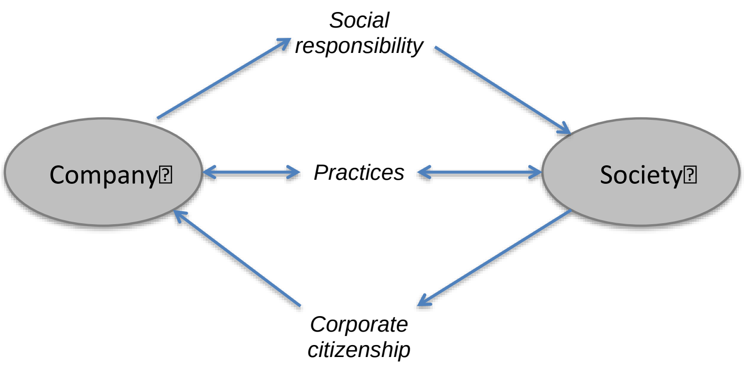
In the knowledge society, the social expectations and demands toward companies grow in complexity, as the globalization process distorts the equilibrium among different social actors (Held and McGrew, 2000). Thus, aside from finding its role in a social system, the company must try to understand the direction it will take and contribute to its governance (Mintzberg, 1996). The company must understand and assume its role as an actor in a changing society, while society demands to be taken into account as an important variable for business decision making (Carroll, 1999). In that context, the company does not construct by itself the legitimacy of its practices, as other social actors and individuals (simultaneously citizens and consumers) give meaning to business actions, to its vision and its mission (Freeman, 1984). In this scenario, companies interact with society through practices, but it is society that gives companies’ practices legitimacy, and companies define and express meaning and vision also through business practices. This process can be visualized in Figure 1:

Figure 1: the meaning and legitimacy dialogue



In that context, the key is the search for a meeting point between the company and organizations, groups and individuals with which the company relates (Jones, 1995). The role of the company as a purely economic actor has historically revolved around efficiency and productivity, but as a social actor this concepts stop having a unidirectional meaning, so that responsibility becomes the economic, environmental and social meeting point (Elkington, 1995). Thus, the company tries to assume the responsibilities that, from its perspective, society bestows upon it, while society constantly redefines the role it assigns to the company (Donaldson and Dunfee, 2002). This relationship, which I illustrate in Figure 2, becomes an exchange where the company contributes to society by behaving responsible and society responds by giving the company citizenship status, through legitimacy and social contract. Here too, business and society interact through practices, where the company defines and acts responsible, while society provides the company citizenship and license to operate.

Figure 2: the responsibility – citizenship cycle



In that regard, the field of corporate social responsibility (hereinafter CSR) is one of the frames of reference that tries to address the main questions that this scenario generates: Which responsibilities must the companies assume? (Handy, 2002) How must the organization change to assume them? (Pruzan, 2001) And, what effect will it have in its competitiveness? (Prahalad and Hammond 2002; Zadek, 2006). The question is not whether the company has social and environmental responsibilities, but rather their extent (Smith, 2003) and, most importantly, how can these be translated into business policy, strategy and practice (Porter and Kramer, 2006).

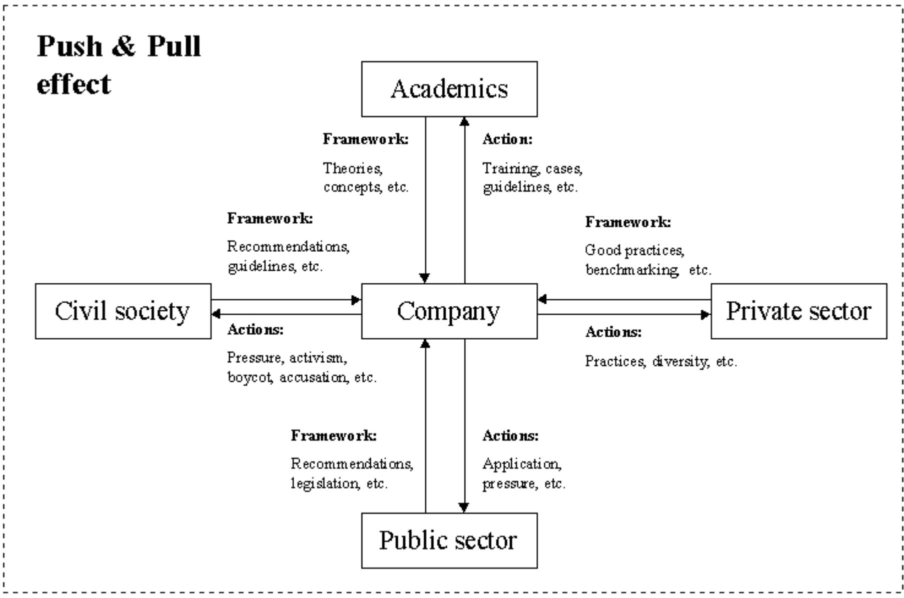
The field of corporate social responsibility tries to address this issue of how companies need to change to assume their social, economic and environmental responsibilities (McWilliams and Siegel, 2001). In this context, this dissertation wants to shed some light on the issue of how companies embed CSR issues, particularly how companies integrate CSR in core strategic processes that are crucial for their competitiveness (Prahalad and Hammond, 2002). The point of departure is the idea that one of the main drivers for most company activities is firm competitiveness, so that embedding CSR in the organization requires understanding how it connects and fits with firm competitiveness (Hart 2005; Freeman 1984). Said differently, if competitiveness is one of the central drivers of all business activity, if CSR connects with firm competitiveness it will more easily become an integrated part of the organization for the long-term (Handy 2002; Emerson 2003; Porter and Kramer 2011). Thus, this dissertation revolves around the exploration of the different ways in which CSR has an impact on competitiveness. Furthermore, I try to analyze how practitioners manage CSR issues within key competitiveness factors, and develop integrated responsible competitiveness strategies.

Rationale behind the research

Today most transnational companies in the world have policies in place to address some of their social environmental responsibilities. These types of policies receive different names such as corporate citizenship, accountability, business in the community, social and environmental compliance, or sustainability to name a few, and often are managed by specific units or departments. All these different labels are part of the CSR field as they focus on ways in which a company should address some of its social and environmental responsibilities. However, research on the CSR field until now has not focused on explaining how companies develop and embed CSR policies in the organization, but rather on discussing the normative and instrumental approaches to CSR. That is, the CSR field currently revolves around identifying critical issues such as stakeholders, accountability, human rights or the environment, but not so much on how companies are able to deal with these issues.

This lack of research on how to manage CSR in an organizational setting has been somewhat offset by the appearance of many different frameworks from the public (e.g. European Commission, OECD, United Nations, International Labor Organization, World Economic Forum, World Bank, etc.); private (e.g. World Business Council for Sustainable Development, Busines for Social Responsibility, SustainAbility, etc.); and non-profit sectors (e.g. CSR Europe, Global Reporting Initiative, AccountAbility, Social Accountability International, etc.); aiming to assist companies in framing and interpreting CSR in relation to their specific context. The problem, however, is that neither of these frameworks is predominant or even widely accepted. To make matters worse, most of these frameworks are the result of different, often contradicting, approaches to CSR, reflecting the agendas of the organizations behind them. These different frameworks include different tools such as guidelines, codes of conduct, management systems, certification systems, indexes, ratings, reporting tools or labelling schemes. In this context, individual companies trying to adopt a CSR perspective find themselves in a scenario in which they cannot assess what the rules of the game are, or even estimate what they may be in the future, which difficult adopting a CSR perspective. This push and pull effect can be visualized in Figure 3:

Figure 3: the push and pull effect



In this context, it is important to study and document smart practices of companies that have been successful in designing and implementing CSR strategies and integrating these strategies in their competitiveness model. The idea behind this approach is to shed some light on how companies interpret CSR in relation to their organization and activities. That is, the ways in which companies interpret the institutional framework, in terms of policies and practices, for promoting and supporting a voluntary approach to CSR that generates value for the company.

Understanding this approach could allow companies to learn how a voluntary CSR strategy works, thus obtaining references that could assist other companies willing to embark on CSR. The objective would be to contribute to a more general understanding of how CSR can be managed by exploring the potential for a responsible competitiveness business case. In that regard, a research based on the description and analysis of actual smart practices in the field of CSR could provide reflective practitioners with some useful conceptual handles for implementing and managing effective responsible competitiveness strategies. Furthermore, since there are very few studies using this approach, an exploratory research focusing on a previously understudied field could help identify some of the critical issues in the field of CSR and responsible competitiveness, which could contribute to the development of a research agenda for further study.

Challenges and specific objectives

CSR is a very ambiguous construct that covers all sorts of business practices, including ethics, philanthropy, community action, accountability, environmental responsiveness, stakeholder management and governance to name just a few. Although many definitions exist, there is no agreed international consensus around what CSR is beyond simply stating that it has something to do with taking into account non-financial factors, such as social and environmental matters. However, often it is very difficult to draw a line between CSR practices and other business practices, as any business activity inevitably has some social and or environmental repercussion. In this scenario, one of the objectives of this research is to contribute to the field of CSR by trying to understand how the eight companies studied define and develop CSR policies.

In previous literature, the relationship between CSR and business practices has usually been studied by trying to understand the relationship between CSR practices and firm performance, by studying the relationship between financial results and social and environmental impacts. However, this approach focuses on results rather than processes, and therefore does not much help companies who want to understand how CSR policies are developed and managed. In this regard, there are very few studies trying to describe and analyze how companies who are competitive in their sector are integrating CSR in their business model into what could be defined as responsible competitiveness strategies (Zadek, 2006). With that in mind, the objective of this dissertation is to explore the process by which companies integrate CSR and firm competitiveness. I propose that this approach will help the development of a better understanding of how a company can design and embed CSR policies, as well as derive some competitive value for the organization from the process. Thus, the central goal of this research is to contribute to both practitioners and academics in understanding how a company can derive value from designing and managing a responsible competitiveness strategy.

One of the central challenges that companies face when they try to design a CSR strategy is understanding the difficulties of managing CSR. In this regard, social and environmental practices often seem to require different management processes than other business activities, as they have inherent paradoxes that generate unique tensions and dilemmas that need to be managed. This requires companies to transform the organization in order to interpret, manage and respond to these particular challenges. Thus, aside from understanding how companies derive value from implementing CSR, this research aims to contribute to improve CSR management practices by trying to understand how companies such as Aeon, Danone, DKV, Mango, Interface, El Naturalista, Vodafone and Tecnol have learned to implement and manage their CSR practices. This means focusing on two key areas of research particular to CSR in practice: (1) paradoxes inherent to CSR and how they are managed by practitioners; and (2) the role innovation plays in how companies learn to manage CSR issues and to embed these practices in the business model.

Outline of the dissertation

It is important to note that this dissertation has been prepared to describe the research journey throughout my doctoral work. The reason for that is that this is an exploratory research that focuses on theory building rather than theory testing, which means that I started this journey by aiming to explore an issue for which I found very little existing literature, so that at each step of the research process new doors opened in terms of new fields, topics and questions. In this regard, I think it is important, in order to understand the dissertation, to be able to see the voyage in perspective and how each step led me to the next. This means that the research process was driven by a central and common aim to explore how companies develop and manage responsible competitiveness strategies, but that I accepted and embraced the possibility that as the research evolved new topics appeared. In that regard, I respected the chronological order in terms of the literature review and theoretical framework, where my purpose is to take the reader of this dissertation through the same voyage I went through. I think this is necessary in order understand and frame each chapter in relation to the overall dissertation.

Chapter 2 is theoretical. In Chapter 2 I discuss the central concepts initially identified such as CSR, responsible competitiveness, strategic CSR and managing CSR, and situate the study in relation to previous research on this subject. Thus, in this chapter I review the literature on the field of CSR and discuss the relevant areas to which this dissertation aims to contribute.

In Chapter 3 I present a preliminary study. As there are very few empirical studies on the relationship between CSR and competitiveness in practice, in this chapter I present an exploratory initial study, which identifies and discusses some of central topics of the dissertation. Particularly, in this research study I identify two central areas of the research which were not identified in the literature review of chapter 2: paradoxes and corporate culture, which will be reviewed in chapters 7 and 8. Chapter 3 ends with a summary of the theoretical framework for the dissertation as well as the central research propositions identified.

Chapter 4 is methodological. In this chapter I describe the research design, topic, main research question, secondary questions, propositions, units and levels of analysis, the approach, the sampling and data collection, and the data analysis. This chapter discusses grounded theory, and particularly the case study method, as a relevant tool for theory building in the field CSR.

Chapter 5 presents an overall description of the eight case studies used as the primary data for the dissertation. This chapter is also partly methodological in that it includes a discussion and description of the interviewees, and the rationale for the design of the questionnaires used for the interviews as well as the codes used to analyze the results.

In chapters 6, 7 and 8 I analyze the data and start building my conclusions. Chapter 6 presents a descriptive analysis of how the eight companies studied define and implement CSR, and presents a discussion of how these companies integrate CSR in their business practices and, more importantly, how CSR affects their core competitiveness. In chapter 7 I focus on the paradoxes inherent to CSR, and particularly on the central paradox in this field, which I call the responsible competitiveness paradox, and why it is relevant for CSR management. In chapter 8 I focus on the relationship between

CSR and identity and corporate culture, and I propose that companies that place CSR and innovation at the centre of their culture share 10 characteristics, presenting examples of other companies that are considered innovative and sustainable and which apparently share these 10 characteristics.

In chapter 9 I present a summary of the findings and how these answer my general research question. In this final chapter I also outline the more general contributions of this work, the limitations and possible future research to further the study in this area.

Chapter 2 – State of the Art

"Whenever a theory appears to you as the only possible one, take this as a sign that you have neither understood the theory nor the problem which it was intended to solve"

Karl Popper

The context

Reference international organisms such as The Organization for Economic Co-Operation and Development (OECD, 2000 and 2001), The World Economic Forum (WEF, 2003), The United Nations (UN, 2000) or The European Union (EC, 2002 and 2011) propose that competitiveness and sustainability are two of the most important issues on the agenda today. More importantly, as central issues that must be confronted by organizations, it seems relevant to understand how they affect each other (McKinsey 2010; Van de Ven and Jeurissen 2005). In this scenario, one of the key central issues seems to be how public, private and non-profit organizations can align and integrate competitiveness and sustainability practices (Porter and Kramer 2006). For the private sector this means aligning corporate social responsibility strategies, with key business competitiveness factors (Porter and Kramer 2011; WBCSD, 1999), which means designing responsible competitiveness strategies (Zadek, 2006). That is why in the last few years more and more research has focused on exploring the relationship between CSR and competitiveness (Mackey, Mackey and Barney, 2007).

It was not so long ago that Michael Porter proposed that CSR efforts should focus on strategic corporate philanthropy (Porter, 1999). Porter's central proposition was that the private sector had to conduct business as best as they could but that they should also give back to society through philanthropy, and that this process should be managed strategically, which in essence was the same argument given by Milton Friedman in his landmark article where he basically said that "the social responsibility of business is to increase its profits" (Friedman, 1970). Today, however, Porter and Kramer are one of the foremost proponents of embedding CSR in the business model through integrating CSR in key strategic business processes (Porter and Kramer, 2006 and 2011). In fact, in their most recent article Porter and Kramer suggest that business must focus on creating what they call shared value, which means generating public and private value simultaneously, as the only way in which companies can be competitive in the long-run (Porter and Kramer 2011). This remarkable evolution by Porter and Kramer parallels what has happened in mainstream management, where the question around CSR has moved from whether to how (Smith, 2003). In other words, the debate on CSR has moved from considering that the only mission of companies was to generate profits and business activity (Friedman, 1970), to consider how CSR policies should be integrated in the business model to increase organizational competitiveness (Porter and Kramer 2011; Van de Ven and Jeurissen, 2005). In fact, if we look at the list of the top most innovative companies in the world (Business Week, 2013), which would be one possible indicator of firm competitiveness, we find that most of the top 50 companies in the ranking have extensive CSR policies, such as Microsoft, IBM, Toyota, GE or Tata to name a few. Similar results are achieved if we look at other rankings such as the top retailers in the world (Deloitte, 2013) or the Global 500 (Fortune, 2013). The conclusion seems to be that apparently there is a connection between firm competitiveness and responsibility.

CSR: evolution, definition and theories

Although the role of business in society has been addressed in business literature since its origins, the concept of CSR has been developed over the last forty five years. In the 1950s the research on the role of business in society revolved mainly around the responsibilities to society that businessmen as individuals could be expected to assume (Bowen, 1953). In the 60’s the literature went a step further, introducing the idea that businessmen's decisions and actions could be taken for reasons beyond the firm's direct economic or technical interest and, furthermore, that this decisions and actions could report economic gains to the firm on the long run (Davis, 1960). By the 70’s the idea of social responsibility bringing long-term profits to the organization was strengthened and the concept of companies being accountable to more than their stockholders was introduced (Johnson, 1971).

During the 1980`s the concept of CSR as such was generally accepted as a legitimate business issue, focusing on the corporation's responsibilities to different societal groups such as stockholders, customers, employees, suppliers and neighboring communities, changing or redefining the boundaries of the firm and underlining, at the same time, that these responsibilities had to be voluntarily adopted by firms (Jones, 1980; Freeman, 1984). During the 1990's the field of CSR focused on discussing the relationship between CSR and financial performance (Carroll, 1999; Swanson, 1995), as well as furthering the discussion on some of the existing CSR topics such as stakeholders (Donaldson and Preston, 1995; Harrison and Freeman, 1999; Jones, 1995), corporate values (Pruzan, 2001), or environmental management (Porter and Van der Linde, 1995). It has only been during the last 15 years the mainstream field of CSR has turned its focus more on understanding how it can become a strategic issue for the company by generating significant and inimitable value (Mackey, Mackey and Barney, 2007; Porter and Kramer, 2011). The consensus today seems to be that CSR is about managing the responsibility of enterprises for their impacts on society (European Commission, 2011), although there is no such consensus on the list of responsibilities or impacts included under CSR.

Apparently many companies are reluctant to embrace CSR because the concept of responsibility seems to contradict economic efficiency and productivity principles. Some studies suggest a somewhat positive association between CSR and financial performance (Ullmann 1985, Griffin and Mahon 1997), but the causal nature of the relationship is unclear (Wood and Jones, 1995). Further studies argue that working under a CSR approach of creating stakeholder value produces shareholder value in terms of a competitive advantage (Ruf et al. 2001). Yet, other studies conclude that there is in fact an ideal level of CSR for any given company that can be determined via a cost-benefit analysis based on CSR supply and demand (McWilliams and Siegel, 2001). Nevertheless, research efforts trying to link corporate social performance and financial performance are inconclusive. The problem is that performance measurement is not only about profit maximization but about long-term value creation, which is very difficult to assess a priori. Furthermore, the long-term strategy of CSR takes into account intangibles such as corporate reputation, customer loyalty, workforce commitment and stakeholder relations. There is no denying that it is crucial for the company to be able to measure and assess how adopting a CSR perspective is affecting its competitiveness and how it develops, but it is equally true that in order to do that, the company must be willing to change the way it understands and measures excellence and success (Frederick, 1994).

There seems to be a consensus that CSR is a transversal issue that affects different areas of the organization and from different angles, and this is why CSR tends to be analyzed from specific perspectives such as corporate identity and reputation (Humble, Jackson and Thomson, 1994; Joyner and Payne, 2002; Pruzan, 2001; Sison, 2000); stakeholder relationships (Freeman, 1984; Frooman, 1999; Grey, 1996; Jones and Wicks, 1999); human resources (United Nations Global Compact 2000; International Labour Organization, 2007; Sum and Ngai, 2005); communication (Elkington, 1995; GRI, 2002); business strategy (Prahalad and Hammond, 2002), or marketing (Consumers International, 2012; Fan, 2005). The central idea that most of these different approaches share is that adopting CSR strategies has some effect on some key business competitiveness factors, although they do not agree on which, or how (Draper, 2006; Haigh and Jones, 2006; Porter and Kramer, 2006; Harrison and Freeman, 1999; Smith, 2003; McWilliams and Siegel, 2001). Thus, one of the central unanswered questions today in management is how does CSR impact firm competitiveness?

The concept of responsible competitiveness

Simon Zadek (2006) developed the concept of responsible competitiveness to refer to the way in which CSR could become integrated with long-term strategy. Although Zadek's research focused on responsible competitiveness from a public stand point exploring effects at a country or regional level rather than for individual organizations, the basic principle still applies: responsible competitiveness is about finding a way to align and embed CSR in core competitiveness factors. Other authors have discussed similar ideas under different names, such as strategic stakeholder management (Freeman, 1984), blended value (Emerson, 2003), strategic CSR (McWilliams and Siegel, 2001), or shared value (Porter and Kramer, 2011) to name a few. The departure point is the assumption that competitiveness is the main driver for business activity (Porter, 1985), defined as the firm's capacity to generate value through rare and difficult to imitate competencies (Barney, 1991; Rumelt, 1984). Thus, for some years now the field of CSR has been trying to study how CSR can have an impact on competitiveness. The idea is that only CSR issues that can potentially become strategic for the company will warrant the investment of company's resources and creativity (Porter and Kramer, 2006).

Responsible competitiveness seems to be about finding ways to generate value for the organization through CSR (McWilliams et. al., 2006; Porter and Van der Linde, 1995; Porter and Kramer, 2006), by integrating CSR issues in key competitiveness factors (Bansal and Roth, 2000; Carlisle and Faulkner, 2005; Harrison and Freeman, 1999; Mackey, Mackey and Barney, 2008; Porter and Kramer, 2006). The problem is that there is no concluding evidence on which CSR issues can generate value for the organization or which are the key competitiveness factors most affected by CSR policies (Godfrey and Hatch, 2007; Kay, 1993; Handy, 2002; Harrison and Freeman, 1999; Jones, 1995; Margolis and Walsh, 2001; Pruzan and Thyssen, 1990; Waddok, 2000). One possible explanation for the difficulty in analysing the relationship between key competitiveness factors and CSR in firms may be that implementing CSR strategies seem to produce unexpected results in terms of tensions and paradoxes within companies (Goodpaster 1991; Handy 1994), especially in trying to simultaneously focus on social, environmental and economic goals (Elkington 1995; Freeman 1984; Smith 1993). Another unexpected impact seems to be that CSR requires transforming the organization, including core values, and thus revolves in great part on learning and innovation (Nidumolu, Prahalad and Rangaswami 2009). In sum, current literature on CSR argues that there is a case for responsible competitiveness, but provides virtually no evidence on how a company can approach the development of such a strategy (Handy, 2002; Porter and Kramer 2011).

Responsible competitiveness revolves around the central idea of understanding how companies embed CSR in core business processes (Frederick 1978; Jones 1995; McWilliams and Siegel, 2001), asking relevant questions such as: What are the drivers, motivations and barriers to adopt CSR strategies? How are they integrated in strategic business processes? And what impact they have on the firm's competitiveness as well as in sustainable development? Usually the relation between CSR and firm competitiveness has overwhelmingly been researched in one of two ways: (1) through opinion surveys (Boston Consulting Group 2010; IBM, 2008; McKinsey, 2010); and (2) through empirical studies trying to connect CSR with financial performance (Chand and Fraser, 2006; Mackey, Mackey and Barney, 2007). However, both of these approaches have been unable to clearly conclude that there is a relationship between CSR and competitiveness, and more importantly, how such a relationship unfolds (Carroll, 1999; Donaldson and Preston, 1995; Harrison and Freeman, 1999; Lozano, 2002; Pruzan, 2001).

The theoretical framework: under researched and under studied

Although as we have seen there are several authors who have addressed the relationship between CSR and competitiveness, it is still an area of research with very little empirical evidence and very few proposals trying to answer the central question of "how does CSR impact firm competitiveness?" Perhaps the problem is that the study of the relationship between CSR and competitiveness requires first a consensus on what each of these concepts means, and then understanding what are the key factors affecting this relationship and whether these factors have a causal or casual relationship. One of the main problems seems to be that most of the factors relevant to understand such a relationship are intangible and vague themselves. The end result is that the theoretical field of departure on the relationship between CSR and competitiveness is extremely complex, filled with interesting ideas, but largely under researched and under studied, particularly in terms of empirical research, offering very few propositions on how CSR and firm competitiveness are connected. In the next few pages I will try to review some of the relevant central concepts. Since there are many concepts, I will not focus on reviewing or explaining each of the concepts in a lot of detail, but rather on the areas more pertinent to the study of the issues at hand: the relationship between CSR and competitiveness.

As I explained in the dissertation outline in Chapter 1, I have written this dissertation trying to respect the research process as it unfolded, including respecting the chronological stages. In that regard, in this initial literature review I focus on the central topics that I initially considered most relevant to my research aim. As I mentioned at the beginning of this chapter, CSR and competitiveness are two very vague concepts that can potentially be approached and studied from different angles, and thus initially I made a decision to focus on the topics that from existing literature seemed most relevant to the research, namely: competitiveness, CSR, responsible competitiveness, strategic CSR, and CSR management. This means that I left out other topics such as branding, reputation, marketing, financial performance, identity or paradoxes. This was a rational decision made in the interest of limiting the research to a viable and concrete field of study. However, as the research evolved and I started to gather preliminary findings, it became apparent that some of these fields, particularly CSR paradoxes, corporate identity, corporate culture, and innovation, where becoming important parts of the findings and therefore I carried out further literature reviews and include them in later chapters. I think it is necessary to do it this way to understand the research process and make sense of the results and conclusions.

Competitiveness

Competitiveness is an issue that is central to management and has traditionally been measured in terms of productivity and financial performance (Porter, 1985). However, there seems to be a growing consensus that measures such as profits or productivity do not necessarily explain all the central factors associated with firm competitiveness, as they only explain in part the firm's capacity to produce and capture valuable, rare and inimitable capabilities (Barney, 1991; Rumelt 1984). For instance, issues such as benefits and productivity do not completely explain intangible resources such as corporate reputation, key stakeholder relationships, strategic assets, or capacity to innovate (Kay, 1993; Shnietz and Epstein 2005). Thus, firm competitiveness today is determined by the capacity of the firm to manage key tangible and intangible resources that provide a competitive advantage to the firm (Hamel and Prahalad, 1989). This includes understanding and exploiting the core competencies of the company, which gives the organization a competitive advantage against other companies, and which are not always tangible (Prahalad and Hamel 1990).

However, the tension between exploration and exploitation that is inherent to business tends to skew toward operationalization, which means focusing on measuring and replicating, rather than on learning and innovating (March 1991). In fact, companies often face a paradox, where on the one hand they need to operationalize core competencies by making them tangible and measurable, but on the other hand by doing so they risk loosing a central part of the culture and competencies of the organization which makes them unique (Reed and DeFillipi, 1990). In this context, aside from productivity and efficiency, competitiveness apparently must account for more dynamic intangible firm capabilities such as flexibility, adaptability, quality or communication (Barney, 1991). In this scenario, firm competitiveness is understood not solely as productivity or financial results, but as the ability of a company to design, produce and or market products superior to those offered by competitors, considering the price and non-price qualities (D'Cruz and Rugman, 1992). Yet, there are virtually no studies trying to identify which are these "non-price qualities" and how important each of them are in comparison to the more known "price qualities".

Corporate social responsibility (CSR)

CSR is one of the frames of reference that tries to shed light on the role business should play in society (Carroll 1999; Goodpaster, 1983; Sethi 1975). In research and theory building, CSR is approached from different perspectives, such as social performance (Carroll, 1979; Swanson, 1995), business ethics (Solomon, 1993), corporate governance (Freeman and Evan, 1990), social contract (Donaldson and Dunfee, 1994), stakeholder management (Donaldson and Preston, 1995; Freeman, 1984; Lozano, 2002), accountability (Elkington, 1995; Valor, 2005), environmental management (Porter and Van Der Linde 1995; Shrivastava 1995), or corporate citizenship (Crane and Matten 2005; Waddock, 2000) to name a few. Although current CSR frameworks are diverse, fragmented and not always congruent (Carroll, 1999; Jones, 1980; Windsor, 2001), for many years CSR has been defined as the voluntary integration of social and environmental concerns in business operations and in their interaction with stakeholders (European Commission, 2002), but recently has been redefined simply as the responsibility of enterprises for their impacts on society (European Commission, 2011).

This means that CSR has been seen as a transversal issue that affects different areas of the organization such as corporate identity and reputation (Humble et. al. 1994; Joyner and Payne, 2002; Pruzan, 2001; Sison, 2000); stakeholder relationships (Freeman, 1984; Grey, 1996; Jones and Wicks, 1999; Mitchell et. al., 1997); human resources (Aguilera et. al. 2007; United Nations Global Compact 2000; International Labour Organization, 2007; Sum and Ngai, 2005); communication (Elkington, 1995; Global Reporting Initiative, 2002); business strategy (Prahalad and Hammond, 2002; Porter and Kramer 2006), or marketing (Consumers International, 2012; Fan, 2005). Therefore, it seems clear that adopting CSR strategies must have some effect on key business competitiveness factors (Draper, 2006; Haigh and Jones, 2006; Prahalad and Mashelkar, 2010; Porter and Kramer, 2011; Harrison and Freeman, 1999; Smith, 2003; McWilliams and Siegel, 2001; Van de Ven and Jeurissen, 2005). However, most research on the field of CSR has been focused on explaining or analyzing each one of these areas separately, rather than trying to understand the system they create in term of what CSR means of companies.

Responsible competitiveness

Responsible Competitiveness has been studied in many ways, including analyzing the relationship between CSR and consumer behavior (Becker-Olsen, Cudmore and Hill 2004); looking for new market opportunities through CSR (Prahalad and Hammond, 2002), exploring the link between CSR and branding (Fan 2005), connecting CSR with business strategy (Freeman 1984), understanding how CSR can help manage stakeholder relationships (Mitchell et. al., 1997), or studying the relationship between CSR policies and investments (Mackey et. al. 2007), to name but a few.

Most CSR practitioners, such as consulting firms, industry associations, think tanks or labor unions have studied responsible competitiveness through opinion surveys on consumers (Consumers International 2005; National Geographic and GlobeScan 2009; WBCSD 2008), investors (EIRIS 2014; EIRIS 2012; IFC and Mercer 2009), CEOs (Accenture, 2010; McKinsey, 2010; UN Global Compact and Accenture 2013) or executives (IBM, 2008), or best practices (GlobaScan and SustainAbility, 2014). These surveys tend to conclude that CSR has a direct impact on firm competitiveness, in terms of transforming key processes such as purchasing, investment, strategy or governance. However, opinion surveys only show what respondents "perceive" or "believe", where no clear causal relationship can be established.

Most academics, on the other hand, have approached the study of responsible competitiveness through exploring the relationship between CSR and financial performance, thus establishing a link between social and financial performance (Aupperle et. al. 1985; Griffin and Mahon 1997; McWilliams and Siegel, 2001). However, connecting CSR and financial performance does not necessarily establish a positive relationship between CSR and key competitiveness factors such as vision, relationships, core competencies, talent management or reputation, to name just a few (Barney, 1991; Mackey, Mackey and Barney, 2008). In sum, literature seems to confirm that there is a growing consensus around a clear connection between CSR and competitiveness (Emerson 2003; Porter and Kramer 2011), but the nature of this connection is not clear.

Strategic CSR

Strategic CSR can be defined as the implementation of CSR policies that generate unique and significant value for the organization and which generate responsible competitiveness for the organization (Emerson 2003; Zadek, 2006). In that regard, responsible competitiveness strategies occur when companies are able to develop strategic CSR practices coherent and integrated with business strategy (Porter and Kramer, 2006). However, differentiating between strategic and non-strategic CSR is not an easy task, as most companies seem to embark in a wide variety of CSR activities, as we can see with the growing importance of international initiatives on issues such as community relations (Business in the Community), communication (Global Reporting Initiative), responsible investment (Dow Jones Sustainability Index), human rights (Social Accountability International), or assurance (AccountAbility; International Standardization Organization).

The central idea seems to be that CSR has taken center stage in the corporate agenda, becoming one of the most strategic corporate assets (Prahalad and Marshelkar 2010). In this regard, CSR programs seem to be approached as strategic policies for companies comparable with programs such as R&D and advertising (Garberg and Fombrun 2006). Particularly, CSR seems to be one of the key drivers of innovation for companies (Nidumolu, Prahalad, Rangaswamy 2009). Thus, two conditions seem to set apart the more advanced companies in terms of CSR from other companies who are working on earlier stages of CSR: (1) strategic CSR generates specific and significant value for the organization (McWilliams and Siegel, 2001; Porter and Van der Linde, 1995; Porter and Kramer, 2006); (2) strategic CSR delivers value through focusing on key strategic assets of the organization such as products and services (Harrison and Freeman, 1999; Mackey, Mackey and Barney, 2008; Porter and Kramer, 2011). However, there is very little empirical evidence on the value that CSR delivers and the ways in which such value is delivered.

Integrating CSR

Integrating CSR in key strategic assets is surprisingly one of the areas less studied in the CSR field, as most efforts until now have centered on proving its value or identifying its contents (Carroll, 1999). However, there has been a trend in recent years to identify some practices by which companies are integrating CSR in key strategic assets (Van de Ven and Jeurissen, 2005). According to some authors, strategic CSR is the end of an evolution journey that companies begin by adopting partial CSR policies in specific areas of the organization, trying then to develop a coherent message and management process, until finally changing the business model to integrate CSR in all the different business processes, business strategy and central strategic assets such as products and services (Castelló and Lozano, 2009; Frederick 1994; Garrigues and Trullenque, 2008; Mirvis and Googins, 2006).

Authors disagree on the number of stages and the terminology used to describe each step: some talk about stages in strategic intent such as risk management, integrating CSR and finally searching for corporate citizenship (Castelló and Lozano 2009); others focus on a more descriptive analysis of the situation of CSR in each company, such as going from elementary CSR practices based on legal compliance all the way to changing the business models through different intermediate stages of engagement, innovation and integration on key processes such as products and services (Mirvis and Googins 2006); yet other authors suggest that CSR evolves mainly driven by communication, where the company integrates CSR in core business processes as it tries to develop a coherent and global vision and message around CSR which finally unfolds through becoming an integrative part of key strategic assets (Garrigues and Trullenque, 2008). Although there are some differences in the analysis of different authors regarding how CSR develops within organizations, different authors seem to agree that one way in which more advanced companies in terms of CSR can be identified is by the effect and impact CSR has on products and services (Bansal and Roth, 2000; Carlisle and Faulkner, 2005; Jorgensen and Knudsen, 2006; Prahalad and Hammond, 2002). Yet, aside from some specific studies that try to connect CSR with brand value (Melo and Galan, 2010), or research that focuses on how CSR can help companies innovate in products and services (Bansal, 2001; Nidumolu, Prahalad and Rangaswami 2009), there are very few studies that try to document or understand the process by which companies integrate CSR in core business practices.

CSR planning

Strategic CSR planning is usually understood as a sort of a guide to future behaviour (Mintzberg, 1987). The logic behind it is to devise some sort of plan that will allow the company to exploit its key competitiveness factors (Barney, 1991), setting the company apart from its competitors (Grant, 2000). Thus, the idea would be to focus on the CSR issues that contribute to strengthen the core competitiveness factors for the company (Prahalad and Hamel 1990), including engaging fringe stakeholder in order to generate value for the company (Hart and Sharma, 2004). Thus, a CSR strategy should be designed so that the policies and practices are coherent and reinforce each other (Porter, 1996).

Traditionally, strategy was seen as a step-by-step system where firms identified necessary resources, objectives and planed all possible contingencies to achieve the planed goals (Mintzberg, 1993). Although most authors argue that it is important to try to develop some sort of strategic plan, today strategy is more focused on strategic thinking rather than strategic action (Porter, 2001), in the sense that a company usually has deliberate (formulated) strategies as well as emergent (formed) ones (Mintzberg, 1987). The central final objective behind any strategy is to generate competitiveness for the organization, where the focus of strategy design and implementation is threefold: (1) identify the areas in which the company generates unique and significant value (Barney, 2001; Porter, 1996); (2) design policies and practices to be carried out in order to strengthen the company's capacity to carry out and exploit these competitiveness factors (Grant, 2000); and (3) make sure that these different capacities are coherent and "fit" in an overall business strategy that reflects the company's strategic thinking (Porter, 1996). For CSR, this translates into establishing a strategic vision in terms of CSR (Carlisle and Faulkner, 2005; McWilliams and Siegel, 2001; Pruzan, 2001; Robin and Reidenbach, 1988), and designing some sort of explicit plan to advance toward achieving that vision (Donaldson and Lee, 1995; Fan, 2005; Freeman, 1984; Harrison and Freeman, 1999). In this regard there are some instances of literature that proposes ways in which CSR strategies can be implemented (Bansal 2001; Emerson 2003; Porter and Kramer 2006). Yet, although this research on planning CSR strategies includes analysis of some experiences companies had in developing their CSR policies, there is very little empirical evidence on how companies turn CSR strategies into concrete action plans.

Managing CSR

Managing CSR is an issue that has seldom been explored in research, as most research in the CSR field has focused mainly on what companies do – i.e. what are the outputs in terms of CSR-, and why they do it – i.e. what are the motivations that drive companies to develop CSR policies -, which means that research has focused on either evaluating and measuring outputs, or on understanding internal motivations as well as external stakeholder demands and expectations (Basu and Palazzo 2008). Thus, the issue of how companies actually manage the design and implementation of CSR policies and practices has not been a major focus of research, perhaps due to the context specific management demands inherent to CSR which makes it very difficult to research (Castelló and Lozano, 2009; Mirvis and Googins, 2006; Garrigues and Trullenque, 2008; Vilanova, Arenas and Lozano 2008).

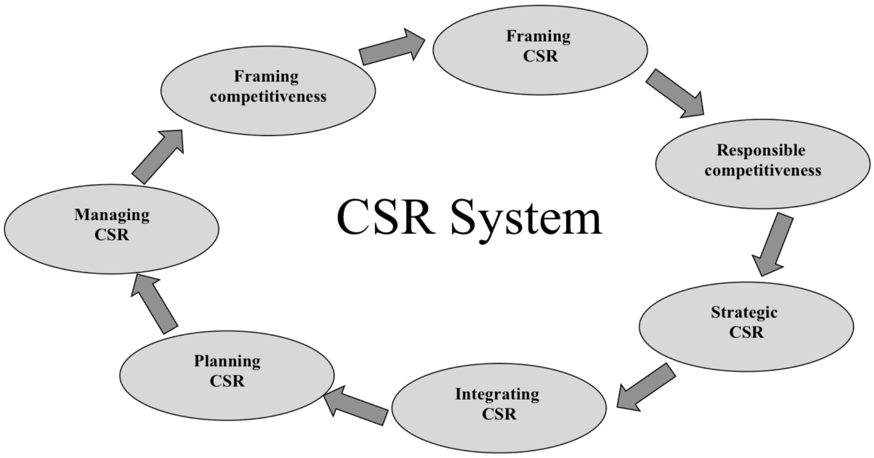
Some could argue that implementing CSR can be approached using the same management tools and systems that could be used to implement similar transversal strategies, such as quality management, cultural change, or organizational restructuring (Kotter, 1995). The central issue seems to be that any effective change process in an organization apparently must go through different stages, which begin by establishing leadership and defining the vision, followed by designing a specific strategy, and finally engaging the organization and integrating the new processes throughout (Collins and Porras 1996; Kotter 1995; Mirvis and Googins, 2006). Thus, from a company perspective, the objective in terms of managing the CSR integration process is to establish a normative framework, thus allowing for managers to create CSR sound approaches to business and make them work (Jones and Wicks, 1999). That means identifying a CSR vision and integrating it in the corporate identity (McWilliams and Siegel, 2001; Porter and Kramer, 2011; Pruzan, 2001), then developing a strategic plan to turn this vision into particular policies and finally transforming policies into specific actions (Castelló and Lozano 2009; Mirvis and Googins 2006; Porter and Kramer 2006).

In this regard, integrating CSR in corporate identity means reinventing the organization, which is not so much about changing current policies and processes as it is about creating new ones (Goss, Pascale and Athos; 1993). Thus, the central management issue is creating clear objectives and values around the CSR strategy that are coherent with existing management processes (Collins and Porras, 1996). This means not only establishing objectives, also defining indicators to evaluate and measure how the company is advancing toward these objectives (Epstein, 1987; Harrison and Freeman, 1999; Porter and Kramer, 2006; Waddock, 2000). However, there is very little research published on how companies set up their CSR objectives, how they develop key CSR performance indicators, and how they measure and evaluate their CSR practices.

Theoretical framework conclusions

In sum, the theoretical framework seems to build on different concepts that are not clearly delimited such as competitiveness, corporate social responsibility and strategy to name a few. As I have shown, there are studies on each of these areas, but hardly any of them try to analyze what companies are doing in practice in terms of CSR, and to understand and document how CSR strategies are being applied in the private sector. To complicate matters worse, what I aim to study in this research is not so much one or several of these concepts, but rather the interconnections and relationship between these different constructs. In this regard, the theoretical framework seems to support the idea that there is a relationship between some of these concepts, and that such a relationship translates into a system, where companies that want to instil a responsible competitiveness framework must not only define and understand what CSR means to them, but most importantly integrate CSR into their business model in a system where CSR is an integral part of setting business objectives, strategic planning and management. In other words, companies need to establish a system were these different constructs are intertwined and interdependent. This system could hypothetically look something like the cycle shown in Figure 4, although this has not been explored by existing research.

Figure 4. Responsible competitiveness system



In this system, hypothetically a company that wants to develop a responsible competitiveness strategy needs to first clearly understand its competitiveness model and how CSR contributes to build such model. Framing CSR within the competitiveness model would allow the company to understand its responsible competitiveness model. Then the company can identify how responsible competitiveness affects central strategic assets of the organization, such as products, brand, supply chain or employees; and is therefore able to develop a CSR strategy focused on strengthening firm competitiveness. Then, the company must create a system to integrate the CSR strategy into business process, which means planning the process and resources necessary to implement the process and putting in place a management system that will allow the company to achieve its responsible competitiveness goals. Finally, the company needs to manage this CSR process, which means developing tools, establishing concrete goals or measuring results among other things. Managing CSR then transforms the organization, as it forces the company to rethink and adapt its strategic thinking and business model, which in the end reframes how the company understands both competitiveness and CSR, and the cycle continues…

One of my departing hypothesis is that a CSR system similar to the one described in Figure 4 holds true for companies that take CSR seriously, meaning that they manage it as a central part of their competitiveness model

(Jones, 1995). Yet, the theoretical review shows that there is no clear consensus on how CSR has a positive impact on firm competitiveness. This is important because according to theory companies will only truly commit their efforts and resources into those skills and competences that help their organizations become more competitive (Prahalad and Hammond, 1990). Therefore, CSR will only have a true and lasting impact on the company as long as it is able to generate some specific competitive value (McWilliams et. a., 2006). Furthermore, from a business strategy perspective, the company will only consider CSR if it is able to capture significant value from such practices, especially if such value is unique and difficult to imitate by other companies (Hamel and Prahalad, 1989). Thus, the first step on this research is to confirm that there is a relationship between competitiveness and CSR in practice, and that this relationship is positive. Once this is researched, I will then focus on the truly central aim of this research, which is to understand how companies turn CSR into strategies, policies and practices.

Since the field of CSR in practice is under researched and understudied, as a first step I conducted a preliminary research, with the sole objective of discussing with practitioners the different issues identified in this literature review, and thus better frame the research topic and question of the dissertation. Therefore, in this preliminary research, which I present in Chapter 3, I wanted to confirm whether **there is a positive relationship between CSR and firm competitiveness?** And to identify some of the ways through which this relationship unfolds.

Chapter 3 - The preliminary study

An extended version of this preliminary research was published:

Vilanova, M.; Lozano, JM, and Arenas, D. 2008. *Exploring the Nature of the Relationship Between CSR and Competitiveness*. Journal of Business Ethics, Springer, vol. 87(1), 47-69.

“If I had twenty days to solve a problem, I would spend nineteen days to define it”

Albert Einstein

This preliminary research was developed as an exploratory study with the objective of identifying the central issues relevant for companies trying to design and implement CSR policies, and particularly to analyze whether the development of CSR policies had a positive impact on firm competitiveness. Thus, the goal of the study was to shed some light on barriers and facilitators to the implementation of strategic CSR, especially in terms of synergies between CSR and competitiveness processes. For the preliminary study I used three primary sources of data: (1) first an analysis of 20 of the most used and referenced international initiatives on CSR from the private, public and non-profit sectors; (2) company valuation reports prepared by financial analysts from some of the top financial analysis organizations; and (3) the results of a full day workshop with 35 senior representatives from the European financial sector. Being an exploratory study, the purpose was to review international initiatives so see how they define and frame CSR; study valuation reports and methodologies to see how financial analysts frame competitiveness and whether CSR plays any part on it; and to talk to some of the top practitioners in Europe in the financial sector to discuss together the need and/or possibility to integrate CSR in the competitiveness model.

The first part of the study presents two models for CSR and competitiveness respectively, as well as a theoretical framework and state of the art review to explain the models. These two models aim to help clarify the concepts of CSR and competitiveness, which as I explained are concepts not well defined nor clearly delimited in literature. However, the goal of this preliminary research is not so much to test or confirm these two models (this is not the goal of the preliminary research or the dissertation), but rather to explore the relationship between these two constructs of CSR and competitiveness to confirm the initial hypothesis that **there is a positive relationship between CSR and firm competitiveness.** In the third part of the preliminary study I discus the findings from the analysis of the company valuation reports as well as the discussion with the financial sector practitioners. In the last part, I present the findings and conclusions. This is the most relevant part for the purpose of this dissertation, as the preliminary study helped me identify some of the ways in which CSR and competitiveness are interconnected, and particularly three key areas that this preliminary study concluded as particularly relevant to explain this relationship, and which define the central focus of this dissertation: (1) how CSR becomes part of business strategy in what I call responsible competitiveness strategies; (2) how CSR is full of inherent paradoxes that explain the complexity of managing CSR in a business setting; and (3) how since CSR has such a profound effect on the business model and is so complex, it requires companies to develop a specific corporate culture that places CSR at the center, and which focuses on creativity and innovation in order to develop new models, processes, products, services and organizations capable of embracing responsible competitiveness.

A CSR model

As seen in chapter 2, CSR is a vague concept without an agreed definition in existing literature. In this preliminary study I looked at some of the most important CSR initiatives trying to provide tools for practitioners to implement CSR policies and practices, including definitions of the CSR as a business concept. Ernst Ligteringen, Chief Executive of The Global Reporting Initiative, which is one of the most important and widely used CSR initiatives in the world, told me in 2006 that they had tried to prepare an inventory of all the different CSR tools and initiatives that exist internationally, but that soon they realized it was a useless exercise, because there were thousands of initiatives from companies, governments, and non-profits. However, there are a few international initiatives that seem to be more predominant, either by the reputation of the organization behind it or by the number of users of the tools provided. Nevertheless, I reviewed 20 of the most important international CSR initiatives representative of the three sectors, including The Global Reporting Initiative, The Global Compact, The EC Green Book on CSR, the WBCSD Document, the OECD Directives, AA1001, SA8000, ISO26000, Business in the Community and CSR matrix among others. My goal was to see whether the different international CSR initiatives had some common proposals or ideas. The conclusion was that CSR initiatives use different nomenclatures, classifications and definitions but have a common understanding of what are the central topics that a company developing strategic CSR should take into account. In other words, these different CSR initiatives have different definitions of the concept, but when they recommend tools for companies to implement CSR, they tend to identify similar areas or activities. These different concepts can be grouped in five dimensions, which I define based on thematic similarities in terms of the area of business area under which these concepts need to be framed and managed in a company. In Figure 5, I present the resulting CSR model, which has these five dimensions of vision, community relations, workplace, accountability and marketplace. In this regard, evidence from the review of these 20 international initiatives showed that the common understanding of CSR by these initiatives focused on framing and developing CSR across these five dimensions.

Figure 5: The five dimensions of CSR

This means that companies that want to implement CSR strategically need to (1) develop a CSR vision, including CSR conceptual development within the organization, as well as a governance system, with ethical codes, and integrating CSR in values and reputation (Carter, Simkins and Simpson; 2003; Freeman, 1999; Humble, Jackson and Thomson, 1994; Joyner and Payne, 2002; Pruzan, 2001; Sison, 2000); (2) develop community relations, including collaborations and partnerships with different stakeholders, corporate philanthropy and community action (Freeman, 1999; Frooman, 1999; Grey, 1996; Hess, Rogovsky and Dunfee, 2002; Jones, 1995; Jones and Wicks, 1999); (3) embed CSR in the workplace, including labor practices and human rights, but most importantly making it part of corporate culture (European Union, 2002; United Nations Global Compact 2000; OECD, 2000; International Labor Organization, 2007; Sum and Ngai, 2005); (4) developing accountability procedures, including corporate transparency, reporting and communication (Elkington, 1995; Global Reporting Initiative, 2002); and (5) integrating CSR in marketplace related policies and practices, such as research and development, products and services, pricing, fair competition, branding, marketing or investment (Consumers International, 2012; Fan, 2005; Schnietz and Epstein, 2005; Whetten, Rands and Godfrey; 2001). In this scenario, CSR proponents would argue that firms should interpret and apply these five dimensions within their respective organizational contexts, (Jones and Wicks, 1999), where CSR is a central business issue that should have a profound and widespread impact on most business operations (Ayuso, Rodriguez and Ricart, 2006; Carlisle and Faulkner, 2005; Porter and Kramer, 2006; Whetten, Rands and Godfrey; 2001).

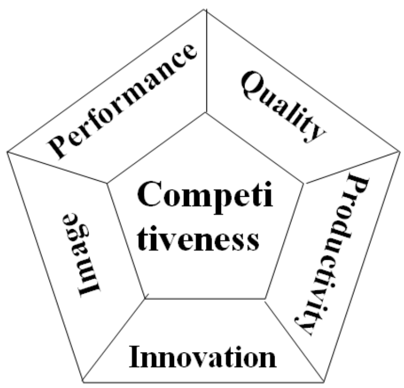
Accepting that CSR has such a relevant and transversal impact on business, naturally the next question is how does CSR impact firm competitiveness? (Chand and Fraser, 2006; Draper, 2006; Haigh and Jones, 2006; Handy, 2002; Porter and Kramer, 2006). Many authors have suggested that competitiveness is indeed one of the key drivers for adopting a CSR approach (Bansal and Roth, 2000; Haigh and Jones, 2006; Hess, Rogovsky and Dunfee, 2002; Juholin, 2004; Porter and Van der Linde, 1995), but the nature of the relationship between CSR and competitiveness is still unclear

(Porter and Kramer, 2006; Harrison and Freeman, 1999; Smith, 2003; McWilliams and Siegel, 2001).

A competitiveness model

As I presented in Chapter 2, there are many competitiveness definitions, frameworks and proposals (Ambastha and Monaya, 2004). As in the case of CSR, most authors, initiatives and tools define competitiveness differently (Doz and Prahalad, 1987; Hult et. al, 2002; McGahan, 1999; Porter, 1990, 1998 and 1999; Mintzberg, 1993, 2000 and 2001; Momaya, 1998; Nelson, 1992; Nonaka, 2000; Rumelt, 1991; Zadek, 2006). However, also similar to the CSR concept, although authors define competitiveness differently, they tend to share an understanding of the critical factors that are relevant to firm competitiveness. These critical factors, can be grouped as well in 5 dimensions of performance, quality, productivity, innovation and image as shown in Figure 6.

Figure 6: The five dimensions of competitiveness



In other words, according to most current authors, a competitive firm would be a company that (1) performs well, including standard financial measures such as earnings, growth or profitability (Hamel and Prahalad, 1989); (2) has comparatively good quality, not only of products and services, but also the capacity to satisfy key stakeholder expectations such as customers, suppliers, employees or investors (Barney, 1991); (3) is efficient, in terms of higher production and adequate use of resources (Porter, 1985); (4) is innovative, including products and services as well as management processes and business models (Mintzberg, 1993; Porter, 1985); and (5) has a good reputation, including corporate branding in terms of building trust and reputation in the relationship with stakeholders (Kay, 1993).

CSR, competitiveness and strategy

Michael Porter (1980, 1985, 1998) argued that competitiveness at a firm level is defined or limited by 5 forces of competition, namely (1) threat of new entrants, (2) bargaining power of suppliers, (3) bargaining power of costumers, (4) threat of substitute products and services, and (5) strength of the firm against current competitors. In other words, according to Porter a firm that has a large market share and strong power over its suppliers and customers, works in a sector with large barriers to entry and with no strong substitute products will probably enjoy a competitive position. According to this view, competitiveness is more dependent on factors external to the organization, where the main challenges are threats and risks. However, although these five factors are certainly important, there seem to be many other aspects as determinant as those 5. As we can see in Table 1, companies today tend to be ranked or measured using several criteria, including innovation, sales, integrity, market share, or reputation among others. Most authors would agree that these concepts are an important part of a company's competitiveness, and most of these factors are internal to the company.

Table 1: Sample of world company rankings

Most Innovative Companies *Business Week 2007*	Highest Brand Equity *Business Week 2007*	Integrity Balanced Scorecard *Forbes 2007*	Reputation Corporate Ranking *Reputation Institute 2005*	Sales *Forbes 2007*	Market Value *Forbes 2007*
Apple	Coca-Cola	Pepsico	Johnson & Johnson	Wal Mart	Exxon Mobil
Google	Microsoft	Fannie Mae	Coca-Cola	Exxon Mobil	General Electric
Toyota	IBM	General Electric	Google	Shell	Microsoft
General Electric	General Electric	Microsoft	UPS	BP	Citigroup
Microsoft	Nokia	Altria Group	3M	General Motors	AT&T
Procter & Gamble	Toyota	American Express	Sony	Daimles Chrisler	Bank of America
3M	Intel	American Int'l Group	Microsoft	Chevron	Toyota
Walt Disney	McDonald's	Chevrontexaco	General Mills	Toyota	Gazprom
IBM	Disney	Ebay	Fedex	Total	Petrochina
Sony	Mercedes-Benz	Exxon Mobil	Intel	Coneco Philips	Shell

What seems clear is that CSR has a potential impact on some of these factors relevant to firm competitiveness. For instance, if we analyze the top 10 most innovative companies in the world (Booz&Company 2010), we see that eight out of the 10 have a strong commitment to CSR and/or corporate citizenship, as well as signed and published codes of conduct. Admittedly two of the top ten, namely Apple and Google, do not have such a commitment because they argue that CSR, human rights and sustainability values are embedded in their organization and therefore do not need a specific CSR policy or strategy. In other words, in their discourse they claim that they do not need specific policies because they are deeply integrated in their business model so that there is no need for it. For example Google lists among their "10 things we know to be true" issues such as "honesty", "democracy" and "making money not doing evil".

The issue then is what sort of strategies or policies companies can pursue to develop CSR that effectively strengthens or reinforces such competitiveness factors. Porter (1980, 1985, 1998) argued that a firm could develop its competitiveness by adopting three possible strategies: (a) cost leadership, where the firm would reduce costs to be price competitive; (b) differentiation, where the firm would focus on differentiating from competitors on product and/or services; and (c) or focus strategies, where the company would focus on specific products and/or services in which it enjoys a competitive advantage. Henry Mintzberg (1987, 1993), on the other hand, proposed that firms should adopt strategies focused on establishing solid long-term corporate visions, but leaving flexibility for the specifics of daily operations to adapt. Mintzberg argued that it is almost impossible to properly anticipate future events and, thus, to plan resource allocation and actions for long-term strategies. Instead, Mintzberg suggested companies should aim at building institutional capacities and competencies, so that they have the resources to understand, confront and respond to unexpected changes in the market and the context.

Most current proposals for CSR seem to align with Mintberg's concept of emergent strategies (Mintzberg 1987), as they propose vision centred approaches instrumented through developing institutional capacities (Pruzan, 2001; Robin and Reidenbach, 1988). In that regard, integrating CSR in the strategic management process can contribute to implement a successful strategy in the firm insofar as it can help to develop simple and consistent long-term goals, improve the understanding of the complexity of a competitive environment, and assisting in the development of capacities and resources to learn and change as an organization, contributes to implement a successful strategy in the firm (Grant, 2000). That is, as the success of the company is highly dependent on the relationship with its key stakeholders and its reputation (Kay, 93; Donaldson and Lee, 1995; Fan, 2005; Freeman, 1984; Harrison and Freeman, 1999), the understanding of the competitive environment, and the image and reputation of the company built on transparency, information, communication and reporting practices (Elkington, 1995).

Valuating companies

Company valuation is how the market tries to measure and define the competitiveness of a given company, regardless of whether the valuation is carried out for buying or selling operations, for valuation of listed companies aimed at anticipating stock market behavior, or for strategic reflection and planning (Copeland, Koller and Murrin; 2000). The most widely used valuation methods can be grouped in: (a) balance sheet-based methods, which seek to determine the company's value by estimating the value of its assets; (b) income statement-based methods, which seek to determine the value of the company through the size of its earnings, sales or other similar indicators; (c) mixed or goodwill-based methods, which seeks to determine the value of the company, including its intangible assets through trying to quantify future earnings; and (d) cash flow discounting-based methods, which seek to determine the company's value by estimating the cash flows it will generate in the future and then discounting them at a discount rate taking into account risks (Fernandez, 2002). Currently the most widely used valuation method seems to be the cash flow discounting-based methods and the goodwill-based methods (Brealey and Myers, 2000; Copeland, Koller and Murrin; 2000; Fernandez, 2002). Thus, the two most widely used valuation methods are those that focus on anticipating future earnings or future behavior. Nevertheless, none of these methods include explicit or direct CSR factors in the valuation process.

However, I compared these findings with valuation methods used by financial analysts at several firms such as ABN Amro, Banco Espirito Santo and Cowen & Co., and I found that most financial analysts don't use a single method, but take ratios and measures from different ones. In fact, in all cases I found some measures pertaining to all four valuation methods. Furthermore, aside from standard financial, performance and stock ratios, all valuations included an in-depth qualitative analysis of intangibles. These measurements or valuations of intangibles accounted for some CSR issues, through aspects such as management adaptability, governance, leadership, risks, sector competition, forecasts, core competencies, potential for partnerships, strategy or government actions among others. In that regard, a significant portion of valuations and recommendations seems to be based on the opinion and expertise of the analyst, rather than on objective ratios and measurements. Thus, if we accept that firm valuation is an indicator of firm competitiveness, my analysis of valuation methods used by different financial analyst shows that there is a certain relationship between CSR and competitiveness, but that it is not made explicit, standardized or quantified. That is, CSR is not considered a specific topic of evaluation by financial analysts (there is no specific section for it in most financial reports), nor does it have accepted indicators across different analysts, but it is nevertheless very much considered as a transversal issue, specifically in terms of non-tangible issues such as corporate reputation, brand equity, employee engagement, service, productivity, culture and internal and external relationships.

Analysis, case study, framework and paradoxes

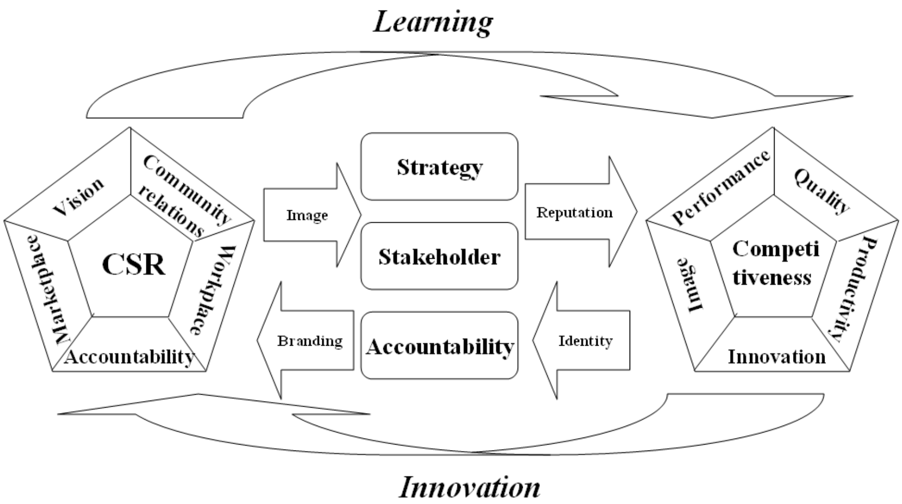
The financial sector seems to be the most critical actor in shaping markets, both from its role as an investor as well as an analyst, demanding and defining how a firm should be valued and, thus, determining what are the key competitiveness issues for corporations. For this reason, in September 2006 we invited 35 senior officers representing some of the most relevant stakeholder groups of the European financial sector to a full-day research workshop centered on the relationship between CSR and competitiveness. Participants were CSR senior managers or equivalent in their respective organizations, which included banks, equity funds, labor unions, insurance companies, regulatory agencies, industry associations, public organisms, think tanks, NGOs and academics. The goal of the meeting was to discuss whether there was a potential to develop a specific CSR framework for the European financial sector, and what would such a framework entail. In that regard, we divided the day in three different parts: first we spend two hours discussing the CSR concept, and trying to come up with a consensus in terms of framing it as a business concept for the financial sector, particularly trying to agree on whether CSR was positively connected to competitiveness; second we discussed specific examples of how organizations in the financial sector where successfully integrating CSR in their business model; and thirdly, we discussed the possibility for a sector framework geared toward helping the financial sector integrate CSR in the competitiveness model.

The consensus from the European financial sector was that there is a clear connection between CSR and competitiveness, but it is rarely measured or evaluated because there is a lack of a common framework for both CSR and competitiveness. In that regard, many companies seemed to treat the relation between CSR and competitiveness as a starting assumption rather than trying to understand where or how exactly this relationship occurred. Furthermore, most companies seemed to adopt CSR approaches as a reactive, rather than proactive strategy, at least initially, where reputation and image served as a vehicle or key driver to initiate or integrate CSR in the organization, later spreading to other processes of the firm. In that regard, practitioners from the European financial sector agreed that CSR impacts competitiveness mainly in strategy, stakeholder management, reputation, branding and accountability. A second important finding was that CSR apparently lacks organizational leadership to guide the process, as NGOs do not have the resources, public organisms do not want the responsibility and business do not have the legitimacy to assume leadership. To that end, participants identified future drivers for CSR as stakeholder demand, transparency, regulation, education, incentives and company innovation. Finally, there seemed to be a series of trust issues and tensions to be worked out among stakeholders, particularly in the CSR field, as it apparently generates a lot of confronting positions that create difficulty in the dialogue and collaboration among stakeholders, and even within different departments of organizations.

Framework connecting CSR and competitiveness

Results from the analysis of valuation methods used by financial analysts and the focus group by practitioners/ stakeholders from the European financial sector apparently propose a connection, between CSR and competitiveness in terms of core business practices. However, this connection is not clear nor measured and is based on mostly intangible factors such as strategy, stakeholder management, reputation, branding and accountability. Furthermore, results showed that image and reputation are part of the framework linking CSR and competitiveness, acting as a fundamental driver to initiate, develop and embed a CSR strategy in an organization (Haigh and Jones, 2006). In that regard, it seems that reputation and corporate culture are the processes through which organizations integrate internally and explain externally their competitiveness and CSR models, while strategy, stakeholder management and accountability are the processes through which organizations connect their competitiveness and their CSR models, or rather the way through which CSR becomes integrated in the competitiveness model. This process is shown in Figure 7.

Figure 7: CSR and competitiveness framework



In other words, based in the evidence from the discussion with practitioners from the financial sector and the valuation systems used by financial analysts, I proposed that CSR and competitiveness connect through three management processes of (a) strategy, (b) stakeholder management and (3) accountability. That is adopting a CSR strategy has a direct impact on competitiveness as it forces sustainable development in corporate vision through corporate strategy (Mintzberg 1987, 1993), improves the understanding of the complexity of the competitive environment and strengthens relationships with key stakeholders through stakeholder management (Donaldson and Preston, 1995; Freeman, 1984; Kay, 1993) and improves the transparency of the organization through accountability management processes (Elkington 1995; Pruzan 2001; Valor, 2005). In that regard, it seems that through integrating CSR in stakeholder management, strategy development and accountability processes the company's competitiveness is strengthened.

Finally, reputation acts as a fundamental driver to implement CSR as it is currently an accepted and valued intangible asset (Schnietz and Epstein, 2005) as well as one of the key issues considered in risk management (Van De Ven and Jeurissen, 2005). Moreover, reputation and image generate opportunities for innovation within organizations in terms of corporate branding which, in turn, build corporate reputation, image and identity (Fan, 2005). Thus, reputation becomes a driver not only to initiate CSR approaches in firms, but also to drive the process inside and outside the company. Said differently, through corporate culture, identity, image and reputation the company embeds in the organization the emergent strategy (Mintzberg, 2001) that will allow practitioners to navigate the challenges ahead. Thus, the objective from a company perspective when adopting a CSR strategy is to establish a corporate culture that provides a normative framework, thus allowing for managers to create CSR sound approaches to business and make them work (Jones and Wicks, 1999; Joyner and Payne, 2002; McWilliams and Siegel, 2001). Thus, the issue is not how to adopt a determined management strategy but rather how to integrate CSR in the culture and vision of the company, so that a corporate identity based on clear objectives and values is established while the company's strategies and practices constantly adapt to a changing world (Collins and Porras, 1996; Epstein 1987; Mintzberg 1993; Pruzan and Thyseen, 1990).

In other words, the type of change necessary for CSR requires reinventing the organization, which is not so much about changing current policies and processes as it is about creating new ones (Epstein 1987; Goss, Pascale and Athos; 1993; Mintzberg, 1993, Pettigrew 1990). Therefore, to effect change in an organization, all its members must start to think, feel or do things differently, so change management becomes an issue if one wants to manage a learning and innovation dynamic (Pettigrew 1985b and 1990). In that context, creating a normative framework and legal framework for action in CSR concerns the development of social responsibility in organizations as a learning and innovation process: that is exploring, documenting, and determining success factors; understanding competencies and awareness; and grasping the policy framework and additional factors involved in learning how to become socially responsible and being able to entertain new business policies, processes and practices (Goss, Pascale and Athos; 1993; Mintzberg, 1993).

Inherent CSR paradoxes

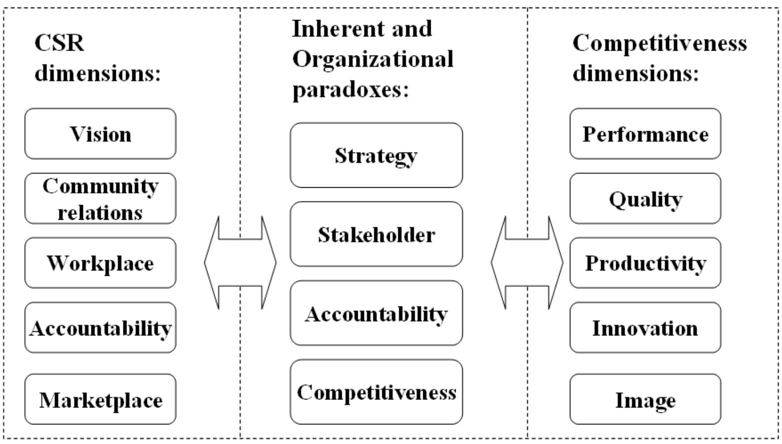
As discussed in the previous sections, evidence from the analysis of top international initiatives, valuation methods and discussion with practitioners in shows that, at least in the financial sector, there is a consensus that a positive connection exists between CSR and firm competitiveness. However, the same evidence also shows that such connection is difficult to measure and manage, mainly because there seem to be paradoxes inherent to CSR, in the sense that developing and integrating CSR in a corporate setting produces tensions, contradictions, dilemmas and paradoxes that are difficult to manage.

Literature seems to support these conclusion that one of the main reasons CSR frameworks seem to be ineffective in practice is that they don't take into account the paradoxes of CSR (Campbell 2006; Goodpaster 1991; Gray and Clarke 2005; Handy 1994). For more than 25 years literature has identified paradoxes as a key issue in embedding CSR in an organization, but there has been virtually no empirical research on how such paradoxes are identified and managed in organizations (Calton and Payne 2003; Goodpaster 1991; Handy 1994; Korhonen 2006; Pava and Krausz 1996; Stansbury and Barry 2007; Turcotte and Pasquero 2001). According to literature, CSR paradoxes take two forms: (1) organizational paradoxes that arise from opposing CSR and business goals, values and processes (Handy 2002; Joyner and Payne 2002; Pruzan and Thyssen 1990); and (2) paradoxes inherent to CSR that are generated by opposing or conflicting goals, values and processes within CSR frameworks (Elkington 1995; Goodpaster 1991; Freeman 1984; Handy 1994; Pruzan 2001). That is, theory proposes that effectively implementing CSR in a corporate context involves managing organizational and inherent CSR paradoxes (Calton and Payne 2003; Clegg, Vieira and Pina 2002; Lewis 2000; Poole and Van de Ven 1989).

The concept of paradox is emerging as a subject of empirical study in the management field (Ospina and Saz-Carranza, 2005). Defining paradox is a source of debate among different authors, where for some a paradox is a situation where trying to solve the situation makes the problem worse, while for others paradox refers more to the tensions, contradictions and dilemmas that are generated in management. I believe both approaches are not that far apart. Within organizational studies, Lewis (2000) defines paradox as something that denotes contradictory yet interwoven elements that seem logical in isolation but absurd and irrational when appearing simultaneously. That is, paradoxes represent tensions between well-founded and supported alternative explanations of the same phenomenon, which present a puzzle (Pool and Van de Ven 1989). The bottom line is that for some authors a paradox represents the choice-dilemma between two poles, each of which is arguably favorable, since choosing one pole means not choosing the other (Saz-Carranza, 2007).

There are some studies that suggest that paradoxes are particularly relevant in the field of business in society (Bouckaert 2006, Handy 1994), as the market structure and business systems naturally constrain the forms and extent of CSR approaches (Sum and Ngai, 2005). In that regard, one of the key issues in implementing CSR seems to be the tensions involved in integrating and embedding CSR in the vision and activities at the core of corporate practices (Campbell 2007; Porter and Kramer 2006; Pruzan, 2001). That is, adopting CSR may generate goals, values, processes and practices contradictory to company mission and existing business activities (Goodpaster 1991). Empirical evidence from this preliminary study shows that, at least in the case of the European financial sector, these paradoxes are inherent to the implementation of a responsible competitiveness strategy, and can be divided into four types of paradoxes, which I show in Figure 8: (a) the strategy paradox; (b) the stakeholder paradox; (c) the accountability paradox and (d) the competitiveness paradox. Based on the analysis of the field research, and particularly on the discussion with top practitioners in the European financial sector, I propose that the first three are inherent paradoxes to CSR, as they illustrate tensions between opposing approaches in CSR. The competitiveness paradox, on the other hand, is an organizational paradox in that it illustrates the tension between CSR and existing business practices in organizations, which are driven by competitiveness (Ambastha and Momaya 2004).

Figure 8: Paradoxes inherent to strategic CSR



The strategy paradox represents the convergence/ divergence of business mission, vision and objectives when embracing CSR in an organization (Cameron 1986; Clarke and Gray 2005; Goodpaster 1991; Korhonen 2006). The convergence/divergence paradox lies in the notion that both processes are not compatible, at least simultaneously, so that the broader corporate objectives and mission are, the easier and simpler it is to include concepts such as CSR and how they affect long-term firm competitiveness, but also the more difficult and impractical become to measure and manage (Cameron 1986; Clarke and Gray 2005; Goodpaster 1991; Korhonen 2006).

The stakeholder paradox represents the unity/diversity of goals and objectives among different stakeholders (Aram 1989; Calton and Payne 2003; Stansbury and Barry 2007; Turcotte and Pasquero 2001). The stakeholder paradox lies on the concept that increasing the diversity of stakeholder effectively decreases the capacity to control and manage the stakeholder process, including focusing on company objectives (Donaldson and Preston 1995; Goodpaster 1991; Gray and Clarke 2005; Freeman and Evan 1990; Frooman 1999; Jones 1995; Turcotte and Pasquero 2001).

The accountability paradox represents the dispersion/ centrality of accountability processes (Elkington 1995; Korhonen 2006; Zadek 2001). The accountability paradox lies in the notion that the more the company aims to be transparent and dialogue through different communication channels with its stakeholders, the more it looses the capacity to transmit a coherent and central message about the company and its vision (Carlisle and Faulkner 2005; Stansbury and Barry 2007).

The responsible competitiveness paradox represents the business/responsibility of corporate practices (Joyner and Payne 2002). Some authors seem to argue that the responsible paradox generates from the notion that embracing key CSR policies effectively reduces certain competitive advantages (Handy 2002). However, this paradox is not about two ideas that generate opposing results –i.e. business and responsibility-, but rather about the tension or the conflict between responsibility and business thinking (or making decisions based on business versus those based on responsibility) (Handy 1995). In other words, this paradox lies in the notion that there is an inherent conflict in all of us from our culture and socioeconomic system, generated from the tension between trying to be competitive and trying to be socially responsible (Handy 1995). This paradox is not generated because these two concepts necessarily produce contradictory results – i.e. responsibility reduces competitiveness-, but rather because being competitive and being responsible require different mind frames and thinking models (Handy 1994, 1995 and 2002).

Conclusions: theoretical framework for this dissertation

This preliminary study confirms my initial hypothesis that **there is a positive relationship between CSR and firm competitiveness**. Furthermore, I find that firms tend to integrate CSR and competitiveness through strategic thinking and design, stakeholder management, and accountability. However, the study is not able to identify how companies actually manage integrating CSR and competitiveness. In fact, this preliminary study suggests that the relationship between CSR and competitiveness is understood and managed differently for each company. In that regard one of the problems may be that when talking about CSR companies tend to focus on outputs rather than processes. In any case, **the central conclusion from this preliminary research is that there is a positive relationship between CSR and competitiveness**, and that some companies integrate CSR in their business models, turning them into what we could call responsible competitiveness strategies. In this regard, the preliminary study also concludes that there is clear need to study how companies manage responsible competitiveness, which will be the central focus of my dissertation.

Another relevant and interesting conclusion from this preliminary research is that reputation can act as a central driver in framing and embedding responsible competitiveness strategies, as it is one of the most tangible and clear central competitiveness factors of companies directly affected by CSR. An additional central conclusion from this preliminary research is that in order to explain responsible competitiveness management, research needs to focus on framing and interpreting how companies manage their paradoxes, rather than the results, impacts or outputs generated from responsible competitiveness policies. Finally, this preliminary study also concludes that responsible competitiveness requires a certain corporate culture and identity that places CSR at the center of the organization and that focuses on innovation as the only way for companies to embed CSR in core business processes, innovating in products, services, processes and even business models. In that regard, evidence from this preliminary research seems to support that being an underdeveloped management field, companies tend to learn and innovate as they try to integrate CSR in firm competitiveness.

In sum, based on this preliminary study I develop one central research question and three central research propositions. Remember what I explained in the introduction in Chapter 1 that this dissertation is presented as a chronological voyage of my research in this field. In this regard, the first and important step in this voyage is the conclusion of the preliminary study and the realization that the relevance of exploring responsible competitiveness in practice is confirmed, and that based on evidence this central research question needs to evaluate three related departing hypothesis:

RQ: ***how do companies manage responsible competitiveness in practice?***

RP1: Corporate reputation is a central driver for responsible competitiveness management

RP2: Responsible competitiveness management requires managing paradoxes

RP3: Responsible competitiveness requires a CSR centered corporate culture.

Thus, as a result of this preliminary research, my goal was to explore the above mentioned central research question and each of the subsequent central research propositions. The idea was that in order to answer my central research question on how companies manage responsible competitiveness in practice, I first needed to understand (1) how responsible competitiveness affects reputation; (2) how companies manage paradoxes generated by responsible competitiveness; and (3) whether and how companies develop of responsible competitiveness culture. Thus, in the dissertation, after the chapters on research design and description of the case studies, one chapter will be dedicated to each of these three central research propositions, and at the end in the conclusions I will try to connect these different ideas in order to answer the central research question. The overall purpose of the dissertation is to understand and document how some companies integrate CSR, what contradictions and dilemmas appear, and how companies transform to embed CSR in core business processes.

Chapter 4 – Research Design

"Judge a man by his questions rather than by his answers"

Voltaire

The first part of this chapter describes the research design, including topic, rationale and significance, main question, secondary questions, propositions, and units of analysis. In the second part of the chapter I discuss the research methodology itself, including data collection, sampling and analysis.

Research design

Topic and main question

The central topic of this research is responsible competitiveness, understood as the way in which some companies integrate CSR issues in core business processes that are central to the competitiveness of the firm (Griffin and Mahon 1997; Jones 1995; Mackey, Mackey and Barney 2008; Pruzan 2001; Siegel 2009; Zadek 2004 and 2006; Ullmann 1985); However, as discussed in chapters 2 and 3, although there is some literature on the issue of the relationship between CSR and competitiveness, there are very few instances of research that try to look at how companies develop responsible competitiveness in practice (Nimodolu, Prahalad and Rangaswami 2009; Porter and Kramer, 2006). It is in this area that I focus my research, where my main research question is: ***how do companies manage responsible competitiveness in practice?***

There can be little discussion that understanding the processes by which companies integrate CSR in core competitiveness factors is in urgent need of more empirical research (Freeman 1984; Mitchell, Agle and Wood 1997; Carroll 1999; Emerson 2003; McWilliams and Siegel, 2001). However, there seems to be a consensus that responsible competitiveness is a very complex field of management, as it requires transforming critical areas of the company that determine its identity as an organization, such as its values, its vision, its organization or its mission (Emerson 2003; Handy 2002; Matten and Crane 2005; Porter and Kramer 2011; Pruzan 2001; Pruzan and Thyssen 1990; Shrivastava 1995). In this context, the problem is not identifying or justifying the need to research responsible competitiveness practices, but rather developing an adequate research design.

Traditionally, the study of the issue of how companies develop CSR in practice has been approached from three perspectives: instrumental, normative and descriptive (Freeman 1999; Frooman 1999). That is, companies seem to think of CSR in terms of (1) how it can generate more benefits (or fewer costs) for the company; (2) which responsibilities should the company assume from a society or public perspective of legitimacy; or (3) a description of the potential issues at hand without focusing on the motives and drivers behind them. As I have shown in chapter 3, evidence seems to support that companies tend to take into account all three approaches when developing their CSR management practices, taking into consideration issues such as potential impact on the company, risks, legitimacy, urgency, or opportunities to name a few (Mitchell, Agle and Wood 1997). The conclusion seems to be that the company aims to increase its long-term competitiveness by trying to generate value (or reduce negative impact) of its activities on the different stakeholders (Freeman 1984).

This dissertation departs from a purely descriptive approach with the objective to document and analyze how some leading companies in the field of responsible competitiveness are trying to integrate CSR in core business processes that are central for the firm’s competitiveness. The point of departure is the idea that one of the main drivers for company activities is firm competitiveness (Barney 1991; Porter 1980), so that embedding CSR in the organization requires some understanding of how it fits with firm competitiveness (Manus 2007; McWilliams and Siegel 2001; Siegel 2009). Said differently, the assumption is that when CSR has an impact on firm competitiveness it can become a stronger long-term transformational factor (Emerson 2003; Porter and Kramer 2011). Considering that there is very little theoretical or empirical work published on the issue of responsible competitiveness, this dissertation has to be exploratory in nature. In this scenario, grounded theory seems to be the most appropriate research strategy (Glaser and Strauss, 1967; Stern, 1995; Strauss and Corbin, 1990).

Rationale and significance

In literature, the impact of CSR on business has usually been studied by trying to understand the relationship between CSR practices and firm performance (Carroll 1999). This has been done mostly, by studying the relationship between financial results and social or environmental performance (Aupperle, Mitchell et. al. 1985; Griffin and Mahon 1997; Ullmann 1985). However, this approach focuses on results rather than processes, and therefore does not really help companies who want to understand how CSR policies are developed and managed, rather than the outputs they produce (Harrison and Freeman 1999; McWilliams and Siegel 2001; Siegel 2009; Zadek, 2006). With that in mind, the objective of this dissertation is to explore the process by which companies integrate CSR in competitiveness (Nidumolu, prahalad and Rangaswami 2009; Porter and Kramer 2006). I propose that this approach will help the development of a better understanding of how a company can design and embed CSR policies, while deriving some competitive value for the organization (Emerson 2003; Porter and Kramer 2011; Siegel 2009).

Most research on the sustainability field until now has not focused on explaining how companies develop and embed sound responsibility policies in the organization, but rather on discussing the motives or logic behind such policies, or focusing on the impact these policies have (Carroll 1999). That is, the sustainability field has focused on identifying critical issues such as stakeholders (Freeman 1984), accountability (Elkington 1995), or the environment (Shrivastava 1995), but not so much on how companies try to manage these issues in practice (Harrison and Freeman 1999). In this context, individual companies trying to adopt a responsible competitiveness strategy find themselves in a scenario in which they have very little tools, examples or models to show them how to proceed, or at least how others have done it before, forcing these companies to come up with their own interpretations (Matten and Crane 2005). Thus, the central goal of this research is to contribute to both practitioners and academics in understanding how a company can derive value from designing and managing a responsible competitiveness strategy.

Another central challenge that companies face when they try to design a responsible competitiveness strategy, is understanding the complexity inherent to managing CSR. In this regard, social and environmental practices often seem to require the development of specific management processes, as they have goals that are very different from common business objectives, and these goals cannot usually be measured using the indicators most commonly used in other processes (Bansal 2001; Placet, Anderson and Fowler 2005). This requires that companies develop innovative solutions to design, implement and manage responsible competitiveness solution (Beverland, Napoli and Farrelly 2009). Furthermore, as we have seen in the preliminary study presented in Chapter 3, apparently CSR practices have inherent paradoxes that generate unique tensions and dilemmas that need to be managed (Cameron 1986; Goodpaster 1991; Handy 1994). This requires companies to transform the organization in order to interpret, manage and respond to these particular challenges (Porter and Kramer 2006; Pruzan 2001; Shrivastava 1995). Thus, another goal of this research is to contribute to improve responsible competitiveness management practices by trying to understand how companies such as Aeon, Danone, DKV, Interface, Mango, El Naturalista, Tecnol and Vodafone manage their CSR practices.

Secondary questions and propositions

As explained in chapter 3, in my preliminary study I aimed to answer a central question of whether CSR has an impact on firm competitiveness. The conclusion was that there is a positive relationship. Furthermore, in the preliminary study I did identify three particular areas which seemed significant in understanding how companies frame and manage CSR strategically, and which therefore could be instrumental and helping answer my main research question of ***how do companies manage responsible competitiveness in practice?***

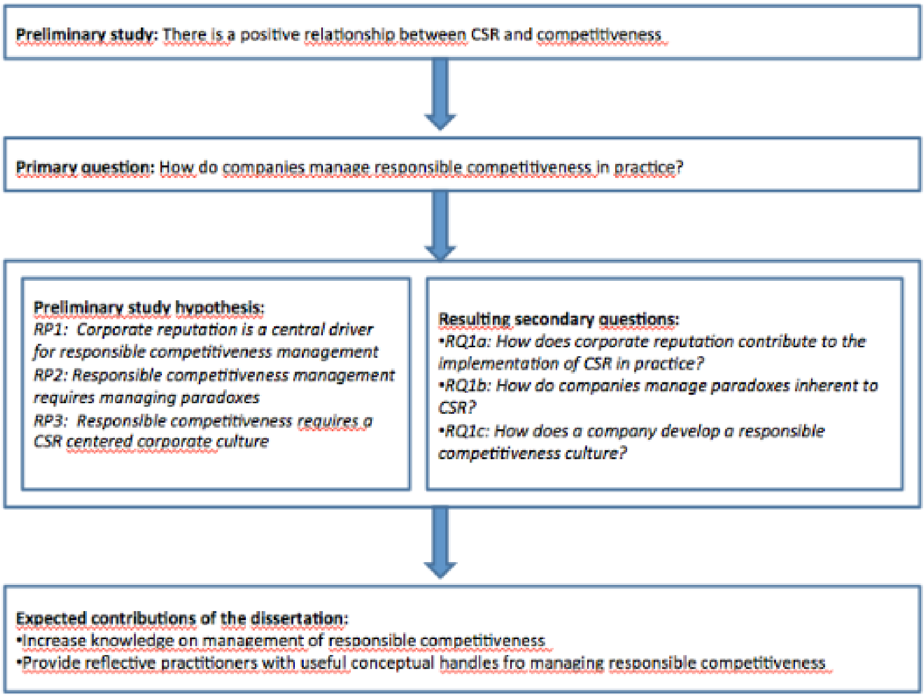
The first proposition or hypothesis that resulted from the preliminary study is that corporate reputation acts as a central driver for responsible competitiveness management. As previously discussed, CSR policies generate a high degree of complexity, where the issues at hand for companies are often intangibles very difficult to define or delimit, and even more difficult to measure. In this scenario, corporate reputation seems to be one of the most tangible of these intangible issues that has a significant impact on firm competitiveness and is deeply affected by CSR (Pruzan 2001). In that regard, although reputation is an intangible asset, most leading companies have developed some measurements or indicators to evaluate it (Berens and van Riel 2004; Roberts and Dowling 2002; Sabate and Puente 2003), and there are many organizations that offer services to companies on how to evaluate and measure their reputation. Thus, including CSR as part of the measurement of reputation, while still complex, is much easier than measuring the impact of CSR for other business areas (Keeble, Topiol and Berkeley 2003). Yet, in my preliminary study I only hypothesized how corporate reputation acts as a central driver, but I did not present empirical evidence to support such claim. Therefore, the first secondary question I will try to answer in this dissertation is: ***RQ1a: How does corporate reputation contribute to the implementation of CSR?***

Another central proposition from the preliminary research was that responsible competitiveness requires managing paradoxes. In other words, the assumption is that responsible competitiveness management requires framing and interpreting the paradoxes inherent to the implementation of any responsible competitiveness strategy (Campbell 2006; Handy 1994), rather than focusing on the outputs of the policies, impacts or motives behind responsible competitiveness policies. The evidence from the preliminary study showed that managing paradoxes was a central issue in the development of CSR in practice, and that one of the problems some companies had was that they were trying to solve the paradoxes rather than manage them (Lewis 2000). In other words, CSR is a contributing factor to intensify the contradictory demands that exist within an organization, and therefore managers need to develop a paradox lens in order to manage such issues (Smith and Lewis 2011). In this scenario, the second secondary question I will try to answer in this dissertation is: ***RQ1b: How do companies manage paradoxes inherent to CSR?***

The third proposition from the preliminary research is that responsible competitiveness requires developing a corporate culture that places CSR at the center of the organization. Furthermore, apparently responsible competitiveness requires companies to be creative and innovative. The assumption is that companies need to innovate in products, services, processes and even business models in order to embed CSR in core business processes (Beverland, Napoli and Farrelly 2009; Hillestad, Xie and Haugland 2010; Nidumolu, Prahalad and Rangaswami 2009; Pruzan 2001). Thus, applying CSR seems to affect the way the corporate culture of the organization and how it relates to some of its key stakeholders, such as consumers (Ellen, Webb and Mohr 2006); customers (Piercy and Lane 2009); employees (Chong 2009); or suppliers (Hietbrink, Berens and Rekom 2010) to name a few. This requires organizations to develop a corporate culture that is conducive to responsibility and competitiveness, but through a culture that embraces these two concepts through innovation and creativity (Cameron and Quinn 1999), including rethinking and adapting the way in which the company manages and measures success (Kaplan and Norton 2002; Keeble, Topiol and Berkeley 2002). In this regard, responsible competitiveness seems to be intimately interlinked to placing CSR and innovation at the center of the core competencies of the organization (Prahalad and Hamel 1990; Hanaes et. al. 2010). In fact, some authors argue that the concept of CSR itself is an innovation (McManus 2008). In this context, the concept of responsible competitiveness corporate culture needs to be explored, which is why I propose a third secondary research question: ***RQ1c: How does a company develop a responsible competitiveness culture?***

In sum, the logic of this dissertation is built on the exploratory preliminary study presented in Chapter 3. It departs from the confirmation that whether CSR and competitiveness are positively connected is no longer a question, but rather a fact, where the question revolves around the issue of how can companies implement and manage responsible competitiveness (given that we have confirmed that CSR helps competitiveness). The logic of the dissertation is summarized in Figure 9:

Figure 9: Logic of the dissertation



Units and levels of analysis

My unit of analysis is the company, which is consistent with my hypothesis or propositions and research questions (Yin 1994). To analyze the company I developed in-depth interviews with managers from the organization. In this regard, the interviewees involved in my research are vehicles to capture aspects of the company's properties and its management. However, although the unit of analysis throughout the research is the company, in some of the cases I also interviewed people who were not members of the organization, but who were working in close relationship with the firm and could provide specific insights, particularly in areas related to CSR. Some examples are members of NGOs collaborating with companies, sales representatives who serve other clients as well, consultants or auditors. In this regard I do not assume that the company is merely the aggregation of the individuals that form it. In other words, for the purpose of this dissertation I assume that any individual who has a significant impact or is significantly impacted by the company can give considerable insight about the organization, regardless of his or her contractual situation with the organization. The objective is to obtain information that can help me understand the reality of the organization in all its complexity (Lewis 2000).

Research approach and methodology

Qualitative methodology

Given the complex, dynamic, and innovative character of my research topic and main and secondary research questions, I propose that an in-depth qualitative study is the most appropriate methodology (Agranoff and Radin, 1991; Douguerty 1991; Marshall and Rosseman 1995). Furthermore, the number of different variables that must be taken into account, and especially the complexity of these variables and relationships between these different variables justify a method that can capture such scope and complexity (ibid.). Finally, the desire to explore a largely under-researched field suggests a method more in line with theory building than with theory testing (Strauss and Corbin, 1998).

This research's approach is explanatory, since the research is interpretative with a primary objective to produce an explanation (Miller and Crabtree, 1999), and since the main research topics and questions were identified through a preliminary exploratory study (Vilanova, Arenas and Lozano, 2008). Multiple cases are used, since evidence that departs from multiple case studies is often considered more compelling (Yin 1994) and is better suited for explanatory research (Marshall and Rossman 1995), in particular regarding complex managerial processes (Agranoff and Radin 1991). In the end the multiple case design allows to identify some patterns across cases, increasing the richness of each single case as well as producing a more thorough understanding of the complexity of the different variables and their inter-relations, thus providing more valuable evidence for theory building (Eisenhardt 1989).

In sum, for the development of this dissertation I propose the development of 8 case studies of companies that have been successful in implementing responsible competitiveness strategies. However, in this study, I do not develop a detailed in depth and historical background of each company, nor do I analyze in detail the organization in its entirety and its context. My focus is to analyze how these 8 companies understand, frame and manage responsible competitiveness. Thus, as I will explain next, the primary sources of data of the case studies are interviews, supported by observation and documentation, although secondary in importance. Therefore, this study is a comparative interview study of 8 cases of successful responsible competitiveness experiences, and is therefore formed by 8 qualitative case studies that use grounded theory type analysis (Creswell 1998; Marshall and Rossman 1995; Miles and Huberman 1995).

The cases

As Stake (1995) proposed, case study is not a methodological choice in itself, but rather a research strategy, which focuses on understanding the dynamics present in specific instances (Eisenhardt 1989). In the end, the purpose of case studies is to represent a certain reality (Stake, 1995) by carrying out a process, context and longitudinal analysis of various actions and meanings which take place and which are constructed within organizations (Pettigrew, 1990). In that regard, as Eisenhardt (1989) suggested case studies can contribute to theory building and research, through either a description of a case that has an interest in itself, documenting a case that can provide insight into broader issues or theories, or through the analysis of collective cases that can provide better understanding about still larger collections of cases. It is in this latter approach that I frame this research, as my goal is not to present eight detailed case studies, but to contrast and compare the experiences and interpretations in these eight studies to explore and explain how these eight companies deal with a similar issue, in this case responsible competitiveness (Yin 1981, 1993). Thus, the main goal of each case is simply to provide a description of experiences from which I can potentially extract some conclusions and explanations that can be useful in the analysis of the issue of responsible competitiveness (Alloway, 1977; Allison, 1971). In terms of the number cases, usually five cases are considered sufficient to enhance reliability (Yin, 1994), but I conducted eight because my objective was not so much to reach a point of theoretical saturation where new cases would not yield additional insights (Strauss and Corbin 1998), but rather the opposite, as my central goal was to document and analyze as many responsible competitiveness practices as possible. In this regard, I limited the number to eight because of time and resources constraints, but I would have liked to develop more case studies on this issue, and plan to do so in the future.

Building on grounded theory traditions (Strauss and Corbin, 1998), a theoretical sampling strategy was used, where the goal is to sample the cases that are most likely to offer theoretical insights. Thus, using a theory-driven replication sampling strategy (Charmaz 2000; Miles and Huberman 1998; Strauss and Corbin 1998; Yin, 1994), I used three criteria to select all eight cases: (a) competitiveness; (b) CSR; and (c) responsible competitiveness. First, to fulfill the competitiveness criteria, the company had to be one of the leaders in its sector in terms of market share, or had sustained growths above industry average over the previous years. Regarding the CSR criteria, for the sampling purpose I looked at companies that had public and elaborated CSR policies, participating in some international CSR initiatives such as the Global Reporting Initiative, SA8000, the Dow Jones Sustainability Index or the UN Global Compact. Finally, regarding the third criteria, I focused solely on the public declarations of the company regarding the importance of CSR as a central competitiveness factor. In other words, my sampling was reduced to companies which: (a) where relatively competitive in their sector; (b) had extensive CSR policies; and (c) publicly declared that CSR was an important contributing factor to their competitiveness. This sampling strategy had two direct implications on the external validity of my research: on the one hand it makes analytic generalization more robust (Firestone 1993), but on the other hand the conclusions and theoretical implications are more constrained to companies who already consider CSR as a strategic issue. In other words, the results will be valuable in terms of illustrating best practices, but will not represent the majority of corporate practices.

In the end, the purpose of this research is not to evaluate the degree of success each company has with its responsible competitiveness strategy, nor the relative success comparing the different companies. In this regard, one major departing assumption of my research is that I accept the proposition made by the company who declares CSR to be one of the central contributing factors to its competitiveness. Therefore, I do not initially compare companies, or assume that all of them are equally successful. Rather, in this study I present eight “exceptional” cases (Stake 1994) to produce initial theory. In other words, the central objective behind the selection of the eight case studies was the relevance of the case itself (Yin, 1989). Thus, this is not a study identifying either successful responsible companies, but rather it is a study about the practices of companies who have been previously identified as being responsible and competitive. Accepting this, all eight cases are “exceptional” (Miles and Huberman 1995) in that there are not many documented examples of companies who derive competitiveness value from their CSR policies.

In the end, the goal is for each case to be a source of documentation of how each company develops and embeds CSR practices, presenting a description and analysis of CSR processes and actions from which specific, comparative and collective lessons can be learned. Also, in order to shed some light on the social and environmental responsibility dimension of business practices, the cases should provide information beyond the purely economic or operational dimension of business activity to present an explanation of the relationship between the business model and the CSR practices, thus requiring, to some extent, a description of the complexity of the interaction among the different actors, the organization, the context, and the social processes. Finally, the cases should share some common characteristics, in this case to revolve around the successful implementation of responsible competitiveness policies, in order to insure a certain degree of comparability between the different cases from where to draw broader conclusions (King, Keohane and Verba 1994).

Data collection

The primary data are the transcripts from in-depth interviews with executives from each company, as well as some senior members of other organizations closely connected to the companies. The rationale is that conducting and voice-recording in-depth interviews with professions responsible for the development or responsible competitiveness practices allow to better capture the complexity of relationship between the different variables, such as how CSR is integrated in business goals and processes (Yin, 1981). I contrasted this data collection methods with other forms of data, namely observations and documents, (Huxham 2002; Marshall and Rossman 1995) to look at the issues from different perspectives (Fine, Weiss, Wessen and Wong 2000), and reduce the likelihood of misinterpretation by achieving redundancy of data using multiple perceptions (Stake 2000). Finally, in this research I tried to compare all data at different levels to make sure that I was not overlooking things or constructing findings not really supported by data. Thus, I compared the different interviews between each company; the interviews with data and observations from the same company; and the different cases and interviews across (Janesick 2000; Miller and Crabtree 1994; Richardson 2000).

Interviewee sampling

The interviewees were selected with a theoretically driven within-case sampling strategy, focusing on conducting interviews with different members of each company to grasp the reality of the organization, particularly in regards to responsible competitiveness, but at the same time allowing enough flexibility to take into account the rolling quality of such within-case sampling (Miles and Huberman 1994). Thus, as in the case of case sampling, interviewees where sampled based on the insight they could offer to the development of the case. In this regard, as one of the central fields of study for my research is CSR, interviewees were selected based on the degree of knowledge and input they had in regards to the development and implementation of CSR policies. Thus, managers of these issues and, in some instances, multiple members of the CSR team were interviewed. Since the study focuses not so much on CSR, but on the relationship between CSR and competitiveness, and how this relationship is developed and managed in practice, for each company I also interviewed some professionals in charge of other areas of the organization (e.g. general management, innovation, sales, product development, marketing or human resources…). Finally, in some cases where some particular practices were involved that included as key actors some external organizations or professionals, I interviewed some non-company managers, but only in regards to how their experience was relevant to understand the company process I was intending to document. The goal was to see how CSR was developed in practice from different areas of the organization. The process I followed for each company was to first conduct an informal analysis based on public information on the organization, and then conduct a first informal interview with the CSR manager to discuss the different activities of the organization. Based on that I then proposed a list of people I would like to interview in each company. Obviously then this list was refined based on more practical logistical issues such as the availability of the potential interviewees, time and resources (for example if the interview required travel).

In the end I interviewed a total of 41 people, conducting a total of 37 in-depth interviews across the eight case studies between April 2008 and December 2011. Most of the interviews were individual and face to face in order to capture better more complex issues (Shuy 2002), although in some instances the interviews were conducted in groups and in some cases by phone. Here I must note that in many instances group interviews were actually interviews where there was one new interviewee and one or two others who I had already interviewed individually. In this regard, when I talk about 41 in depth interviews I mean that I have first-hand transcripts of 41 people, although some of them I spoke with several times. For example, I conducted many informal communications in person, by phone or by e-mail with many of the interviewees to either confirm certain points or expand on some issues that had been raised through other interviews which are not included in the 41. For instance, I had an average of between 10 and 20 different communications with each CSR manager, but I only take into account the formal interview in the number.

Furthermore, I have conducted several follow-up conversations with some of the interviewees when analyzing the results, especially with CSR managers, but these interviews are also not included in the interview count. In this regard I consider all the communications previous and posterior to the formal interview as part of such interview, and I aggregate the data and notes from such communications to the transcript as appendixes to the interview. The list of interviewees and the format of the interview are presented in Table 2. For each company I interviewed at least four executives. The rationale behind this sampling was to triangulate the different perspectives of actors strongly involved in managing responsible competitiveness, but also to focus on the experiences of the manager. In this regard the CSR managers provided most of the information on the CSR strategy and how it is integrated in the company model, while other managers provided some insight and experiences around how non-CSR managers understand and manage CSR from their particular business practices.

Table 2: Interview Summary

Company	***Interviewees***			***Interviews***			
	CSR manager	Non-CSR manager	Non-company	Individual	Group	Telephone	Total people interviewed
Aeon	1	2	1	2	1		4
Danone	2	3		2	1	1	5
DKV	1	3		4			4
El Naturalista	1	5		2	2		6
Interface	2	4		4		2	6
Mango	2	1	1	4			4
Tecnol	1	4		5			5
Vodafone	1	6		1	6		7
Total	11	28	2	24	10	3	41

Types of interviews

Both group and individual interviews were used, although whenever possible I tried to conduct individual interview, as the primary goal of the interviews was to collect personal experiences from each professional. As I said, sometimes group interviews were actually individual interviews where previously interviewed members attended. All interviews with CSR managers were in-person. Most other interviews were in-person as well and were previously programmed. In many instances, during field visits and observations I had a first informal contact with each of the potential interviewees at which time we discussed the possibility of establishing the formal interview, which was then usually programmed with the help of the CSR manager of the company, who also served as my contact person with the organization. In a few cases, telephone interviews were conducted, usually because of problems with finding a common place to meet, especially due to physical distance. No systematic research has been carried out comparing telephone and in-person interviews, but it appears that in-person interviews tend to elicit more thoughtful responses given their slower pace, also giving higher comfort because of the interaction face-to-face, allowing to capture more complex issues (Shuy 2002). However, I used telephone interviews only with people with whom I either had a previous in-person contact, or with people who had been directly referred and introduced through other interviewees. In this regard this phone interviews usually were more focused on particular issues that only that person could fully explain, and where the topic of debate was mutually understood and thoroughly discussed. In this regard, a high degree of comfort existed also in phone interviews.

Group interviews are what Frey and Fontana (1991) define as “field normal group interviews” since they occurred in the company’s site, and were loosely directive and semi-structured. In two cases, the group interviews where accidental in that I programmed consequent individual interviews and when I arrived to the company, I encountered that two or more of the interviewees where together in the room, and thus the event naturally became a group interview. This happened for example in one interview at Aeon. The group interview at El Naturalista was purposely programmed, and was part of an observation of the company’s annual meeting of sales representatives that was held in Logroño in July 2011, and to which I was kindly invited to attend to observe. Other group interviews where not really groups in the sense that the CSR manager of the company insisted in accompanying me when I interviewed other executives. In that regard they almost did not participate, but I have categorized them as group interviews because I did feel that their presence changed the dynamic of the interview.

Regardless of whether the group interview was intended or not, I allowed flexibility to maintain an atmosphere of comfort and trust with the interviewees.

Also, group interviews present some up-sides where aside from the obvious improvement of time and cost efficiency, they can provide insights into the relationship between interviewees, as well as give somewhat more rich results in that individuals can reflect and react to each other's inputs during the interview, making the interview more polyphonic (Frei and Fontana 1991). In this regard, group interviews' main distinguishing characteristic is that they allow explicit interview-interactive insights leading to greater emphasis on the participant's point of view (Morgan 1997). However, it demands specific skills from the interviewer who has to be able to direct and maintain the focus of the interview. In this regard, I tried to maintain the number of interviewees per group to a maximum of three, as the group becomes easier to manage (Fontana and Frey). In one case however, the group included five interviewees. Regardless of the members of the group, I incremented the time dedicated to the interview in accordance with the number of interviewees present, where usually my goal was to get at least one hour of audio from each interviewee. In that regard the longest group interview lasted about 6 hours.

In the end, combining both group interviews and in-person interviews allowed me to strike a trade-off between breadth in the interviewee sampling and depth and nuance in the data produced by the interviewees. In the end, the total amount of interviews and the types of interviews varied per case due mainly to logistical and operational matters in the field. The goal was always to collect the maximum amount of data possible, so obviously there was an uneven quantity of empirical data among different cases. However, my assertion is that despite this difference in data, each case includes a minimum amount of data required to understand the realities of responsible competitiveness management in all 8 companies analyzed for this dissertation. Said differently, I feel quite comfortable that I know how each of these eight companies understands CSR and how these policies impact some other business activities of the organization.

Content of interviews

The interviews had three sections. The first part of the interview was an appreciative inquiry asking the interviewee to describe the organization and his or her work (Srivastava and Cooperader 1990). In the second part, there still was some appreciative inquiry in describing the key business strategies and CSR policies, but the interviewee was asked to discuss more normatively the strengths and weaknesses of the organization and the impacts of CSR on the organization. In the third and final section the interviewees were asked to discuss in detail their specific experiences in implementing CSR policies, including examples of successes and failures, tensions, and management of such tensions. The same interview protocol was used in all interviews, although I allowed for freedom so that interviews could narrate their experiences at their own pace, where the questionnaire was used more as a checklist of issues to be addressed rather than a particular list of questions in a given order.

The three parts of the interview were structured so as to obtain similar degrees of depth, detail, vividness, richness and nuance (Rubin and Rubin 2005). The main interview questions were derived from the research questions and hypothesis, except from the initial questions which were broad questions aimed at getting interviewees to describe their role in the company and the company itself (and to get comfortable). Follow up questions focused on interesting ideas that arose during the interviews or on nuclear matters, while probes were used to keep the interview on the required subject matter without constraining the interviewee (Rubin and Rubin 2005). While not using exact wording, I tried to follow Rubin and Rubin's (2005) advice regarding wording of the questions. The idea is not to encourage yes-or-no answers, or abstract rationalizations, but rather to focus on the interviewee's motives, actions and experiences. I also tried to avoid academic jargon, and I tried to stay away from imposing definitions or assumptions. For example, whenever possible (although sometimes it was difficult because my contact people in the company described the project to potential interviewees before I met them) I tried not to tell interviewees what the focus of my research was, simply saying that I wanted to understand what the company did and what they, as managers, did within the organization. For each interview, I also observed nonverbal communication modes, such as body movements and gestures (Fontana and Frey 2000). I recorded these observations on my notes while voice-recording the interview, as suggested by Miles and Huberman (1994).

Observation and documentation

As an alternative data collection method I analyzed documentation, collecting as much of it as possible, particularly regarding all CSR activities, as well management activities such as strategy documents, mission, or procedures. Therefore, in this research I primarily analyzed texts – transcribed interviews and documents- considering some basic additional information such as financial performance, organizational charts or history of the organization.

Each case in this preliminary research was developed using two sources of data: the primary data were the transcripts from in-depth interviews with executives from each company, as they allow to better capture the complexity of relationship between different business goals and processes (Yin, 1981), and the secondary data was data collection and observation. Data was collected from each company (presentations, strategic plans, codes of conduct, internal guidelines and so forth) as well as from public sources (interviews of relevant executives, articles, awards, reports, case studies, websites, blogs, etc.). The objective was to triangulate both data collection methods –interviews and documents- (Huxham 2002) to reduce the likelihood of misinterpretation by analyzing data using multiple perceptions (Stake 2000). Finally, I tried to develop the eight case studies on how each company implements CSR to explore common issues, such as CSR strategies, processes, indicators, barriers, enablers, focusing on the effects these have on firm competitiveness.

Data analysis

Using the interview transcripts as a window to the interviewee's experience (Silverman 2000) and knowledge (Dodge, Ospina, and Foldy 2005), I used some original codes guided by my central research question and the three secondary research questions – i.e., (1) how do companies manage responsible competitiveness in practice?; (2) how does corporate reputation contribute to the implementation of CSR?; (3) how do companies manage paradoxes inherent to CSR?; and (4) how does a company develop a responsible competitiveness culture? - But remaining open to new or open codes (Strauss and Corbin 1998).

Codes

I phrased the codes as "statements related to…" instead of "statements reflecting…" in order to better capture both the code I was looking for as well as its negative. For example, the code related to responsible competitiveness could capture both issues that foster or promote competitiveness, as well as issues that reduce or inhibit competitiveness.

Table 3. Set of codes used

Code	Statement related to…
Responsible competitiveness	• connection between CSR and company's competitiveness • impact of CSR on products and services • development and management of responsible competitiveness in practice
Reputation	• perception of the company by stakeholders and society • management of corporate reputation • developing corporate identity
Paradoxes	• tensions and contradictions generated by CSR • management of tensions and contradictions
Corporate culture	• definition or description of the company's culture, business model and way of thinking • relationship between CSR and corporate culture • integration and development of CSR culture

The transcripts from interviews, notes and documents, were analyzed using these codes. This means that I reviewed the transcripts, documents and my notes, and I tried to mark different statements and connect them to one of these codes. In the end my data was a grouping of different quotes from different sources relative to a same issue, and from there I tried to analyze these different quotes or texts. Cases were first analyzed independent of each other, identifying concepts and sub-concepts and grouping some of the most relevant supporting quotes for each code from transcripts (Silverman 2000). For each case a draft narrative and causal map was developed in order to define a tentative explanatory model (Ryan and Bernard 1994). This means, I tried to interpret and make sense of the narrative particular to each organization and how such narrative connected and made sense of the different issues I was researching, such as CSR, competitiveness, innovation or paradoxes. At this stage I noted similarities and differences, and I began to build a cross-case comparative analysis for each meta-code. This means that once I had a picture or a narrative for each organization, I tried to compare the different narratives from the different organization. This analysis was redefined and further developed during the writing of findings.

Chapter 5 – The case studies

"I also learned that to penetrate the secret of things you must first give yourself to them. In general, my curiosity was gluttonous; I thought I possessed as soon as I learned and learned by just flying over."

Simone de Beauvoir

In this chapter I will present a description of each of the cases. I will not present the cases in a very in-depth or traditional format, as much of the information on the different case studies will be part of the findings in subsequent chapters 6, 7 and 8. Therefore, in this chapter I will present a description that can provide sufficient information to understand each company, particularly in regards to CSR. In that regard the structure will always be similar: first a general introduction on the company with some basic numbers such as revenues, employees, sector, and so forth; then a description of the business model, particularly in regards to competitive advantages; and finally a description of the company's CSR strategy, paying special attention to how such a strategy fits with the firm's business model. In that regard, this chapter is not merely descriptive in that the competitiveness model, the CSR strategy, and particularly how competitiveness and CSR fit, are appraised and assessed.

It must be noted, that as I explained in chapter 4, the eight companies were selected not based on an evaluation I made of their CSR strategy, but rather because each of the companies claimed that CSR was a big part of their competitiveness and they had been publicly recognized for it, through awards, press, being invited to speak at CSR events, and so forth. In other words, all eight companies studied are firms that people who work in the CSR field know as examples of companies that take CSR very seriously. Having said that, once I conduced the interviews and field research, I realized, as it would have been expected, that not all eight companies have equally developed their CSR strategy. As discussed in the literature review in Chapter 2, companies who decide to embark in CSR from a strategic point of view seem to go through different stages as they integrate more and more CSR in the organization (Castelló and Lozano, 2009; Frederick, 1994; Mirvis et. al. 2006), which transform both the organization and its competitiveness model (Zadek, 2004; Maon et. al. 2010).

Thus, it is apparently clear that these eight companies are not at the same point in the development process of a responsible competitiveness process. In regards to the evolution stage of CSR, the eight companies could be divided intro three groups: (1) the most advanced companies in terms of having CSR really embedded throughout the organization and integrated in the firm's competitiveness model are Danone, DKV Spain, and Interface; (2) companies that have well developed and integrated CSR strategies, but where it seems that social and environmental issues do not play such a significant role in the competitiveness model, are Aeon, Mango and Vodafone; and (3) companies where there is a clear vision and mission in the organizational culture to make CSR a central driver for the organization, and where the companies believe CSR plays an important role in their competitiveness model, but where both the CSR policies and their impact are not as evident as in the previous cases are El Naturalista and Tecnol.

It is not a coincidence that the two companies in the latter group are the only two small companies studied. In that regard, by definition SMEs (small and medium size companies) tend to have less formalized and institutionalized processes than bigger companies, basically because: (a) they lack the time and resources to formalize processes; and (b) because they don't need to formulate procedures as due to their size they can manage and control the entire organization directly. However, as explained in Chapter 4, it is not the purpose of this research to evaluate the CSR stage of each company, and furthermore it is not that relevant, because regardless of the level of development, all eight companies take CSR seriously and they believe that these policies are a source of competitiveness for the firm. Thus, the sample is relevant in terms of studying companies that are competitive and place CSR at the center of their strategy, and understanding how they try to develop and manage responsible competitiveness. In the next pages I will describe the eight cases in alphabetical order, and at the end of the chapter I will present a first cross analysis. It should be noted that throughout the case descriptions and in later chapters, I include quotes, often without specifying the precise author. This is done for three reasons: first because as explained in Chapter 4, quotes from interviews and documents are the primary source of data; second because I use quotes of things and issues that are repeated and confirmed by different interviews and documents within the same company, so that there is no need to differentiate what was said by whom; and third, because it is much easier to read the dissertation of I don't include before every single quote an explanation of who said that and when.

Aeon[i]

Aeon Co. Ltd. is the largest retail company in Japan in terms of revenues. More than 90% of Aeon's roughly 14.000 stores (as of 2011) are located in Japan, although it has operations and is aggressively expanding in other Asian countries, especially China, Malaysia, South Korea, Philippines, Taiwan, Thailand and Vietnam. It employs a total of around 360.000 people including all operations. In 2012 Aeon was ranked the 13th retailer in the world in terms of revenues (Stores Magazine and Deloitte, 2012), with sales over 66 billion US$. Aeon's main business is *"shopping mall development and operation"*, but also offering a variety of stores, goods and services, including: GMS (general merchandise stores), supermarkets, drugstores, home centers, convenience stores, specialty stores, financial services, entertainment or food services, among others. Since August of 2008, Aeon Group has been repositioned as a *"pure holding company"* called Aeon Co., Ltd., whose role is to formulate the group strategy, business restructuring, investment, and realization of the group philosophy. That is, since August of 2008 Aeon Co., Ltd. owns the shares of subsidiaries and other companies, effectively controlling the entire group, but it does not have direct involvement in operations. This is what

[i] A version of the Aeon case study was published in 2009, and also included in industry wide research by an initiative called Greening Retail, which is a Canadian initiative including public organizations, universities and companies (http://www.greeningretail.ca).

Aeon defines as its *"concentration and decentralization"* philosophy, which Motoya Okada, company President, defined as the *"new growth model for the group".* This new strategy focuses on (1) building large shopping malls around urban areas; (2) aggressively internationalizing Aeon's operations around the world, but particularly in Asia; and (3) diversifying its operations to include other types of shops, products and services, such as specialty stores and convenience stores. The main objective Aeon wishes to achieve with this new growth model is to become one of the top ten retailers in the world.

Aeon is known in Japan as the sector leader in terms of CSR practices. In fact, in February of 2009 Aeon was included in the ranking of the top 100 most sustainable companies of the world, which is a ranking published by Corporate Nights and Innovest Strategy Advisors. In the 2012 ranking Aeon was number 40 globally (Corporate Nights 2012). As Akiko Harada, CEO, put it *"Aeon takes very seriously its social responsibility"*. That is why, coinciding with the restructuring of Aeon into a pure holding company and embracing a new business strategy, Aeon launched, in March of 2008, the *"Aeon Manifesto on the Prevention of Global Warming"*, which in a nutshell aimed to reduce total CO2 emissions for the Group by 30% by fiscal year 2012, using as the base level total CO2 emissions for fiscal year 2006. With this manifesto, (1) Aeon became the first Japanese retailer to present a specific numerical target in terms of climate change; (2) proposed to engage in a comprehensive sustainability and CSR strategy affecting customers, stores and products; and (3) established a transparent and clear goal that made the company accountable.

The Aeon sustainability strategy is quite straightforward and focuses on two main areas: (a) developing a strong private brand that integrates CSR principles at the heart; and (b) contributing to minimize Aeon's negative impact on climate change through measuring and reducing the environmental footprint of their operations. The private brand, named TOPVALU, is one of the areas where Aeon seems to be trying to differentiate from competitors, as many other retailers have similar, although not as well-designed and as aggressive environmental policies. Currently TOPVALU contributes about 7 billion USD in sales (as of 2012) which represents over 10% of the total revenues of the company. TOPVALU has currently over 6000 different products, and has been the fastest growing product sold at Aeon stores over the last 5 years, with an average annual growth of about 20%. TOPVALU products are designed integrating as a core characteristic the Aeon central CSR policies, including transparency (SA8000 certification, ISO14001, product contents beyond law such as CO2 emissions), traceability (QR codes in many TOPVALU products where consumers can get information on the entire value chain), human rights (SA8000 certification, no child labor, equal opportunity, respectful treatment, dignity), fair trade (sustainable farming, fair wages), supply chain (transportation, code of conduct, social and environmental audits). For example, all TOPVALU producers and suppliers must sign a code of conduct that obliges those to environmental and human rights principles, and must go through social and environmental audits both from the company as well as from an independent company hired by Aeon at least once every two years. The idea behind the TOPVALU brand is not only to produce a competitive product line, but to influence other producers. As any retailer, Aeon mainly sells products from other companies, and therefore its power to influence the CSR policies of other companies is limited. With TOPVALU Aeon offers quality products which also integrate strong CSR principles in the production process. As the TOPVALU brand becomes stronger, so other producers are *"strongly encouraged"* to change their own production practices. The goal for Aeon is to offer products that are aligned with the company's values. As Aeon puts it: *"TOPVALU products reflect our customers' wishes…".*

However, the policy where Aeon focuses most of its efforts and the one the company is famous for is its environmental strategy. Although Aeon has had an environmental strategy in place since 1989, the current strategy begun in 2008. The strategy departs from an estimate of Aeon's total CO2 emissions for 2006 at 3.7 million tons, which including forecasted business growth (estimated at 20%), placed the expected CO2 emissions for 2012 at around 4.45 million tons. Thus, their objective was bringing CO2 emissions down to 2.6 million tons (30% less than the 3.7 for 2006), which meant reducing emissions by 1.85 million tons by the end of 2012. According to their 2012 Environmental and Social Report (www.aeon.info/en/environment/), the company had been successful in achieving the goal one year in advance, as it had annual CO2 emissions of 2.5 million tons by the end of 2011 (0.1 million below the initial goal). With that in mind Aeon has revised its objective, and now aims to reduce total CO2 emissions to 2.25 million tons by the end of 2013, and is designing new targets for 2020, including a 50% reduction in energy consumption, the use of alternative energy sources, and sustainable packaging among others. It is worth mentioning that taking into account growth forecasts the reduction in real terms for the 2008-2011 period was close to 50%.

To reduce this 1.86 million tons of CO2, the Aeon sustainability strategy focused on four broad policy areas: (1) a reduction of 500,000 tons of CO2 emissions by stores, through improvement of store equipment and systems; (2) a reduction of 570,000 tons of CO2 by products, through improvement of products, services and distribution; (3) a reduction of 310,000 tons of CO2 in collaboration with Aeon's costumers, through both tree planting activities as well as programs to reduce the use of plastic bags; and (4) the remaining 470,000 tons of CO2 are saved by applying the Kyoto mechanism that allows to offset CO2 emissions through credits from other countries. What is so relevant about this strategy is that it focuses on working with Aeons' self-declared most strategic competitive factors: (a) stores; (b) products (particularly TOPVALU); (3) customers; and (4) communities (planting trees, offsetting emissions, etc.). Furthermore, focusing its CSR strategy on CO2 reductions allows Aeon to establish clear numerical objectives that the different group companies can easily adapt to their operational realities. Thus, it fits with the business model as the holding company simply establishes the general targets, and then each of the individual companies designs their own plan to reach such targets. Additionally, Aeon was the first retailer in Japan to sign The Global Compact (www.unglobalcompact.org), it publishes an annual sustainability report based on the GRI guidelines (www.globalreporting.org), and in 2012 was the only retailer in Asia certified with the SA8000 (www.sa-intl.org/sa8000).

Danone

Danone today in volume is the world #1 company in fresh dairy products, #2 in bottled waters, #2 in baby nutrition and the European leader in medical nutrition. In 2012, the group's turnover surpassed €20 billion, almost 60% of which came from dairy products. The Danone Group had in 2012 over 100.000 employees and 186 production plants around the world. Danone, has always been considered an atypical company in the business community, since in 1972 Antoine Riboud, founder and president of the company at the time, gave a famous speech in which he said that Danone should build its business on a *"double project"* meaning that it should achieve economic as well as social benefits (this was mentioned by all interviews conducted at Danone without exception). At the time he said that *"corporate responsibility does not end at the factory gate or at the office doors. The jobs a business creates are central to the lives of employees and the energy and raw materials we consume change the shape of our planet. Public opinion is there to remind us of our responsibility in the industrial world of today".* Today, Danone's CEO is Franck Riboud, son of Antoine, and a person who shares the values and vision of his father, and thus continues with a similar philosophy.

Understanding the beginning of this company helps explain why Danone today is a company focusing on *"improving health through nutrition."* Today Danone focuses its growth in four key areas: People, Health, Danone for All, and Nature. In other words, Danone's competitiveness model is built on four pillars. First, focusing on people, including the workers at Danone but also, as Antoine Riboud said in 1972, understanding that they must consider other stakeholders such as suppliers, customers, communities and society at large. Second, Danone focuses on health because its understanding of the future of the food industry revolves around health and nutrition. Third, Danone aims to reach as many consumers as possible. In this area of *"Danone for All",* Danone at the end of 2012 had a monthly penetration of 845 million consumers, and the objective was to double that number by 2016. Fourth but not least in their priorities is the *"nature"* pillar, where Danone established an objective to reduce its CO_2 emissions by 30% between 2008 and 2012, and the objective was exceeded as the reduction by 2012 was 35,1%. One of the areas by which Danone tries to contribute to this strategy is by turning some of its most popular products (such as Activia or Evian) into carbon neutral products. This process is very complex, as it means first studying the entire supply chain to estimate the

CO_2 emissions specific to the product and then establishing policies to reduce and offset emissions. This includes changes in all stages of the value chain, from farming, to production, transportation, packaging, sales and management of waste, energy, or water among others.

Danone Group establishes some general objectives or guidelines for each of these fronts, but then each country is responsible for turning them into specific policies and practices. For example, Danone Spain has the mandate to reduce CO_2 emissions, but complete freedom to decide how to achieve such reduction, and the same is true of other Danone subsidiaries. Nevertheless, as I explained Danone sees CSR as a key competitiveness factor to *“build consumer trust in brands backed by steady flow of investment in product safety, respect for environmental standards and concern for society at large”*; *“attract talented people looking for a business with a strong culture and value; consolidate internal cohesion through management practices favoring individual progress”*; and to *“forge mutually beneficial ties to strategic customers and suppliers”.* Thus, the CSR strategy at Danone focuses on embedding CSR in its corporate culture, so that it becomes a clear and shared value among employees, suppliers, distributors and consumers. As Frank Riboud puts it, to be competitive on the long run, “*a company only exists and lasts because it creates value for the whole of society…”*. For Danone, this means integrating CSR in the business culture, so that CSR and innovation become two of the central pillars of Danone’s competitiveness, under the assumption that long-term sustainability can only be achieved by *“growing through innovation”*.

Some examples of interesting CSR policies and activities developed at Danone include the development of a factory in Bangladesh to develop yoghurt with high nutrition content in a joint venture with Grameen Bank; the establishment of a new partnership in collaboration with the food bank; the institutionalization of the figure of the Carbon Master in each country to supervise and measure the advancements of each subsidiary in achieving CO_2 reduction targets; the restructuring of the company to include a Nature Vice presidency at a global level as one of the strategic pillars of the company; the development of a CSR measuring tool called Danone Way Fundamentals; the project to integrate CSR measuring, particularly in terms of footprint, on their

SAP system; accounting CSR as one third of the bonus evaluation of all top executives (over 1000 worldwide); eliminating some packaging and distribution systems; or creating the Danone Ecosystems Funds among others.

DKV Spain

DKV Spain is the Spanish affiliate of Munich Health, the leading European company in Health Insurance, which is part of the German group ERGO Insurance Group, which is the insurance division of Munich Re, one of the largest reinsurance companies in the world with over 52 billion € in 2012. The Spanish subsidiary of DKV has been in operations 15 years, after in 1998 DKV purchased a local insurance company in Zaragoza. The net benefits of DKV Seguros in 2012 exceeded 35 million euros, with a volume of premiums of about 645 million euros, representing a 10% growth from 2011. DKV has been growing steadily in a country (Spain) in crisis, with an average of 15% annual growth since 2008. The company is established all over Spain and has a wide network of offices and consultancies, with almost 2000 employees servicing 1,8 million clients as of 2012. The head offices are located in Zaragoza and Barcelona, as the northern region of Spain concentrates DKV's largest market share. According to the current strategic business plan (2011-2015), DKV's business model revolves around the central idea of *"really interested in you"*, which is a value proposition based on how DKV Spain related with its key stakeholders based on an *"open collaboration, participative, long-term and sharing the DKV Dream"*. To achieve this objective, DKV Spain established four objectives: (1) being the best company co-responsible of the health of its clients; (2) give a service that surpasses their expectations; (3) being an exemplar organization; and (4) being an innovative, open and responsible company.

In terms of CSR, DKV presents a unique case as the CSR activities of DKV Spain are not the result of a worldwide corporate strategy, or implementing policies designed by headquarters. Rather, CSR at DKV Spain is the initiative of the Spanish subsidiary, which is influencing the corporate headquarters and the company internationally. In fact, the European Group of ERGO has just established a task force of experts in 2013 with the goal of developing Group-wide CSR recommendations, and has asked the Spanish subsidiary to be one of the leaders of this task force. That is what makes this case so interesting. In fact one could argue that current CSR policies at DKV Spain are the result of the vision and leadership of its CEO, Josep Santacreu, who has put CSR in the agenda since becoming CEO 15 years ago, perhaps because before joining DKV Insurance he was a senior executive at Doctors Without Boarders (www.msf.es).

DKV's Corporate Responsibility Plan, called *"DKV 360",* proposes a comprehensive way of understanding health in the sense that *"DKV wants to make sure that their clients, professionals and society enjoy a good health"*. Thus, their strategy is completely aligned and embedded in their business model. In CSR DKV's activities relate to the health of its self-defined strategic stakeholder groups: policy holders, healthcare professionals and society as a whole. As DKV puts it: *"our strategy is about how we can make our dream come true through responsible management".* This translates into (1) creating value for key stakeholders; (2) contributing to sustainable development; (3) fostering ethical and responsible innovation; and (4) engaging employees. These objectives are pursued through specific policies and practices where *"the goal is the integration of CSR into the company's strategy and daily operations, by taking into account the sustainability of management in relation to both society and the environment whilst maintaining ethical behavior with the company's stakeholders"*.

In regards to customers, DKV uses CSR to transform and change its products and services, such as establishing collaborations with consumer groups designed to prevent problems in regards to understanding the language used by the insurance sector; guaranteeing insurance for old age, waiving the right to rescind insurance contracts as long as the customer fulfils his or her obligations, or giving insurance health care for adopted children through their parents policy, among others. Another example would be the Integralia Foundation, which is a foundation established by DKV which hires only disabled or handicapped people and which acts as the call center for all DKV activities, and has recently expanded its operations to become call center for other external organizations. The indicators that DKV uses here focus on reducing complaints by customers, reducing the time to solve complaints, and being considered in surveys as the best rated health insurer by customers.

As for healthcare professionals that work with DKV, the plan focuses on increasing and improving the services provided, and especially the payment system, where DKV reduces annually the payment time to their healthcare professionals, which in 2012 was an average of 13,5 days, down from 15 days in 2011. Additionally, within the CSR plan DKV has launched its own Authorization Centre (CAP in Spain), a portal allowing suppliers in its clinical team to present invoices and carry out other administrative operations needed when dealing with DKV or its customers.

In regards to employees, DKV develops policies for life-work balance, equal opportunities, training and development, or a large program for community involvement among workers. Perhaps that is why DKV Spain was chosen as the 7th best place to work in its category in 2012 by Best Places to Work Institute. The company has strong and clear policies in areas of work-life balance, training, equal opportunities and development. For example, as part of the non-commercial training plan for 2012, a total of 33,570 hours of training were provided for staff, 62% more than the previous year.

The dialogue with stakeholders centers on transparency issues such as having a clear code of conduct and producing social and environmental reporting. For instance, in 2009 a new code of conduct was adopted which was the direct result of a stakeholder consultation. In terms of community involvement, DKV aims to participate only in activities directly related to their field of work, which is healthcare insurance, so that all projects are centered on developing micro-insurance schemes (for example for illegal immigrants in Spain or for developing countries such as Ecuador), or participating in healthcare awareness and education programs. Finally, in terms of environmental protection, DKV Spain is the first carbon neutral insurance company in Europe, and also has programs on use of renewable energies, recycling or water management among others, and is ISO 14001 certified.

El Naturalista

El Naturalista is one of the brands of a Spanish shoe and garment manufacturer from Logroño called Inyectados y Vulcanizados S.A. The company has factories in Quel (Spain) and Tanger, and produces other brands such as *art, *art Kids or Neosens. The Group had revenues in excess of 50 million € in 2011 and about 1500 employees. El Naturalista was the last brand created by the group in 2003, but has quickly become the strongest in the group, with 35 million € revenues and almost 700 workers in 2012. The main production center for El Naturalista is in Tanger, with 500 employees, but it also has two factories in Logroño. The particularity of El Naturalista is that it is a brand that focuses its business model around sustainability and CSR. In fact, El Naturalista could be translated to English roughly as *"Person who embraces nature"*. That is why the logo of El Naturalista is a frog, because according to the company it represents *"water, earth and the capacity to adapt to different conditions"*. In that regard, the main objective of El Naturalista's CSR strategy is to differentiate the brand through CSR. Thus, their business model is based on producing high quality environmentally friendly products, but also creative designs both in terms of cuts, colors and materials. This model has allowed El Naturalista to consistently grow at about 10% annually, particularly successful in markets such as Germany or Japan. Currently El Naturalista sells over 90% of its products outside of Spain, and is present at over 40 countries around the world. The model is based on having some owned shops (such as Tokyo, Berlin, Santa Monica, Helsinki or Paris) as well as what they call *"shops in shop"* in other stores that serve other brands. All in all as of 2011 they had 3000 points of sale.

El Naturalista is a small company with a peculiar corporate culture, where as they explain *"El Naturalista is the story of a group of people that one day dared to dream that companies can be spaces of commitment and social transformation…"*. Thus, their business model is based on focusing on what they call the three P's – i.e. People, Planet and Product-. People are defined as *"all those human beings that for different reasons become in contact with El Naturalista and who, in our opinion, are therefore potential social change* *agents"*. Planet is defined as *"the Natural environment we are part of and that serves as a source of inspiration for all our work"*. Finally, product is defined as *"the physical object that reflects this transformation movement of social and human relations that we foster at El Naturalista"*. The vision, mission and strategic thinking shows that the competitiveness model seems to be built on integrating sustainability, quality and innovation in the organization and products, branding El Naturalista as a sustainability leader. This is further illustrated by what they call *"The 10 laws of the frog"* which are a list of 10 mandates that are supposed to guide all activities of El Naturalista, as shown in Table 4:

Table 4. The 10 laws of the frog

Law	Moto	Description
Law of respect for nature or principle of Gaya's boomerang effect	*"When we take care of our planet, our planet takes care of us"*	Each shoe of the frog protects the ground it steps on. El Naturalista works with traditional processes, recyclable materials and biodegradable components, ensuring the respect for the environment.
Law of respect for people, or principle of "I am you"	*"We are all equal"*	Walking with the frog shoes means advancing toward equal opportunities. We work to ensure equal opportunities, including developing projects to help families with fewer resources.
Law of innovation or principle of simple ideas	*"Innovate is to renovate"*	The philosophy of the frog is to innovate as a way to attain our vision. An example is "Recyclus" a line of products made with recycled and recyclable materials, through a simple industrial process.
Law of team work or principle of the thousand brothers	*"Your mind is my sounding board"*	El Naturalista is a group of people exchanging ideas. The diversity of cultures, races, places, and tendencies that nurture the frog team, are the energy that move our shoes.
Law of the open mind or principle of the universal craftsman	*"Small is big"*	The frog shoes are designed in Spain, in a small, simple and traditional place where nature and time exist. This is what allows our brand to walk in more than 50 countries
Law of transformation capacity or principle of amphibious mimetic	*"Likeness attracts"*	The frog is a symbol and icon for many reasons: from its close connection to nature, water and earth, to its evolving and changing condition. The frog is transformation, non-conformism, friendliness, agility, joy, curiosity, imagination… And people who were our shoes as well…
Law of capacity to surprise yourself or principle of the boy man	*"It surprises me, therefore I exist"*	At El Naturalista the creation work is experienced by looking at everything surrounding us and discovering the world every day. Nature, its textures, its colors, its lines… after a thousand real and imaginary travels, The shoes are designed to fit imaginary minds and awake hearts.
Law of natural colors or principle of the rainbow	*"Colors are a gift from nature"*	Nature invented colors and El Naturalista embraces them, combines them, and plays with them, and we are thankful for being able to use them in our shoes

Law of comfort or principle of the happy feet	*"Advancing means wearing shoes worthy of the road"*	The frog shoes are made for people that when walk move forward. People that do not want to waste one minute of this fantastic voyage that is life, and who refuse to walk through life without a pair of comfortable and pretty shoes.
Law of dialogue or principle of bilateral communication	*"We are all one"*	The culture of El Naturalista is based on the exchange between people: ideas, races, sensibilities. Communication in the form of a relaxed conversation, the dialogue in equal terms, and the relations where we give and receive.

In terms of CSR policies, although as I have shown social and environmental issues are very much part of the company since its creation, in 2010 El Naturalista launched its first explicit CSR strategy. This strategy is built on working in three areas: (1) improving the organization in what could be considered the internal sphere of CSR, or what they call *"fostering a new corporate ethics"*; (2) generate change in society in what could be called the external sphere; and (3) giving back to society through philanthropic activities, where the company carries out projects in developing countries to help children. The internal sphere revolves around enforcing a code of conduct that reflects the values of the organization, but which also considers international standards such as human rights, The Global compact, or the ILO. The external sphere focuses more on generating change in society through collaborating with the different stakeholders, including traditional groups such as clients or suppliers, as well as non-traditional ones, such as non-profits or universities. Some examples of the types of policies developed in the CSR strategic plan are using natural materials whenever possible; avoid using harmful materials for the environment; collaborating with environmental organizations; increase the usage of biodegradable and recyclable materials; paying fair wages to employees and suppliers; promote traditional ways of production; use advanced technologies to reduce waste and energy; or being transparent among others.

The third sphere of the CSR strategy focuses on philanthropy, but even then this activity is not carried out separately from core business, as many companies do, but as a central part of the business model. For example, some lines of product are launched with a social marketing campaign, where a percentage of the revenues (usually 1€ per shoe) goes directly to philanthropic projects. Originally all philanthropic activities of El Naturalista where focused on what they call *“Atauchi Project”* (created in 2003), which is a project designed to help children in some areas in Peru get an education as well as some other basic needs. Since then the project has grown both in scope as well as reach, and it now includes activates in Haiti and Tanzania, or an international contest to finance a social entrepreneurship project among others. Aside from that, El Naturalista always sends emergency materials to disaster zones, such as earthquake and tsunami victims in Japan. Here too the activities are closely connected to business, as all these disaster relief projects are led by country representatives.

The Atauchi Project is based on collaborating with non-profit organizations in the different countries, and through providing financial assistance implementing local projects aimed at increasing the social capital of the areas through providing more opportunities for children who otherwise would have to be working. In Peru, for example, the project is in collaboration with ONG ProPeru, and it is a project that helps children from slump areas of the city of Arequipa through providing a place to leave, grow and study for children called “Hogar de la Esperanza” (house of hope), where 45 children leave permanently but which serves over 100 children at any given time. Since 2012, El Naturalista established a different organization called We Believe in People (www.webelieveinpeople.org) which receives 2,14% of all El Naturalista revenues and which develops all community projects.

In sum, El Naturalista seems to be a company where CSR and sustainability are an inherent part of the competitiveness model through branding. In this regard there seems to be quite an effort in developing a message and narrative focused on social marketing. In other words, there seems to be an effort to use CSR as a big part of their marketing efforts. However, talking to the people at El Naturalista, it also becomes apparent that as much as there may be marketing and commercial motives, there is a genuine culture of integrating social and environmental issues in the corporate culture. In fact, the cornerstones of the competitiveness model of El Naturalista seem to be brand reputation, corporate culture, internationalization, quality and innovation. As the general director told me *“the consumer is very intelligent so that you must be very honest and authentic with what you do. If you lie you get* *caught very quickly. Also, in times of crisis people scrutinize even more the products".* In this regard it seems that their competitiveness advantage from their competitors is its this DNA formed by the abovementioned three P's, where they *"believe in the essences, in a shared perspective of how to live life, in how to work in a place where social transformation takes place".*

Interface

Interface is the worldwide leader in design, production and sales of modular carpet for the commercial, institutional, and residential markets, and a leading designer and manufacturer of commercial broadloom. Interface currently controls about 35% of the estimated 3 billion US$ global modular carpet tile market. Carpet tiles are uniform floor covering modules that are easier to maintain and replace than broadloom carpet, and currently represent about 90% of Interface's revenues, which in 2012 were US$ 932 million, down from about US$ 953 million in 2011 due to the economic downturn, which hit the construction industry particularly hard. Nevertheless, until 2011 Interface had maintained above industry average yearly growths and remains, today, the leading company in the sector. Interface sells under the brand names InterfaceFLOR, FLOR, Bentley Prince Street, Prince Street House and Home, and Heuga Home. Interface is also involved in specialty chemical production, marketing under the name InterSept. It also produces vinyl carpet tile backing and specialty mat and foam products. The company operates mainly in North America, Asia and Europe, but it is expanding its presence also in Latin America and Africa. It is headquartered in Atlanta and has factories in the US, UK, Netherlands, Thailand and Australia, and is currently developing a new factory in China.

Interface is a company known in the industry for having lived a drastic strategic shift in the 1990's when its founder and CEO, redirected Interface's industrial practices to include a focus on sustainability without sacrificing its business goals. Anderson developed the vision 2020, under which Interface aims *"to be the first company that, by its deeds, shows the entire industrial world what sustainability is in all its dimensions: People, process, product, place and profits — by 2020 — and in doing so we will become restorative through* *the power of influence."* That is why Interface is considered a particularly innovative company in sustainability policies. For instance, they do not say that they sell modular carpet, but rather *"environmentally responsible modular carpet"*. This has translated in the production of carpets using recycled materials and developing a sustainable carpet. That is why well known publications like *Fortune* talk about Interface as one of the *"Most Admired Companies in America"* and one of the *"100 Best Companies to Work For."* In fact, Interface has recently leveraged its position as a business leader in sustainability by creating a consulting arm called InterfaceRAISE. The objective is to help other companies develop similar sustainability strategies and products, understanding that collaborating will probably make change come about more rapidly and in greater quantity. In its 2012 annual report Interface claims that three of its key competitiveness strengths are its *"innovative capabilities",* its *"reputation for quality"* and its *"position as a global sustainability leader"*, all of which, according the Interface, are closely connected to their CSR policies.

Interface's dedication to CSR has evolved into the company's Mission Zero commitment — which is the *"promise to eliminate any negative impact Interface has on the environment by 2020".* To achieve their goal they developed a policy based on 7 fronts of action, which they present as a metaphor where the goal is *"to climb mount sustainability"* and the way to do that is through *"climbing the 7 faces of sustainability"*: (1) eliminating waste, which aims to eliminate all forms of waste in every business area; (2) benign emissions, to eliminate toxic substances from products, vehicles and emissions; (3) renewable energy, to reduce energy demands and simultaneously substitute current sources with renewable ones; (4) closing the loop, which aims at redesigning processes and products so that all sources used can be recovered and reused; (5) resource efficient transportation, transporting people and products efficiently and reducing emissions; (6) sensitizing stakeholders, creating a community around Interface that understands the ecosystem; and (7) redesign commerce, to focus on the delivery of service and value instead of material.

Some examples of interesting policies and projects developed at Interface, include the FairWorks project developed in India; the new business line I mentioned earlier called Interface RAISE to help other companies become more sustainable; the development of the Emission Zero document with clear goals in terms of timeframes and objectives; the Zelfo project to develop a new cellulose based material; the institutionalization of the sustainability council; training all Interface employees in sustainability issues; making some Interface employees sustainability *“ambassadors”* for the company; generating products built on bio based materials; verifying and certifying externally many of their initiatives, such as ISO, green manufacturing, green showrooms, or green products; focusing a lot of their R&D on sustainability concepts such as bio mimicry to develop projects such as the ceramic tiles system they call Versaflex; designing products with high recycled content and developing systems to separate and recycle their carpet tiles and making all their factories run on alternative energies.

The focus of Interface`s CSR policies is on environmental issues, particularly in issues of production, transportation, energy, waste management, and facilities. Although as shown, their seventh and most advanced front of action in *“climbing mount sustainability”* has to do with socio-economic transformation (i.e. redesign commerce), most of their resources are devoted to environmental impact assessment and minimization. The company’s philosophy is that *“Interface’s sustainability journey is marked by measureable achievements and inspiring stories. Our commitment to sustainability has generated considerable results …”*.

Mango

Mango is a 100% Spanish owned multinational company dedicated to the design, manufacture and marketing of clothing garments and accessories, traditionally for Women, but since 2007 also for man, and since 2012 also for kids. It is a Barcelona-based company founded in 1984, with revenues of over €1.6 billion in 2012, operating almost 2,600 points of sales in 109 countries, of which about 70% are franchises. As of 2012, Mango had over 12.200 employees. Currently the company is continuing its expansion into countries such as China, Italy and Australia, and is now the second largest exporting company in the Spanish textile sector (84% of revenues come from abroad) behind Inditex (Zara), opening new shops at a rate of two new shops per week, and producing over 100 million clothing items per year. The business model of Mango is based on three factors: (1) the Mango concept focused on brand image; (2) a state of the art logistic system designed and operated by Mango; and (3) a young and dynamic work force. The company is privately owned, with a majority stake for the company founders and top executives, the Andic brothers, two Turkish immigrants who moved to Barcelona when they were teenagers.

Being in the textile sector, Mango's original interest in CSR came more from a risk management issue than a proactive commitment. After major scandals for the sector such as the Nike workshop controversy in the 90's, most worldwide large textile manufacturers developed CSR policies. The main problem for the sector was that textiles usually have very complex supply chains, mainly due to its labor intensive product, both in terms of number of suppliers as well as in their location usually in developing countries. For instance, Mango had more than 260 suppliers in 2012 operating a total of about 515 factories, being China, Vietnam, Morocco and Turkey the largest with an aggregate 80% of suppliers form these countries, although it also had suppliers in many other countries such as India, Pakistan, or Bangladesh. However, although the origin of the interest in CSR was a reaction to perceived risks and market pressures, currently Mango's CSR strategy is a central part of the business strategy, particularly in regards to supply chain management. As they put it *"Mango is successful if we are able to meet the expectations of our stakeholders"*.

Mango's CSR strategy includes many different practices, including environmental testing of all products in laboratories before they reach the stores based on standards that are even higher than the ones recommended by Greenpeace. It also has strong policies for human resources, energy use, transportation and other such standard practices. Mango's CSR policies are divided in 5 areas: (1) economic, meaning ethical and responsible management of the company, its investments and operations; (2) labor practices and rights, meaning work-life balance, communication, training and development, equal pay and opportunity, etc.; (3) environmental, meaning minimizing the footprint of Mango's operations and the lifecycle of its products; (4) quality and safety of products, meaning control of harmful substances in all products, packaging, reuse of boxes, shipments and transportations, eco-efficiency criteria in logistics centers, ISO14001 certification, etc.; and finally (5) commitment with society meaning developing organic products, no fur policy, collaborating with awareness campaigns such as The Clean Clothes Campaign (www.cleanclothes.org), giving money and products to social initiatives, etc.

However, because of its sector and business model, the emphasis of Mango's CSR policies is mostly on their supply chain, and particularly on controlling and auditing the social and environmental behavior of their 264 suppliers. These CSR policies revolve mainly around the issue of pushing all suppliers to comply with Mango's social and environmental codes. In this area the CSR Department has the responsibility to audit all suppliers, as well as all new products from production lines, and certify compliance with Mango's social and environmental policies. Non-compliance is ground for interrupting the collaboration. Furthermore, suppliers are rated base on the degree of compliance and are *"encouraged"* to move up the rating, in terms of improving their social and environmental policies. In 2012, 100% of all Mango suppliers underwent social and environmental audits, and all new products from the production line were tested and approved before reaching the stores.

All suppliers are audited by an external consulting form recommended by a non-profit called Setem (www.setem.org), which is the Spanish partner of the Clean Clothes Campaign. As a result of this control of the entire supply chain, since 2010 all Mango products and stores have the *"Made in Green"* label given by Aitex (ww.aitex.es), which certifies that all Mango products are free of harmful substances, and that they have been produced minimizing the ecological footprint and observing human rights. Aside from these initiatives, since 2009 Mango is trying to establish policies to reduce its negative impact on climate change. According to the calculations from the Universitat Pompeu Fabra, in 2012 Mango generated over 260,000 Tn of CO2. The problem is that over 70% of the CO2 emissions are generated through transportation and electricity in stores, which are two areas very difficult to reduce. Mango has conducted some studies to try to change the lighting of its stores, reduce its brightness or turn the lights off at night, but in all instances the reduction in energy consumption generates an equal reduction in sales. With that in mind Mango has commissioned a task force to try to come up with an innovative way to reduce energy consumption without hurting sales, and is hoping to have a solution by 2015 that can be gradually implemented.

Tecnol

Tecnol is a small company that was created in 1997 in Reus, a city in the south of Catalonia. It is privately owned company, mainly by its founder and president Xavier Martinez. Tecnol's main activities involve producing, selling and installing paints, waterproofing sealants, chemical fluids, surface treatments, raisins and mortars for the construction industry. In that regard, although one could argue that Tecnol is in the chemical industry, they consider themselves part of the construction industry in that Tecnol does not sell products to the public, but rather only to construction projects directly. Because of that, as most companies in Spain, Tecnol is going through some really difficult times since 2008 when the construction crisis hit the Spanish market. Since 2009 Tecnol's sales have gone down steadily, and consequently the company has been forced to reduce its structure, both in terms of number of employees but also in terms of presence, sales offices, and manufacturing capacity. However, I conducted the interviews and field work in 2009, when Tecnol had revenues exceeding €35 million, and over 600 employees, and Tecnol was enjoying a sustained and robust annual growth above industry average. At the time I conducted my field research in 2009, Tecnol operated throughout Spain with 12 territorial offices and over 50 delegations, and also had offices and representatives in Andorra, France, Portugal, and Rumania.

When writing this dissertation, I considered the possibility of pulling Tecnol out of the research because it was the first case I did and I do not have recent data. However, I decided to maintain the case based on the idea that at the time I conducted the field research Tecnol fulfilled all the requirements to be part of the research, namely that it was a very competitive company, growing a lot every year, and was famous for its CSR policies. Also, although I have not interviewed or visited them in the last four years, it seems that through the crisis Tecnol has not abandoned its strategy of placing CSR at the heart of the organization, judging by the fact that in 2012 Tecnol renewed its commitment to the United Nations Global Compact, or the fact that in 2011 it received an annual award from AEDIPE (the Spanish Association for Directing and Developing People) for its human resources strategy, particularly in terms innovation in policies in the areas of work-life balance, flexibility and training.

Tecnol's CSR strategy focuses mainly on labor practices and rights. In fact Tecnol's CSR activities originated more from a business imperative than from a vision of CSR or contribution to sustainable development. Being in a small town and working in the construction area, initially Tecnol had big problems to attract and maintain talent, particularly in its sales force. In the early years, the turnover of salespeople was very high while the productivity of the workforce was very low. They were unable to attract people with experience in the sector and although they spent significant resources in training employees, after they had acquired experience they left the company. That was a big problem, because Tecnol's business model is based on a high degree of specialization in the development of innovative chemical products for the construction sector, with a particularly high level of quality in products and services, which requires a very talented and engaged workforce. To maintain these processes, the company's strategy focuses in two areas: (a) research and development to insure high quality products and services; and (b) innovative and advanced human resources policies to attract and retain talented employees that naturally would not be interested in such a small and relatively unknown company. It is in this last aspect where Tecnol focused its CSR policies and where it found opportunities to gain competitive advantage. In that context, one day Xavier Martinez, the founder and owner, attended a conference on CSR policies, where some executives discussed how CSR policies had positive effects on human resources, particularly in terms of attracting talent, developing them, and maintaining an engaged workforce, and he saw it as an opportunity to differentiate the company and solve some of the problems it had with workers.

Tecnol's CSR strategy is to provide a work environment that is fair, but also gives the opportunity for workers to develop not only professionally, but personally as well. With that in mind, Tecnol developed a total of 28 CSR projects oriented toward its employees, providing things such as: tickets to go to the theatre or other leisure shows (sports, amusement park, etc.); discounted prices on Tecnol products; presents for birthdays; funding 90% of the cost of training if it is related to the worker's job, or 60% of the cost if the training in not job related; Christmas presents; positions for disabled people; assistance to people with newborn, including products and assistance to pay for the kindergarten; job flexibility for workers with small children, such as reduced work days, or spreading the holidays to work the entire summer part time instead of taking a one month holiday; monthly assistance to workers with three or more children; presents for workers getting married; collaborations with different non-profits; medical services and insurance; legal services; fiscal services; free parking; price reduced catering services for daily lunch; or working flexibility among others. All together in 2009 Tecnol spent more than €500.000 a year in CSR, which represented over 1% of its revenues. The result was a dramatic reduction in employee turnover and a rapid increase in productivity, as well as a strong public image, wining several prices for their work-life balance programs. Tecnol is also certified in SA8000, which is an international standard on labor practices, ISO14001, which is an environmental standard, and ISO9001, which is a quality standard. In fact, Tecnol was a pioneer in that it was one of the first companies to receive the three certifications (quality, human rights and environment). Tecnol was also the 12th company in Spain to be certified as a family responsible company (www.certificadoefr.org), which is a scheme that certifies family owned companies that have advanced work-life balance programs. Besides that Tecnol has won many prizes for its work in CSR, which have given it notoriety and a good reputation, which it uses to build strategic alliances with larger companies.

Vodafone Spain

Vodafone España is the Spanish subsidiary of the Vodafone Group, which was born from the acquisition a consortium between three companies: Airtel, Sistelcom and Reditel. Airtel was the original Spanish phone operator and Vodafone Spain maintains in large part some of its corporate culture and practices. In fact, many of the people I interviewed at Vodafone Spain at one point or another referred to Airtel as the origin of many of its practices, particularly in terms of CSR. In this regard, Vodafone Spain is a case somewhat parallel to DKV Spain or Danone Spain in that while it is a subsidiary of a large multinational, it is a leader and pioneer in the group in many CSR policies, maintaining in large part the corporate culture of the original Spanish company that was bought by Vodafone. Airtel was one of the two original phone operators that bought licenses when the market was liberalized in Spain back in 1994. Vodafone purchased 74% of Airtel in 1999, and created Vodafone Spain. As of 2012 the Vodafone Group was operating in 32 countries, with about 150 million clients, over 86.000 employees and over 46.000 million € in revenues. Vodafone Spain has 17 million clients, over 4.000 employees, and revenues close to 5.500 million €. This makes Vodafone Spain over 10% of the Vodafone Group in terms of clients and revenues, which means that it is one of the most important subsidiaries for the multinational.

Airtel was already a company that was quite a pioneer in Spain in terms of CSR practices, which may explain why Vodafone Spain has been so active in the CSR field, where it is regarded as a reference, particularly in the telecommunication sector. In this regard Vodafone Spain is currently already in the middle of its third CSR strategic plan, which currently covers the 2010-2015 period. The current plan has the mission to "*be admired as an ethical company that behaves in a responsible way, and provides services that contribute to a more sustainable society for our customers*". This central CSR mission is detailed in the strategic plan through three central objectives: (1) be a leader in ethical, honest and responsible behavior; (2) be a leader in eco-efficiency doing more with less; and (3) be leader in the development of more sustainable societies. Thus, Vodafone Spain puts at the center of its CSR strategy the idea of going beyond compliance or even being active, as the goal is to become a pioneer and a leader in the field of CSR.

These three strategic objectives are then further detailed through the development of 8 specific goals: (a) ensure the responsible behavior of the organization; (b) promote the responsible behavior of local suppliers; (c) develop initiatives to ensure the responsible and safe use of products and services by customers; (d) reduce CO2 emissions by 50% by 2020; (e) develop sustainable initiatives relevant for clients; (f) develop accessible products and services and channels; (g) produce products and services for third sector organizations; and (h) develop products and services machine to machine that contribute to reduce CO2 emissions of other sectors. Looking at these 8 objectives, it becomes apparent that Vodafone Spain aims to become a leader in CSR by focusing on first, embedding CSR throughout the organization; second, influencing its value chain, from suppliers, to investors to customers; and finally, to contribute to society as whole by providing solutions that go beyond Vodafone and its customers. Furthermore, it becomes apparent that the CSR strategy is very well integrated in a competitive model, as it focuses on strengthening the brand and the reputation, but also on improving products, services and business processes through innovation. This focus on leadership and innovation becomes clearer if we look at the seven principles that are supposed to guide behavior at Vodafone Spain, which focus on things to do and not to do in regards to each of these seven principles, as we can see in Table 5:

Table 5. Vodafone Spain 7 CSR principles

Principle	Always do…	Never do…
Customer obsessive: the client above all	Listen and ask questions with the aim of detecting the needs and expectations of clients	Prioritize short term objectives that may threaten a long term one
Ambitious and competitive: energy and passion for work aiming at becoming better	Workers should motivate and inspire each other, celebrate and be proud of success	Compete internally nor concentrate on particular objectives that take them away from a global perspective
Speed: pursuing results that are important for business	Plan and organize, resolve problems as soon as they are detected, commit the teams	Become stuck by unnecessary processes, commit to timings sacrificing quality
Simplicity: do things simply	Look for simple solutions to big problems, communicating solutions	Prioritize simplicity at the expense of providing added value, avoid simple

	in a clear and simple manner	or obvious solutions
Innovational hungry: create to satisfy the client	Provide new ideas to improve constantly, share failures to learn from them, promote innovation	Resist change and new ways to do things
One company, local roots: work to achieve the best results	Foster and value diverse perspectives, better practices to apply to the group	Ignore local needs, stop sharing the things that can make them better
Trust: transparent and committed with stakeholders	Fulfill their promises, are honest, empower their people, trust others	Say one thing and do a different one, stop saying things when saying them is the right thing to do

From the guiding principles it becomes clear that Vodafone Spain wants to build its CSR policies on becoming a leader in responsibility, engaging all its stakeholders, and integrating CSR, competitiveness, and innovation. Regardless of whether formulated explicitly or not, these principles integrate issues such as transparency, reporting, dialogue, diversity, social and environmental innovation, employee engagement, and long-term approach. The CSR strategic plan is then detailed in many specific projects such as connected agriculture, improved solid waste management, healthcare, products for physically challenged people and so forth. All these different projects are very different, but they share this idea defined through the 7 guiding principles that all initiatives should: (a) be connected to Vodafone's business (i.e. telecommunications related), (b) should be innovative and (c) should contribute to address a specific social or environmental problem. Perhaps that is why since 2010, Vodafone stopped using the term CSR, compliance and responsibility, to refer to all these issues as *"sustainability"*, understood as both contributing to a more sustainable world as well as making Vodafone sustainable as an organization. As the Vodafone Spain's sustainability director told me *"since September 2010 our strategy is defined as sustainability strategy, but the name change does not respond simply to a change in terms, but rather a change in strategy, which has gone from minimizing negative impacts to developing solutions for a more sustainable world."*

One example of the CSR (now sustainability) strategy at Vodafone Spain is its Foundation. Most company foundations or charities have some funds that then they proceed to distribute in different philanthropic projects. In Vodafone

Spain, however, that foundation employs mainly telecommunication engineers and its main function is the development of new products and services directed at groups of people who suffer some specific problems and challenges, such as physically challenged, abused women, people from rural areas that are digitally excluded, and so forth. The Foundation works at developing solutions specific for these groups. But then the Foundation has periodic meetings with the business development unit to explore business opportunities that may arise from these innovations, and sometimes these opportunities arise. For instance the service that is currently provided that transforms voice messages to text, originated from an innovation designed for deaf people.

Initial glance over the 8 cases

In all eight cases CSR has a significant and positive impact on firm competitiveness, which confirms once again the conclusions from the preliminary study presented in Chapter 3. However, I was unable to find a common responsible competitiveness strategy to all cases, as the competitiveness factors affected by CSR vary from company to company. In this regard, although evidence shows that there is a direct and positive effect of CSR policies on firm competitiveness, there is no common way across the eight cases in which this impact is achieved. All eight companies have quite comprehensive CSR policies covering different areas such as community relations, labour practices, environment, reputation, research and development or marketing to name a few, but the focus of their CSR strategies in terms of resources and importance given to the task is different for each company: climate change for Aeon, organizational culture for Danone, business strategy for DKV, branding for El Naturalista, sustainability for Interface, supply chain for Mango, human resources for Tecnol and identity for Vodafone. That is, apparently all eight companies derive unique and inimitable value from their CSR policies (Barney, 1991), by integrating CSR in their respective business models so that it becomes truly strategic CSR (Porter and Kramer, 2006), but that each of them does so by focusing on their core competencies or the areas in which they already enjoy a competitive advantage (Barney, 1991; Prahalad and Hamel 1990). In other words, the eight companies are similar in that they all have responsible competitiveness strategies, but at the same time they are all different in that each of them has a different competitiveness model, and therefore CSR seems to fit into each model differently.

This means that CSR generates value, but that the value generated differs depending on the business model and context of each organization. Thus, the initial conclusion from this first glance over the eight case studies is that for some companies CSR generates particular value in helping improve relations with clients and employees, for other companies it is about having more and better control over the supply chain, yet for others it is about being innovative both in terms of products and services as well as in business processes, and so forth. That is not to say that there are not some areas in which responsible competitiveness has consistently a positive impact for all eight companies. There are some common areas to all eight companies in which they develop CSR policies and where they do derive some value, such as strengthening corporate reputation, building branding, or improving the quality of stakeholder engagement, particularly with employees. However, these common areas positively impacted by CSR are not the areas where companies seem to derive competitive advantage. In fact, it seems that all eight companies derive similar value from these areas and that it is not a differentiating factor.

Therefore, the second initial conclusion from this first analysis is that there are some common areas shared among all eight cases where they develop CSR policies and activities, although more often than not these areas are not as strategic as they seem to be shared practices quickly becoming common across industries, and therefore unable to provide unique value (Prahalad and Hamel 1989; Porter 1996). That is, on first glance it seems that all eight cases derive two types of value from developing responsible competitiveness strategies: (1) a unique value specific for each company and closely linked to the firm's core competencies and competitiveness model, which is therefore firm, industry and context specific; and (2) a general and shared value inherent to implementing strategic CSR across business processes, particularly in how responsible competitiveness helps organizations internally (employee engagement) and externally (stakeholder management, branding, reputation).

However, the focus of this research is not to confirm whether there is a connection between CSR and competitiveness (this was a departing assumption confirmed by my preliminary study), but rather how companies develop and manage responsible competitiveness strategies, policies and practices. Thus, the focus of the dissertation is not on why the eight cases integrate CSR in their business strategy, but rather how they manage that process. In Chapter 6 I will try to address this issues, discussing my findings on how the eight companies studied define and manage responsible competitiveness, how they design their CSR strategies, measure the impacts and transform policies into practices. As I will show, reputation seems to be a central factor in both developing and implementing responsible competitiveness in all 8 cases, but mainly as a way to construct a coherent CSR narrative (Langley 1999).

Chapter 6 – Managing responsible competitiveness

A version of this chapter was published:

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"I keep six honest serving-man
(They taught me all I knew);
Their names are What and Why and When
And How and Where and Who"

Rudyard Kipling

Connecting CSR and competitiveness factors

As mentioned in Chapter 5, evidence from the eight companies analyzed shows that CSR policies have an impact on different and diverse competitiveness factors such as reputation, clients, knowledge management, human resources, innovation, quality, supply chain management and community relations. In that regard, all eight cases apparently share three things in regards to how CSR impacts competitiveness: (1) CSR does not impact a single but multiple competitiveness factors; (2) there are different degrees of impacts within each case; (3) the degree and direction of the impact are intangible, and therefore extremely difficult to measure. For instance, all eight companies seem to share the idea that *"it is evident that corporate reputation is significantly improved by implementing CSR policies"*. However, they also seem to understand that the impact is not a differentiating factor in the sense that *"all companies are doing CSR nowadays, so that having policies is almost a must"*, so that *"the public does not necessarily see the difference between companies that have serious CSR from those that don't"*. Therefore, for these companies CSR policies are developed not as a response to a social expectation, or not only for that, but rather built on the idea that when CSR is managed as a truly and genuine strategic factor, it can deliver significant value for the company, which then translates into different outputs such as products, services, reputation, or image. Put differently, all eight companies seem to agree that CSR impacts several competitiveness factors, but they understand that most of these impacts are common to different companies and therefore do not create unique and specific value for the company. Thus, what each company does is search for the areas in which CSR can generate specific and unique value for the company, without discarding the CSR practices inherent to CSR that generate less significant but more general value, such as improved reputation, trustworthiness, or stakeholder dialogue. This means that as I mentioned in Chapter 5, there are some common CSR factors as well as some unique ones for the eight companies, but the real differentiating value comes from the unique CSR factors. However, the differentiating factors are not unique in the sense that none of the other companies address it, but rather in that the weight and importance the company gives such factor is different than how other companies deal with it.

For instance, one of the competitiveness factors identified in the case studies as generating strategic value due to the implementation of CSR policies is clients, where *"our CSR policies increase client retention, predisposition of potential clients to listen to us, and our clients recommending us by word of mouth"*. However, the impact on clients is not only due to an improvement in reputation or to an association with some worthwhile initiative, but also to the fact that *"today there is a perceived correlation between CSR and quality, where people believe that companies that design products and services taking into account sustainability issues have better quality standards"*. Knowledge management is another example of a key competitiveness factor where relevant impacts are identified, as *"having to generate information about CSR issues from our different units generates a certain knowledge that is not produced anywhere else in the company".* For example, one of the interviewees claimed that *"currently nobody in the company, not even our quality department, has the knowledge about our suppliers that we have in the CSR department".* This means that implementing CSR in this instance is not so much about risk management, or better not solely about it, but rather about *"changing the way we relate with our suppliers".*

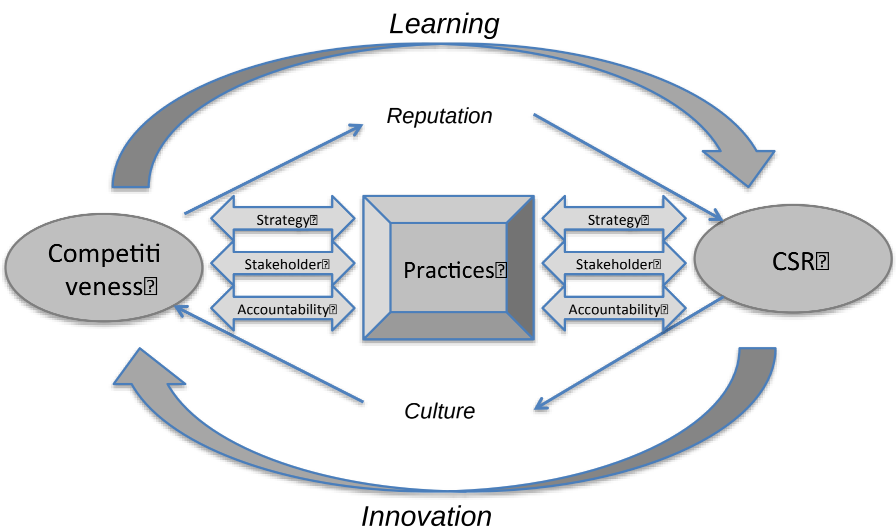
Another competitiveness factor that seemed relevant in the companies studied was human resources, where all eight companies understood that implementing CSR issues in their labor practices and rights, including work-life balance policies, generated a *"notable impact, especially in terms of productivity, work climate and attraction of talent"*. As in the case of suppliers, the eight companies here saw an opportunity to use CSR policies to transform or improve the relationship between the organization and its workers, as companies perceive that *"the worker gives to the company when he sees that the company is doing the same toward him".*

Innovation is another competitiveness factor where there is a relevant impact from implementing CSR strategies according to the eight case studies, especially in terms of developing new products and services, but also equally importantly *"changing some business processes, such as the way we audit our suppliers".* Examples of innovation would be DKV's easy to understand insurance contracts, Aeon's CSR oriented private brand, Danone's health products, Mango's new transportation system directly from workshops to shops, Tecnol's work-life balance policies, El Naturalista's Recyclus collection of fully recyclable shoes, Vodafone's mobile services for the hearing impaired, or Interface's Quest program to generate innovation through workers' ideas and proposals around CSR.

Reputation seems to be a critically important issue for all eight cases in terms of understanding and developing CSR within the organization. All companies measure the impact of CSR policies on reputation, either with their own internal surveys or through tools such the Reputation Institute's RepTrak (www.reputationinstitute.com). In fact, in all eight cases the CSR managers of each company expressed that one of the responsibilities of their job was *"to make sure that we have a clear and coherent message in terms of CSR, and that means spending a significant amount of my time in communication"*, which apparently often means *"talking with people and organizations that have complaints about us so that we can solve potential reputational problems"*.

In the introduction to this dissertation in Chapter 1, I explained how businesses relate to society through practices, and that in this relationship companies construct their meaning and vision, and at the same time acquire legitimacy to operate as actors that contribute to society (see Figure 1 in Chapter 1). Looking at the eight case studies it becomes apparent that these companies internalize this relationship between business and society by finding a way to connect competitiveness (which represent the essence of business) with CSR (which represents the expectations of society). Furthermore, as I showed in the preliminary study in Chapter 3, companies drive CSR externally mainly through reputation, and internally through corporate culture and identity, and establish internal processes to turn responsible competitiveness ideas into practices through strategic thinking, stakeholder management and accountability practices, establishing a process of learning and innovation (see Figure 7 in Chapter 3), where the firm learns and evolves by understanding how CSR helps its competitiveness, and then innovates practices, processes and business models based on this new understanding of the organization and its vision. This internalization of the relationship between business in society through connecting competitiveness and CSR, and turning that into a learning and innovation process can be summarized in Figure 10.

Figure 10: connecting CSR and competitiveness



Managing Responsible Competitiveness

As shown in Figure 10, although the eight companies seem have different focuses in terms of their CSR vision, they do tend to frame and internalize their respective responsible competitiveness strategies through strategic design, stakeholder management and accountability. Strategic development (Porter, 1996; Mintzberg, 1987) should depart from defining a clear vision of where the company wants to go in terms of CSR and designing a responsible competitiveness plan on how to get there (McWilliams and Siegel, 2001). Once the plan is designed, the organization needs to turn the plan into action, which means turning strategies into practices and measuring and reporting on such practices and the impact they have both on the company as well as society (Keeble et. al. 2003; Searcy, 2012). In other words, the company needs to develop accountability practices (Elkington, 1995). In the end, the responsible competitiveness strategy must be integrated in the core of the organization's business model and competencies (Prahalad and Hamel, 1990), including products and services (Porter and Kramer, 2006). Finally, since responsible competitiveness is a transversal issue that will transform most business practices, this requires understanding and managing how responsible competitiveness will change our stakeholder relations (Freeman, 1984). As seen in Table 6, evidence from the eight case studies shows that all companies have developed some policies and activities for each of these stages of the process of implementing a responsible competitiveness strategy (Mirvis et. al. 2006).

Table 6: Summary of findings on managing RC

	Impact on compet.	***Strategic CSR***			***Accountability***		***Stakeholder management***	
		Impact on products and services	*Plan*	*Vision*	CSR impact	CSR indicators	Change in stakeholder relations	New partners
Aeon	Yes	Partly Climate change	Yes	Yes	High	Some	Yes	Yes
Danone	Yes	Yes Culture	Yes	Yes	High	Many	Yes	Yes
DKV	Yes	Partly Strategy	Yes	Yes	High	Some	Yes	Yes
El Naturalista	Yes	Partly Branding	Part	Yes	High	Few	Yes	Yes
Interface	Yes	Yes Sustainability	Yes	Yes	High	Many	Yes	Yes
Mango	Yes	Yes Supply chain	Part	Yes	High	Some	Yes	Yes
Tecnol	Yes	No Human resources	Part	Yes	High	Some	Yes	Yes
Vodafone	Yes	Partly Identity	Yes	Yes	High	Some	Yes	Yes

Evidence from the eight case studies shows that while all eight companies have a defined vision in regards to CSR, their strategic plans on how to get there are not always formulated, particularly in the medium and long-term. Also, the effect of this strategy on products and services differs from company to company, where more often than not CSR is focused on some product lines, and even then at different levels. In terms of management, all companies have a clear perception that the responsible competitiveness strategy generates significant value for the organization, but in many cases the impact is not actually measured, but rather perceived. Finally, all companies confirm that one of the difficulties and particularities of managing CSR, is the need to engage different stakeholders, including non-traditional ones, which requires developing new competencies and changing business processes, such as involving stakeholders in strategic reflection or innovation procedures.

In this chapter I will try to discuss in further detail these findings summarized in Table 6, and at the end I will show that while each of these companies seems to have a different responsible competitiveness strategy, there is one common denominator to all of them, which is reputation. However, reputation in the eights case studies is not the objective or the responsible competitiveness strategy, but rather the tool used by the organization to rationalize why the company needs such a strategy. In other words, one of the conclusions from the eight case studies is that corporate reputation helps the eight companies develop a CSR narrative that fits with the organization, its business and the context in which it operates, and use this narrative to drive reputation externally and build culture internally.

The impact of CSR on products and services

Companies are living things, where the different parts of the organizations are deeply connected and intertwined (Mintzberg, 1981). That is why most strategic business issues have a direct or indirect impact on the entire organization (Stern and Stalk Jr. (eds.), 1998; Stern and Daimler, 2006). CSR is a clear example of a business issue that can be strategic for many companies (Williams, Siegel and Wright 2006). One way by which to discriminate companies that treat CSR as strategic issues from those that do not, is by looking at whether the issue has an impact on its more strategic assets and competencies (Barney, 1991; Mackey, Mackey and Barney, 2008; Prahalad and Hamel 1990). In this regard, companies that consider CSR as a marginal issue they need to deal with because of external pressure usually frame it as a one dimensional issue, while companies that think of CSR as a strategic issue frame it as a multifaceted business issue that has an impact on some of the most important practices of the organization (Hart and Milstein, 2003). One central piece of business strategy across all organizations is product and service design and development, whereas looking at products and services can usually tell a lot about the business model and strategy of the organization (Anderson and Zeithaml, 1984). Thus, a first step in evaluating whether the eight companies studied truly deal with CSR as a strategic business issue is by looking at whether in each of the cases CSR has a direct impact on products and services. As shown in Table 6, evidence shows that CSR has some impact on products and services in seven of the eight cases, and that the degree and significance of such impact differs greatly among cases.

On first glance one could conclude that in some of the cases studied, CSR is not as strategic as some if these eight companies claim. However, here the issue is not simply about how much each company integrates CSR in products and services, but also how much each company has the capacity to integrate it. In other words, each of the companies has a different level of power and influence on the design and development of its products and services. For instance, El Naturalista, Interface and Mango have complete control on products and services; Danone, DKV and Vodafone have a partial capacity of influence as subsidiaries that market products often designed by headquarters; Aeon only has the capacity to decide on its own brand, as it sells mainly other companies' products and services; and finally Tecnol is a unique case, as being such a small company that deals solely with business to business products and services only has a very limited capacity to transform the characteristics of its products. Nevertheless, in Tecnol I found that the CSR strategy was focused mainly on human resources, and therefore only affected products in so far as human resources indirectly affect product and service development, but CSR was not a proactive and clear part of their product and service strategy. Therefore, the strategic integration of CSR on products and services needs to be analyzed relative to each company's capacity to influence product design and development. In this regard, seven of the eight cases seem to go out of their way to change in some way their products and services, albeit in different speeds and degrees of transformation, depending on their capacity to decide and change products and services in order to integrate CSR.

AEON focuses its CSR strategy on the three most strategic factors for the company: (1) clients; (2) stores; and (3) products. That is, Aeon centers its CSR strategy on transforming the way its stores, and its products and services are designed and delivered, including strategic issues such as store design and construction, product development, transportation, labelling, or client retention programs to name a few. Therefore, it appears that Aeon's CSR policies affect in some way all their products and services, as they determine how stores are designed and how consumers *"experience"* shopping at Aeon. However, being a retailer Aeon sells products and services from thousands of different producers, and therefore has a very limited influence on the effect of CSR on such products. The only product line sold at Aeon where the company is solely responsible for entire product and service catalogue is their private brand called TOPVALU. Here Aeon has strict and advanced CSR policies in place, including social and environmental audits of all suppliers. However, TOPVALU only represents about 15% of total Aeon sales.

Danone considers CSR in product development. In fact Danone has a strategy focused on products, where the goal is for products to integrate social aims (health and nutrition, human rights) as well as environmental (transportation, sustainable farming, water, transportation and packaging), where as they put it *"the unique nature of this product portfolio gives Danone a positioning that marks a difference among food industry players".* Health and nutrition seems to be the heart of Danone's business strategy, so that CSR content of products and services is not only aligned, but an essential part of the competitiveness advantage the brand has. That is why many of the company's efforts in terms of R&D revolve around making improvements in the health and nutrition contribution of products and services, where for example in 2012 over 25% of global sales came from products that had underwent nutritional improvements between 2010 and 2012. In fact, Danone was ranked leader of the first Access to Nutrition Index (www.accesstonutrition.org), which works to assess every two years the major food companies on their policies, practices and performance on nutrition.

Another thing that Danone aims to do in regards to the social sphere of product and service development is to design products that are country specific, not only in terms of tastes, but also in terms of the supply chain and local traditions. This is also aligned with the company central value of *"proximity"*, where *"Danone proposes product offers consistent with these countries' food culture and heritage"*. In regards to the environment, Danone focuses its efforts on different fronts, but mainly sustainable farming, improvement of packaging such as reduced amount of plastics and cardboards, experimentation with plant-based plastics, reduction of water use, change of energy consumption, or use of recycled materials. For example, 85% of farmers that supply to Danone are audited and certified, and receive advise from the company on how to improve their farming practices to minimize environmental impact. Another example is that Danone has established as a global target that 100% of palm oil consumed by the company is certified by 2014. These environmental policies are clearly reflected on products, where for instance 5 of their top brands (Evian, Activia, Actimel, Volvic and Aptamil) are carbon neutral, which means that the CO_2 emissions generated from the entire product life cycle is reduced and offset.

DKV is an insurance company, and as such it is more difficult to integrate CSR issues in products and services, as the products they offer are quite standardized and often constrained by the legal framework. Furthermore, being the Spanish subsidiary of a German company that is one of the largest health insurance providers in Europe, DKV Spain has a limited capacity to change products and services. Having said that, DKV Spain does try to integrate CSR in its products and services. As in the case of Danone, the effort of DKV Spain is well aligned with the business strategy, as the CSR policies are apparently one of the main reasons why DKV Spain has been considered the best insurance company by its clients between 2009 and 2012 according to the responses of over 3.000 insurance costumers to the Reputation Institutes RepTrak (www.reputationinstitute.com). DKV Spain's policies regarding products in services focus on three main areas: (1) responsible insurance policies; (2) prevention; and (3) ethical management of the company.

Regarding insurance policies, DKV Spain has made many changes that set it apart form both many of its competitors in Spain as well as even many of the other group companies in other countries. Some examples are microcredits for people at risk of exclusion, commitment to life-long insurance policies after 3 years as a client, accepting adopted children automatically as part of the family policy with the same rights as natural children, increasing the oldest age to accept new clients to between 70 and 75 years depending on the plan, or the commitment to *"clear language of insurance policies"* where all insurance contracts are reviewed by a philology professor who determines whether the contract has language understandable to the average consumer.

Regarding prevention, DKV Spain has two initiatives: (a) a platform specific for clients called *"my plan for a healthier life"* where clients can receive information and feedback from experts on how to improve their habits to prevent health problems and to increase their quality of life. Linked to this program DKV has a program that gives annual awards to the clients who have best followed these plans. And (b) another platform accessible to society at large called

“Community Live Health” that promotes healthy habits and provides advise from doctors, also providing a social space where people can discuss and share health problems and issues.

As for the ethical management of the company, the policies here focus on two areas as well: (a) ethics and (b) environment. Regarding ethics there are several policies that have an impact on products and services, such as the reduction in the response time of claims, transparency policies, or the development of technological platforms to make it easier and quicker for consumers to go through procedures. Here DKV Spain is the first and only insurance company in the country to receive the SGE21 certification (www.foretica.org) of *“Ethical and Socially Responsible Management”*. Similarly, DKV Spain was the first European insurance company to be certified as carbon neutral according to Setem (www.ceroco2.oeg), and it has ISO and EMAS certifications.

El Naturalista is a company that focuses its business model on a niche market of selling cool design, high quality, relatively high market shoes, which integrate CSR as a central part of their design process. I had the opportunity to attend an international meeting of El Naturalista’s representatives and distributors from around the world, and CSR is a big selling point for all their products as well as an integral part of their shared product vision. However, the organization is a fast growing still small company that has only 10 years of existence. For example, although in 2012 it had 700 workers, most of them where production workers at the factories, where there were less than 30 people working in the offices including design, sales, marketing, human resources, administration, or operations. In this context, like any other small company that is growing fast, they have a difficulty to institutionalize processes and measure results, so that many of their activities are based on a declaration of intentions, where the company talks in terms of *“…doing that as much as possible…”, or* “… trying to achieve this…”, and things like that, but not really presenting concrete numbers and figures.

This is true of El Naturalista’s CSR content in their products, where the company claims to try to manage environmental issues by *“working with* *traditional processes, recyclable materials and biodegradable components, ensuring the respect for the environment"*. Along the same lines, El Naturalista also talks about social qualities embedded in products, particularly in terms of controlling that all components of each product, from suppliers as well as from their own factories, observe certain conditions such as equal opportunity, diversity, fair pay, or hiring proximity suppliers. As I explained they do not have clear targets and measurements on these policies, but they do try to advance in that direction. For example, they have started to use some recycled materials in different parts of the product (rubber, cork, plastics, etc.), they are substituting traditional glues for water based ones, the wood they use comes from controlled plantations 100% sustainable certified, 85% of suppliers operate in the proximity of the factories, and all their packaging includes 90% recycled carton. Other production areas where they try to integrate CSR issues are transportation, energy use, water use, and fair trade among others.

El Naturalista also tries to develop CSR specific solutions, which are usually developed in one specific product line, and then depending on its success and replicability, included in more product lines. Two examples are the Torial and Contradicion lines, which include the use of natural and recycled rubber that aside from reducing the environmental impact allow for the elimination of some adhesives in the production process. Another example would be the lines Moai and Macabuca, which include some recycled polyurethane in the soles. The Sassi line also includes a recycled leather conglomerate in the soles. However, the best example from a CSR product stand point for El Naturalista, is the Reyclus line created in 2008, which is a product that not only uses all natural materials, at the end of the product line it can be entirely dismantled and recycled. The problem is that the product line is not very popular both from a design stand point as well as from a price perspective, as the production process is quite costly. For example, soles are hand stitched to the shoe with a string made of recyclable material, so that increases the price of production but also gives a unique appearance to the shoe.

Interface like El Naturalista is a company that not only integrates CSR on products and services, it uses it as a strategy to differentiate from other competitors largely based on the CSR qualities of products and services. This becomes clear from the way Interface describes its products as *"modular carpet for business and residences, designer-quality broadloom carpet for the trade, all designed, produced and distributed with a commitment to sustainability."* In that regard, sustainability (which is the term Interface prefers to use rather than CSR, but which for the purpose of this dissertation has the same meaning) becomes a clear driver to innovate, where as they clearly state *"our commitment to sustainability has generated considerable results across three key areas: Footprint Reduction, Product Innovation and Culture Change".* As I explained in the case description in chapter 5, Interface integrates CSR issues throughout the production process including transportation, energy use, waste management or production facilities to name just a few, which allow the company to estimate and manage its footprint. However, for Interface CSR is a central driver for innovation in product design and development.

Sustainability/CSR is an important part of Interface's product design process, and it is aligned with the business strategy, as one of the company's long-term goals is to *"design and manufacture sustainable closed loop products".* To achieve that central goal, Interface focuses on three areas: (1) biomimicry, which is the process of using nature as a model to design and develop sustainable solutions, which has allowed some innovations such as the *"i2"* product line inspired by the *"organized chaos"* of the forest floor, the "*TacTiles"* which also inspired by nature is a carpet installation system that allows for the installations of carpets without using glue, or the *"Fairworks"* line which is developed by putting together sustainable materials and traditional skills from local cultures for example in India; (2) conducting a life cycle assessment for each of Interface's products, understanding the materials, energy and wastes involved in each phase of the product's life cycle, from raw materials to recycling or disposal, to improve efficiency, reduce negative impact and innovate in the production process; and (3) dematerialization, which means maintaining the quality of products but trying to use less materials in the manufacturing process.

Regarding manufacturing, Interface tries to innovate in the types of materials it uses, collaborating with suppliers to integrate sustainability in products. Regarding the end of the product life cycle, Interface was the first carpet manufacturer to implement a process for the clean separation of the carpet components, allowing for the maximum amount of materials to be recycled into new products. But perhaps the best example of how Interface tries to integrate sustainability/CSR in its products is the *“CoolCarpet”* product line, which was launched in 2003 and was the world’s first carbon neutral carpet. Most of Interface’s products are certified using the Sustainable Carpet Assessment Standard (www.nsf.org).

Unlike Interface or El Naturalista, Mango’s CSR policies are not directly focused on products and services. Mango’s CSR strategy departs from the company’s values, which revolve around three spheres of *“attitude, work and brand”*. Based on the company’s values, Mango developed a code of ethics, which is the central piece from which the CSR strategy is built. In other words, all CSR policies at Mango are designed to comply with principles defined in the code of ethics. Here, Mango defines three areas that have a direct impact on products, such as: (1) product quality and safety where these *“do not involve risks to health and safety”*; (2) environmental impact of products and services, where products need to *“respect the environment”*; and (3) social and labor practices where *“Mango should observe the basic rights and principles of all individuals”.*

As in the case of other manufacturing companies such as Danone or Interface, these three areas are developed through specific policies focused on three separate parts of the product value chain of manufacturing, transportation and sales. This means developing specific programs and practices such as reducing energy consumption both in production as well as in points of sales, minimizing transportation, changing packaging and hangers, protecting personal data of costumers, complying with human rights throughout the manufacturing process, or searching for more sustainable raw materials.

However, being a global textile manufacturer and retailer, Mango’s business model is built on having a well-managed supply chain that can deliver high quality products at reduced costs. This translates into having a supply chain composed by more than 260 suppliers, predominantly based in developing countries in Asia and Africa. These suppliers are companies that usually compete based on price, and which operate in countries where the legal framework tends to be less stringent than in Europe regarding social and environmental issues, and which usually do not have strong public controls to make sure that the existing legislative framework is applied. That is why the focus of Mango's CSR strategy is on auditing and controlling its supply chain, where the CSR strategy is approached from a risk management perspective. Mango's responsible supply chain policy follows a similar logic as Mango's general CSR strategy, where the point of departure is a supplier code of conduct that *"all suppliers must sign before become suppliers, and for which they are audited regularly".* Mango's supplier code of conduct addresses central issues such as environmental impact, child labor, working hours, health and benefits of workers, or legal compliance. Mango has a team of people who regularly conduct social and environmental audits of suppliers, together with an external consulting firm recommended by the non-profit Setem (www.setem.org), which as I explained earlier is the Spanish partner of the Clean Clothes Campaign (www.cleanclothes.org).

As a result of this control of the entire supply chain, Mango is able to guarantee that all its products fulfil certain CSR characteristics. From an environmental perspective Mango is one of the most advanced textile companies in terms of the control of harmful substances in all its products. In this regard Mango has an agreement with Greenpeace to determine the standards it should fulfil, and all products are tested in a laboratory before reaching the store, which means that all suppliers send samples to the laboratory in the earlier stages of the production process. Regarding social issues and human rights, Mango audits 95% of all suppliers annually. Since 2010 all Mango products have the *"Made in Green"* (www.madeingreen.com/en/home.html) label given by Aitex (www.aitex.es), which is a European certification for the textile industry. The *"Made in Green"* label is a triple certificate that certifies that *"all manufacturing processes in three aspects: health, environmental protection and the universal human rights of workers and which, in addition, decrees that any company or product bearing the "Made in Green" certificate is free of harmful substances and that the goods* *have been manufactured respecting the environment and the workers human rights."*

Tecnol, on the other hand, is the only company out the eight studied where there does not seem to be a clear and direct impact of CSR policies on products and services. In that regard, Tecnol seems to derive strategic value from its CSR policies impact on labor practices, specifically in terms of increased productivity and corporate reputation, through the attraction and retention of talented employees who joined the company in large part because of its CSR practices. Therefore, one could argue that Tecnol's CSR policies have in some way an indirect or partial impact on products and services, as apparently the CSR policies are the most important element in having one of the best sales network in their sector, which is in turn one of the keys that make their services attractive to clients. Nevertheless, CSR policies are not factors in deciding the design, content and development of their products. In this regard I believe that the reason for the difference between Tecnol and the other seven cases, is that Tecnol is at an earlier stage of their CSR development. In other words, it is only a matter of time before Tecnol begins to consider CSR in product R&D, or at least that seems to be the intent according to what interviewees said.

Vodafone's approach to CSR in regards to products and services revolves around a double strategy of integrating some common CSR characteristics to all products while also developing some products and services with a specific CSR focus. On one hand the company tries to make sure that all their products and services fulfil some basic CSR requirements in both their development as well as the operation, such as aiming to minimize energy consumption, protecting the privacy of costumers, or offering clear plans and fair prices. This part of Vodafone's CSR strategy is what the company terms *"developing our activities in an ethical and honest manner, so that we can achieve better results for our clients, our business and society."* This strategy revolves around embedding CSR qualities in all processes with four central stakeholders: clients, environment, employees and suppliers. For example, some projects in this area focus on improving and simplifying products prices, improving the processes to assist customers, assess and minimize the environmental impact of Vodafone's shops, establish programs to recycle phones, or auditing suppliers for social and environmental performance.

However, the area where Vodafone Spain generates more value for both the company as well as society in terms of CSR, is what they call *"developing products and services for more sustainable societies".* Here is where, in their own words *"our goal is to contribute to create more sustainable societies, through fostering responsible innovation, which is built on economic environmental and social factors. In this regard, one of the main drivers of our sustainability strategy is the development of social products and services that help people with special needs to be better communicated helping them have a more independent and autonomous life."* In this area Vodafone Spain works in two directions: (1) developing products and services that contribute to sustainable development, meaning that these products and services aim to contribute to solve existing social problems; and (2) developing social products and services to help groups like the elderly, hearing impaired, visually challenged or other social groups with special needs.

The products and services for sustainable development are mainly developed on tackling global problems in partnership with other companies, under the assumption that Vodafone can only provide a part of the solution needed. One example would be the *"smart cities project"*, where Vodafone establishes partnerships with other companies to improve things like mobility in cities, measure and control CO2 emissions, waste collection and disposal, or water and sewage network management. Part of this program would be the *"Near Field Communications"* project, which is a communication technology based on the exchange of secure information between a phone and another terminal, which allows for safe and well managed services such as payments, transportation, tickets, and so forth.

In Spain Vodafone is collaborating with other technological partners to develop the *"Near Field Communications"* solution with the use of the SIM card of, so that users can make small payments or send information simply by passing the mobile phone. Some pilot projects have been developed here, such as a project in Madrid in partnership with Renfe (Spanish railroad operator) that allows users to access proximity trains through their cell phones in more than 300 access gates; or the project in partnership with Banco Santander for the Catholic University of Murcia, through which the university can control attendance from students, and students can access the university, the different installations and the transportation network. Other examples of projects in this field of developing products and services for sustainable solutions would be the development of intelligent electrical networks through what they call *"smart metering"*, or intelligent terminals that allow companies and users to be more efficient in energy use; logistical intelligence, focused on developing new products related with the geo-localization of people, vehicles or objects; or solutions for *"smart working"*, which are projects to develop systems that allow for more flexible and productive working environments, for example by working at home, having virtual meetings, reducing needs for office space, or efficiency among others.

Regarding social products and services, Vodafone Spain develops specific products designed to tackle social problems. As I explained in the description of the Vodafone Case in chapter 5, one of the differentiating factors of Vodafone Spain is that its foundation is not focused on distributing funds to worthy non-profits or social programs. In fact the foundation is staffed mainly by telecommunication engineers whose job is mainly to produce innovative technological products and services, sharing these ideas regularly with the people at R&D and often resulting in new products and services that end up becoming new revenue streams or generate value in some other way for the company. Some examples of projects in this area would be: (1) the *"Active Service"*, which is a service for elderly people, where Vodafone prepared mobile phones easier to use for elderly people and with added services; (2) *"App Accessibility"*, which is a mobile phone application that allows people with mobility problems to receive information on the accessibility to different areas and buildings; (3) *"Project Dono"* where Vodafone donates voice and data services to different non-profits, which between 2009 and 2012 included more than 100 projects with a market value of over 250.000€; (4) *"Solidarity Messages"* is a technological solution that allows non-profits to finance their projects and emergency responses through the donation of Vodafone clients through SMS with an assigned word to the non-profit the client wishes to help, which in 2012 represented over 715.000€; (5) *"Remote Care Services"* which are technological solutions that allow for new ways to receive healthcare services, such as monitoring biomedical parameters from home, drugstores or local health centers to receive a first diagnostic or consult from doctors, also providing a *"cloud"* platform to help healthcare professionals provide attention outside hospitals; or (5) *"Appointment System"* which is a system that allows for the efficient management of medical appointments through a *"cloud"* system.

In sum, evidence seems to support that in most cases (7 out of 8 companies) CSR has a direct impact on products and services, but that the degree and significance of the impact varies. What these 7 companies share is the idea that they use the CSR characteristics of their products and services as a differentiation, where for example they tell a client *"I will help you reduce your costs, I will help you be more productive through the introduction of new solutions in your business, transforming processes to be more efficient and with a sustainable proposal."* The difference in CSR content may be attributed to different factors, such as the type of products, the degree of autonomy and control the company has on product development, the socio-economic context, or even the degree of development of CSR in a company. For example, for some companies *"from the Group Headquarters they provide the guidelines on how we should behave as a company, what is the tone of communication, what is the image and brand we want to transmit, and so forth. However, the concrete content of products and services, if you want to make a service oriented proposal, a social content, or things like that, then it is up to each subsidiary to define the solution locally"*, where for most companies *"it is very difficult to define standard parameters of CSR across products, mainly because different products have different components and therefore the level of CSR may differ"*.

However, it seems clear from the case study results that there is some correlation between stage of evolution of CSR and how these issues are integrated in products and services, whereas the company evolves in terms of CSR, the social and environmental issues become more and more relevant in product and service development (Maon et. al. 2010; Mirvis et. al. 2006).

Evidence from the case studies shows that for the majority of the companies studied, CSR becomes an opportunity for developing competitive products and services, generating value through innovation, branding, and reputation. In this regard these companies seem to share the idea that *"our offer to clients is based on four key elements: cost reduction, quality, differentiation based on innovation, and sustainability"*. Here the companies studied can be divided in three groups: first there is a group formed by Aeon, El Naturalista, and Interface which seem to have a specific strategy focused on differentiating from their competitors based on CSR factors, where products and services are developed with CSR as one of the central value added factors, where they believe that *"it is very important that the client identifies your company as their preferred company, and CSR plays a big part in that, and is growing more and more everyday"*.

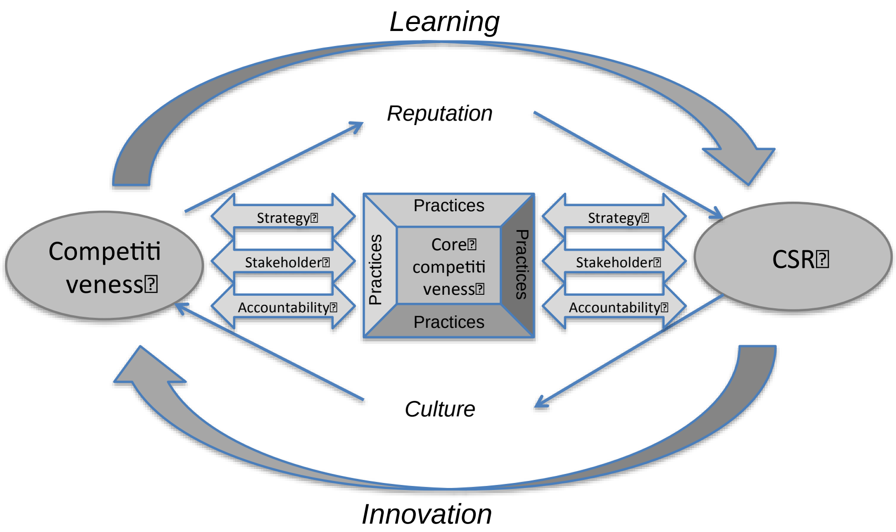
Second, there is a group formed by Danone, DKV, Mango and Vodafone for which CSR seems to be more an identity issue where it is more about how *"the company does things"* than about focusing specifically in products and services. Thus, for these companies the CSR strategy for products and services is usually more based on insuring that there are some minimum common CSR principles observed in all their products, and then developing some lines with a more intensive CSR content. In other words, for this second group of companies, the CSR focus will change from product to product, but what they really focus on is the idea that *"our company, our brands and our products are the way through which we transmit our corporate philosophy to customers"*. Thus, their goal is be consistent with the central vision and values across all products with certain minimum CSR standards and contents.

Finally, Tecnol seems to be in a very different place than the other seven companies in that its CSR strategy has almost no direct impact on product design and development. They do have environmental and quality certifications in place, and they are well known for their innovative CSR policies when it comes to employees, so one could argue that indirectly all these have an impact on products and services. However, to me this company is different than the other 7 in that it has no specific CSR policy in terms of product development. Furthermore, at the time of the field research although interviewees and documents showed a certain interest in following that path, it was not actively trying to come up with new more responsible products or improve services to make them more sustainable. Their view seems to be that *“our clients like that we are certified in social responsibility, and you can see that they are very happy with each new CSR seal that we get, but they feel this has little effect on them. We feel that our clients will always choose based purely on price-quality.”* Therefore, Tecnol seems to focus their CSR strategy on human resources because they feel that it has a direct impact on the quality of products and services (they sell B2B to construction sites, where the quality of the sales force is most critical). In that regard, although clearly Tecnol is in an earlier stage of CSR, it seems consistent with the other cases in the sense that they use CSR to gain a competitive advantage on one of their core competencies, which is service.

One of the general conclusions from the analysis of CSR content of products and services is that evidence from the eight case studies seems to support the assumption from the state of the art review that the most strategic and integrated CSR is, the more it will show in products and services. Furthermore, evidence also confirms that in most cases companies develop a specific CSR strategy in regards to products and services, which add specific value to the product. Evidence also shows that CSR seems to generate some value for products and services, but that *“one of the main problems of sustainability is that the improvements and characteristics of products are much more difficult to make tangible and quantify”.* In that regard, most companies seem to share an idea that *“to be honest we don’t know exactly how much of our success is attributable to CSR, but we know it plays a role, and that is enough for us.”* Therefore, another important conclusion is that CSR focus on products and services is not the main driver or the starting point of CSR in companies, but rather the opposite, it is the result of trying to integrate social and environmental issues in the organization.

In conclusion, evidence seems to suggest that for these eight companies implementing a responsible competitiveness strategy is about finding and developing a CSR policy around a core competitiveness factor of the organization. The core competitiveness factor is different for each company and that is precisely way it is a source of competitiveness, as it touches upon a core business issue that is different for the company and therefore more difficult to imitate. Then, the company develops or changes other practices of the organization, but always built on this central core competitiveness issue that serves as an anchor to frame and develop CSR strategically. Thus, once the responsible competitiveness strategy is implemented, it transforms other strategic areas of the organization such as products and services, as the company embeds CSR in the company's brand, image, culture and identity. Following the rationale presented at the beginning of this chapter (see Figure 10), this process could be illustrated as seen in Figure 11.

Figure 11: connecting CSR through core competitiveness



In this scenario, in order to develop a responsible competitiveness strategy each company needs to develop a vision of how CSR will strategically fit with the organization and a plant to implement such a vision.

Defining a CSR vision and turning it into action

All eight companies studied seem to have a clear idea regarding what CSR means to them. I put it like this because through the interviews it became clear that most interviewees have difficulty differentiating between company values, mission, vision or strategy. However, they all had no difficulty telling me what the company wanted to achieve as a business, and what it wanted to achieve in terms of CSR. So, as shown in Table 7, all eight companies have a vision of what they want to do in terms of CSR. Furthermore, in most cases the CSR vision fits very well with the overall company vision. In fact, in 5 of the seven cases (i.e. Aeon, Danone, DKV, El Naturalista and Interface) the CSR vision and company vision was one and the same. This means that for these five companies, the vision for the company integrates the concept of CSR, so that responsibility and sustainability are central parts around which these companies aim to advance toward their vision, and carry out their mission. In the other three cases (i.e. Mango, Tecnol and Vodafone) the CSR vision was different than the business one, but both were aligned, where the CSR strategy is presented as sort of an extension to the overall business vision, presenting CSR as a way in which these companies aim to pursue that general business vision. Furthermore, corporate websites from these eight companies are full of references to CSR when describing the business model, history, mission and values. In table 7 we can see the CSR vision of the eight companies as publicly declared in websites, documents and interviews.

Table 7. Company's CSR vision

Company	CSR vision
Aeon	*"Pursuing peace, respecting humanity and contributing to local communities, centered on our customers"*
Danone	"To create economic value by creating social value"
DKV	"Our dream is to contribute to make a better world"
El Naturalista	"To walk through life creating and innovating more responsibly and with lesser environmental impact"
Interface	"To be the first company that, by its deeds, shows the entire industrial world that sustainability is in all its dimensions: People, process, product, place and profits – by 2020 – and in doing so we will become restorative through the power of influence"
Mango	*"Our aim is to act in a sustainable way in all our areas of influence"*
Tecnol	*"Improve the life of people, facilitate their development and contribute to growth"*
Vodafone	*"Use Vodafone's potential to transform societies and achieve a more sustainable life for all"*

As seen in Table 7, evidence confirms that these eight companies have a clear CSR vision. However, when I started asking interviewees about how such vision would be achieved, it became apparent that companies have a very difficult time turning these CSR visions into specific strategies. When I asked people about their company's business strategy, they surely and quickly answered the ways in which the company was planning to achieve its goals, such as *"through organic growth and mergers"*, *or "we have a plan to double our* *market penetration in three years"*, as well as *"we have a plan to open one new store every week"*, also *"we need to diversify our products"*, another said *"we need to expand in emerging markets"* or *"we need to innovate in products and services".* Yet, when I asked the same question about their CSR strategy, the answers became less clear and more ambiguous. In fact, except for CSR managers, most interviewees were unable to name specific targets in terms of CSR goals, even for their departments. In that regard, as shown in the summary of findings at the beginning of this chapter (see Table 6), when it comes to CSR it seems to be more complex to establish a plan than to define a vision. That is, companies seem to have difficulties understanding how to advance toward the CSR vision, defining and establishing clear goals, and even setting up quantitative objectives. As one interviewee said, *"people look at us and they say: wow, how did you get from there to here? How did you grow so much? They assume we had a well-structured plan and a strategy for CSR, but to tell you the truth there was very little planning involved. The sensation we have to be honest is that in a lot of things we were guessing or trying things as new challenges appeared".*

In some instances non-CSR executives could identify or describe partial and specific objectives such as *"carry out social and environmental audits of our suppliers"*, also "*dedicate a percentage of our revenues to CSR programs"*, as well as *"reduce energy consumption and waste"*, another said *"develop new social products"* or *"carry out work-life balance programs"*. However, usually each interviewee gave one or two examples rather than a full battery of targets and was unclear on how these objectives would be pursued, and how these were interrelated. In this regard, most interviewees, even CSR managers, described CSR not so much as a strategy in itself, but rather as a transformation or adjustment of the business strategy. In other words, they seem to feel that CSR was a sort of *"twist"* or differentiating factor that their company was putting into the way it does things. One clear example was with DKV, which in their previous strategic plan for the 2008-2012 period, it presented a figure that summarized their business plan which included a transversal arrow across their business plan for that period that said *"and do all that responsibly"*.

The rationale for most interviewees seemed to be that CSR was one of the key variables that their company was asking them to include in the way they acted and made decisions, but that it was up to them to decide how the CSR factor would be transformed into concrete actions. As one interviewee explained, *"for us, CSR is about achieving our business objectives but acting responsibly",* another interviewee said that *"CSR is the way we want to achieve our dream as a company"*; similarly to another respondent who expressed that *"our CSR strategy is being ethical in all our activities"*. Thus, for must companies CSR was not so much a specific activity or plan but rather *"a way to understand our company"*. This reinforces the finding in regards to vision that for most companies CSR is linked to company values, mission, vision and strategy, but that it is not clear how this connection unfolds into practice for most interviewees. This is not to say that companies did not establish specific CSR targets, as most of them did, but these targets where not clear to all interviewees, and most importantly they did not seem to be, in their view, the most important part of CSR. For them CSR was *"a way of doing things"* more than anything else. As one interview explained: *"if we had gone with a strategic plan at the beginning it would have been a bad plan, because we did not know how successful our idea was going to be. So in social issues you have to start with proposing an idea, and then is the market, your customers, your partners, your people who take you on one or another direction".*

Most companies did define some specific targets with quantitative objectives, plans, policies, practices, and indicators, and connected these targets to the overall vision. One clear example would be the goals in terms of environmental impact, where most companies had specific goals in terms of reduction of CO_2 emissions, footprint, or some more specific targets such as materials, water or energy. These goals where in all cases connected to specific policies usually focused in three directions: (1) first develop more efficient processes, through reducing use of materials, generation of waste, or energy use to name a few; (2) to innovate so that the processes can be further improved, through changing business processes, using new materials or transforming products and services among others; and (3) through compensating whatever part of the specific target which could not be achieved through efficiency or innovation, by planting trees, buying energy from alternative sources, etcetera. It seems that environmental targets are easier to define for most companies, as these seem to be more standardized and quantifiable. However, even then companies had a hard time defining the targets clearly and had to leave some room and flexibility for different units and departments to adapt. For example, Aeon executives explained how *"we set up different targets per country because conditions are different. For example, if we increase energy consumption in China and in Japan in the same amount, in China the CO2 emissions go up 2 or 3 times more than in Japan, because the power supply composition is different, where in China they use a lot more coal"*

Companies also established some specific goals in other areas such as human rights, community relations, transparency or stakeholder management, but these targets were usually much more ambiguous and apparently even more difficult to define and measure. Some examples of targets in these areas were percentage of suppliers socially audited, employee engagement, customer satisfaction, investment in CSR programs, number of people impacted by CSR programs, number of new CSR projects per year, or corporate reputation to name a few. Thus, one of the central ideas these eight companies shared was that defining social targets was particularly complicated. As one interviewee illustrated with a metaphor: *"There are many things in life that are very difficult to put in a formal strategic plan. For instance, imagine that you decide that you are losing the spark with your wife, and you decide to establish a personal objective to love your wife more and better. How do you write that in a paper? And most importantly, what do you do to achieve that? So you have the goal, the idea, and then what you do is change things as they happen because you have established this objective. The same is true in social issues, where you can define an idea but then the implementation will have to be flexible because it will affect different operations and processes, and you cannot easily anticipate which or by how much."*

One area in which there seems to be a consensus among all eight companies (and perhaps the area in which there is more consistent agreement among all interviewees) is that thinking strategically of CSR transforms the way in which the company deals with most stakeholders. First, CSR changes the way the company views its existing stakeholders. One example would be suppliers, where companies *“need to rethink the way in which we approach them, where we have to think of them more as part of our company rather than independent organizations”*. The same is true for dealing with employees, where *“we have to consider employees in their entirety, not only s workers. We have to understand that they have values and interests and do many other things outside work”*. A third example could be other companies or even competitors, where many times in CSR companies collaborate with competitors particularly in *“establishing industry platforms to help us advance in the field of CSR”*, or with other companies *“in developing technical solutions for social problems that we cannot solve alone”*. In fact, it seems that multi-stakeholder dialogue and engagement is something inherent to developing responsible competitiveness strategies. Second, many companies seem to establish new partnerships with non-traditional stakeholders, particularly non-profits, because they like the expertise, knowhow and legitimacy to understand some of the CSR issues and how to solve them. Some good examples of that would be Mango’s partnership with Greenpeace to establish environmental goals, Danone’s partnership with Grameen Bank to develop new projects in Bangladesh, or Vodafone’s projects in Tanzania to name a few. Thus, CSR seems to change the nature of existing stakeholder collaborations as well as create new ones, where it is very difficult to find one stakeholder that is unaffected by the implementation of a responsible competitiveness strategy.

In most cases, interviewees seemed to agree that CSR was truly strategic for their company in the sense that it generated significant and unique value. However, they were not really able to describe the overall CSR strategy for the company, or the specific quantitative value it generated. In this regard, for these eight companies CSR seems to operate more in terms of conviction and perception than on estimation and numbers. Most interviewees were able to explain the areas in which, in their view, CSR was generating value for the company, as well as the areas in which it affected their particular responsibilities and activities as executives. For example, some employees talked about CSR in terms of corporate culture saying that *“this is the way we do things, and it works”*, in regards to employees saying things like *“CSR is one of the main* *reasons why people want to work here"*, in terms of reputation where one executive affirmed that *"wherever we operate people know that they can trust us"*, or on innovation where another interviewee explained that *"sustainability forces us to go outside the box".*

Furthermore, there seemed to be a general consensus among interviewees that *"even if initially some CSR policies may seem useless, it is clear that they are crucial for our long-term".* That is, CSR is perceived as a key competitiveness factor for long-term competitiveness, but it is less clear how they need to advance to achieve this objective. In that regard, it became apparent that most interviewees did not have a clear idea of how the CSR vision translated into a specific strategy, but they were all able to tell a story, logic and coherent, on how this happened and made sense. Usually this story revolved around the company's business activities and how CSR activities fit into the *"big picture"* of the company, often by presenting some specific examples, such as one marketing director, who explained: *"We tell clients that we will help them to reduce costs, that we will help them to be more productive through the introduction of new technological solutions in their business processes, that we will help them transform their business toward being more efficient and sustainable. For example, traditionally sales people have to go back at the end of the day to turn in their daily report, but if they are given a tablet or laptop with a broadband connection and a software that updates in real time information on clients, we are helping make the life of the salesperson easier, to increase his efficiency, to save gas and other costs, and to be in general more productive and in a more sustainable way".* In this regard, these stories seem to be usually built on perceptions, expectations and beliefs, where the central rationale is that it makes a lot of sense to them, and most importantly, it fits very well within the *"story"* of the company.

Another interesting finding was that these *"stories"* where different for each company, in the sense that they were built on different rationales and using different types of examples for each company, where some seem to use workers as the center piece of the narrative, others used clients, others suppliers, others used their own company as the focus of the story and yet others focused on society at large. This is consistent with the idea I discussed earlier (see Figure 11 in this chapter) that companies tend to focus their strategic CSR on core competitiveness factors. However, these stories were consistent amongst executives, documents and observations from the same company, often using similar examples, to the point that after a while, when reading and analyzing interview transcripts I could very quickly tell the company to which the transcript belonged without looking at the name of the interviewee because of the similarities in the stories they told.

Thus, one of the most interesting findings of this dissertation is that **the eight companies studied explain their CSR strategy in terms of a story**. In this regard, these companies define certain CSR policies, and establish some CSR goals, but what executives of the companies understand as the strategy through which the company wants to achieve its CSR vision is a narrative. Furthermore, these narratives seem to be built on both tangible and intangible issues, including as the center of the story why CSR makes sense for the company and how it fits with the company's vision. In this regard, one central characteristic of these *"stories"* shared by all companies is that the main driver for CSR, the motivation, and the reason why CSR makes sense for the company revolves around corporate reputation. In other words, for most interviewees when they explain the CSR story of their company the logic revolves around reputation, often in terms of demands and expectations, where *"this is what people expect from our company".*

The question is then, how these companies are able to transform these CSR strategy stories into actual practices, and how do they manage such practices? In most cases they do that but establishing some sort of formal or informal declaration of the things the company considers important when it comes to CSR. These declarations often take the form of codes of ethics or codes of conduct, both internal (i.e. how the company expects employees to behave) and external (i.e. how the company expects its business partners to behave). These declarations differ from company to company, but usually include a declaration of intentions around four main topics: (1) environmental issues such as energy use, waste management or climate change; (2) ethical issues such as fair wages, equal opportunity, diversity, corruption or child labor; (3) community issues such as poverty, development, culture or philanthropy;

and (4) CSR mission declaration in terms of specific and unique things the company wants to achieve when it comes to CSR. In some companies these declarations are compiled in a single document or tool, including CSR expectations for of both internal and external stakeholders (i.e. DKV, El Naturalista, and Interface), while for others they have different declarations, usually one for CSR strategy, one for workers and one for external partners and business associates (i.e. Aeon, Danone, Mango, Tecnol or Vodafone), but the main topics are all there for all eight companies. In many cases these declarations include a formal code of conduct or ethics, while in other cases take the form of a more informal declaration of *"how the company does things…"* as shown for example on El Naturalista's *"Ten Laws of the Frog"* (see Chapter 5, Table 4).

These CSR declarations are the central piece of the CSR story for the company in the sense that they represent the central tangible representation of the company's strategy in terms of CSR. In this regard, interviewees refer again and again to these declarations and they become one of the central pieces of the CSR story for the company. One example of that would be Danone, where all interviewees without exception made a reference to Antoine Riboud's (founder of the company) 1972 discourse on *"the double project"* (see Danone's case description in Chapter 5) by which he declared that Danone's objective was to grow as a company while simultaneously contributing to grow the society in which the company operates. Other examples would be Interface, where all interviewees referred to Ray Anderson's (the founder) sustainability "*epiphany"* as the departing point of the company's CSR strategy (see Interface's case description in Chapter 5); or Vodafone where all interviewees connected the CSR story to the activities in this area that were carried out by Airtel, the original Spanish telecommunications company that was purchased by Vodafone when it entered the Spanish market (see Vodafone's case description in chapter 5).

In order to turn CSR stories into practices, most companies depart from making CSR declarations, which are vague, but which make sense for the company. These declarations usually take as the departure point the company's history and culture, and include important actors (be it people or organizations) well known by the entire company as protagonists of the story. Furthermore, these stories usually include some big, and sometimes crazy, goals and promises, in terms of establishing some sort of guidelines of what the company wants to achieve. The rationale seems to be that CSR is an area for which companies have very few tools, so that most improvements have to come from innovation. In this sense, companies make big promises, such as *“reducing our overall CO2 emissions by 40% in two years”*, not knowing how the company can achieve such an objective. The logic being that *“if you don’t aim for almost impossible levels of excellence of sustainability then you’re only going to be making small improvements and you’ll never get to where you want to be”.*

These goals are declared publicly, usually in the form of a promise by the CEO, top executives, or an official company declaration because *“you have to start telling your team that you are going there, because otherwise what is the point?”*. Then, the organization begins to construct and reinforce the CSR narrative because *“you have to start with the impossible dream of what you need and then you start to see, you start to understand.”* The general idea seems to be that since the company has a well-defined corporate culture, defining CSR goals and making declarations of intentions provides with the necessary tools to start building the right CSR narratives, where companies aim for workers to *“always be thinking what it could be like? How could it be the best it could possibly be? And if it seems impossible then we have to find a way to make it possible, because that is where we need to go.”*

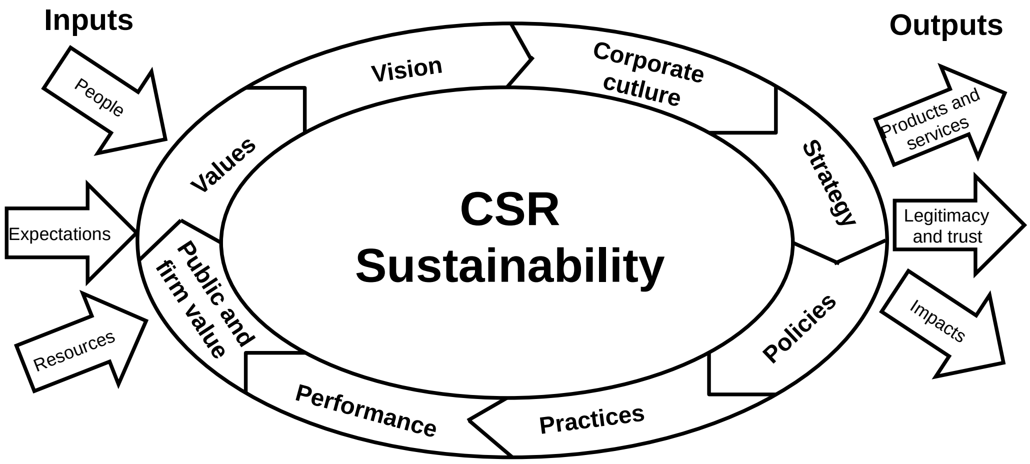
Thus, to turn these CSR stories into actual practices, most companies studied allow for each of the different business units or departments to design and develop their own practices. For example, at Danone the company has set up a global goal in terms of reduction in CO2 emissions, and has appointed a person responsible to follow up and report on the advancements each subsidiary or unit makes, but it is up to each subsidiary or unit to come up with specific plans. In this regard, usually the *“CSR declarations”* include some suggestions or ideas on areas each unit could explore to help in that direction, but these are just recommendations and even then they are usually insufficient in themselves to reach the general objectives. Some examples used by most companies are changes in transportation, training employees, establishing partnerships with non-traditional stakeholders, or improving reporting procedures. However, all eight companies have in common a central idea that in sustainability the only way to reach transformation is through innovation, and therefore that achieving some results in improved efficiency or minimizing impacts will only take them a part of the way toward their vision, *“because compliance is not conducive to innovation.”*

In this context, as shown in Table 6 at the beginning of this chapter, the problem from a management perspective for these companies seems to be that they do not have a lot of metrics or a systems to evaluate and manage these different programs. For example, even though all interviewees without exception answered affirmatively that CSR had a positive and significant impact both in the company as well as for society and the environment, very few respondents are able to offer some empirical data to back that up. In fact, in most cases the impacts were perceived such as *“we see that the workers are happy since we launched our CSR policies”*, or even some openly declared that they knew that CSR generates value *“by experience and intuition: we don’t need to develop an exact measurement; only analyze the project and understand the objectives, and then see if the two are coherent”.* Even in some cases where there were actual measurements, such as DKV’s *“Integralia”* which is the one of the most efficient call centers in Spain created by DKV by hiring and training people with severe disabilities, they admitted that after few years of operation of Integralia they had indicators to measure the efficiency of the call center, and calculate what it costs and the value it generates, but when DKV decided to launch the program *“we had no idea whether it was going to work, or how much it was going to cost”*. What they knew is that they wanted to do it and how the idea fit in the company’s way of doing things, as *“the measurements of the impacts are usually carried out after the program has been working for a while, not before”*.

So it seems that measuring the value of CSR for the company is also part of the *“CSR narrative”* the company develops, where as one interviewee said *“with CSR you have initiatives that are good for the company, employees and society; it is the very definition of win-win”*. In many instances there are some exact measurements, but even then interviewees explain that these measurements are not really helpful in managing CSR because they usually focus on measure outputs or results of activities where as one interviewee put it *“we measure things that we were already measuring before or that we are obliged to measure by law”*. So, it seems that CSR practices seem to have developed some indicators such as environmental impacts (e.g. energy, waste, recycling, water, etc.); human resources (e.g. accidents, diversity, pay, etc.); or community investment (number of people impacted, amount invested, etc.); but these are lagging indicators focused on outputs and results that measure things that have already happened, rather than leading indicators focused on managing future expectations.

In that regard, most interviewees seem to have a hard time establishing specific indicators for their future CSR activities using the CSR indicators in use, as *“it becomes extremely difficult to use these indicators to establish annual objectives or estimations, as these don’t coincide without our CSR goals”.* In the end, in most cases CSR policies *“are explained or justified, but by reasoning more than providing metrics”.* Ironically, most interviewees seemed to want and need to develop more and better leading indicators as *“one of the week points of CSR is the lack of indicators that not only do not allow us to properly manage CSR, but also to benchmark”*, but at the same time when asked they don’t seem to be dedicating a lot of effort and resources to the development of such metrics, rather they seem to *“concentrate in implementing the programs even though we currently don’t have clear indicators, because we know they will work, and if they don’t we will make them work”.* In a way, it seems that companies follow a sort of internal process in embedding responsible competitiveness strategies, where the departure point is aligning the CSR aim with the values of the organization, then based on that define a vision and advance toward that vision by integrating these visions and values in corporate culture. Once the CSR vision is integrated in the culture, then it becomes a way of doing things in the organization, which means that it is integrated in strategy, policies and practices. Then performance is perceived more than measured, but in any case as a result it generates some value for society as well as for the company. Finally, this process affects and is affected by the inputs of the organization (i.e. people who work or collaborate with the firm, society’s expectations and the resources used for business) as well as the outputs that the company produces (i.e. products and services, social and environmental impacts, and legitimacy and trust generated by answering social expectations). This process is illustrated in Figure 12.

Figure 12: the CSR cycle



In this scenario, the difficulty with developing CSR indicators to measure CSR performance seems to be that *“our CSR policies are not transferable to other organizations, as the real impact of CSR depends on so many different aspects such as corporate culture, the sector, the geographical area or the economic context, that even the impacts on our own company vary from unit to unit and time to time”.* The same is true also for understanding and measuring the value CSR generates for the organizations, where companies *“know that some of these policies have positive impacts on customers, products, employees and reputation, but we don’t know how much”.*

In sum, evidence from the eight cases shows that companies have a defined CSR vision, which they transform into a CSR declaration including some general goals, which is then institutionalized into a *“CSR narrative”* that is understandable to people in the organization, and then this *“CSR story”* is used by the different units and departments to design and develop specific projects that serve the original CSR vision. Furthermore, it seems that these specific CSR projects are usually quite innovative and therefore do not have established management systems nor leading indicators to estimate the output. In this regard, these projects seem to be developed based on conviction, perception and intuition. Moreover, although most companies seem to agree that it is important to develop CSR management systems including indicators where as one interviewee declared *“one of the key areas in which CSR has to advance is in the development of metrics”*, thus far the systems and metrics of CSR seem to be produced after CSR has been embedded in the organization, not prior to it, and even more most companies do not seem to be investing a lot of time and resources to prioritize the development of metrics. Finally, it seems that one of the central characteristics shared by the eight companies analyzed is that the central asset these companies have to be able to design and develop *“CSR narratives”* is a common corporate culture shared by most individuals at the company that *“makes sense*” of the story, and that these corporate cultures depart from corporate reputation as a central factor in attracting *“certain types of people*” and being expected by clients and partners *“to behave in a certain way”*.

Reputation as a central driver for CSR

Most surveys show that corporate reputation is the main driver behind company development of CSR (Accenture - Un Global Compact, 2010; The Boston Consulting Group, 2009; McKinsey 2010). This has prompted the debate on whether CSR generates real value for companies or is simply a way to protect its image and respond to expectations from some stakeholder groups (Hillenbrand and Money, 2007). There are many studies that try to prove that there is a positive correlation between the development of CSR, the improvement or corporate reputation and value being generated for the company (Roberts and Dowling, 2002). The reasoning seems to be that reputation is an intangible asset that provides a competitive advantage for the company, and that while intangible it can be assessed and evaluated (Schnietz and Epstein, 2005). For example, according to the Reputation Institute’s 2012 Ranking of the top 100 most reputable companies in the world (www.reputationinstitute.com), which is based on survey responses from 47.000 interviewees from 15 markets, over 40% of a company’s reputation is determined by the company’s CSR policies. As one of the Reputation Institute’s partners says *“CSR speaks to who the company is, what it believes in and how it is doing business”* (Forbes, 2012).

Not only corporate reputation is seen as a central driver for CSR, but also CSR branding of different products and services (Bhattacharya and Sen, 2004). In many instances global brands are very connected to corporate reputation, and are central to the company's competitive strategy. In this regard, connecting brand attributes with the needs, aspirations and expectations of consumers in regards to CSR can generate a lot of value for the firm (Werther Jr and Chandler, 2005). Here, what some define as *"ethical branding"* connects to corporate reputation in that brands are usually analyzed in terms of economic performance in financial terms, but these measurements do not take into consideration other important factors such as social, ethical and environmental attributes which have a significant impact on brand equity (Fan, 2005). In fact, some studies shows that having well developed CSR can serve as a sort of insurance by a company in times of crisis and scandals, as it builds social capital (Wether Jr and Chandler, 2005; Schnietz and Epstein, 2005). In other words, some research shows that CSR can act as a reservoir of goodwill during a corporate crisis. In fact some authors argue that there is a virtuous cycle by which having responsible brands reinforces corporate reputation, and having a responsible company reinforces the brand equity (Fan, 2005). Furthermore, some argue that the relationship between CSR and reputation works both ways, as stakeholder groups change their expectations based in large part to the company's reputation, which results in higher demands from stakeholders on CSR performance (Bertels and Peloza, 2008).

Most authors agree that corporate reputation is a key determinant of any company's competitiveness (Barney and Hansen, 1994). A firm's reputation allows the company's stakeholders to perceive that they have more information about a product of a company, particularly in regards to how the company or the product wants to contribute in social and environmental terms (Fombrun, 2001). Also, reputation linked to CSR can be a source of competitive advantage as it shows a past and present interaction with a multitude of traditional and non-traditional stakeholders, which is difficult to imitate by the company's competitors (Barney, 1991; Vallester et. al. 2012). In this regard, being reputed as a responsible company generates value by improving the firms' capacity to acquire and engage key stakeholders such as investors, employees and customers and build a relationship based on trust and legitimacy (Black et. al. 2000). Building trust and legitimacy with key stakeholders, can also help manage long-term stakeholder relationships (Hillman and Keim, 2001; Russo and Fouts, 1997). Furthermore, some research shows that having a good CSR reputation can help a company attract talented employees, which is a key factor in a company's productivity, and therefore in performance and competitiveness (Turban and Greening, 1997). The general idea seems to be that firms that are more admired by society in general and by the company's stakeholders in particular, seem to have more credibility and trust, which helps their competitiveness not only in terms of image, but also in the day to day operations, as well as to protect themselves against crisis and scandals (Gregory, 1998; Knight and Pretty, 1999; Jones et. al. 2000).

Corporate reputation could be seen as the management by the company of something that is outside the company, in the sense that reputation by definition is how the firm is perceived and valued by others. That is why many scholars have studied the differences between corporate image, reputation and identity (Fillis 2003; Whetten and Mackay 2002). The bottom line seems to be that it is not clear what and why people believe about an organization, and most importantly how can such organization change and manage these perceptions (Brown et. al. 2006; Wicki and van der Kaaij, 2007). Some authors believe that companies can be divided into those that focus on managing how the company is perceived by its stakeholders (Carlisle and Faulkner, 2005), and those that focus on managing corporate identity under the assumption that if the company works of establishing a specific identity, this will generate a corresponding reputation to others (Barney and Hansen, 1994). This same idea would be true of how company's manage their CSR reputation, where some firms will focus on manage their CSR image, while others would focus on their CSR identity (Wicki and van der Kaaij, 2007).

As Peter Pruzan argues (Pruzan, 2001), these two approaches to managing corporate reputation require different strategies and policies, because they are fundamentally different: the image approach is built on pragmatism; while the identity approach is built on reflection. First, the managerial or pragmatic approach is based on rationality and focuses on the classical ideas of corporate success. It focuses on the qualities given to the company by its stakeholders and the primary goal is to protect and enhance corporate image. Second, the reflective perspective, on the other hand, is existential or philosophical in nature, employs a different way to view corporate success and focuses on organizational identity rather than image. So, companies that use this approach try to reflect on what they want to be rather than to communicate what they want people to perceive them as. The reflective approach cares mainly about the character of the organization, its culture and values, rather than its appearance. Another difference between the image and identity approaches (or the pragmatic and reflective approaches), seems to be how they are developed by the company, where the image approach is defined by the company's leadership, while the reflective approach is developed by the entire organization. As Peter Pruzan explains it, *"the reflective approach focuses on what is and what should be rather than what appears to be"*. The argument is not necessarily that companies need to choose one or the other (i.e. image or identity), as different authors seem to agree that most companies need to manage both image and identity (Brown et. al. 2006). Rather, the point seems to be that companies need to prioritize one over the other, choosing to either try to develop an identity and then make sure it is perceived accordingly; or focus on the external perception of the company and then trying to change or improve parts of the organization to coincide with the external perception.

Findings for the eight case studies confirm the assumption that corporate reputation acts as a central driver for CSR. There is a fundamental notion shared by the eight companies in that *"we are in a place where companies need to change the way we relate to clients and society, that is a necessity, and I think that companies either change or they will die"*. So CSR is not a choice, but an imperative, a license to operate. Some pressure comes from clients where *"for some time now we have detected that there is a social demand for our products to answer to their sustainability needs to minimize environmental impact, of managing things in a responsible way"*. Often the departing point for some companies seem to be scandals or activists, not only as a cautionary tale to push for change, but also to build an argument that seems clear and rational to your stakeholders. In that sense *"external pressures and scandals have* *helped us a lot, because they reinforce our argument that we need to control these issues or we may run into trouble, so that our partners understand why we need to do it"*. The result is a clear tendency throughout the business community, where for example *"there is an international mobile phone event that takes place annually in Barcelona called GSM Congress. It is a huge event and so many people come that Barcelona is paralyzed, you can't get a taxi, reserve a restaurant or book a hotel those days. If you go 5 years back in this event all the proposals and solutions were fundamentally technological. Two years back is when I think that we crossed a line, and since that time you can clearly see that any company stand started to include a CSR part, some green products or solutions. And when you review the principal tendencies that are happening in the sector since two years ago, the CSR component of products is gaining more and more relevance, which translates into changes in packaging, transformations in the characteristics of products, and changes in services. If your solutions don't address these issues it can harm you, and if you are capable of coming up with elements that are innovative in terms of CSR, it can be a good differentiating factor for you".*

The consensus seems to be that CSR is an irreversible trend and that companies need to address these issues because *"society is on its way to become more responsible in terms of CSR. Is what I call the responsible low carbon society, which represents a paradigm shift, where it will be an absolute requirement for companies to establish advanced responsible policies? By doing that now we are making changes first that other companies will have to undergo in the future. We are becoming pioneers. So no, it is not an issue of mere branding".* Thus, for the eight companies analyzed CSR is not so much about communication, but rather about a way of doing business, where companies believe that *"we don't have to construct a company image, this has already been done, what we have to do is consolidate it and develop it. What we realized is that reputation and image can be destroyed so quickly, and the only way to protect ourselves from that is by making sure that we are doing what we say we are doing, and when there are problems, which there will always be, we need to make sure that it is not because we did not try to prevent or solve them".*

The reason seems to be that in the field of CSR the business community apparently enjoys very little trust and credibility, as *"many non-profits and activists are very critical of CSR policies carried out by companies, because they depart from the assumption that our motive is not true. Usually CSR programs are scrutinized, and the bigger the program the more scrutiny from different organizations. So we need to make sure that we do what we say, and also that we say what we do"*. That is why the eight companies do not have a very aggressive communication or public relations strategy when it comes to CSR, where *"our company does not publicize or flaunt some of our key CSR initiatives because we realized that in these matters the important thing is not what you say, but what others say about you. So we try to carry out interesting CSR programs and hope that these will be understood by society"*. So the reputation management strategy for these eight companies seems to be based in the idea of putting CSR at the center of the company and building its identity around it, rather than on some media campaign.

One interesting conclusion from the eight case studies is that for most of them, CSR is something that has naturally fit in the company, as it already included in its corporate culture and history a lot of the concepts and values inherent to CSR. As one interviewee explained: *"I would say that even before we knew in detail what CSR was all about, we were already doing it in our company, because this way of doing things is in our company's DNA".* Thus, as another respondent said, *"not only do I think that CSR is important for this company, when I joined the company I was surprised at how much importance it is given. In that sense I think it is a very responsible company which fundamentally does what it says, CSR is not limited to an annual report"*. In that regard CSR is often the X factor that differentiates companies based on how they behave. As one executive told me: *"in our industry there are 70% of things that are common to all companies in the sector. Then, there is a 30% which is different, which is how we adapt our vision of the market to what is ours. However, what really fundamentally differentiates companies is how you want to do all those things, where you want to go. In that regard our approach is much more open and less ambitious, maybe we could call it less monopolistic-like, than the strategy of our top competitors. We want to do things well, and we* *don't want to do them alone. We want to help create and be an important part of a system where we are all going in the same direction".*

The argument seems to be that all companies need to be pragmatic and have in place a communication strategy, but that when it comes to CSR, the most advanced companies focus on building a CSR identity through a reflective process (Pruzan, 2001). In that regard, it seems that right now the differentiation between companies in terms of CSR image is difficult, because most companies have some policies in place. However, when it comes to CSR identity, the difference between companies becomes much clearer. As one interviewee explained, *"right now most consumers are not really aware of the true problems connected to each product. They do have a CSR conscience, but they don't differentiate for example between a company that simply has a charity to which it donates a percentage from the sales of the product from a company that introduces sustainable production and supply chain processes to manufacture the product. So right now companies like us we are doing it because we believe is the right way to do it, but also because we expect that little by little consumers will become more educated, and to change these processes is not easy or cheap, so by changing now we are gaining a competitive advantage in the future."*

The difference seems to be that for the eight companies studied *"CSR policies should have a clear translation in terms of actual changes in the company's business processes. For example, our goal in terms of reducing CO2 emissions effectively changes product development, packaging, transportation and sales. I think a CSR policy is meaningless unless it has some effect on how we do things, on costs and investments".* The rationale for these companies is that building an identity around CSR effectively increases their long-term competitiveness, as *"it seems that many companies today only give importance to results, to performance, to benefits, but a company that works around a good set of values will be always successful in the long run. Because in a company with strong values you will not find the typical opportunist capable of stepping over his colleagues to get the medal, you will not find the salesman who will fool a poor client to make his quarter objectives so that he can get his bonus. In a company like ours we all understand that the key for our success is* *establishing good long-term relationships with clients, with teammates, with suppliers, etcetera."* So it seems that developing a CSR identity produces a competitive advantage for the company, and also it helps the company protect its image and reputation, as *"once you get credibility and trust in CSR issues it helps you a lot, because then when something happens they don't go directly to the press or to protest in front of your offices, they first call you and ask you what happened and what are you doing about it".*

The eight companies studied seem to share the idea that this trend towards more CSR in companies is irreversible, and that it will become more and more standardize, where *"in the future companies will include things like carbon assets or debt in their balance sheet, or product labels will include the ecological or labor footprint. Company valuations will start to include more and more CSR things in the future. For example if a company makes a profit but has a large amount of carbon debt it raises serious questions about the long-term perspectives for the company."* In this scenario, developing CSR and integrating in the company's culture not only fits with their values, it makes sense because it anticipates future demands and expectations.

The final objective is to establish a company that is both competitive and responsible, where *"the goal is to produce a company that you will be proud to leave to your children and grandchildren".* So, the decision to embed CSR makes sense in terms of risk management, but also in terms of generating opportunities. One example of benefits that these companies seem to enjoy above their competitors is the engagement and loyalty of their employees, where they all tell similar stories of how *"I have had examples of times were we accomplished something important and when I went to thank my team, telling them how we could have not done it without them, and some of them told me that it was them who were grateful, that in this company they feel valued, they enjoy working here, so they come to work happy, because it reaffirms who they are as people, and that also helps them enjoy life more. It really touches me to hear things like that, because that is exactly what we are trying to achieve."* The idea is that these eight companies they believe that they enjoy many benefits from their CSR policies, including more engaged employees, customer loyalty, free publicity in terms of other people talking well about the company as well as winning awards, and more trust and credibility from non-traditional stakeholders such as governments and NGOs.

In order to adopt this reflective approach to CSR to embed these issues in corporate culture and identity, the eight companies studied start by making an open commitment to CSR, usually by making an open declaration (as I explained in the previous section) and publicly defining some leadership in the company that will support the CSR efforts and which includes key executives, where *"you can see the seriousness of CSR in our company in the fact that a committee supervises these policies, which is headed and has members from the executive committee."* So all the companies established some sort of governing body for CSR that was well respected by the entire organization and which included people who had power and influence. Then, the organization worked on formalizing the guidelines, the ideas of what they want to do in terms of CSR, usually in terms of some sort of code or declaration, such as *"we developed our ethical code with our people, through an internal reflection, and we tried to see how we could turn that into specific projects, because we believe that it is almost impossible to explain things to outsiders that you have not thought through and reflected on first inside. That is why we first developed an ethical code of how we want to be as a company and how our people should behave, and from there we could think of specific projects."*

Once there was a governing body and a declaration, all eight companies also joined or signed some international CSR initiatives because *"one way to advance in terms of CSR is to participate in international initiatives or labels, always in relation to social responsibility, ethics or the environment, which are good because these are forums where you get in touch with other people from your same industry who are going through similar processes."* The goal is twofold: on the one hand to gain credibility and show outside what the company is doing, and on the other hand gain some knowledge and associate with other organizations that are going through the same things to gain more knowledge and explore potential collaborations (i.e. in many cases the eight companies studied established some collaborations with other companies and organizations that they met in this CSR forums). Internally, all these companies seem to share an idea that the most important to establish a CSR identity is to embed these issues in corporate culture, and that in order to do that it is crucial that all people who are members of the organization understand and share these ideas and values. Therefore, they have hiring practices in place where they focus on creating the right corporate culture, because they understand that *"it is very easy to find a sales director for Japan with languages and experience, but the difficult part is to find that humanistic touch, the social sensibility, because most companies don't have it, so we have difficulties to find people who fit with our company in terms of values."*

Having established CSR leadership, declared the main goals, and made sure that the entire organization shares these ideas, the issue for these companies seems to be how to make sure that all these ideas become actual practices. This means making sure that these issues have an effect in all the company's departments and units. In that regard, one differentiating factor for these companies from their competitors seems to be that they agree that *"CSR should be a unifying factor for the company, a common issue that you can find in marketing, logistics, operations, finance or any other department. So the CSR department has to act as sort of an internal advisor or consultant to help the other departments develop their CSR policies."*

Thus, in these companies the CSR department acts mainly as a facilitator helping other departments integrate CSR in their processes. This also means that these companies aim to transform declarations into actions, backing up ideas with investments and business transformations, where *"most companies apply the law of inertia when it comes to how things evolve in the company. Our idea is absolutely different, because we think it is impossible to grow unless we change the method of work fundamentally, and this change has to come from creativity, innovation and investment"*. So these companies seem to all have an idea in common that it is very important to develop a narrative, a story, departing from the company's identity, which explains who you are as a company, because *"people become interested in you first because of the company you represent, its values and its reputation. So to be successful you have to go through the world looking for people who will understand what you are trying to do, and who will believe you. To do that you can not only talk about* *product, design, quality or price; they care about history, motives, philosophy, and values."*

As we have seen so far in this chapter, evidence from the analysis on the eight case studies shows that they tend to use narratives to understand and manage responsible competitiveness, where there are few concrete indicators or similar parameters, and most of the issues are perceived and intangible. As I explained in the introduction of this dissertation in Chapter 1, I wrote this doctoral thesis following the process I followed in my research, chronologically speaking, as I feel this will allow me to best explain how each step led me to the next, and how these are all connected. In that regard, although the issue of narratives was not a clear goal of my original state of the art review nor of my preliminary study (Chapter 3), after analyzing how these eight companies manage responsible competitiveness it becomes clear that narratives are a central piece that needs to be addressed and integrated in the research, and therefore the first step I need to take is to do a literature review of the topics of narratives, and particularly how they relate to strategy and CSR.

CSR Narratives

According to researchers each of us has a narrative of our life story, which gives us an identity, allowing us to make sense of what we do and to communicate with others. So, we communicate through narratives. Creating a sense of identity through storytelling allows us to interrelate with others while constructing our identity. In this regard, it is through constructing this narrative and sharing it with others that we make sense of who we are (Horrocks and Callahan, 2006). An increasing amount of literature suggests that the narrative form is an important source of meaning for organizations as well, and that is particularly useful to define, develop and communicate organizational strategies. In this regard, storytelling is central to the sense making processes managers go through to make decisions (Ardley, 2006). Many authors argue that narratives are especially relevant to understand how businesses operate because managers do not simply tell stories; they enact them. One reason why narratives are deemed important for management in general and for strategy in particular is because they introduce a lot of useful information that is necessary to understand the company and its context and which is not always present in management data (Pentland, 1999).

Explanation is essential to theory and practice. We want to learn from smart practices and avoid making the mistakes others made, and in order to do that, we need an explanation of what contributed to these outcomes for these companies. So, explanations help us make sense of why and how these companies are doing things (Sutton and Staw, 1995). In that regard, a narrative is a story that describes the process and sequence of events that helps us make sense of the situation (DiMaggio, 1995). In strategy, some authors argue that most organizations use past and current experiences as the basis to decide how they should plan future policies and actions, and that that in order to do that they needs good descriptions of stories and scenarios (Mintzberg et. al., 1998). In fact, literature is full of examples of case studies that tell stories using personal experiences and turning them into a narrative with a clear plot (Peterman, 1999).

Traditional management theories seem to be built on the idea that managers mainly use quantitative financial data in their decision-making, but there is a growing body of research that shows that a lot of the actions that take place in companies are based on qualitative nonfinancial criteria (Coleman et. al., 2010). Furthermore, there is some literature that suggests that narratives are a very useful tool used by managers to carry out central responsibilities such as sell services or secure resources, because through these stories they tell they are capable of conveying a comprehensible idea to the other party (Martens et. al. 2007). So, narratives are a powerful tool to build identity, sense making and communication (Bird, 2007). In fact, some authors propose that narratives become more useful the more the company is going through events that are particularly challenging, non-institutionalized or socially undesirable (Ibarra and Barbulescu, 2010). The reason is that a narrative approach to management and organization focuses on constructing meaning (Czarniawska, 1997). Thus, narratives help us interpret complex situations, give them meaning and explaining them to ourselves and to others (Boje, 1991).

Many authors agree that these narratives (which some authors refer to as self-stories) are powerful instruments for constructing a “transition bridge” (Ashforth, 2001) across experiences that need to be explained because they require significant changes, such as for example changing jobs (Ibarra, 2003). These narratives are useful not only as tools in themselves, but as we share them with people, the stories evolve and change. In this regard, narratives are used to explain work developments and to lay claim to central components to work identity (Ibarra and Barbulescu). In this context people seem to use personal narratives to make sense of how they fit with the organization, and how they will fit in the future (Shipp and Jansen, 2011). Managers construct these narratives based on selected information that they choose because it helps construct the story, leaving out some information because it does not help the narrative, and sometimes they even invent some information to make the story more coherent (Boje, 1991; Mishler, 1995). The goal of the narratives thus is to make sense of a situation or a decision by providing a sequence in time; focal actor or actors; providing some cultural and moral standards to justify actions; and give other information of content and context (Bruner 1990).

Literature suggests that organizations also use narratives to construct identity. These narratives are usually constructed through the shared storytelling and sense making of the members of the organization, where the processes of identification which bind people to organizations, are constituted in the personal and shared narratives that people author in their effort to make sense of their world and read meaning into their lives (Humphreys and Brown, 2002). However, the field of narratives as a useful tool for constructing corporate culture and identity, and developing strategies is underdeveloped, particularly how companies are able to achieve a desired identity (Ibarra and Barbulescu, 2010). Yet, there seems to be a consensus that narratives are particularly used in business ethics, CSR and sustainability (Molbjerg and Boje, 2010). The reason for that seems to be that CSR issues are controversial as they present many tensions, dilemmas and paradoxes with the existing assumptions, values, and beliefs of many organizations that focus on quantitative data and financial returns, and which have a difficult time understanding and fitting CSR concerns (Shrivastava, 1994). Thus, adopting an interpretative sense making perspective based on narratives, managers and companies are able to establish bridges connecting these traditional business goals and CSR requirements (Ashforth, 2001; Starkey and Crane, 2003). The rationale is that institutionalizing CSR in the company is not the result of some external demands and expectations, nor the application of some management system, but the result of an internal process of sense making through stories and narratives (Basu and Palazzo, 2008). In this regard, managers aim to fit CSR issues in the company's practices, and companies try to build an identity around CSR and explain it to their stakeholders through a CSR narrative (Castelló and Lozano, 2011; Fuller and Tian, 2006).

Interviewing the different executives from the eight companies and reviewing their documents and websites, it became apparent that the companies studied have constructed shared narratives around CSR that connect what they do as professionals, with how that fits with the company's culture, and how these activities have a positive impact in terms of CSR. Some describe CSR issues more as a part of a bigger business narrative where they explain that *"our nature is being a company that thrives in competition, which has a challenging approach that comes from a culture of extreme professionalism, of competing with the incumbent and to do all of this from an ethical perspective"*. Similarly, other say that *"we are a company that provides a highly motivating and professional environment built on the idea of innovation, of being the spear head, of developing transformative technological solutions, but also doing that in a certain way, because the most important for us is how we compete, it has to be clean and ethical, with social commitment".*

The departing point for these narratives seems to be explaining the heart of the company's culture and/or vision, and describing how CSR fits into it, particularly in regards to key figures in the company history such as founders or other leaders, where again and again in interviews for each company I could hear the same names and examples being used. What seems certain is that for these eight companies CSR is a strategic issue, as I could gather from different statements such as the interviewee who explained to me that *"I don't know if it was Peter Drucker who said that there are only two important areas in a company: marketing and innovation, where the rest of departments are simply* *cost centers. For us this is true, adding perhaps the third area of CSR, sustainability, ethics or however you want to call it."* In this regard one interesting finding was that all eight companies seem to put at the heart of the narrative two elements of innovation and CSR. Many times in their stories they don't necessarily explain how CSR and innovation are connected in their company, but they do mention them both as inseparable parts of the same narrative such as *"for us innovation is very connected to the business. That is why my department is called business development and innovation. And at the same time the business is very affected by a series of strategic objectives and parameters of social responsibility that we try follow. Let's say that all our business areas are affected by our vision for the future, our agenda, and this includes CSR."*

If I pressed interviewees about the connection between CSR and sustainability, most of them answered these questions with further narratives, where they expressed that they felt there was some relationship between these two concepts in their company, but were unsure which. For example, when I inquired about the relationship between innovation and CSR, one interviewee told me that *"innovation and CSR are related, but I cannot say whether CSR is a source of innovation or the other way around. Sometimes I feel that we come up with an innovative solution based on pure technological issues, and when we analyze the potential benefits this new solution could provide, we realize that it can generate social and environmental benefits. The other is also true, where sometimes we face a CSR problem, and thinking on possible solutions we come up with an innovation that also has business implications. So I cannot say which comes first, but I can say that they are both important for us and there is some relation between the two."* Nevertheless, they all seem to agree that these are two of the most important pieces of the narrative, as one interviewee who declared that *"in this company innovation is the brains and CSR is the heart, without them the rest of the company does not work"*

When describing the core of the company, the essence, interviewees rarely talked about figures or specific objectives. They usually referred to ideas or values such as *"our company is managed by a lot more emotion than strategy. For us the treatment of people and empathy are key to how we do* *things"*; or another interviewee who focused on values saying that *"the first value we must care for is the example. We need to lead by example"*; while sometimes respondents explained some specific characteristics which in their view made the story of the organization different from others, such as *"we have a culture of mistake, it helps us a lot to try things. Our idea as a company is that we prefer you make the decision and realize that you were wrong, rather than not making decisions."* The general idea across the eight companies seems to be that they have narratives that try to explain what they do, why they do it and how they do it, such as *"our company has its own style, which is personal, familiar, intimate and simple. We don't have great pretensions, what we do we have made by ourselves, little by little, and we don't publicize it a lot. It is a big multinational company where everything is like homemade, with the participation of all the people in the company."*

Once the narrative explains the culture of the company and its vision, must interviewees went on to explain how they as individuals fit with this corporate culture, such as *"myself, as well as many other people who work here, we are here because in the essential things there is no other company where we could fit as well. We have had different life paths, and maybe we even have different visions of life, but in the essential values we agree on how to live life and how we can use work to create a space for social transformation"*. In this part of the narrative, CSR seems to play an important role in making individuals feel more integrated and engaged with the company, as one interviewee who described that for him *"this is like an NGO in that one of its main goals is to achieve social change. The difference is that being a private company the ways to achieve that are completely different".*

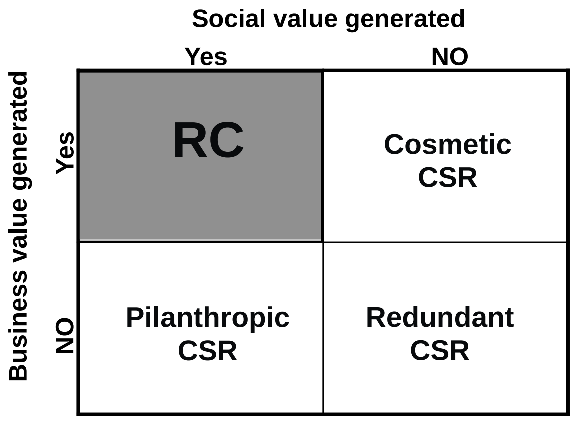
As I explained earlier, another common issue in the company narratives is that they often refer to the same people or organizations (e.g. Ray Anderson for Interface, Josep Santacreu for DKV, Isaak Andic for Mango, Antoine Riboud for Danone, Airtel for Vodafone, TOPVALU for Aeon, Xavier Martinez for Tecnol or Pablo de la Peña for El Naturalista), as well as similar stories or examples (e.g. the forklift driver at Interface, the double projet at Danone, Integralia at DKV, or Atauchi at El Naturalista). In this regard, when people tell the story they often identify some specific events which represented key parts of building that narrative, be them organizational or personal events (such as personal trips, participation in civil organizations, and so forth).

Regardless of how the story is built, the CSR narrative always gives an idea of how the company should deal with these issues, for example one respondent explained how *“we must have a global vision and understand what are the main challenges we are facing and which are our top responsibilities”*. Therefore, a central piece of the narrative seems to revolve around the idea of how they want to turn these CSR ideas into actions, such as the interviewee who explained how for her company it made sense to design emerging strategies (Mintzberg, 1987), when she explained how *“for our company it is clear that we need to have a clear idea of what is the central concept in our business model, but the formulas we need to create will not be viable forever, so we have to keep the central concept in mind and be prepared to stay in constant evolution”*. In this regard, most of these narratives seem to reinforce this idea that the company’s strategy should integrate at the center CSR and innovation as the two core concepts to advance toward the company’s vision, where the key is that *“you have to stay faithful to your model without dying of your own success you had in the past.”*

Conclusions and next steps

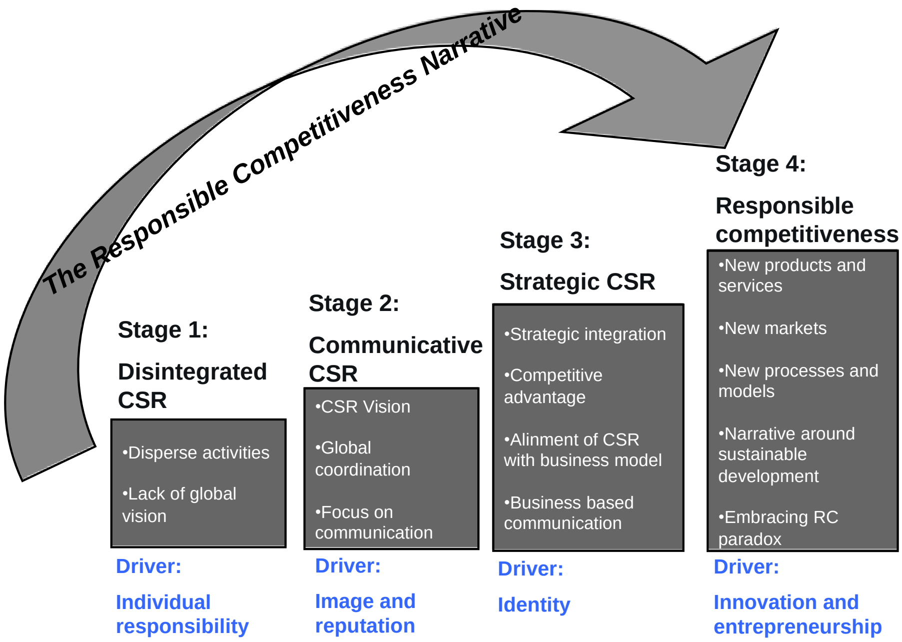
First, the eight case studies confirm once more the conclusion from my preliminary study (Chapter 3) that CSR policies generate a significant positive value on the competitiveness of these eight companies. Yet, as we have seen in Figure 11, each company seems to find a unique focus for their CSR approach, usually connected to the company’s core competitiveness factors and competences, such as reputation, clients, knowledge management, human resources, innovation, quality, supply chain management and community relations. This central competitiveness factor is what connects CSR and competitiveness for each company, and provides meaning, vision and strategic intent. Then, CSR generates impacts on many other practices and also on other competitiveness factors of the organization. In other words, evidence seems to suggest that each of the eight companies develops many different CSR policies and activities, but that only some of them could be considered as responsible competitiveness strategies in that they generate significant value for the company as well as for society. In some cases, some CSR practices seem to focus on generating social value, which I call philanthropic CSR, others seem to focus more value for the company in terms of image than actually on society, which I call cosmetic CSR, and yet some other practices seem to not really generate either value for society nor for the company, which I call redundant CSR. This distribution of CSR policies and practices is illustrated in Figure 13.

Figure 13: Identifying responsible competitiveness



The idea would be that most companies today would have cosmetic, philanthropic and redundant CSR policies and practices, but not all of them have responsible competitiveness strategies. Thus, the top left quadrant is what differentiates companies that make CSR part of their competitiveness models. In that regard, the eight companies studied would have policies and practices in each of the four quadrants, but their vision and strategy revolves around responsible competitiveness. However, my analysis has also shown that these eight companies are not at the same level of development in terms of responsible competitiveness. It seems that these companies are following a similar process of development, but that some are further along than others. The first stage seems to be simply doing some things in CSR, but based on the initiative of some employees and without a clear vision. Then this vision is defined, in most cases through a proposal from the founder of the company or its leadership, and based on that the company starts to think of a narrative, a story that explains why CSR makes sense for this company and how it fits in the organization. The next stage is integrating CSR in core competitiveness, by identifying the area in which CSR generates significant value for the company as well as society, and embedding that in the business model. The fourth and final stage would be innovating in the sense of changing products, processes and models. This evolution stages can be seen in figure 14.

Figure 14: evolution of CSR in companies



Source: own adapted from Walker, Trullenque 2008

All eight companies studied have reached stage 3, and are now working on either consolidating the strategic integration of CSR or advancing toward responsible competitiveness. Interface, Danone, Vodafone and DKV seem to be further along in the development of responsible competitiveness strategies, but all of them are working on sustainable innovations, have embraced CSR and have strong CSR narratives.

Regarding management of CSR, I have shown in this chapter that evidence from the eight case studies demonstrates that these companies do not share the same practices, tools or indicators in managing responsible competitiveness. In fact, evidence has shown that they have very few CSR measurements, and that the ones they do have are not very useful in managing CSR, but are rather useful in terms of reporting the impacts of the CSR policies. They do however share some common characteristics in how they approach management of these issues: (i) establishing some sort of official internal leadership of CSR that is respected and increases the internal credibility of CSR as an important issue; (ii) making a public and official declaration of how the company views CSR and how important it is; (iii) participating in some reputable external CSR initiatives that give them both credibility as well as knowledge and benchmarking; (iv) establishing some specific goals or targets for some of the most important parts of the CSR strategy; (v) defining and measure some indicators for CSR, although most times these are lagging indicators established after the activities have been initiated and are admittedly not very useful for CSR planning and management; (vi) establishing new types of collaborations and partnerships with stakeholder around CSR.

Despite these common characteristics in the approach of these eight companies to CSR, integrating CSR in strategy seems to depart from the development of a clear CSR vision, usually embedded in the general business vision or at the very least aligned with it. However, evidence shows that once this vision has been defined, these companies seem to have a difficult time turning it into an explicit business strategy. In that regard, it seems that these companies turn the CSR vision into strategy by building narratives that explain how each company deals with CSR, and try to make sense of the motives for the company's approach to CSR as well as the strategy chosen to advance toward that vision. These narratives are different for each company, but share some common characteristics: (a) the departure point of the narrative is corporate reputation, but not a pragmatic view of reputation based on image, rather a reflective approach focused on corporate identity; (b) each company narrative seems to share some of the same actors and examples (often important people, events and/or organizations); (c) the narrative positions emergent strategies as the way to advance toward the CSR vision; and (d) all narratives include as two of the most important pillars the issues of innovation and CSR, where there seems to be some sort of perceived connection between the two concepts, although its nature is not clear.

Thus, based on the evidence presented in this chapter, I can answer, at least in part, the central research question of this dissertation of **"*how do companies manage responsible competitiveness in practice?"*** in that companies seems to develop narratives that revolve around the core competitiveness factor of the organization, the corporate identity, and integrate CSR and innovation. Then, these narratives are the tools used by managers to guide their behavior in terms of decision making, as well as sense making. If we look at these narratives seem using the Kipling method of looking at who, what, where, why, when and how (Kipling, 1902), it becomes clear that the narratives from these eight companies answer these six questions. In regards to “who” the narratives identify the key stakeholders relevant for CSR practices; under “what” narratives explain the core competitiveness issues that connect CSR and competitiveness; “where” for CSR narratives seems to refer to the context both geographic as well as sectorial to which the CSR strategy is limited; “why” focuses on the rationale or logic behind the CSR strategy for that particular company; “when” tries to develop a roadmap or plan on how to advance toward the goals of the strategy; and finally the “how” revolves around the strategy that the company plans to use to make sure that the objectives are achieved. As I show in Table 8, each of the eight companies’ studies has a different narrative, but they all answer these six questions and present a coherent story that helps the organization frame and understand responsible competitiveness and integrating it in corporate culture.

Table 8: Logic of CSR narratives in the eight companies

Company	Who Stakeholders	What Core issues	Where Context	Why Values/logic	When Plan	How Strategy
Aeon	Customers, community	Climate change	Japan but initiate in other Asian countries	Piece, prosperity and communities	Four year plan, revisited	Shops, private brand and communities
Danone	“Danoners”, society	Culture	World but dependent on each subsidiary	Antoine Ribaud (Founder)	Central ideas with some specific targets	Organization
DKV	Employees, customers, partners	Strategy	Spain but helping the rest of the company	Josep Santacreu (CEO Spain)	Four year plan, revisited	Business develiopment
El Naturalista	Customers	Branding	International	Pablo de la Peña (General Director)	Central ideas	Philanthropy
Interface	Emplyees, customers, suppliers, community	Sustainablity	World and sector	Ray Anderson (founder)	2020 plan	Production
Mango	Suppliers, employees	Responsible supply	Textile sector	Isaa Andic (co-founder)	Central ideas with specific yearly targets	Supply chain
Tecnol	Employees	Human resources	Tecnol only	Xavier Martinez (founder)	Central ideas	Emplyee engagement
Vodafone	Customers, employees, partners	Identity	World	Airtel	Four year strategy, revisited	Products and services

Furthermore, this also helps me shed some light on one of the secondary research questions of this research of ***“how does corporate reputation contribute to the implementation of CSR in practice?”***, as evidence presented shows that reputation contributes through the development of a corporate culture that integrates CSR at the heart of corporate identity. In this regards, these two pieces (i.e. narratives and corporate culture) seem to be interconnected as apparently having CSR embedded in the company’s identity allows managers to make sense of the narratives, and constructing the narratives allows the firm to further integrate CSR in corporate identity through culture. Moreover, the management process of strategic CSR revolves around this narrative built on beliefs, perceptions, values and visions, where the management tools are reason, patience, storytelling, sensemaking, dialogue and debate. This apparently requires that practitioners not only create or adopt new policies, but also that they transform the way in which they manage them. The question is whether other companies can develop corporate identities like the ones of the eight companies studied here? Furthermore, another important issue that emanates from these findings is how can companies deal with the tensions and dilemmas that generate when trying to develop these narratives? I will address these two issues in Chapters 7 and 8.

Chapter 7 – The Responsible Competitiveness Paradox

"I cannot say that I do not disagree with you"

Groucho Marx

Introduction

As I explained in the state of art review (Chapter 2), current literature suggests that corporate social responsibility is one of the central issues in the agenda of corporations today (Mackey, Mackey and Barney 2008), no longer focusing on whether firms should embrace CSR but rather on how to manage CSR in a corporate context (Smith, 2003). In this regard, survey results on CSR related issues seem to overwhelmingly conclude that CSR is a strategic competitiveness factor for organizations (Boston Consulting Group 2010; IBM, 2008; McKinsey, 2010). However, there is a general perception from organizations, executives, investors and consumers that these survey results do not correspond with evidence from organizational practices. In other words, there seems to be an unanswered question in that if CSR is so strategic (in most surveys the respondents that consider CSR central to the future of the company are above 85%), then why are not all companies devoting significant resources to develop CSR strategies? Similarly, although a lot of research seems to suggest a positive relationship between CSR and firm competitiveness, the nature of the relationship is unclear (Smith, 2003; Van De Ven and Jeurissen, 2005).

There is a growing body of research that argues that there are inherent paradoxes to management. In paradox literature, there seems to be a debate between authors who see paradox as a situation where trying to solve the paradox will make the situation worse, while others seem to see paradox more as the tensions, dilemmas and contradictions inherent to manage. In my view both positions are really not that far apart, but I tend to adopt the latter. In my view tensions and paradoxes are present in most management activities, and that understanding and managing these tensions is crucial to company performance (Smith and Lewis, 2011). Traditionally, these tensions in management were approached from contingency theory by suggesting that companies need to choose between competing demands generating the tensions (Tushman and Romanelli, 1985; Siggelkow and Levinthal, 2003). However, paradox studies suggest an alternative approach, exploring how organizations can manage these competing demands at the same time. The logic is that although selecting one of the competing tensions will probably yield some short-term results in terms of improvements of performance, only through managing the paradoxes can the company achieve long-term sustainability (Cameron, 1986; Lewis, 2000). As presented in the preliminary study in chapter 3, a paradox can be defined as something that denotes contradictory yet interwoven elements that seem logical in isolation but absurd and irrational when appearing simultaneously (Lewis, 2000). That is, paradoxes represent tensions between well-founded and supported alternative explanations of the same phenomenon, which present a puzzle (Pool and Van de Ven 1989). The bottom line seems to be that a paradox represents the choice-dilemma between two poles, each of which is arguably favorable, since choosing one pole means not choosing the other (Saz-Carranza, 2007). The underlying assumption is that by definition any management activity generates multiple tensions, such as the tension between collaboration and control (Sundaramurthy and Lewys, 2003); between flexibility and efficiency (Adler et. al. 1999); between individual and collective (Murnighan and Conlon, 1991); or between exploration and exploitation (March, 1991; Smith and Tushman, 2005) to name just a few examples.

One of the fields of study of paradox identified in literature revolves around the tensions generated when implementing CSR strategies in a corporate setting (Margolis and Walsh, 2003). Some authors suggest that implementing CSR strategies often produce unexpected results in terms of tensions and paradoxes, both between CSR and existing business practices as well as inherent to CSR practices (Goodpaster 1991; Handy 1994), as CSR issues are difficult to frame and manage within existing business systems (Elkington 1995; Freeman 1984; Smith 1993). The key issue seems to be that companies already have defined identities, management processes with selected stakeholders, and accountability systems built around competitiveness issues (Porter 1980 and 1985), which often compete or at least create tensions with CSR approaches (Handy 2002; Pruzan and Thyssen 1990; Wheeler, Fabig and Boele 2002). That is, the market structure and business systems may naturally constrain the forms and extent of CSR approaches (Sum and Ngai, 2005). Therefore, one of the key issues in implementing CSR seem to be understanding and managing the tensions involved in integrating and embedding CSR in the vision and activities at the core of corporate practices (Moon 2003; Porter and Kramer 2006; Pruzan, 2001).

What are the paradoxes in CSR?

Several authors have proposed that the study of paradox can shed some light on how this process takes place by identifying the key tensions that arise when managers aim to integrate CSR in business practices, and how practitioners confront and manage such tensions. Aram (1989) proposed that there is a potential conflict or tension between individual values, organizational activities and social goals, illustrating the paradox of interdependent relationships. Along the same line, Campbell (2006) presented the notion that there is an inherent or basic paradox in CSR, which underlines the tension between the need to gradually change the organization to account for more responsible practices, mainly driven by external pressures, versus the imperative to operate within existing business processes. In that regard, Goodpaster (1991) proposed the existence of the stakeholder paradox, which presents the tensions managers might encounter when trying to reconcile the goals and objectives of different stakeholders while establishing a coherent strategy that will produce benefits for the company. The stakeholder paradox was also one of the main areas of study of Turcotte and Pasquero (2001), discussing the paradoxes that may arise in multi-stakeholder settings.

Pava and Krausz (1996) focused on the paradox of social cost, which underlines the tension between ethical behavior and financial performance in companies, such as illustrated by Sum and Ngai (2005) study of the impact on cost, productivity and reputation of implementing ethical programs in work settings. In that regard, Wheeler, Fabig and Boele (2002) analyzed the tensions that may arise in large corporations when trying to implement global strategies while managing local realities that often require actions contradictory to such global policies, and how this paradox impacts the way a company may establish dialogue processes with its stakeholders and legitimate its activities.

Thus, as Smith and Tushman (2005) propose, more often than not tensions generate in implementing corporate strategies, as strategic contradictions surface and become evident. For example, Clarke-Hill, Li and Davies (2003) argue that there is a paradox that arises from the tensions between competition and co-operation in strategic alliances, and Ofori-Dankawa and Julian (2004) discussed the tensions between work and private life, as a case study to develop mechanisms to address and manage paradoxes. Finally, Stansbury and Barry (2007) proposed that there are often tensions between ethical policies and the control mechanisms established to implement them, which often not only do not promote the intended ethical behavior, but also can even have counterproductive consequences. The idea seems to be, as Vallester and colleagues claim (2012), that practitioners are left in a state of confusion when having to decide how to tackle CSR in a way that benefits both the corporate brand and society. According to Horrocks and Callahan (2006), part of the difficulty can arise from the fact that people as well as organizations have some inherent tensions between how they see themselves and how they want others to see them. In any case, as some authors agree paradoxes can be instrumental in framing both corporate and individual identity, and explaining how the two fit, generating a sense of belonging (Fiol, 2002; Huey, 2002; Kreiner et. al. 2006)

The before mentioned paradoxes are only some examples of paradoxes identified in literature, which seem to be part of the challenges when implementing CSR in a corporate setting. In this regard, although as shown above literature presents many different examples of CSR paradoxes, I suggest that all these CSR paradoxes can be grouped into two broad categories inherent to CSR: (1) what I call *"operational paradoxes"*, which are the tensions generated within CSR frameworks as companies try to turn goals or ideas into practice (Elkington 1995; Goodpaster 1991; Freeman 1984; Handy 1994; Pruzan 2001); and (2) what I call *"aspirational paradoxes"* which are the tensions generated from having competing ideas, goals, visions, identities and values between CSR and business (Handy 2002; Joyner and Payne 2002; Margolis and Walsh, 2003; Pruzan and Thyssen 1990). Therefore, the idea is that implementing CSR strategies produce inherent tensions that need to be managed at two levels: in terms of what the company wants to do, and at the level of how it turns these ideas into practices.

Thus, apparently effectively implementing CSR strategies in a corporate context involves managing the inherent paradoxes of CSR (Calton and Payne 2003; Clegg, Vieira and Pina 2002; Lewis 2000; Poole and Van de Ven 1989). The question then is, ***"how do companies manage paradoxes inherent to CSR?"*** Here, the question is whether as contingency theory proposes companies should try to resolve the tensions, or whether on the other hand they should accept that the competing demands are interdependent where one can not exist without the other? Furthermore, another question is whether and how can companies and managers design policies to effectively manage these paradoxes to help achieve the organization's goals?

How can companies manage paradoxes?

Literature proposes four ways to frame paradoxes, which Poole and Van de Ven (1989) define as: (a) opposition; (b) spatial separation; (c) temporal separation; and (d) synthesis. First, a paradox can be managed simply by choosing one pole. This, however, may produce too specialized and simplistic approaches and may also reinforce the pressure from the suppressed side (Surnamuthy and Lewis 2003; Johnson 1992). Nevertheless, some authors propose this approach (Huxham and Beech 2003a), under the argument that in most practical situations, neither extreme of the tension is likely to be operational***.*** Paradoxes may also be separated along the time or space dimension (Van den Ven and Poole 1988; Poole and Van den Ven 1989). Spatially separating the paradox means that one pole applies at one level of analysis and the other at another level, where one pole can influence or create the conditions necessary for the other to occur, or both poles may influence each other (Poole and Van de Ven 1989). Temporal separation, on the other hand, occur when one pole applies at one time period and the other at a different period. A variation of such separation is when contingencies are built into the propositions so that it is specified when one pole applies according to a given situation (McGuire 2002). The synthesis perspective, on the other hand, makes explicit contradictory notions and considers simultaneous presence of the poles (Cameron and Quinn 1988). In fact, March and Weil (2005) call for the appreciation of leadership, where it is not glorified but where its inherent tensions are made apparent and accepted. In this regard, paradox management seems to entail exploring, not suppressing tensions, and involves a shift from planning and control to coping, first accepting paradox and eventually transcending it by thinking paradoxically (Lewis 2000). Thus, coping with paradox creates an edge of chaos, not settling for a bland halfway point between poles (Eisenhardt 2000).

As I mentioned in the introduction, there seems to be a consensus in management literature that organizational systems, because of their complexity, generate inherent tensions. In this regard, paradox literature suggests that while it may be possible to operate each of the parts of the subsystem independently, the success of the entire system depends on the interdependence between these parts (Katz and Kahn, 1966). In management, this seems to translate into two strategies of either paradoxical resolution or acceptance (Smith and Lewis, 2011). Some authors argue that accepting and even embracing paradoxes is the best way to manage tensions between competing demands inherent in business, not only because by definition these competing demands can not operate one without the other, but also because tensions can become sources of competitiveness for the firm (Beech et. al., 2004). The idea is that if managers try to accept the interconnection between the competing poles, they can understand the apparent contradictions, thus making sense of the situation through paradoxical thinking, which gives them tools and competencies to manage these inherent tensions (Luscher and Lewis, 2008).

Thus, literature seems to suggest that managers should accept paradoxes rather than trying to choose and manage one pole. However, the problem seems to be that accepting paradoxes, at least initially, seems to generate a heightened sense of ambiguity and uncertainty because managers and organizations are asked to embrace complexity (Vince and Broussine, 1996). To reduce this sense of anxiety, at an organizational level the company has to produce a culture that reinforces the idea that complexity must be embraced and that provides the capabilities to practitioners to constantly respond to a changing environment (Teece et. al. 1997). This means creating a corporate culture that equips managers with the capacity to frame and manage the tensions inherent to practice by giving them dynamic capabilities to take risks, manage learning processes, process information, make sense of things or make decisions among other things (Gibson and Birkinshaw, 2004; Smith and Tushman, 2005; Zollo and Winter, 2002). The rationale seems to be that accepting that all company components are interconnected, a change in some of these components will have effects on the others and on the entire system, which in the end can produce either negative or positive reinforcing cycles (Lewis, 2000). In this regard, from an organizational point of view, this means creating an environment that promotes the creation of virtuous cycles, which are built, in large part, on embracing and managing paradoxes (Smith and Lewis, 2011). The reason is that accepting paradoxes provides a comfort with tensions that allows for more complex, challenging and potentially beneficial strategies (Smith and Tushman, 2005).

However, accepting paradoxes does not mean always looking at both competing poles simultaneously, as often it requires making a decision more focused on either pole (Poole and Van de Ven, 1989). The idea of accepting paradoxes as a management technique revolves around the idea of not systematically looking at one pole over the other (i.e. iterate in decision making between both poles), and also at always considering both poles in the sense making process. This is what Smith and Lewis (2011) define as *"consistent inconsistency"*, where managers dynamically make choices and shift decisions.

The logic behind this approach is that accepting paradoxes as a management idea generates significant value for the organization, developing the performance of both managers as well as the organization (Cameron and Levine, 2006). There is abundant research that presents evidence on how some companies derive value from accepting paradoxes as part of their organizational culture. For example, some literature shows how some companies through embracing the exploration versus exploitation paradox ended up allocating more resources to both products and innovation, which ended up improving both productivity and growth (Smith et. al. 2010). Other research suggests that some companies managed more effectively change processes through embracing the paradox between forceful action and approval seeking (Dennis et. al. 2001). Yet, other research found that in trauma teams dynamically shifting leadership between formal and informal leaders, generated enhanced structure and flexibility (Klein et. al. 2006).

Some authors in paradox literature seem to conclude that accepting paradox produces long-term sustainability for companies by producing virtuous cycles through three mechanisms: (1) fostering learning and creativity; (2) enabling flexibility and resilience; and (3) unleashing human potential (Smith and Lewis, 2011). What seems clear is that there are some companies that are building their identity around accepting, embracing and even promoting paradoxes as a source of competitive advantage (Osono, 2008). Furthermore, there are some authors that suggest that organizations and individuals often frame these paradoxes by constructing narratives, which helps them understand the paradoxes and how they interact with the organization (Fiol, 2002). The question is whether the eight companies studied face these sort of paradoxes, and how do they manage them, and particularly whether narratives also play a role in framing and managing these paradoxes as they do in managing responsible competitiveness, as discussed in Chapter 6.

Paradoxes in the eight case studies

As presented in the preliminary study in Chapter 3, evidence seems to support the idea that many paradoxes inherent to CSR appear in practice. One example would be what I call *“the strategy paradox”*, which represents the long-term/short-term approach when embracing CSR in an organization (Cameron 1986; Clarke and Gray 2005; Goodpaster 1991; Korhonen 2006). The concept of CSR centers on a long-term approach to business, where the assumption is that CSR is a strategy that will produce a competitive advantage to the firm in the long run as well as contributing to society in terms of sustainable development (Carroll 1979; Handy 2002; Porter and Kramer 2006; Swanson 1995). On the other hand, the daily business activities generate a strong pressure to provide concrete and measurable short-term policies and practices so that CSR strategies can be effectively implemented and managed using existing organizational capacities and systems (Griffin and Mahon 1997; McWilliams and Siegel, 2001; McWilliams 2001; Mackey, Mackey and Barney, forthcoming). The long-term/short-term paradox lies in the notion that both processes are difficult to pursue, at least simultaneously. In that regard, it seems that long-term strategies include broader corporate objectives, where it is easier to integrate CSR concepts as they present clear lines of work in terms of areas through which CSR can impact competitiveness, yet these same CSR concepts are often more difficult and impractical to measure and manage short-term (Cameron 1986; Clarke and Gray 2005; Goodpaster 1991; Korhonen 2006). This paradox illustrates the trade-off between long-term and short-term goals in regard to management systems and practices (Kaplan and Norton 2001).

Another example would be what I call *“the stakeholder paradox”*, which represents the unity/diversity of goals and objectives among different stakeholders (Aram 1989; Calton and Payne 2003; Stansbury and Barry 2007; Turcotte and Pasquero 2001). CSR theory stipulates that it is desirable for companies to take into account as many groups as possible so at to represent, if possible, most company stakeholders (Donaldson and Preston 1995; Frooman 1999). CSR theory also proposes that effective CSR management depends, at least in part, on the capacity to manage stakeholders, where the objective is establishing effective dialogue aimed at achieving collective objectives, as generating stakeholder value should produce a competitive advantage to the firm (Freeman, 1984; Jones 1995). The stakeholder paradox lies on the concept that increasing the diversity of stakeholder effectively decreases the capacity to control and manage the stakeholder process, including developing a consistent and coherent common strategy (Donaldson and Preston 1995; Goodpaster 1991; Gray and Clarke 2005; Freeman and Evan 1990; Frooman 1999; Jones 1995; Turcotte and Pasquero 2001). This paradox illustrates the trade-off between the goals of each stakeholder and the goals of the company, or even of the collectivity (Clarke-Hill, Li and Davies 2003).

"The accountability paradox" represents the dispersion/ centrality of accountability processes (Elkington 1995; Korhonen 2006; Zadek 2001). CSR theory is built in large part on the notion that companies should be accountable in the sense of establishing multiple and transparent communication channels with stakeholders and society (Haigh and Jones 2006; Valor 2005; Zadek 2001). On the other hand, CSR theory proposes that companies should present a clear picture of their identity, a unified and coherent message of what are the company's values, vision and mission and what are its policies and practices to implement them (Carlisle and Faulkner 2005; Elkington 1995; Fan 2005; Gueterbook 2004). The accountability paradox lies in the notion that the more the company aims to be transparent and dialogue through different communication channels with its stakeholders, the more it loses the capacity to transmit a coherent and central message about the company and its vision, as the different stakeholder create their own message about the company, particularly through social media (Carlisle and Faulkner 2005; Stansbury and Barry 2007). This paradox illustrates the trade-off between normative standards, systems and guidelines as opposed to informal communication systems.

The final example would be what I call *"the responsible competitiveness paradox"*, which represents the business/responsibility of corporate practices (Joyner and Payne 2002; Handy, 2002). Competitiveness is one of the main drivers for companies (Hamel and Prahalad, 1989; Porter 1985), so that any initiative or proposal that has an impact on management processes must address the issue of how it affects and is affected by competitiveness (Kay, 1993; Mackey, Mackey and Barney, 2008; Van De Ven and Jeurissen, 2005). CSR literature suggests that there is a connection between CSR and competitiveness, but the nature of the relationship is unclear (McWilliams and Siegel, 2001; Porter and Kramer, 2006; Van De Ven and Jeurissen, 2005). One of the reasons there is no conclusive evidence on the nature of the relationship between CSR and competitiveness seems to be the existence of this paradox where often there are competing demands between business goals and responsibility principles (Goodpaster 1991; Gray and Clarke 2005; Handy 2002; Pruzan, 2001). Sometimes, embedding CSR in the organization requires implementing activities that are often apparently incoherent or contradictory to existing organizational culture illustrated through business vision, mission, values and practices (Carroll 1999; Collins and Porras 1996; Epstein 1987b; Jones 1980; Pruzan and Thyssen 1990; Sethi 1975). That is, on the one hand there are business practices centered on competitiveness factors such as bargaining power, barriers to entry, non-substitutable products or market share (Porter 1980) and on the other CSR strategies focusing on contributing to sustainable development (Elkington 1995). The paradox lies in the notion that apparently in some cases there is a tension between being responsible and being competitive.

As I explained in the literature review on paradoxes at the beginning of this chapter, there are apparently other paradoxes inherent to CSR, such as the paradox of interdependent relationships (Aram, 1989), the paradox of change versus conformity (Campbell, 2006), or the paradox of social cost (Pava and Krausz, 1996) among others. As also explained in the introduction of this chapter, I propose that although many paradoxes seem to exist inherent to CSR, these can be grouped in two categories: (1) *"operational paradoxes"*, which are the tensions generated when companies try to operationalize CSR (Elkington 1995; Goodpaster 1991; Freeman 1984; Handy 1994; Pruzan 2001); and (2) *"aspirational paradoxes"* which are the tensions generated from having competing ideas, goals, visions, identities and values between CSR and business (Handy 2002; Joyner and Payne 2002; Margolis and Walsh, 2003; Pruzan and Thyssen 1990). In this regard, literature seems to suggest that *"operational paradoxes"* are inherent but not unique to CSR, in the sense that many similar paradoxes seem to appear in other fields of management, such as collaboration/control (Sundaramurthy and Lewis, 2003); individual/collective

(Murninghan and Conlon, 1991), flexibility/efficiency (Adler et. al. 1991), or confrontation/cooperation (Saz, 2007) among others.

In other words, there are apparently paradoxes inherent to most management activities, and therefore similar paradoxes appear when management processes revolve around similar business activities such as change, collaboration or strategic reflection (Smith and Lewis, 2011). Evidence from the eight case studies seems to support that assertion in that I found that many apparent tensions and paradoxes appeared when interviewing the company executives, but most of the time they felt that these tensions where not different nor more difficult than similar ones they faced in other non-CSR related practices. For example, different interviewees expressed similar ideas along the lines that *“every member of an organization has competing priorities, not only with CSR. I have seen many meetings where there are disagreements between let’s say sales people who want to push a top selling product and operations people who have a problem to deliver. The difference with CSR I think is mainly that while the arguments from operations, or sales or marketing may be very clear in terms of costs and benefits, in our case the reading is always more complex and based on many intangibles and possible indirect effects, but we all have our own agenda”*. Thus, although there seem to be some particularities or little differences, in this case they view the *“strategy paradox”* as not CSR specific.

The same seems to be true when discussing the *“stakeholder paradox”*, where interviewees admit of its existence but they don’t seem to perceive it as a particularly challenging problem, as *“one problem we have is that we get many requests and inputs from different CSR platforms, non-profits and initiatives, and they seem to have different and sometimes even contradictory objectives, not only in terms of the issue they are interested in such as climate change, development, human rights or labor practices; but also in terms of how to implement change, where some propose ideas, others reporting systems, and yet other assurance schemes. However, this is not such a problem because in the end the company has to define a strategy and stick with it, and then decide which of the CSR initiatives out there are more aligned with this strategy.”* In fact, in many cases the perception of the interviewees was quite the opposite, in the sense that the *"stakeholder paradox"* not only did not generate a particularly complicated problem, but that often it represented and opportunity as *"the truth is that our relation with NGOs since the beginning as been vital for us, both to help us define what CSR would mean for us as well as to help us understand and tackle what where some of the demands and expectations from society".* So in this case the conflicting agendas between stakeholders seemed to help the company develop a coherent CSR approach.

The *"accountability paradox"* presents a similar result, where companies admit that there is a tension with information and communication when it comes to CSR, but they don't feel it is particularly challenging as *"in the past in the CSR department we used to receive requests all the time from NGO's, think tanks, universities and public organisms asking us to fill up questionnaires to explain our CSR policies. This was annoying because we didn't know which ones were more important and which were not, because often we felt we were answering the same questions over and over again, but mainly because many times not answering the questionnaire meant being attacked by the organization who sent it, on the ground that we were hiding things from them. So we opted for answering most requests, and to be honest that was mostly a waste of time and resources. However, in the past few years' things have changed. Now the accepted standard is for a company to provide information based on the reporting guidelines from The Global Reporting Initiative (www.globalreporting.com), where we publish all the basic information which then all these organizations consult. We still receive requests for specific information, but we can select the few we want to work with and the others we can refer to our CSR report and website."* The same would be true for other tensions inherent to CSR, but the result in most cases is similar in that practitioners seem to feel these are important issues that need to be managed, but they feel equipped to manage them because these paradoxes are similar to other paradoxes they have encountered in other business practices.

"Aspirational paradoxes", on the other hand, seem to represent a bigger challenge for most interviewees, where they all seem to agree that many times they have some difficulties when having to make decisions where they feel there are competing demands between CSR and business goals. Thus,

interviewees seem to share the idea that the *“responsible competitiveness paradox”* is specific to CSR and often it presents puzzles that are very complex and therefore difficult to manage. The departure point for most interviewees is that they try to find a way to reconcile CSR and business objectives in a way that both contribute to generate business value as well as to have a positive impact in terms of CSR (or reducing a negative impact significantly), where what interviewees usually say are things such that *“the key is that products need to make sense both from a business perspective as well as in terms of CSR. An improvement only in terms of responsible innovation, if not accompanied by a clear improvement in productivity or costs, will be very difficult to sell.”* In this regard, the common ideas seem to be that the way to align CSR and business is by thinking more long-term, where *“in the end if you want to stay competitive you need to look for long-term solutions where everybody wins, otherwise, if someone loses, he is waiting for the opportunity to leave. So you need to find a way to produce with quality but staying faithful to your model and values”.* Thus, thinking long-term and staying true to corporate identity seem to demand, at least in the eyes of the interviewees, pursuing simultaneously CSR and business goals, even when these apparently generate significant tensions.

However, the feeling one gets when interviewing executives from these eight companies and reviewing their documents is that although they all understand and accept CSR as a central part of their organizational identity, CSR and business principles are not exactly at the same level, where *“products and services must provide a solution first of a business need, and second, to a sustainability element”.* Even CSR directors admit that the main goal of the company is to make a profit, and that supersedes other goals. In that regard the shared sense among the eight companies studies seems to be that *“there are always some tensions between the business processes and our CSR policies, and we don’t have a system in place to say that we always choose one or the other, depends in the case. Usually we try to find a compromise, where we can be a little bit flexible with our CSR objectives but at the same time make progress in that direction. After all everyone understands that we are not an NGO, and that we have to manufacture and sell our products.”*

So, the accepted process when facing a tension between CSR and business seems to be to first consider how to find a solution without renouncing to either objective, but it also seems to be common practice to tend to be more *"flexible"* with CSR than with business processes when the tensions are considerable in terms of potential impact. For example many interviewees made commentaries around the concept that *"in the private company there are certain things that are not viable, because let's not forget that the primary objective of the company is to sell the same or more, otherwise it disappears"*, or along the same lines that *"if our actions are not directed toward making the company grow, then we are going the wrong way."* In this regard, many interviewees see CSR as another issue that the company has to embed in the organization where *"we have many meetings, and there every department defends their priorities, one argues price, other focuses on sales, other centers on productivity and we focus on responsibility, and then we all have to negotiate and find a middle point"*

One of the problems with reconciling CSR and business seems to be the challenges associated with understanding CSR proposals within existing business systems and frameworks. As one interview was telling me, *"the difficulty is in evaluating these new more responsible products, because we have processes in place to estimate the cost of a new product versus an existing one it is supposed to replace, and if you base the comparison strictly on traditional cost estimates it may seem that the new product is not better, and it even raises costs. That is why you have to broaden your scope and realize that with the new solutions you are generating a lot of benefits that the previous product did not provide, and analyze how the product affects the system and then you often realize that overall it reduces costs significantly and improves efficiency. But this is a very difficult sale."*

In this context, companies seem to have a really big challenge in explaining the CSR characteristics of business processes and products, where *"perhaps the main challenge with CSR solutions is understanding the concept, because most times the initial price of the more sustainable product is higher, but it is in fact lower if you look over the entire life-cycle of the product. But still in today's market is very complicated to try to introduce a product that on first* *glance generates an increment in cost.”* In fact, for some of the companies although CSR seems to be an issue understood by the members of the organization, it is not always used by people when explaining the company or its products to stakeholders because of the difficulty in explaining these issues, were for example on interviewee explained how *“right now to be honest most of our sales people go around selling products basically on the basis of costs, productivity and differentiation. Although CSR characteristics of products are there and they know that, only the smartest sales executives are using them as a part of the sales pitch. The problem is that it is sometimes very difficult to put into value the CSR characteristics. However, I am very sure that more and more sales executives every day are using that, and that in the future it will become a big part of our sales pitch”*

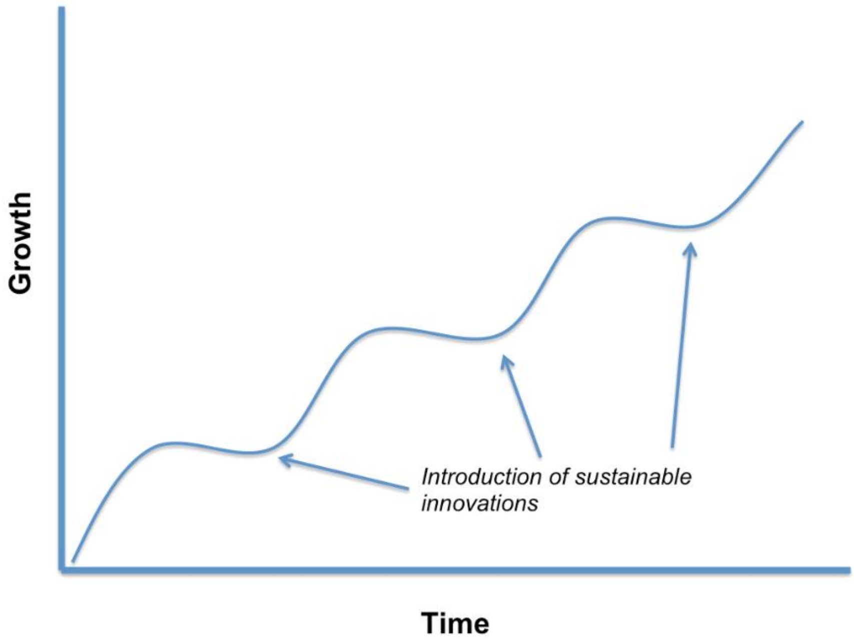
That is why most companies use narratives not only to explain why CSR is a central part of their firm’s identity, but also to explain to external stakeholders why it should be important for them too. For example, when it comes to clients, interviewees seem to agree that *“if you go with a product that initially generates an incremental cost you will have to develop a clear case for the return on investment. The key is to make a broader proposal and include all the different pieces. For example when we go to clients to make a presentation we usually have a slide in the form of an iceberg, where in the top are the actual costs or price of the product, and under are all the costs and benefits associated. Then we can show clearly to our client that although the tip of one iceberg may seem bigger, if you look at the entire structure the picture changes.”* Thus, here again in these narratives companies seem to include the ideas of long-term, of looking at the big picture, of understanding systems rather than components, and of staying true to corporate identity. In fact many interviewees explained that very often implementing CSR solutions has an initial negative impact in the organization, because it requires changing processes, which are often more complex and include more stakeholders.

One clear examples of how companies perceive CSR initially as a negative issue is when DKV decided to change their strategic reflection process to include other stakeholders such as business partners, distributors, professionals and employees (they use to do it only with top management with the help of external consultants). When I interviewed the director of strategic reflection at DKV he explained how the new process took much longer and generated a lot more problems and tensions, and that initially they thought they had made a big mistake. However, after having experienced the end result they realized, looking back, that although the actual process took longer to have a defined strategic plan, and that at times it felt the process was being driven by other stakeholders or even was getting out of hand, the new system generated value because the end result was better, and most importantly it was accepted by the different stakeholders where they felt some degree of ownership and commitment toward the plan. In other words, although the strategic reflection process seemed to be more chaotic and slow, in the end it proved to be more efficient, as the result was a strategy accepted and embedded in the organization and its key stakeholders.

Another example would be Danone's project for the *"cardboard cover of our yoghurt packs. For some years now we have been trying to find a way to take out these cardboards, but all the trials we have run in France have been a disaster. The problem is that consumers perceive it not as a CSR policy trying to be responsible and saving trees, but rather as a reduction in product quality and increase in benefits for us because of cost reduction, and on top of that they believe we are using the excuse of our CSR policies to sell them this idea that deep inside is business driven. We have tested different ways, but the result is always a perception of cheating and a reduction in sales. So, we have to make a decision that is either we act responsibly or we do what makes sense from a business perspective. In the end we have decided to take out the cardboard cover and simultaneously develop a communication campaign to explain the project better, hoping that down the line this will reinforce our reputation as a responsible company and that our customers will get it. But what is for sure is that short term this will reduce our sales in some products."* I could explain many other examples such as implementing social plans at Tecnol, including the *"Made in Green"* tag at Mango, changing the energy sources at Aeon stores, developing new technological solutions at Vodafone, or using new materials at El Naturalista, but all these examples would show similar results in that initially they encountered a lot of internal resistance when trying to develop these projects.

In the end, it seems that what helps these companies is precisely the experience of having gone through similar situations, and having come out on top. Here narratives play a big role, as companies seem to rationalize these situations and embrace them based on past experiences, where for example the people at Interface told me how *"we have actually studied the reaction of our customers to sustainable innovations, and we have realized that always the initial reaction from the market is a reduction of sales. The problem is that they don't understand the new concept and they don't want to be bothered. We encounter the normal resistance to any change that you will always find, and on top of that the resistance of not really understanding why we want to do it and how it will be good for them. However, we also found that down the line, the relationship between growth and sustainable innovation would look something like this…"* Figure 15 below for a reproduction of the drawing Interface showed to me. These same type of stories are repeated again and again in the eight companies. In fact these companies seem believe that they have a position of privilege as pioneers in the field of CSR in the sense that through trial and error they have developed special insights into the challenges involved in implementing responsible competitiveness strategies. That is why for example Interface has developed a new business called Interface RAISE, which is a consulting firm to help other companies develop sustainable solutions and integrate them in their business model.

Figure 15. Interface's sustainability growth



The consensus among the eight companies seems to be that there is a clear tension between competing CSR and business demands, where *"the day to day is really hard, because you have two objectives that you need to reconcile, which is complex. On the one hand we have to ensure supply and grow as much as possible every year, and on the other hand we have to increase our supervision and control over our value chain, particularly in terms of social and environmental performance, and sometimes it feels like these two objectives clash with each other. For example, sometimes it feels like the CSR controls we put on suppliers can become barriers to a more agile and dynamic operation, which is our primary goal from a supply chain perspective. But then we also know this could hurt us long-term. It is like a battle between doing what you think you need to do versus what you think you should do, if that makes any sense. "* In this regard, it seems that many times these paradoxes are managed through embracing the tension and trying to come with innovative solutions, where *"for example, you may call the person responsible for a product to tell him that we cannot sell that product, and you find out that that particular product was placed on the cover of your catalogue based on samples, because the catalogue is published long before production, so you have a problem, and you* *need to get creative, because you cannot remake the catalogues and the collection, but you need to change the product".*

Thus, the paradox seems to be actually physically enacted in that different members of the company prioritize one of the competing demands over the others, and then the solution comes from dialogue, where for example one executive was explaining how *"many times our CSR department clashes with other departments, because a designer wants to use a certain material, or a buyer wants to use a specific supplier, and we have to say no because they do not fulfill our social and environmental standards. But the designer or the buyer are not always on the same boat as hours, so often we have to sit down and study the situation case by case to come up with flexible solutions to accommodate everyone"*. This does not seem to be reduced to internal dialogue, as apparently very often these tensions are present in discussions and negotiations with external stakeholders including suppliers, clients, regulatory bodies, governments and non-profits. For example one executive was telling me how *"many times we have to fight with suppliers, telling them that although their product quality and price is what we need, we cannot use them because their social and environmental performance. They have a hard time accepting this situation sometimes, particularly because often they end up with a large amount of raw materials or semi-manufactured products that they have to throw away. Luckily little by little all our suppliers are learning what we want and they are becoming very good at adapting, and we are also becoming better and faster at explaining to them what we want"*

Another issue that seems to add even more complexity to the situation and generate further tensions is that most of the companies studied not only ask their stakeholders to change when it comes to them, the changes they are being asked to undertake often have a profound impact in the organizations. This is particularly true of suppliers, where companies admit that *"one part that is especially difficult is that we ask our suppliers to be responsible not only for their manufacturing process, but for controlling the materials they buy from their suppliers also for social and environmental issues. So we always advise them to hire suppliers they know and trust, and not to look for the cheapest they can find, or they can end up with a bunch of product we will not buy from them."* In this regard, the companies are asking their suppliers to change their policies on how they hire and manage their own suppliers.

However, although suppliers are the main stakeholder group over which the eight companies have an impact in terms of their power to influence their behavior, this is not only group they are trying to change. For example, most of the companies admit that one of the problems they have is the lack of awareness on the side of consumers in terms of CSR, so that with their policies they are not only trying to have a positive social and environmental impact, they are also trying to educate customers. One example would be Aeon's policy on what they call *"eco-stores"*, where *"we often don't choose the most efficient solution technically speaking, because for us it is very important that the customers see and understand what we are doing. Our idea is that we have over 350.000 employees, but we have millions of customers from many countries. So if we change the behavior of our employees or the impacts of our stores the impact will be minimum, but if we change the behavior of our customers the impact will be significant. That is why for example we place the solar panels not on the roof but on the façade."* Aeon's idea seems to be, that although placing solar panels is technically more inefficient in terms of energy production, it makes sense because it helps customers understand the effort done by the company to develop eco-stores, which is good for the company but hopefully will also encourage customers to rethink their own habits and energy consumption. There would be other similar examples from the eight companies such as relations with regulatory agencies, CSR assurance schemes, research centers, and so forth.

The idea that seems to be shared is that the management of the tensions inherent to opposing or conflicting CSR and business ideas seems to be perceived or lived by many of the interviewees as a battle to maintain their identity, both individual as well as collective (and how the two fit, and therefore the sense of belonging). For example, many of the interviewees when asked about the challenges the company is facing gave answers along the lines of *"our company was born from a dream of doing something beautiful and meaningful, but the problem is that we have been very successful and we are growing a lot, so we sometimes feel that as we grow we are losing a little bit of* *our heart, our spirit. It feels like with the grown we are at a risk to prostitute our dream as we look for more sales, in more countries and with more benefits. That is why it is so important to stay true to ourselves, because we need to remember that we are successful because of who we are".*

The complexity of understanding and explaining CSR in a corporate setting seems to be one of the main challenges for most companies, as they believe that there are some CSR policies that are easily understood and accepted by the entire organization, while other policies are not so clearly explained. As one of the interviewees told me, *"the thing with CSR is that 60% of the things we do are fantastic for the company and actually help business, so everybody is on board with that. However, the other 40% of things are unclear. These other things are interesting, but it is unclear how they will affect the business and many times we don't have a clue of how to do them. Also, it seems that implementing these things means changing important parts of the company. So we approach this other 40% with a middle and long-term view: we try some ideas in small scale, we experiment, we think, and mainly brainstorm and discuss these issues a lot, but we are not very pushy or aggressive with them because we see that pushing these 40% of policies can potentially hurt the other 60%."* Therefore, these eight companies seem to be approaching CSR issues not as a list of policies that need to be implemented, but as an idea very much connected to corporate identity, which is rationalized through a clear narrative and which therefore has to evolve and be implemented aligned with the reality of the company and the context in which it operates. That is why many interviewees insist on the idea of having common CSR ideas and principles across the company but at the same time having very different policies and practices. The idea they seem to share is that in CSR the important part is to understand and embrace the ideas, but the operationalization should be left to each unit, department, or subsidiary.

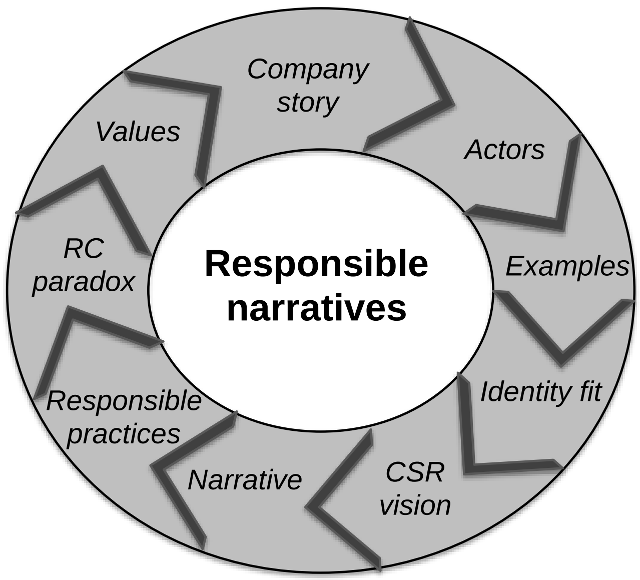
Conclusions

Evidence from the eight case studies seems to support that these companies encounter many paradoxes inherent to CSR. However, apparently *“operational paradoxes”* are not particularly challenging, or at least not more than similar tensions that they have to deal with in their day to day in terms of business practices. In that regard perhaps the most interesting finding regarding paradoxes, is that when it comes to CSR the challenge seems to be with *“aspirational paradoxes”*, or paradoxes connected to the conflicting goals between business and CSR. In this regard there seems to be a central paradox, which I call the *“responsible competitiveness paradox”*, which most companies and practitioners seem to face when implementing responsible competitiveness strategies. This paradox represents the basic tensions between social and environmental goals on one hand, and business goals on the other. The tension apparently is not generated because business and social goals are contradictory, but rather because they require different understandings of what are the basic premises that should guide actions, the first focused on increasing profit, the second on generating social value.

Another interesting finding seems to be that managing the *“responsible competitiveness paradox”* is perceived by many interviewees as a battle for maintaining corporate identity. Thus, another interesting conclusion is that CSR for these eight companies has become part of their corporate identity, or at least that is how they see it. In terms of managing the *“responsible competitiveness paradox”*, it seems that most companies try to promote the idea of accepting and embracing the paradox rather than choosing one of the poles. Therefore, companies apparently approach these tensions by trying to come up with creative solutions that take into consideration both poles. However, evidence also seems to confirm that often the paradox is managed by prioritizing the business pole rather than the CSR one. In any case, the analysis of the eight case studies in regards to paradoxes seems to confirm my earlier findings that people tend to frame and manage these paradoxes through building narratives, centered on corporate identity, and focused on the ideas of long-term, innovation and simultaneous business and social value generation. Hence, it seems that the *“responsible competitiveness paradox”* is a part of the narrative developed by the eight companies, which helps them make sense of CSR in relation to their organization and others. In that regard, it seems that managing *“the responsible competitiveness paradox”* fits with the conclusions from

Chapter 6, in that firms seem to develop and responsible competitiveness strategies through narratives, which include this *“responsible competitiveness paradox”*, in a sort of cycle, which could look something like Figure 16.

Figure 16: Building responsible narratives



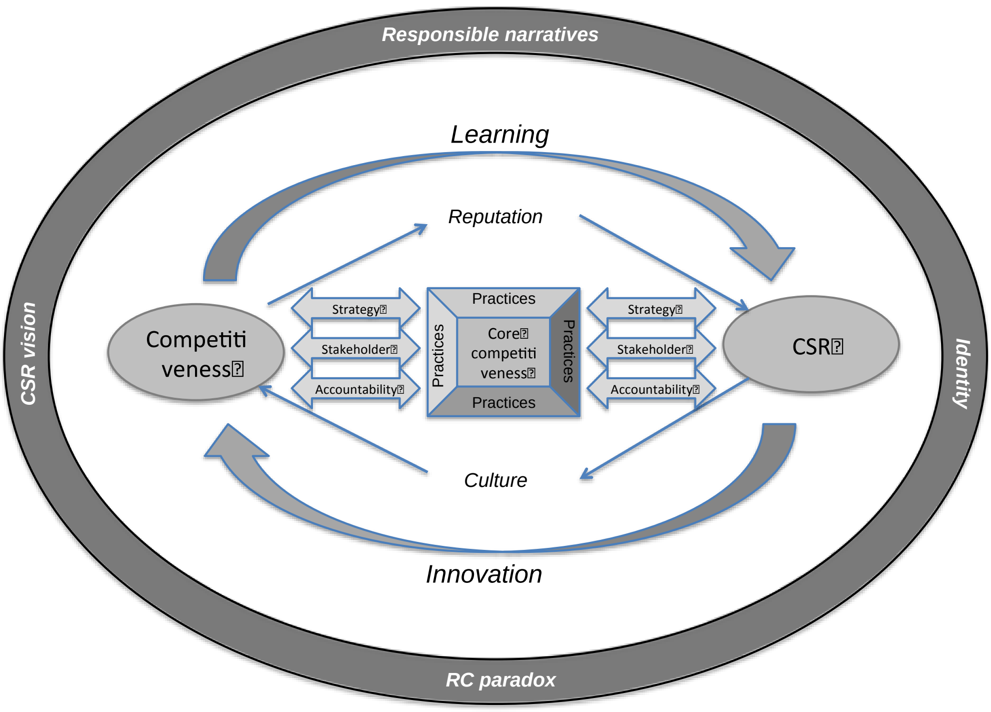
As I explained in Chapter 6, responsible narratives for these eight companies depart from the corporate values. Thus, the departure point is the idea that the company should make sense out of why CSR, or the particular idea of CSR, is coherent with the company’s values. This connection is made through pointing out the company history, the values of some key actors and explaining some examples or anecdotes that reinforce such a connection. Then, the narrative establishes the connection and declares that there is a fit between the CSR proposition or strategy and the identity of the organization. Based on that the company establishes or declares a vision in terms of what it wants to achieve in regards to CSR. All these pieces together make up most part of the narrative, and that is what helps the organization and its members make and give sense of the CSR strategy. After that concrete CSR projects and practices are defined and implemented, which strengthen the narrative as further and better examples of what the company wants to achieve in social and environmental goals.

However, through the development of these CSR practices tensions are generated between business and CSR goals. At this stage, these firms not only acknowledge but also embrace and even foster *"the responsible competitiveness paradox"* as they understand it to be an inherent part of responsible competitiveness strategies. Not only that, apparently accepting *"the responsible competitiveness paradox"* strengthens the feeling of the organization that, although more challenging, this sets the company apart from other organizations on that it *"looks at things differently, and where other companies would probably make quick and one sided decisions, in our company we prefer to discuss and compromise".* So in the end embracing the paradox reinforces the values and closes the circle, which then starts again.

This complements the conclusions from Chapter 6 in that it appears that these eight companies use narratives as a central tool to manage responsible competitiveness in practice, where *"the responsible competitiveness paradox"* plays a key role in developing a coherent narrative. In other words, as I showed in Chapter 6 (see figure 11), these eight companies focus their responsible competitiveness strategy on core competitiveness issues, which are different for each company. Then, other business practices are also developed as a result in terms of CSR, but always departing from a strategy focused on a core competitiveness factor that has been transformed through CSR. These core competitiveness factor and practices are developed through changes in strategy, stakeholder management and accountability processes. This process is driven by reputation and corporate culture, as the two ways through which companies frame the need for change, and the whole process generates a cycle of learning and innovation, where companies learn as they connect competitiveness factors with CSR concepts, and then innovate in terms of finding new ways to transform competitiveness factors once they have learned.

As I showed in chapter 6, these eight companies to rationalize the need for responsible competitiveness strategies use responsible narratives. Particularly, since the issues addressed in responsible competitiveness strategies differ from company to company and even from unit to unit, these narratives help establish a shared understanding of what is the CSR vision the firm is trying to achieve and how it is part of the identity of the organization. This helps practitioners frame and understand the different CSR challenges they face in their day to day, and thus make decisions that are coherent with the overall vision. However, apparently there was a missing piece in the conclusions on managing responsible competitiveness, which is that one of the central challenges of managing CSR is managing *“the responsible competitiveness paradox”*. In that regard, as I have shown in this chapter, these eight companies develop these narratives in large part by accepting and embracing that this will require them to manage and even foster *“the responsible competitiveness paradox”.* This process can be seen in figure 17.

Figure 17: management process through narratives



The problem with this model or concept is that not all companies are ready to develop such a narrative and embrace inherent paradoxes. The question, then, is whether other companies that are not so advanced in terms of CSR as the eight firms studied can develop an organizational identity and structure that fosters this behavior. In chapter 8 I will try to address this issue.

Chapter 8 – Organizational Framework for RC

A version of this chapter was published:

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"My soul is a hidden orchestra; I know not what instruments, what fiddle strings and harps, drums and tambours, I sound and clash inside myself. All I hear is the symphony"

Fernando Pessoa

Introduction: why, what, who and how

In previous chapters I have shown how evidence from the eight case studies confirm that these companies have integrated CSR in their business model and how responsible competitiveness seems to be a pillar of their value proposition. However, the purpose of this dissertation is not to confirm that, as it is something that was already proposed in the preliminary case study (Chapter 3), and furthermore it is supported by literature. The goal of this research is to understand how these eight companies achieve that, so that other companies and practitioners can learn from their experience. Hence, the decision to use case study methodology (Chapter 4), because I want to explain how these companies embed responsible competitiveness in the organization so that others may learn from that, as I think there is a lack of such cases.

In the previous chapters, I have explained how these companies frame and manage CSR in practice (Chapter 6) and how they face and manage the tensions that implementing responsible competitiveness strategies generates (Chapter 7). However, there is one central issue unresolved, which is to understand how these companies create the organizational infrastructure to put CSR issues at the center of the company. Said differently, one of the key questions that I am trying to answer through this dissertation is how these eight companies are establishing the organizational framework to foster CSR and make it a central part of their competitiveness, and most importantly whether these eight companies are finding similar ways to do that. In other words, once established that there is a connection between CSR and competitiveness, and that these eight companies are finding different, but nonetheless strategic ways to manage this relationship, I should explore whether evidence shows that there is a way in which companies seem to establish the right organizational conditions that are conducive to responsible competitiveness, and which can therefore be learned and implemented by others organizations wishing to do the same.

As I discussed in the literature review on organizational identity (Chapter 6), authors agree that organizational identities are constructed in large part on shared understandings on how the company should behave in a given situation or when facing a specific issue (Gioia et. al., 2000). In this regard, researchers seem to agree that organizational practices, norms and traditions seem to serve as central tools to define and establish these collective identities (Dutton, Dukerich, & Harquail, 1994). In other words, organizational identity apparently resides in a set of explicitly stated declarations or narratives about what the company is and represents, and these narratives influence its members' views of the characteristics and personality of the organization, by providing them with legitimate and consistent narratives that allow them to construct a collective sense of self (Whetten & Mackey, 2002). In this context, organizational identities seem to be generated from a sense making and sensegiving processes through which members periodically reconstruct shared understandings and revise formal claims of what their organization is and stands for (Ravasi and Schultz, 2006).

However, different authors suggest that organizations cannot build any chosen identity, as the company's identity is somewhat constrained within certain bounds, including environment, history and culture (Gioia et. al., 2000). For instance, some researchers argue that organizational members are likely to reject new conceptualizations that they perceive as incoherent with organizational history, tradition, and their sense of self, along with the changes they are expected to promote (Humphreys & Brown, 2002). In that regard, some research on organizational identities indicates that events that call into question members' beliefs about central and distinctive attributes of an organization can challenge collective self-perceptions of the organization (Dutton & Dukerich, 1991). Thus, identity changes and evolves through an internal reflection process by which the members of the organization transform and reframe collective understandings through storytelling, often generated by some specific events such as external pressures (Albert and Whetten, 1985), where one of the drivers to change identity seems to be corporate reputation, as changed external perceptions of the organization seem to trigger to alter identity (Gioia et. al. 2000). Thus, it seems that building narratives through institutional claims and collective understandings, are the building blocks for the construction of organizational identities, and that these narratives are influenced by significant events that affect internal and external perceptions of the organizations. (Ravasi and Schultz, 2006).

Many authors suggest that one central way through which companies define and transform organizational identity is through corporate culture, where there seems to be a dynamic relationship between culture and identity. The idea is that identity involves revolves around how companies define and experience themselves, and this is significantly influenced by what they do, what they believe and the stories they share, which is grounded in large part on culture (Hatch and Schultz, 2000). Thus, organizational culture supplies members with cues for making and giving sense of what their organization is about (Ravasi and Schultz, 2006). In this context, corporate culture defines the unique values, systems and tools that help the organization and its members substantiate their identity claims and express their shared identity (Albert and Whetten, 1985). The idea is that not only identity and culture are related, they reinforce each other in making sense of the organization and what it wants to achieve (Fiol, 1991). Therefore, many authors view both organizational culture and identity as collectively shared interpretative schemes of the company (Ravasi and Schultz, 2006). Some authors argue that there are some differences between culture and identity in that organizational culture seems to be more tacit and shared on practices, while identity seems to be more implicit and based on relations (Fiol et al., 1998; Hatch & Schultz, 2002). Nevertheless, the consensus seems to be that regardless of the differences in definitions, corporate culture is one of the key factors for sense making and sensegiving in companies (Ravasi and Schultz, 2006).

Organizational culture in literature is often defined as a set of shared mental assumptions, principles and beliefs that guide interpretation and action in organizations by defining appropriate behavior for various situations (Fiol, 1991; Martin, 2002). The idea is that these so called assumptions and beliefs are expressed and shard through throughout organizational formal and informal mechanisms including practices, communication, dialogue, processes, procedures and so (Schein, 1992). In that regard some authors argue that organizations define and share culture through story telling (Bird, 2007). Thus, one way to establish a specific corporate culture is through narratives, as narratives are the biggest form of sharing and identity creating in organizations (Czarniawska, 1997). In this context, literature seems to support the idea that companies construct image, identity and reputation through establishing a certain culture (Brown et. al. 2006). There is also significant research that supports the idea that organizational cultures are dynamic things that change and evolve (Fiol, 2002), where it is possible for companies to construct a corporate culture centered around CSR, through defining and embedding principles, processes, actions and procedures that integrate CSR (Wicki and Kaaij, 2007). The idea is that although it is complex, it is possible for companies to define and manage a specific responsible corporate culture (Keeble et. al. 2003)

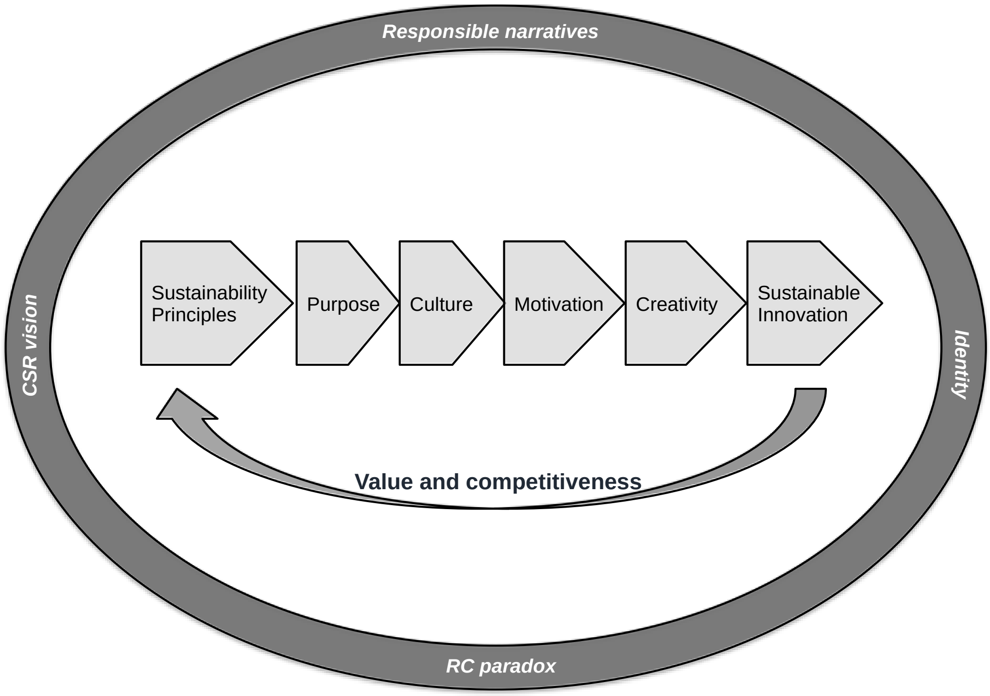
The conclusion from literature on corporate culture seems to be that there is a relationship between identity and culture, and that managing corporate culture as a key strategic resource for the organization can be critical for the firm’s competitiveness (Fiol, 1991; Servaes and Tamayo, 2013). In this context, as explained in the literature review in Chapter 2, there seems to be overwhelming evidence in existing literature that CSR is becoming mainstream in companies (Waddock and Bodwell, 2004). The reason is that more and more companies are realizing that CSR can have a positive impact on the organization. In this regard, literature supports the idea that having a corporate culture built around CSR can generate significant value because it can help attract and retain talented employees (Turban and Greening, 1996); it can improve consumer loyalty (Bhattacharya and Sen 2004); it can increase stakeholder engagement (Werther Jr and Chandler 2005); it can enhance corporate reputation (Fan, 2005); it can improve operations and quality of products and services (Kim, 2011); and it can engage employees, establishing a more coherent and consistent organizational environment (Vallester et. al. 2012).

In this context, there seems to be an evolution of CSR in terms of how advanced is a company in regards to CSR policies and strategies, where the most advanced companies are those that have fully integrated CSR in their corporate culture (Maon et. al., 2010). Furthermore, it appears that these most advanced companies are developing CSR cultures through constructing narratives that helps them make and give sense of where the company stands in regards to CSR (Ravasi and Schultz, 2006). In that regard, literature seems to confirm the idea that there are some inherent tensions to CSR (as shown in Chapter 7), which in terms of culture can sometimes generate a sort of schizophrenia, where there seem to be some inherent tensions specific to competing demands between CSR and business that need to be accepted and embraced because they are intimately intertwined, which I call *"the responsible competitiveness paradox"* (Humphreys and Brown, 2002).

Another conclusion I have shown in previous chapters, is that one way in which these eight companies seem to be different is in that they look at CSR as an issue that needs to be developed mainly through creativity and innovation. As I discussed in Chapter 3, innovation seems to be one of the key dimensions of competitiveness. Innovation seems to be particularly relevant for responsible competitiveness, as it requires companies to profoundly rethink their business model and even their principles. In other words, these eight companies seem to focus on creativity and innovation to develop new models, processes, products, services and even organizations that place CSR at the center of the company (Prahalad and Mashelkar, 2010). This includes changes in corporate branding, image, reputation, culture and identity (Pruzan, 2001). In that regard the preliminary study in Chapter 3 showed that for these eight companies the only way to really advance toward responsible competitiveness is through creativity and innovation (Cameron and Quinn, 1999). In this regard, as I discussed in the research design in Chapter 4, responsible competitiveness seems to be intimately interlinked to placing both CSR and innovation at the center of the core competencies of the organization (Prahalad and Hamel 1990; Hanaes et. al. 2010). In fact, as I discussed, it seems that some authors argue that the concept of CSR itself is an innovation (McManus 2008).

I showed in Chapters 5 and 6 evidence on how these eight companies are placing innovation at the heart of the company in order to implement responsible competitiveness strategies, such as the examples presented in Chapter 6 of Aeon's CSR oriented private brand, Danone's health products, Mango's new transportation system, Tecnol's work-life balance policies, El Naturalista's Recyclus collection, Vodafone's mobile services for the hearing impaired, or Interface's Quest program. The rationales, as shown in figure 18, seems to be that for these companies establishing sustainability principles gives them a clear idea of purpose, of a mission, which is then integrated in corporate culture and shared through the organization. This motivates practitioners to be creative to find solutions for the challenges the company is facing in terms of CSR, which results in sustainable innovation projects. However, ultimately these sustainable innovations not only contribute to advance toward the company's sustainability goals, they also help the company increase its competitiveness and generate other value, which reinforces the departing sustainability principles. Furthermore, all this process is embedded into the corporate narrative that helps the organization make and give sense, and therefore establishes and changes corporate identity, including *"the responsible competitiveness paradox"*.

Figure 18: connecting CSR and competitiveness through innovation



The conclusion seems to be that the most advanced companies in CSR have defined and implemented a specific corporate culture built, in large part, around CSR and innovation, but it is not clear how these construction process takes place in the organization and, most importantly, whether these advanced companies use similar processes or tools to develop such responsible innovative cultures. One of my departing assumption for this research was that there are some common processes or characteristics shared by these companies, where the central research question that this chapter wants to address is my third and last secondary research question (see Chapter 4), that asks ***how does a company develop a responsible competitiveness culture?***

In this regard I should note that for the purpose of the analysis, I did not limit the evaluation to a specific definition of culture. Thus, my goal here was to analyze what *"things"* these companies had in common with each other which seemed to contribute to build a responsible culture. In other words, just as some authors argue that there is a supra-organizational infrastructure that builds and reinforces CSR through things such as management systems, assurances schemes, or accountability tools (Waddock, 2008), here I explore whether leading companies in the field of CSR develop an internal organizational infrastructure to define and embed responsible competitiveness in the company. Thus, what I am interested to analyze in this chapter is what sort of mechanisms, principles, ideas, values or tools the eight companies studied have in common that allows them to foster a responsible innovative culture, which in turn helps them reinforce a responsible identity and reputation.

Evidence of common features among cases

Although, as seen in Chapter 5, Aeon, Danone, DKV, El Naturalista, Interface, Mango, Tecnol and Vodafone are very different companies, reviewing all the empirical evidence from this research some common features start to emerge. That is, reviewing the interviews and the documents it became clear that some patterns started to emerge throughout the narratives and stories in that there are certain themes, issues and topics that all eight companies consider critical to their responsible competitiveness strategy.

Having Inspiring leaders

The first thing that called my attention when I started to collect information on the eight companies was the attention these companies seem to pay to some leaders and examples as central figures of the narrative. These figures and examples it seems that are a big part of their sense making and sensegiving process in that they seem to explain *“how the seed of sustainability was planted in the company”*. That is, it seems that in many cases these leaders or events had a transformation effect in that they forced the organization to rethink itself, engaging the organization members in a reflective process that took the company toward responsible competitiveness. All interviewees seem to agree that their leaders and history are responsible for the values and character of the organizations today. In other words, the consensus in these organizations seems to be these eight companies are the organizations they are today *“because when somebody shows you the light and says, by the way, would you like to follow me down this path and would you like to work with me? Of course, that’s fantastic! Then it becomes part of who you are.”* In this regard, a key defining feature of these companies is that they were and are led by responsible leaders, who believe in CSR as a strategic issue and who, therefore, aim to engage senior executives around these issues.

The starting point, the initial birth of the responsible culture for all eight cases seem to be an idea, a firm belief that often started with a founding leader or organization. For example, at Interface they seem to agree that *"we started the journey in 1994, when Anderson said, I've had an epiphany, and we are going to be a sustainable business. And we set off on that. And we have incrementally improved our product over that 16-year period with a variety of different things that we've done. The processes around our manufacturing have improved, and our product has improved…"*. Similarly, another example would be Danone, where they explain how at the beginning *"Daniel Carasso had Danone, and Antoine Riboud had other companies more or less related to the food sector, and also glass. These two guys were visionaries, and we are who we are because these two gentlemen looked to develop a company focused on healthy food products but also looking at the social side. And they have been passing on this culture, a culture that includes many things, things of content and things of form. In the end they wanted Danone to be something more than a place to make money."* The same is true of DKV, where they talk about Josep Santacreu; El Naturalista, where they talk about Pablo de la Peña; Mango with Isaac Andic; Tecnol with Xavier Martinez; and Aeon, where they talk about Mr. Okada. Vodafone is a bit different because instead of talking about a specific person they all seem to talk about Airtel, the original Spanish company that was later purchased by Vodafone, as the source of inspiration and guidance.

It seems that in many cases the founders of these organizations were visionaries, strange man in their time. For example, Antoine Riboud, first CEO of Danone *"was accused of being a socialist and a revolutionary, but in reality he was a visionary. He understood that even for the own good of the company, selfishly thinking about its objectives, it was also important to understand what happened outside."* Similarly, many of the leaders of these companies in the past seem to have been controversial and somewhat misunderstood particularly by investors and analysts. Nevertheless, one characteristic that these 8 companies seem to share is that their leaders of the past and the present believe deeply in CSR as an important part of their value proposition, where they share the idea that *"CSR is not a fad, it is part of our culture. Our CEO always says that we cannot grow in a desert, we have to give back and help grow our environment at the same rhythm we grow, and we must also return part of the added value we generate, not only the financial value, but all the value we generate, in order to grow together and in a sustainable way."* Similarly another interview talked about how *"it may seem that we have all these fancy documents, websites, reports and policies, but this all started with a few people sitting around a table and sharing a dream about a company"*, or another respondent who explained how *"even if I disagreed with the CSR policies I would still do them to avoid disappointing our president".* In that regard, it seems that the influence of these leaders seems to be now embraced by the entire organization, where *"it would be impossible to now try to take away some of these values and ideas instilled"*, or another who explained how *"we can discuss a particular policy or project, but not the idea of CSR as a central part of who we are"*.

Another idea these eight companies seem to share is that aside from their founding leaders, they always have inspiring and respected leaders that are *"very provocative person, with a laser focused vision, and a global perspective. Who push and challenge people to do and be better."* In fact, in some cases executives admit that they joined the company because of the charisma of the leaders. For example, one interviewee told us that *"I really don't care about selling carpets, and to be honest I never dreamt of working in this field, but I joined Interface because I knew about Ray Anderson, and I knew that the company had an advanced sustainability policy, and that was one of the things that called my attention in wanting to join the company".* Regardless, there seems to be a consensus that this original vision has now turned into a corporate culture. Sustainability now in these companies *"is something that has been preached for 15 years, and now we don't need anybody to preach anymore to us. It is part of what we do. When I talk to people like you and journalists, and researchers, the message that I sometimes forget is that we do this every day and it's just part of what we do."* In other words, now it is not about convincing anyone that sustainability is important. *”it is now a public commitment made by the organization and we have to deliver.”*

Therefore, regardless of some of the historical leaders, events and organizations in the past of these companies, one characteristic these eight companies share is that they understand how important it is for current and future leaders to *“get the concept of who we are”*. In other words, apparently these companies understand that in order for CSR to become mainstream in their respective organizations, all executives must share this vision and culture. This is why these companies seem to have established some concrete policies and practices designed to get their executives, especially senior executives, involved in sustainability initiatives. For instance, as I mentioned in Chapter 6, most of this companies have established CSR committees at the highest level involving different senior executives, where “*we have different members from the executive committee, including the president, and we meet every three months…”*. In some multinational companies they have a committee at a global level, and then one per country, at least for the biggest markets. In some cases the company has created new departments or units, such as the CSR department or the sustainability department or in Danone “a *new position has been created called Nature Vice President”* where there is also a *“Nature Committee that meets every month”*. At a country level as well *“one of our most important tools is the sustainability committee, which meets every two months, and is like an executive committee because there is the country general director, the marketing director, the logistics director, the industrial director, the purchasing director, and human resources director, plus what I call experts who are invited to contribute in specific issues.”*

Being a responsible organization

These eight companies all have in common an idea that *“there is a sort of urban legend that you cannot be competitive and socially and environmentally responsible. That responsible companies are softer, less aggressive, less focused and less productive. We believe this is not true”.* As shown in Chapter 5, evidence shows that all eight companies are very competitive in the most traditional sense of aiming for financial returns and for productivity. However, they all seem to share the idea that to maximize company benefits in the long-term requires them to generate public good, to develop a sustainable innovation vision, to develop a long-term approach and to make CSR part of the reputation, brand and identity of the company. The logic for them seems to be that *"our success depends on the success of others"*, which for these companies seems to mean that *"to be responsible as a company means to make money, to grow, but also to contribute, to minimize negative impacts…"* Thus, for these companies being responsible or being sustainable is about making sure that both the company and society have a bright future down the line, even if that means sacrificing some benefits in the sort-term.

Throughout the interviews it becomes very clear that these companies are all very competitive in the most traditional sense of word, looking for profits, being productive or gaining market share. As one of the interviewees said *"we are not an NGO, we want to sell more than anyone else, we are as aggressive as anyone, and if we can shut down a competitor and make him close his factories we will."* So the central objective for the company is clearly *"to make money, what else?"* In this regard, people at these companies say clearly that *"we are not ashamed to talk about money, because we must make money. If we don't make money, we cannot do any sustainability initiative."* So a lot of the interviewees talk clearly about goals of *"doubling our market penetration"* or growing *"through organic growth but mainly through acquisitions of other companies".* Furthermore, these companies seem to also push for productivity and efficiency, where *"don't get me wrong, my rings will not fall off if we need to fire someone or push a supplier".* Thus, what is different about these companies is not that they are not competitive, but rather the approach they have to this competitiveness in that they are *"not a charity. We're a business. And that's why we want to be here, because we think it's much more interesting to be making capitalism work for sustainability",* because in the end they feel that being responsible and sustainable is a central part of their success. As an Interviewee explained, *"we are a sustainable company, and we're making money on the bottom line".* The understanding seems to be that responsibility *"gives us* *competitiveness, and I don't mean only long-term….it gives us a competitive advantage".*

That is why all eight companies seem to share a clear belief that *"sustainability has a positive impact on the company".* For instance, CSR policies have a clear positive effect on reputation where *"nobody could afford to buy with money the good image we have"*; CSR seems to help also in terms of cost reduction where *"sustainability policies have saved us US$ 405 million in the last 15 years";* it has a positive impact on employees as *"we know we have a lot of employees who are motivated and engaged in large part because our social policies"*; or in innovation *"a lot of companies come to us with new ideas because they heard our reputation for sustainability and they want to work with us"*; among others. Thus, it seems that the companies perceive that CSR has a positive impact in many areas of the organization, including reputation, risk management, reducing costs, engaging stakeholders, securing funding, and so forth. Thus, for these eight companies it seems that it is false to assume that CSR may clash with the interests of shareholders. In fact, in several interviews I found that, in their eyes, most of the time the interests of the shareholders are the same as the interests of other stakeholders when it comes to long-term. In that regard, one differentiating factor between these eight companies and other firms may be that they tend to think more long-term, but in their long-term view they do believe that they are generating great value for their shareholders, where for example *"there is a common interest between shareholders and their environment, because we cannot feed shareholders in an isolated manner from the rest, they are related because this is a business."*

Thus, one of the things that seems to set apart these eight companies from others is that they really focus on long-term, where they explain how *"we grow the business in the classical way, but we do it because we have to, but it is not what interests us most because we believe that the best service we can give our shareholders is to give them the short term return they expect from their investment, but also to give them something that in 5, 10 or even 20 years will have significant value".* So for them, CSR is about generating value for the firm and for their stakeholders. In fact, they truly believe that in the end all companies will be convinced that this is the right way to go as *"these things will* *have more and more weight in the future because the way we measure the performance of a company will evolve, and the tools we use will evolve as well, and this tendency started many years ago, because today's current model is simply not sustainable."* In that regard, the people in these eight companies all seem to share the idea that they are part of "*a very forward-thinking company, very innovative, but linked to that responsibility aspect, so it really becomes second nature".* The underlying idea seems to be that CSR and long-term competitiveness go hand in hand, and thus it would be counterproductive not to pursue them simultaneously. As an interviewee said *"we do what we do because we understand that it has a pay-back, in fact it is the only sustainable way to grow."*

In the end, understanding competitiveness within a responsible competitiveness framework apparently gives these eight companies notoriety, visibility and credibility. These companies seem to enjoy a very special position in the market, where they are seen as companies pushing boundaries, spreading the idea that *"one of our key goals is our desire to be able to influence the broadest sphere, and we want to be able to prove to the industrial world there is a different way of doing business."* In this regard, one of the unique things about these companies is that aside from wanting benefits and value for their company, they also seem to want to generate public good where their goal as organizations is twofold: *"to create things that can be of use for our own company and also can contribute to sustainable development"*. In that regard there seems to be a shared sense of pride among people at these companies, where they feel that "*we want to continue to grow as an organization because we like being profitable, we like being able to reinvest in the business, but we also like doing it differently".* So in this regard, they seem to look at the analysis of a project pay-back differently, with different time frames - *"at 5, 7 or 10 years",* and where this pay-back has to be financial but also social. In other words *"our projects have to bring some benefit to the community."* The central idea is that they want *"people around us to live well."* Such an interest in generating public good while developing their own business seems to be common to these eight companies.

In the end, these companies seem to have a clear strategic focus on CSR, which translates into a specific vision where they *"know where we want to be in 2020 or 2030, which is still far away,"* which then these companies transform into this actions considering that *"since our product has a typical life of 6 or 7 years, this means that within the next 3 to 4 years we need to start putting product out in the marketplace that will meet our objectives."* In this context, these companies seem to be *"trying to invent a new business model where the central axis is not really sustainability, as this is more a consequence, but rather the model is based on the company being integrated in its surrounding environment, into its market, with its employees, with the families of the employees, with the local communities…".* In that regard, when these companies talk about CSR in their narratives, they usually talk about it like it is a journey, a long-term objective, an aspiration, something flexible and dynamic. For instance at Interface they *"describe it as a mountain that we're climbing, Mt Sustainability, this mountain has seven faces, seven fronts of sustainability, which we're climbing up."* In other words, for them CSR is not a list of projects, but a long term goal that must be achieved by focusing on certain dimensions that are an integral and inescapable parts of the organization, where *"it would be impossible for us to suddenly say that CSR doesn't matter anymore to us and we're going to turn away from it. We would lose so much credibility and our reputation would be shot. It's so embedded in everything that we do. You couldn't just extract it, it's in your heart. You would die. You'd kill the business straight away because you wouldn't function. It's so integral to what we do. You couldn't extract it."*

In this context another thing that seems to be unique about these eight companies is that they have apparently become very comfortable with the idea of making some sacrifices, even in profits, for long-term results, where for example an interviewee explained how they *"have reached an understanding about the importance of short term results, but also to create long term projects for the company and for society, and we do it very naturally; so naturally, in fact, that we rarely take any action that gives us a lot in the short run but could hurt us in the long run".* In this regard one interesting example is that when talking about these issues several interviewees use the metaphor of leaving a company for their children, explaining that they work as *“if we were obsessed with our children taking over the business when we are done. As if the company was a family business. Seldom will you see us burn our ships. If we have to have fewer benefits this year but that gives us more in the future, we will not gamble. Don’t get me wrong, we do a lot of stupid things, but we try to ensure that these stupidities are never about a forward flight.”* In the end these companies seem to share a very clear idea of what type of business they want to have in terms of the long-term contribution to society, the way to do business.

Surviving success

There is an old saying about how it is more difficult to stay at the top than to get there. This is a well-documented phenomenon in business. The management principle at play is very simple: when you are very good at something the opportunity cost of trying something new is just too great, which ironically means that there is tendency to stick to what you know, reducing risks by not taking as many chances, or at least by taking smaller ones. This is what Christensen (1997) calls the innovator’s dilemma, where companies apparently tend to focus less creative efforts into innovations that could affect products or services where they enjoy a competitive advantage, which ironically often ends up producing a competitive disadvantage because the company does not try to innovate in the areas where it enjoys an advantage precisely because their product is innovative. Organization wise, some authors like Jim March (1991) discuss this same phenomenon as the tension all companies face between exploration and exploitation, which means that companies have to constantly manage the competing tensions between doing things they are good at and searching for new things to do. Theoretically a well-managed company should find a balance between the two poles, but in practice most companies tend to focus on exploitation, particularly in things where they have a competitive advantage, which often ironically results in these companies losing the competitive advantage.

However, evidence shows that in most of the eight companies studied they don’t have a big problem in taking some chances despite being market leaders. In this regard, throughout the interviews I realized that most people seem to express similar ideas along the lines that their companies have a culture of nonconformity, where people feel they are expected to exceed expectations, which invariably requires embarking in innovation processes.

In managerial terms this means that these companies seem to foster an intrapreneurial spirit among employees, which means that they want to have entrepreneurs internally, precisely because they are aware that the organization will tend to fall asleep, and this way they create and promote internal activists who take the initiative. First, a lot of these companies, despite being market leaders in their respective sectors, seem to push their organizations to take risks as *"people who don't take risk don't innovate."* Behind this idea seems to be an understanding that there is a clear and ambitious goal, which is to *"forget what's possible and what's happened already. We're aiming to do the best"*: From a management perspective this means to build on a philosophy where *"the ethos of the company will not allow it to sit on its laurels."* For instance, an interviewee explained how an important goal for the company was to always focus on the long-term view, *"so we will get to our 2020 vision, but as we get closer to that there will create another vision, another mission of where we want to get."* In other words, it is not only about setting ambitious goals and to achieve them, but also about constantly re-evaluating these goals to keep the company moving forward, and thus staying ahead. This apparently generates some difficulties for these companies as every day *"it gets more and more difficult, which is why we have to be more and more creative in our innovation."* The idea seems to be that for these companies there is a sense that they have to remain in a place where their competitors are always trying to copy them. As an interviewee said, *"our competitors copy us. It flatters me. I like it. The sales guys hate it. We launch a product. They launch a product that looks very similar. I say to the sales guys, don't worry, because the next product we launch will be better still, and better still and we'll keep pushing the boundaries and the limitations, and there are lots of examples in our business over the years where we've led the marketplace and the marketplace has followed."*

In this regard, these companies seem to have in common that being known as leaders both in CSR and business, apparently generates a high degree of expectations from their stakeholders, which pushes them to develop this culture of nonconformity. In some way, there seems to be almost a feeling of destiny among the people in these companies in the sense that they feel they have no choice but to live up to their reputation. Facing high expectations from stakeholder seems to place these companies in a dynamic where the people at the company feel they must constantly assume certain risks in order to answer the demands from the stakeholders. For example, an interviewee explained how in her company they *"pioneered renewable energy on our manufacturing side in the 1990s when it was at a premium price and nobody was using it. …We pioneered recycled content in our raw materials supply chain with our suppliers…At the time these things were quite radical. Now, they are normal. It is standard practice."* In this regard, from a CSR perspective the same principle is at play, where *"the biggest negative impact of being involved in CSR is that once you set your bar so high you have to maintain your standard… you know, it's very, very difficult to continue to maintain that standard."*

Thus, once these companies have committed themselves to certain quality, innovation and CSR standards, their stakeholders and the market expects and demands more from them. For instance, for these companies CSR becomes a key stakeholder issue as *"our customers are demanding it, our suppliers are expecting it, our shareholders are investing in it, and the people who work here are here not only because of our product. A lot of the people we have, especially middle and senior management, are here because we are who we are and we are doing what we are doing."* It seems that for these eight companies, once they have developed and embedded CSR policies throughout the organization, these policies take on a life of their own and force the companies to keep moving forward. In this regard, there seems to be a sort of virtuous cycle at play, where the companies aim to be responsible competitiveness leaders, which generates demands and expectations from internal and external stakeholders to be leaders, which forces the companies to be foster policies that encourage creativity and innovation. Some authors say that there are companies that seem to unwillingly either kill or promote creativity (Amabile, 1998), and in this context it seems that these companies apparently promote creativity.

Establishing a responsible innovation culture

As I discussed in the introduction of this chapter, evidence shows that these eight companies not only place CSR at the center of their corporate culture, but that they also put innovation as another critical factor to define their corporate identity. Not only that, but it seems that in most cases CSR and innovation are closely interconnected, although as I explained in Chapter 6 the people at these organizations don't seem to know exactly how and why. Nevertheless, in many interviews I got responses along the lines that *"CSR and innovation are part of our company's DNA".* Part of the reason for this responsible innovation culture seems to be the willingness from these companies to address and anticipate stakeholder expectations as a way of generating long-term value. In this regard, these companies seem to share the conviction that in the not so distant future, these concepts of CSR will be mainstreamed into most companies and management practices. Thus, what these companies seem to do is establish some inspiring goals and policies when it comes to CSR, which requires them to be creative, thus effectively promoting a responsible innovation culture.

Through interviewing executives from these organizations it becomes apparent that in most cases *"our organization has over the years developed a culture that is more about relationships and people than about cold business attributes. Now, that is not to say that we are not as competitive as anybody else, or we don't want to succeed or we are not striving for perfection, but that we do it together, not at the expense of each other. We have very good relationships. It's very fluid in the way we operate. Relationships are nurtured over a long period of time."* In other words, *"it's not a dog-eat-dog environment here."* Thus, they seem to nurture these responsible innovation culture, where *"once you're in here, you become a part of both"*, and this culture is so strong that *"sceptics are converted in a week."* Yet this culture is not something explicitly formulated, but rather *"something that is in the air, not necessarily written anywhere."* In the end, these companies feel that their organizations *"have been impregnated with that sense of having to take chances but to do so thinking about the long-term and considering social and environmental impacts."* This means that for them *"there is a total correlation between CSR and* *innovation, simply because CSR forces you to open your eyes more. For us the innovation process we follow to reduce our social impact or to launch a new product is exactly the same."* The bottom line seems to be that these companies focus on innovation as the key factor to achieve sustainability and make it the culture of the organization by making these issues part of their identity.

As I explained in Chapter 6, these companies usually build this responsible innovation culture by openly establishing a vision of where they want to go in CSR terms, and then constructing narratives that connect this vision, to the company's identity and business strategy. The rationale seems to be that in order for the identity and culture to work, it needs to be coherent and consistent, where they need to *"have a coherent strategy to reach our goal, not to simply have a list of disconnected projects."* These narratives explain how and why each company wants to behave, where for example one interviewee explained how *"the responsibility of our company goes beyond our legal environment, our classic environment, in order to really take into account our ecosystem."* In the narratives they even formulate why there is no long-term specific CSR plan, because of the nature of CSR which forces the companies to keep in mind that *"things can change, and therefore, the CSR strategy has to be a living thing, because one day an option may seem viable and the next is not. So, the strategy has to be more of an orientation guideline to make people think."*

One thing that is interesting is asking people at these eight companies about the connection between CSR and innovation, as they all seem to agree that there is a connection, but nobody seems to be able to pinpoint where. For instance, most interviewees seem to agree that *"CSR is a source of innovation in everything, because it pushes us to think products differently, and factories differently..."*, and these two concepts seem to become intimately entangled where some respondents explain how *"everything I do has something to do about innovation and about CSR, so they are kind of difficult to separate. It is because of who we are, so we are not just doing a process for the sake of progress. Everything we do is with CSR in mind."* Thus, they connect CSR, innovation, identity and culture as four pieces that explain their firm's business model. Sometimes CSR seems to be have a more marginal presence in innovation, where for example *"if you're in design, you've got the beauty thing, you got the functionality, but CSR is another lens that you have to put on".* Yet, even in this case CSR seems to play an important role, as *"we're not just looking at color and design trends in a corporate office. We're looking at raw material supply. We're looking at the life cycle analysis, the impact of the raw materials we're using; we're looking at the processes we're using to put them together. We're looking at how we can de-engineer product to lessen the environmental impact of that product in the marketplace. We're also looking at how we design products, with things like end-of-life responsibility in mind."*

In that regard, for these eight companies responsible innovation doesn't seem to be built on a scientific or linear process, but rather on a culture where there is a sense *"that you reach a point where you feel there are things you must do. And once you are there, at the beginning there are some ideas. Always at the beginning it is done by intuition. Someone has read something in a magazine, another person has traveled somewhere and picked up some ideas, some competitor has done something that calls your attention, and you guide yourself by your nose. Then you put in the rationale. You crunch the numbers and write the text. But after all the process is done, for the final decision you always go back to your nose. Then you test it and see how it goes, and in the end if everything goes well you sell it to the organization and it gets done."* In that regard many times it seems that the logic they follow to explain the rationale behind CSR practices is based more on convictions and perceptions than on estimations or plans, where interviewees will say things like *"CSR is very connected to quality; where our goal is to launch quality and functional products, and this means that they must be responsible."* It is interesting to see how much efforts and resources these eight companies seem to be dedicating to CSR without having much empirical evidence, and their conviction that these issues are key contributing factors to their competitiveness.

Another interesting thing about these companies' responsible innovation culture is how people seem to feel that this culture has been instrumental in helping the company stay ahead of competitors, where they explain how *"we were pushing before the market was ready for this kind of change, and now it* *feels like it's kind of tipped. So now it's become an expectation and it's become something that everyone's asking for, so now we are looking at different things."* In this context these companies seem to believe that these responsible innovation culture has allowed them to consistently anticipate market expectations in many areas. This however, also seems to have a negative side in that a lot of the innovations made at these companies are often initially not well accepted by the market, which means that sometimes this culture pushes the organizations to develop innovations for which the market is not ready. One example, as I explained in Figure 15 in Chapter 7, is the case of Interface, where they feel that often *"we are ahead of our time, which may mean that the market isn't quite ready, and that you might not have as much success… so that conceptually, sustainability-wise we feel it's brilliant, but it's not fitting yet with what people really need. It's maybe what we're all going to need in ten years' time."* In other words, for these companies being pioneers in sustainability is also a risk, as they often work with products and processes that are not fit for the existing market.

One way these companies seem to be pushing to establish these responsible innovation cultures is by trying to formalize and institutionalize some of these ideas, for example by making CSR a part of the evaluation of performance, by establishing specific CSR indicators or by defining CSR training program. For instance, at Danone *"one third of the bonus is defined by traditional performance indicators, another third is defined by personal objectives, and another third is defined by social performance, which as you know includes environmental performance."* These companies do this sort of thing because *"we want the symbolic message to all our managers that this is the way we measure performance, through three equally important performance indicators: the organization, the individual and society."* Similarly, at DKV *"we have annual employee and reputation surveys, where CSR plays a big role, and these surveys become a big part of how we evaluate executive performance. For example, one executive can have great sales, but if his workers are not engaged and happy he will have a big problem".* Another example would be how these companies' measure things, where for example one company looks at *"the triple win, which means that the project must generate economic value, it* *must generate social value, and it must be good for our employees."* In other words, this triple win is about generating economic value, social and environmental value, and organizational learning.

Another way through which these organizations seem to develop a responsible innovation culture is by creating transversal working teams that include members from different backgrounds and different parts of the organization. As many interviewees explained the success of CSR programs *"often comes down to people,"* which means that *"you have to have the people around you who are creative but who are also technical, who are dreamers but also practical..."* and not only that, *"but nurturing the right relationship between people, even creating it."* This often requires *"setting up a transversal team with people from logistics, people from marketing, people from HR, from quality, and so forth, and starting to discuss what could we work on. The work on transversal teams like this works very well."* Looking at the whole organization this way also seem to require these companies to divide the work, where *"what we try and do, because there are finite results as with any organization and there is no point on five different countries working on the same thing, so what we tend to do is say, right, these people can concentrate on this (product) development here in Europe, these people can concentrate on this (other) development in America, so it tends to be divided up, and then we share the results."* So often these companies seem to have working teams and task forces from different countries meet or talk periodically to share these results. In this regard another thing that these companies seem to share is their idea of using virtual and social technologies to work in these teams and committees through Facebook, skype and other such platforms.

The last thing that seems to be shared by these eight companies in regards to how they establish a CSR culture, is that CSR departments or responsible people in these companies often work more as internal consultants and facilitators than as policy setters or enforcers. Of course most of these departments or executives have their teams and budgets and goals, but most of their work is occupied helping people from other departments and units design and develop CSR projects in their own departments. For example, one CSR director explained how *"my experience with sustainability allows me to identify* *priority areas or adopt some decisions that multiply the velocity by which we can achieve our objective, which sometimes are about product strategy."* Thus, they feel their *"role is helping facilitate creativity and innovation, and participate in it. We don't do it in isolation, in a corner by ourselves."* This requires to *"coordinate the company leaders within the sustainability spectrum acting a bit as a consultant. Once the meeting is over I approach each of them and depending on the project I ask how I can assist them."* Their work also requires being transmitters of the knowledge that is being generated in the organization, pointing out for instance *"to some factory workers that there are other people doing exactly the same thing."* Therefore, CSR managers often work *"at two levels, with the Gods from the Olympus (the senior executives), which are always difficult to reach, but who need their space to understand and to decide how it affects us humans (the staff), and with the lower teams defined by the top managers and who are in charge of executing specific projects."* In the end, as one of the CSR managers pointed out, *"I was hired as a change agent, which was my discussion with my boss when they were recruiting me, to be a change agent and change consolidation agent, and to keep a long term view of the organization."*

Having an engaged workforce

The eight companies studied seem to share the belief that one of their key competitiveness factors is having an engaged workforce. Not only that, but they seem to believe that CSR can serve as a very powerful tool to engage the workforce. The idea these companies apparently share is that CSR is a motivator for workers, which can help generate this intrapreneurial atmosphere they are aiming for, as people feel responsible and empowered to integrate CSR in their daily activities. Furthermore, these companies seem to share the idea that sustainability can be a strong factor in attracting and retaining talent, and that it also helps to generate a good work environment. In this regard the eight companies seem to believe that having a responsible innovation culture and identity, and defining a clear CSR vision makes their companies different places to work than other firms. The idea seems to be built on the understanding that CSR can help the company motivate and engage workers because *"when there is more meaning to life, the sustainability aspect, it* *engages people more because there's a common goal, there is something different besides the day to day activity… So it gives an added parameter to it, and it makes you feel warmer."* That is what apparently makes workers say things like, *"for me this company is not a job, it's more like a way of life, and it's more like an experience."* To achieve that type of atmosphere these companies seem to make an effort to establish a work environment where they *"must develop different relationships with people, so that they don't work for us, but rather with us."* This strategy allows most of these companies to be at the top of rankings of best places to work or to receive prizes for their human resources practices. Thus, these companies believe that CSR actually helps them to engage their workers, making them more passionate, invested and productive. But even more importantly, these companies realize that having more motivated employees, particularly workers who are intrinsically motivated because they share the goals and ideals the drive the company, fosters creativity and innovation, as *"our people are constantly thinking of new ways in which they can improve things in terms of social and environmental issues."*

In order to have an engaged work force, these companies focus a significant part of their human resources efforts on *"hiring the right people for the company"*. The idea seems to be not so much about looking for a particular profile, but rather to search for people who can adapt to the type of culture they have as organizations. As one of the interviewees said, *"we want people who can be activists when they need to be. We want them to be change agents when they need to be in certain roles. When I'm recruiting people, these are the types of things I'm looking for."* The goal is to establish a working environment where people feel like "*we need to be very open to change and other people bringing things to you. Also we need to optimistic people. We need people who believe in what they can achieve, they are achievers, they are very competitive, but they're optimistic."* Thus, establishing an atmosphere of belief, of challenge and of personal investment where *"each person has to be committed, open, doer and empowered, and that is valid for any project and for any person."* At Mango, for example, the personnel director explained how when hiring people he paid more attention to personal values and fit than about technical knowledge or degree, because in his experience the key to new employees is *"how they will contribute to the organization, not whether they can do their job"*. Along these same lines someone for El Naturalista was explaining how *"it is very easy to find a sales director for Japan and Asia, with languages and experience, but the difficult part is to find that humanistic touch, the social sensibility, because most companies don't have it, so we have difficulties to find people who fit with our company in terms of values"*

In order to engage the workforce, these companies also promote policies to raise awareness and build a responsible innovation culture, where for example in one company *"what we do is obligate our top executives to become sustainability ambassadors, and then the rest of the workers want to become ambassadors because it is a status issue within the company."* In this regard these companies are aware that embedding CSR is a slow and laborious process, where the *"responsible culture has taken a long time to develop, and has required the involvement of all employees."* Said differently, for these companies establishing a responsible innovation culture seems to be a slow process that should start at, and include, the leadership, but must be transmitted to all layers of the organization. The central idea is that all people in the organization must feel like *"our role, not just my role, but everybody within the company, whatever they're doing, is partly to think about CSR."* The idea is that CSR can be an issue that makes workers becoming passionate, even obsessed, with particular activities, as *"CSR is without a doubt a source of inspiration".* As one interviewee told me very graphically, *"I think I was actually a closet environmentalist before joining the company, because when I joined I realized that I loved what they were doing, and I felt this is fantastic, and it was so obvious that we are on a finite planet with limited resources, so obvious. How could I have never thought of it before?"* In the end this culture gives people *"the motivation to work in a place where aside from having fun you make money. You are doing something that gives you an immense sense of satisfaction."*

Another idea these eight companies share is that having a responsible identity and reputation helps them attract talented people that they wouldn't otherwise be able to hire. One particularly clear example is Tecnol, which is a small company from Spain, but which because of their CSR policies feels it is attracting a very talented sales force. As one of the executives from Tecnol was telling me *"now it often happens to us that when our sales people talk to clients, the clients first ask whether is true that we have all these CSR policies, and when they respond affirmatively they ask sometimes ask whether there are any positions available because they may be interested in joining us".* Of course part of the reason they attract talented people in most cases is also because they are leading companies in their sectors, where *"being market leaders means that, for example, many sales men automatically want to work for you."*

However, their CSR policies seem to add a significant value to their capacity to attract talent not with salaries or benefits, but because of their reputation as a responsible company. In fact, in several interviews they said things along the same lines *"CSR was a big part of what attracted me to the company in the first place, really"*. The end result is that there is a sense at these companies that *"we often get a better quality person, because it's not just the role, it's the vision that they are seeing as well."* Thus, it is not only because of their reputation, but actually because of the way they do things, where *"we also attract a lot of good people into the organization from a recruiting point of view. And we also find, particularly with positions where people tend to move around more such as sales, where they might get caught by the competitors with bigger salaries and better benefits, that they tend to come back to us because they find that the grass is really not greener on the other side of the fence."* In this regard, these companies don't necessarily look for people who know about CSR, but rather *"we try to hire people with a spirit that we know will fit in our organization, because then people who get it quickly get into our way of doing things."*

In regards to employee policies, these eight companies also seem to try to engage workers by establishing good working atmospheres. This translates into sort of a family atmosphere that attracts people, where *"there is something really nice here, everyone is very nice, everyone understands what we believe in, it isn't weird, so, yes, it was a surprise to me."* In other words, there seems to be a sense in these companies that *"we are like a big family",* where there is *"like a fraternity, let's say, where we are like relatives and people are not afraid to ask. Then there is a lot of horizontality in this regard."* The bottom line is that a big competitive factor for these companies is their people, and sustainability seems to be a big part of their recruiting and engagement strategy.

Developing responsible products and services

Although I discussed and explained this topic at length in Chapter 6, here I want to focus on the things they have in common all eight companies when developing responsible products and services. In chapter 6 I showed that although seven out of the eight companies have significant policies in terms of integrating CSR in products and services, they do that at different levels. However, evidence shows that most of these companies (except Tecnol) have a clear strategy toward integrating CSR throughout their product and service catalogue somehow, where they understand that *"we sell because of design, because our products are cool, because of price, because of service, but also because of CSR."* In other words, CSR seems to be seen by these companies as an integral part of the product attributes, which increases the value of the products and services offered. For example, one of the interviewees explained how *"when designing a product or a series of products, you must take different things into account: you must consider the cost of raw materials, you must consider colors, you have to consider the cultural preferences in each country, and you must consider sustainability,"* which means *"that we want improve the impact of our products from a life cycle perspective."*

As in the case of culture and identity, most of these companies seem to focus in part the idea of integrating CSR in products and services in thinking about long-term. For instance, one interviewee explained *"that we must consider long term sustainability in the product area, which means not only asking how we make the product, but how we will make its successor."* Moreover, thinking long-term also forces these companies to look at the entire product, and not only at their own manufacturing process, where *"we realized that 70% of the impact of our products comes from raw materials and other suppliers, not from our factories"*, which means working up and down the supply chain. This includes working with the customers as *"when it's with the customer, I think there's lots of room for innovation and services, and redesigning, going in and taking the product back, maintenance…"* In the end, the idea is that the people in charge of products at these organizations *"have to have some idea of what products will look like in 20 years, and we all know that CSR will be a big part of that."* So, CSR in products and services is one of the areas where *"the innovation side of it is really product-related, because we want to make sure our products are different in the market place, and then come back to CSR and link to that, so that's where the innovation fits."* In this regard these companies seem to share an idea that a key to building a coherent and consistent narrative about the company is to connect products and services to identity and vision, as *"product development should be pretty much aligned with where we want to go, which is clearly very aligned to who we want to be."*

One very interesting finding regarding responsible products and services is that most of these companies seem to share the idea that CSR is very much related to product quality. In fact in several companies such as Interface, Danone, Mango or El Naturalista to give some examples, *"our quality people are often the first ones to check and control CSR attributes of products".* In this regard, these two issues seem to be interrelated for most of these companies because "*we are obsessed, and I mean obsessed with quality and CSR, where all products and components must be checked and double checked to make sure they comply with our quality standards and our CSR standards."* In fact, in some cases these companies seem to have included CSR as criteria to evaluate and select the launch of new products or elimination of old ones. For instance, as one respondent explained *"we have decided not to launch a product we thought could have been a successful, because our life cycle analysis told us it wasn't the right thing to do, so we didn't launch it."* Here again these companies seem to go back to the idea of thinking more long-term in the sense that *"we often make investments where the economic payback is in like 20 years, so never, never would a normal company invest a large amount of money that is going to pay for itself in such a time frame, but that is what we do many times, and we do it because is the right thing."*

Innovating Innovation

Authors like Henry Chesbrough have been saying for a long time that innovation is an evolving concept and therefore that a big part of the innovation process is innovating innovation itself. This means that to be an innovative company it is important to question and change even the ways in which the company has successfully been creative and innovative in the past. That is what Teresa Amabile (1998) calls promoting creativity and innovation. The first thing that is interesting about how these eight companies handle innovation is that they don't seem to approach innovation as a process to generate a particular value, but rather as a way to solve problems and to face challenges. In other words, at these companies there seems to be a tendency to see innovation as a way of looking at things differently and using different tools to solve them, as *"people are expecting to find solutions to things rather than necessarily innovating."* This means that for these companies innovation is about *"thinking and doing things in different ways and then translating that into something that actually works."* Thus, innovation is about developing ideas that solve problems, and also about transforming the processes and the products. As one of the interviewees said, "*you can do things differently in a laboratory but if you're not taking it to the market and making it happen, you might as well not have done it, really."*

A big part of the innovation process for these companies seems to be thinking outside the box. Thinking outside the box is an expression commonly used in business, but admittedly difficult to implement, because *"when somebody is very much focused on what they're doing, like I make this, and I make it flat, and we're experts at making this product, it's very difficult and kind of unfair to push them to come out of this. To say, do this perfectly and then go and think about something totally crazy, it's very difficult."* Therefore, to think outside the box these companies seem to focus on mixing up the working teams and on adopting an open innovation spirit. In other words, at these companies they seem to understand that to force people to look at things differently they need to put people together who actually look at things differently, and force them to work side by side to solve problems. In this regard, in some of these companies they look for an *"open innovation framework and moving away from having this R&D functions that are very closed, to having more kind of floating people who are managing these kind of networks across countries and business units."* The goal seems to be to generate working teams that almost organically become creative and innovative, *"to radically change the way we look at the problem, or the situation, or the challenge; however you want to call it. We had a situation and we had to sit down, talk, argue, commit to some things and we finally created a way of working that today is really innovative. It is a change that has been implemented and that has substituted a previously accepted way of working."*

Another interesting finding from these eight companies is that they not necessarily look for only, or even mainly, radical innovations. In fact they seem to believe that incremental innovation can be just as disruptive, on occasion even more so, than radical innovation. In fact, it seems that the difference between radical and incremental innovations for these companies is based more on how they look at the problems than on the size of the transformation generated. If the innovation is based on an existing process, it builds on things they already know, and then it is incremental. On the other hand, if the innovation requires looking at things from an entirely different point of view, then it is radical. Regardless, these companies agree that innovation is both incremental and radical, where often *"a more radical approach can then be integrated into the incremental stuff, and that's actually really interesting."* Because these companies seem to understand that *"what you find is a bit like an escalator. The easiest thing in it is to get the low hanging fruit, so the high hanging fruit we won't touch because it's more difficult and it costs a bit more money to do. But it won't go away, because you do the easy things first and then you do the more difficult things next, so these ideas sit there and when this idea you pick from the basket is a success, you take another one."*

Understanding innovation as an evolving and dynamic process also means that these companies learn by doing, where *"someone in the company will pioneer. They will break the ground, they will come up with where the problems are, so they have a learning curve and we must learn from that."* Thus, there seems to be a mix of the corporate culture pushing in a certain direction, but also experience showing that this direction is correct, as *"there was a learning curve, but there were certain aspects that were built into our nature anyway."* The point is that innovation often seems to generate unexpected results, and the company must be ready to absorb the most it can out of them, as *"this process has been a huge laboratory to turn this idea into a success, but it is also influencing a lot the way in which we act in other areas as well."* So, there seems to be a sort of trial and error going on that is not only accepted and embraced, where *"we have a lot of initiatives here, some champions, others not so much, but what is certain is that we learn a lot while we do them all, we learn by doing."* Thus, in order to promote an innovation culture, these companies seem to agree that they need to be open to different ideas, or said differently, to not initially discard any ideas because they are too *"out there"*. All ideas deserve to be discussed and considered, so that *"always at the beginning we study the ideas, as crazy as they may seem."* This does not mean to accept all ideas, but simply to consider them properly and then to *"have regular stop-go meetings in the project plan to say, okay, once we have the costing, does this look doable or not? If it doesn't, then it's dropped."* But at the beginning *"we share all of these ideas, and then the good ideas we move to the top and those are the ones that we'll take forward."*

This process does not seem to be necessarily about discarding ideas, but about transforming them into viable projects, because it seems that when different ideas are discussed they *"find that there is a convergence of ideas. There is a merger of ideas, there's an overlap with innovation projects. So we often see an opportunity to merge them together and start doing one or two things that are actually two or three projects, into one project."* The point is that these companies don't like to *"dismiss any of them initially. Some of them will fester on and vegetate and debate and think about for a longer period of time than others, that's all."* Nevertheless, there is a certain degree of selection process going on, but these processes, at least initially, are based more on experience than on data, as they often *"analyze them and make a judgment based on my experience and talking to the close people around me on what we think are the most likely successes."*

What seems certain is that in all these company innovation is driven by a culture in which it is understood that no idea must be discarded, and that ideas can come from anywhere in the organization. In other words, innovation is about openness, flexibility and dynamism where *"anyone can have an idea within the organization and put that forward."* So, innovation is a process focused on promoting the growth of creativity and innovation, understanding that *"some of this stuff that we've come up with, has come from Eureka moments lying in the bathtub, others have been conversations that have been held over a period of time, evolving to a new idea, and then other ideas have come from talking to external people about what's available in the marketplace."* Also, it is understood that looking at different ideas is done to stay open, but also to spread the risk, *"because we never know which projects will make it and which will not. Then you cannot put all your chips in one hand, you have to diversify."* This means that the company must be proactive to *"know the network, to keep your ears open, and listen very much to your external partners, such as suppliers and customers, being open and hearing what people want, that is where ideas are coming from."* In the end, as we mentioned before, these companies understand that *"we are innovative because we make tangible things, so that most of the work is focused in innovating in most aspects of the organization."* Said differently, innovation can come from anywhere, but also go everywhere.

These eight companies seem to share the belief that CSR contributes to innovation, as it forces the organization to look at things differently *"because if you think about social and environmental issues all the time in what you do, you're not just going down the straight, cheapest line. It becomes like a constant challenge, which is a lot more interesting than being kind of straightforward."* Part of the reason seems to be that companies often lack the skills and the knowledge to confront certain situations that they must face in sustainability practices. As one interviewee said, *"what do people in operations know about dealing with non-profits? What do people in marketing know about customers in emerging markets? These things we know very little about."* Thus, it appears that simply by asking people to integrate CSR issues in their job they are forced to think a little bit outside the box, or at least to look for people outside the box to help them figure out the problems. In this regard, it seems that these companies seem to innovate innovation by opening up to inputs from other parts of the organization, and even from outside, where *"some time ago, we used to do all of the innovation work within the operations area, but now it comes from the strangest places."* In part, the change has been brought on by the recognition that traditional innovation processes would not be able to take the organizations to their goals, particularly in the field of CSR. So, a first step in innovating innovation is to admit that you simply don't have the skills, the competencies or the resources to do what needs to be done *"so yes, we will work with other people to come up with a solution, and explore crazy ideas."*

One of the problems with innovating the innovation process itself is that it seems to be more complicated to manage, as it requires a certain type of people or certain type of skills that are sometimes not available in the company. As one interview said, *"it is stupid to think that one day you could arrange a meeting, take all your technical people internally, put them in the room and say, and think out of the box. These guys are living permanently in this box for 365 days a year, as soon as they walk out of that meeting they are going to go back into this box. They'll never get out. Now it's not to say they can't innovate and they can't think. However, for the innovation process, if they even think they're in the box, they've already had a bad start."* Thus, for these companies, the innovation process becomes, in part, about putting together people within the organization that bring in different ideas, and also forcing people from the company to look outside for other companies, organizations and individuals that can contribute to create the kinds of solutions necessary.

However, I found that like with other issues, for these companies this was not so much about establishing management schemes and processes as establishing the correct narrative, where *"for us it becomes more about fostering a certain behaviour than about managing activities, more about getting the system boiling. Managing represents a process, teams fully dedicated to that, and we think innovation comes from everywhere, and we simply can not get everywhere."* In this regard, these narratives seems to be constructed on connecting innovation to CSR and corporate identity, where innovation can be explained as a part of a responsible organization, where *"responsibility is partly about giving back to our environment part of the value we generate, but this also means that we must build together with our environment. Then it is not about giving back, but to build together a common project, where responsibility works both ways, because there is a point where you give, a point where you* *return, and a point where you receive, so that this is a common effort that involves a lot of people in and outside the company."*

Challenging the organization

When you interview people at these eight companies, it sometimes seems that the organizations are going out of their way to make the life of workers harder rather than easier. It seems that they actually looked for ways to challenge the organization, to generate contradictions, to foster tensions and to look for conflicts. One of the main ways these companies seem to challenge employees is by setting big, sometimes crazy, goals. The rationale seems to be that they need to establish goals that inspire people in order to generate innovation, *"because compliance is not conducive to innovation"*. This idea is very clear in Danone's example of the factory they established in Bangladesh, where the idea seems to be to *"put ourselves in situations that force us to think about everything upside down. We said that we could not get cold milk. That forced us to think what are we going to do? Then we thought we will first pasteurize and then work the milk differently than we usually do. Then we said, we could not have consistent energy. That forced us to think again what we were going to do? Then we thought we will produce biogas with the cows and see how we can use that, etc. All these became a laboratory where we were inventing something that worked more or less, that wasn't perfect, but which motivated us. Because of this experience we learned a lot of things that will help us in building other factories. Because our people who are experts on building factories realized that they know much less than they thought, and that they have to be creative when conditions are not perfect."* This Danone example illustrates this central idea that I found again and again; these companies force extreme situations to induce innovation as *"these types of crazy projects force us to forget everything we know, and to start from scratch, and that is an enormous source of innovation."*

Therefore, these companies share the idea that *"we must give people big challenges"*, and that CSR is one of the greatest challenges they can provide because *"if you don't aim for almost impossible levels of excellence of* *sustainability then you're only going to be making small improvements and you'll never get to where you want to be."* Then, these companies seem to purposely *"aim for impossible levels of CSR"*, but also try to send the message that despite not knowing how, there is complete confidence that the workers of the organization will succeed in achieving those impossible levels. In other words, they share the idea that *"you have to start telling your team that you're going there. Because otherwise, what's the point."* One of the reasons for establishing crazy goals seems to be to produce a shared vision, a final goal, because these companies realize that *"you have to start with this impossible dream of what you need and then you start to see, you start to understand."* The general idea seems to be to force the people to *"always be thinking what it could look like? How could it be the best that it could possibly be? And if it seems impossible then we have to find a way to make it possible, because that is where we need to go. I think this may be the connection between CSR and innovation: in having the big, audacious goals."* Thus, it seems that companies like these foster the establishment of *"big hairy audacious goals…because your brain has to think in a different way, and you don't immediately see how to get there, which forces you to be more creative."* The final goal is that *"if you aim for something really high, you may not reach that goal, but you will be moving in the right direction."*

In the end these companies seem to share the idea that the company must have different levels of objectives, where some of these objectives have to be clear and obtainable while others must be crazy, and even then some must be crazier than others. For example, one interviewee explained how *"if you establish easy objectives you will not get anywhere. That is, the objective always has to be an ambition, and for me an ambition is more than an objective. An objective is something that you can calculate in your excel and know more or less a possible way to get there. For me an ambition means that there is a part of this objective that you have no clue how to get. For example, you could ask me: do you know how to achieve a 30% reduction in CO2? My answer would be no. I know some part, but there is a part that still today I don't know how to get. But we have a list of projects, some crazier than others, which I am confident will get us there."* In this regard, CSR seems to be one of the areas with more uncertainty in terms of how to achieve the goals, perhaps in part because these companies are pioneers in the field and therefore are some of the first companies facing these challenges.

Accepting that these companies purposely define very ambitious and even crazy goals, it is interesting to explore why they choose these goals and not others. For example, why does a given company choose a specific target? Why a specific date? Here, according to interviewees it seems that these objectives are often defined based on a mix of intuition, logic and convenience. Some organizations choose a year because it coincides with their strategic plan datelines; some others define a specific target because it fits with the company and although being challenging it seems feasible. As one interviewee explained, *"if you peeped at us from a hole when we had this discussion, you would see that we do this things like a family decision of a small shop. Why 30%? Because we talked and decided that 20% was too little and that 50% was too much."* Another component that goes into defining these goals seems to be establishing objectives that give people the sense that they will require a lot of creativity to achieve, but that they can achieve them. In other words, the purpose is clearly to challenge, not to discourage, where *"you agree on your targets, but you couldn't simply say to do something totally impossible. We need to give them a stretch target, but a stretch target they agree that they can do and they will strive to attain."*

Another characteristic these eight companies seem to have in common is the will to empower people to take action. The logic is that a combination of setting crazy goals and empowering people will generate innovation and action in the company, and will foster the entrepreneurial spirit they seem to be looking for. This entrepreneurial or intrapreneurial spirit means that employees feel that they can and should take initiative and be creative, to think of themselves as entrepreneurs within the organizations. In this regard, people at these companies often explain how *"we're given a lot of freedom to push certain boundaries, so it fits the entrepreneurial concept. Even if we are not developing it like that, that's where a lot of the innovation comes from, from internal champions looking to confront a particular problem. That's where the CSR kind of culture breeds, I think."* Thus, in order to foster an intrapreneurial spirit these companies seem to focus on giving workers both responsibility as well as resources, trying not to constrain or kill their initiative. As an interviewee explained, *"my boss tells me this is an idea, this is another, and so forth, but he rarely tells me you have to do this."* This seems to be even more important when dealing with CSR issues, where units or departments understand that they simply don't have the know-how. For example, one respondent was telling me how *"what I was told is that we want to get to our goal, after that do whatever the hell you want",* or why at another company *"there is an idea that is launched, and then each business unit, each factory, each department, has to implement that idea in its own way, according to its possibilities, however we can. So we all go in a similar direction but each of us follows our own path. There is no implementation manual."*

One of the principal ways in which these companies seem to want to challenge the organization is by fostering contradictions, embracing paradoxes, and not running away from conflict. The underlying idea seems to be that tensions and contradictions can be great sources of innovation. For example, setting crazy goals and empowering people to face such goals generates tensions and contradictions, where *"here there is a great truth: we love contradictions. For instance, I can tell an executive to reduce CO2 emissions by X% and at the same time to increase sales by X%. He will probably think that he cannot do both at the same time, but he will have to figure it out."* In this regard at these companies they seem to embrace the idea that *"contradiction is a source of creativity and of innovation. And here, the bosses never tell me what to do. They tell me to do it, you know? And then I am the one responsible to get it done, and more importantly to find the way to do it. If there is a problem as well, they will tell me to be clever and find a solution."* In this sense, these companies believe that workers need to feel responsible for what they do, where *"here we depart from an assumption, which is that if your boss tells you to do something, and you do it and it doesn't work, it is not his fault, it is yours. Because you are responsible for all your actions and if it was wrong it was because you were unable to convince your boss that it was wrong."*

In this regard, CSR seems to play an important role in fostering contradictions and paradoxes, as *"by default anything or any role related to*

CSR is kind of intellectually more complex than a stroke line solution for the cheapest or best whatever solution." Said differently, CSR seems to be viewed by these companies as inherently more complex and conducive to generating dilemmas within the organization, particularly in regard to competing CSR and business goals. In addition, CSR becomes a multiplier for innovation. Perhaps that is why in these companies they feel that the organization tends to *"drive people mad, where we're always saying, no, we can't use that, we can't use that, what else we can use? What else is out there? It is really irritating but it works."* Part of the problem is that companies like these seem to fall into a cycle where, because of their culture and reputation, they are expected to act a certain way, and this seems to become a sort of self-fulfilling prophecy where *"having responsibility generates more responsibility. It is good for our image and reputation, but it gives us a lot more stress to do things in the right way."*

In order to be challenging and to simultaneously empower people, these companies seem to be willing to accept or even promote failure, to take risks and to work with intuition. When I ask for specific examples of successes and failures, interviewees explain how *"it has been worthwhile to fail 10 projects in order to get the two successful ones that will give you the growth you need."* This requires embracing a culture where *"we believe in having ideas, in innovation, and that is here, but I have not seen it in many other companies where there is a make no mistakes policy. When you don't fail you don't innovate. That is what here we call successful failures, where we embrace the idea of having a culture where we let risky projects run their course."* This culture seems to be accepted by these companies, understanding that *"if it fails it fails".* As one interviewee said, *"we were trained to be able to make a mistake and not worry about it. We tried, and oh, that didn't work, and then we said let's try this, and oh, that didn't work as well…So the idea of not being frightened of failing has been put into our heads."*

So, part of learning process in these companies seem to be run by trial and error, and by learning by doing, where they *"have learned a lot from our mistakes. This is a classic process of experimentation more than of innovation, you know? We want to invent, to experiment, to learn from our mistakes, to mobilize people that have different skills than the ones we are used to working* *with, and we also want to increase our knowledge, we want to learn."* A big part of the process seems to be admitting the limitations of the organization, and all the skills, competencies and knowledge that they lack and where they need help. *"We often see people in our company say: look, we get until where we can get, and from there we don't know how or we simply cannot do it so we need ideas."* Thus, an important piece of the puzzle seems to be to not be afraid to admit their limitations, but also not to run away from challenges the company does not quite know how to face. To the contrary, try to face these problems and even look for them. That implies that for these companies they have to accept the uncertainty that is inherent to these projects, because they understand these are not usual projects, but rather are more like investments, so that *"when you pitch a budget in an organization, you don't put a return on investment. It's not like a capital investment, where you have to show a payback. This is just an investment. If it doesn't work, it doesn't work. It's like when you hire somebody, if they turn out to be not as good as you expected you try to put them someplace else and you move on, but you understand that you will always hire some people that will not turn out as expected, and the same is true for these type of projects."*

The optimist organization

One of the things that became apparent was the feeling of confidence and optimism people working in these companies apparently share. There seems to be a shared sense that these companies can do almost anything if they set their mind to it, and that they can face most challenges that come their way, however difficult these may be. In that regard, people at these companies seem to share a sense of purpose, almost like they are on a mission. This mission revolves around the idea of being competitive above all, and of having innovation and responsibility as the central pillars on which to construct the competitiveness model. As one interviewee explained *"the best thing for a company is competition, because if you have good competitors you have to be better than them, so it makes us work harder."* In other words, these companies find that competition can push them to improve and also to look at things differently, even to generate healthy internal pressure from the organization where *"you also want to get that pressure internally as well from people saying:*

what's happening with our CSR goals? How are we doing?" The general idea for these companies seems to be the sense that in order to be competitive and responsible, the only possibility is innovation.

For instance, at one of the companies they explain how *"the group wants to promote the idea of staying in blue waters, or in other words, always moving in the field of innovation and therefore staying ahead of the classic hard competitiveness arena, which would be what is called red waters. So for us is the blue option, which means navigating in new markets, new things and with no cannibals around us. Red option would be for us when you fight and there is blood. We don't want that. We want to stay ahead of our competitors so that we don't have to fight with them on things like prices."* Similarly, another interviewee from another company explained how *"we have to keep evolving and coming up with new things, because our competitors, not that they can copy us exactly, but will come up with a similar product, service or process. So we have to keep one step ahead all the time. And I think that is probably what makes us different, with the sustainability banner with it as well."* Thus, these companies share a sense of mission in terms of being innovative and responsible where these two concepts feed and reinforce each other.

In these companies there seems to be a shared feeling that there is a virtuous cycle where the better and more credible the company's culture and identity for CSR and innovation, the more the company will foster and pursue CSR and innovation, which will then help the company strengthen their identity and culture, and thus closing the cycle. This obviously is not without risk, as people in these companies understand that having such a reputation exposes them even more to scrutiny and pressure. This, however, seems to improve their sense of focus and purpose even more. There appears to be an understanding that once these companies set their mind on something, it will get done, where different interviewees would say things along the lines *"now that we have decided on a path, and we have publicly committed to getting there, surely we will get it done."* In the end, there seems to be a sense in these companies that they tend to do things differently, as *"we don't necessarily do things that other companies would do, or we might choose to do things that other companies wouldn't do."*

Although these companies are not sure about how things will evolve, there is a sense that some things will always remain important because it is part of their identity. In this regard, this sense of purpose seems to translate into the way these companies act on a daily basis, and more importantly on the way they think strategically. For instance, one of the interviewees explained how *“we spend a lot of our money in buying new machinery so that we stay ahead of the competition, but again all of that is engineered, besides meeting the marketplace requirements, it’s engineered towards our CSR vision.”* Thus, for these companies having a shared sense of purpose based on concepts like innovation and CSR seems to represent constantly re-evaluating policies and practices while also believing that the company has the capacity to overcome the challenges generated through this process.

Talking to people at these companies one also gets the feeling that besides a sense of purpose they share a sense of belief in the capacity of the organization, where *“there is science and knowledge and enthusiasm, and aside from that there is the will to persevere and solve the problems in the long run.”* This can be seen especially when discussing some of the crazy goals with interviewees, where even though they admit that they have no idea how they can reach the public targets announced by the companies they affirm *“yes, we’ll get there, it might be only 98% of the goal, but we will be there.”* In this regard, there is a sense in these companies that optimism is almost a key competence to work for these organizations, because *“people who are successful in this business tend to be the optimistic people who embrace the values of the organization and run with them, and not the pessimistic people who are skeptical and stall them.”*

Thus, optimism seems to be a central quality to the organization itself and to the people working in the organization. In part, optimism seems to be generated because these companies appear to go out of their way to make the working environments particularly challenging and dynamic, so that perhaps the only way to survive is to believe in yourself and in the organization, as *“the impression that you are given from the company comes because the people you are talking to are particularly optimistic people. It takes an extreme effort. And we have extremely difficult decisions to make. So you have to be optimistic* *to work here."* Also, at least in part, this shared belief in the organization seems to come from experience, from the evidence that in the past these companies have been successful where the *"history of our company gives us a lot of assurance that the new things we do will work out as well. Because we already know many things, we have learned, and also in this organization you can always ask around if you don't know something."*

Besides purpose and belief, these companies also seem to share a sense of pride and belonging, which reinforces the company's identity. Furthermore, this sense of pride seems to be a central tool in developing and explaining the firm's narrative, where in some cases these companies feel that *"we are a cult company, particularly in terms of sustainability. If we lose the opinion leaders, the NGOs, the activists, society… we will lose our brand".* In other words, being responsible and innovative works both as a magnet to attract people, as a system to build a corporate culture and identity based on innovation and CSR, as well as a tool to get people aligned with the strategy. As one interviewee said, *"as an organization it does bring people to that, and it means it's something you can say and be proud of, that the company is aiming for this, but it also means that you have to consider all these things, it's a pressure you get, where you have to ask yourself: alright what are we doing? What is actually happening? How can we do it?"* Thus, ironically, these companies, in part, seem to be responsible and innovative precisely because they say they are responsible and innovative, which makes them feel like they are unique in that *"we know that the more we sell the better, because we have a product that is good, that is sustainable, and on top of that we do additional things to help people and the environment."*

The last characteristic that seems to be an important role in making these companies optimistic is the sense of trust. It seems that these companies place a lot of weight into maintaining their reputation as CSR leaders, which translates into achieving their objectives as *"yes, we will lose a lot of credibility if we don't achieve our goals."* In this regard, these companies understand that *"we always have to be careful, because credibility is a very rare attribute. The lack of credibility is commonplace out there."* To that end, these companies seem to share the idea that their goal is to change the organization, to integrate these issues in the DNA, rather than developing some external plans to appear responsible. As one interviewee said, *"we don't want to change the world; we want to change our world. We do this first and foremost out of conviction, but we also know it serves our self-interest. Because there are no traditional indicators to measure performance in these sort of initiatives, but we have many experiences and examples of paybacks and returns from CSR projects. We know that sustainability affects the loyalty of our employees, affects the motivation even of employees that work for other companies that work with us, for example distributors, it impacts how we are perceived in the market. All of this has an enormous impact and we can see it, because the credibility we have when we face a crisis, when we must open a new factory or we must launch a new product, the credibility with communities, business partners, nonprofits and other stakeholders, all this is truly strategic."* Finally, trust and credibility comes from showing that these companies can be *"successful at what we do, and we can demonstrate that we can stay successful over the long run."*

The genuine organization

One of the central debates in the field of CSR revolves around whether companies are actually generating strategic value from CSR, or rather they are approaching it from a public relations perspective simply to paint an image of the organization as a responsible and ethical organizational. In other words, the issue is whether CSR is a purely cosmetic management issue to satisfy demands from certain company stakeholders. For the eight companies studies it seems that these companies are genuine in that they truly consider CSR a strategic issue and they are actually *"walking the talk"*. Evidence shows that these companies have a commitment, even an obsession to be authentic in their claims regarding CSR. The rationale for that, according to them, is twofold: on the one hand being genuinely invested in CSR is one of the key factors that sets them apart from other companies; and also being known as leaders in CSR they need to be especially careful with not making false claims. These companies admit that when they started focusing on CSR they could get away with simply making some public commitments and defining some objectives, where *"we were able to generate enough attention and cover our stakeholder expectations by setting these very complicated objectives, because the* *objectives themselves where so ambitious that they were sufficiently sexy. But we now have to show how we are advancing year by year toward these objectives, and show the actual practices."*

The eight companies studied seem to feel that while their competition for leadership in CSR use to be very small, more and more competitors have realized that CSR and innovation can be strong strategic assets to give a competitive advantage and they are developing their own policies to compete with them, sometimes directly copying what these eight companies have been doing. This apparently complicates the search for legitimacy for the eight companies, as now not only they must present evidence, but they have to be aggressive with their competitors, *"so it's an interesting time, a challenging time at the moment, having this reputation as a pioneer in CSR and pushing customers and pushing the market and pushing CSR, to now be in a position where there are other companies in that role, and so we need to be a bit aggressive about how we position our story."* So, again these companies seem to focus on how they construct and position their narratives, and apparently because of the growing competition these narratives are becoming more and more complex. For example, it seems that now for these companies one of the key parts of the narratives is to gather evidence, prove that the company is doing what it says is doing, explain why this is the right way to go and to finally hope that customers, clients, business partners, communities and other stakeholders recognize the difference.

One of the ways these eight companies are finding to show their position of leadership is by *"being more transparent. If you cannot fight with them using the same tools they use, and you don't want to become like them claiming things that are not true, or at least not sufficiently demonstrated, then you have to take a step back and tell your clients: these are our numbers, this is our data, judge for yourself. So in the long run we have an advantage because we can show that we are doing what we say we are doing, and we will show that we are going where we say we are going."* Nevertheless, legitimacy and authenticity in regards to sustainability seem to be very important issues for companies like the eight case studies, as it seems to be more difficult to stay at the top than to get there, because *"you set yourself up on a pedestal and you say to the world,* *this is what we're going to do, and you set very ambitious targets in the future, you know, it's hard to maintain that. But we have to do it. And we do it."* In this regard, these eight companies seem to share the idea that there is a growing tendency to not only change how companies report on CSR, but even to include CSR issues in the ways companies measure performance in general, where *"the day that the way to measure a company's performance changes, the next day decisions will be made differently, but we will already be more than half way there."* In other words, they believe that being genuine is also an investment in that it forces them to find ways to measure, explain and report on issues that in the future will become common practice in the market.

Thus, these companies apparently recognize that only through being honest and true about what they do can gain legitimacy. In terms of CSR this means understanding that *"many companies have CSR to say they have CSR, but we have it for a specific purpose: because it is part of our value proposition as a company."* This is why these companies *"don't like single claims: 100% recycled, 100% natural. It has to be something more based on the global impact of a product, on the big picture."* In other words, they feel that they have to be able to show how the company or a specific product and service wants to contribute to the world, they feel that people are saying *"cut the crap and tell me how you contemplate these products' life cycle."* In that regard these companies seem to share the idea that a critical part of CSR is communication, where *"you always have to be careful with how you communicate or market CSR, where you really have to be honest. If you over promise, it generates a boomerang effect. That is why I am telling you this. You have to be humble, you have to feel ashamed to say some things, and you have to be careful. If you don't, people may think that you are taking advantage of them or of really dramatic situations or of desperate people."*

Thus, humility seems to be a way to effectively communicate CSR issues, the theory being that *"if for instance you say: believe me because I am sustainable, people may not buy that. On the other hand, if you say, this product has 68,5% of recycled material, then people are more susceptible to believe that. We believe that companies that say how wonderful they are, do not have as much credibility as the companies that give a lot of information and let others* *be the judges, even admitting their shortcomings or when they don't get as far as they want."* In the end, these eight companies seem to understand that they are exposed to a higher risk.

On the one hand, as I explained these eight companies are now facing more competition on the CSR field, and on the other hand they are more scrutinized and looked at than other companies. That is why they understand that *"we must be very coherent; very, very coherent. If you are very proactive in these fields of CSR and doing things for society, and you are more active than most, and one day you have a problem related to this, you will pay a higher price than another company would. For example if we say that we want to take care of our people, that we want them to feel good and to grow, I am referring to our employees, and also we say that we want people to improve their quality of life. And we are very proactive and develop projects to do just that, the day that we have a problem in our house with an employee or with a community around us, however small the problem may be, we will be hit. Companies that don't say anything go unnoticed."*

In this context, one of the most sensible and complicated areas for these companies is transparency and communication, which *"…is something we're learning every day. How much do you say internally, how much do you say externally, and there are no rules? Each project has a very different life cycle."* What makes communication strategy so complex seems to be, in part, the fact that before being transparent you must have the information to communicate. Said differently, *"you have to give the information to your clients, you have to commit and be transparent, but often you don't have the data."* This means that *"often there are very specific problems such as simply publishing the recycled content of the products, which is a nightmare for operations, because if you want to be rigorous and talk specific numbers, it is not easy to come up with the exact percentages."*

However, despite the difficulty of coming up with data, these companies understand that they must do it because their stakeholders demand it. In the end, these companies seem to feel that they must be transparent and communicate all CSR policies because it is a legitimacy issue, because it is something that they have openly and publicly made a commitment to. Many times transparency is also a way to show that the company fulfils its promises, where *“the company has committed publicly, we have boasted about it, and we have defined it as a central company objective, and our president has said that we would do that. The president doesn’t want to look bad.”*

This is why in these eight companies a big part of the responsibility of the CSR departments seems to be to communicate what the company is doing in CSR, to construct the narrative, and *“to help other departments, especially marketing, to tell the story. To help them write the communication material, even the advertisements, to help define how we should talk to clients, to set up courses to train sales people. If we don’t communicate what we do in CSR, how we do it and why, we’re throwing away important tools and we are also taking unnecessary risks.”* In this regard, CSR professionals at these companies also try to improve the communication outside the company, where for instance one CSR director was telling me how he is *“responsible for communicating our sustainability strategy, externally. I give more than 50 presentations and interviews a year to make sure our message gets through, and I spend about 40% of my time publicly speaking.”*

However, as these companies are pioneers in CSR, there appears to be a tension between being transparent but also not giving too much information that can help their competitors imitate them. In that regards, these companies recognize that as leaders they also have a responsibility to share information with other companies, which may wish to develop CSR, but they also don’t want to hurt themselves by giving too much. Thus, these companies seem to have a communication strategy where *“we will give examples of things that we’ve done and things that we’ll move forward, because we want people to move forward and learn from that. But obviously if it is a brand new development that we were in the middle of the innovation, we wouldn’t be sharing that. But other actions that we’ve put into place, you’ll see that we do make them public.”*

One interesting finding is that these eight companies seem to try to downplay a little bit their achievements in terms of CSR, where they *“must feel that we are not bad, but also that we could do a lot more.”* In part, this humility seems to emanate from the search for authenticity and legitimacy, but also as a tool to keep the organization on its toes as *“whenever we have the humility to admit that we don’t know something, we automatically open ourselves to doing something new.”* Thus, quite interestingly, for these companies admitting a limitation spurs curiosity and creativity to overcome such limitation. That is why it seems that these companies are less aggressive in terms of CSR communication, in part because they understand that showing limitations builds up their credibility as legitimate responsible organizations.

For instance, one interviewee explained how *“we’ve been quite open with clients about what is hard and what is easy, and we discussed errors that were made along the way. In the end we explained how all these made us stronger, and helped us build our knowledge on the sustainability journey.”* Thus, these companies have *“as a top priority helping other companies and the ones who want to come on board will be welcome, and we are totally open. But most of all we want to help our people, our environment, and our ecosystem. That is our priority. That is why in all these CSR issues we must be very humble; we must say plainly that we know very little, that we have learned a lot, but that the more we learn the more we realize how little we know about these issues.”* In that regard, there seems to be a shared understanding among these companies that admitting their own shortcomings and not overemphasizing their successes is also a way, a tool, for them to instil this culture and identity of constantly looking for new ideas, of keeping creativity alive and of integrating sustainability into core business processes, and constructing their CSR narrative.

Turning shared characteristics into an organizational model

As have shown, although these eight companies seem to develop different responsible competitiveness strategies built around different core competitiveness factors, all eight companies seem to share 10 qualities in terms of the ways in which these companies institutionalize responsible competitiveness in their respective organizations. Furthermore, looking at the 10 identified qualities; it becomes clear that they apply at different levels of the organizations. Some of the characteristics are more strategic assets, competencies or qualities. Others are more conscious strategies to move the organization in a certain direction. Yet other characteristics seem to be more core attributes of the firms, or, said differently, what defines the company's identity. As shown in Figure 19, looking at the 10 qualities through these three levels helps to understand how the system works.

Figure 19: Responsible organization shared qualities

In that regard, the question I was trying to explore in this chapter about ***how does a company develop a responsible competitiveness culture?*** Seems to be answered, at least in part, through the identification of this model, which shows that companies that develop responsible competitiveness strategies apparently do so by implementing 10 central characteristics at three different levels. This model apparently works as follows: (1) these companies have three central attributes, which define their identity as organizations. These attributes shown at the center of Figure 19, help embed responsible competitiveness at the heart of the organization by instilling in organizational identity the need for being genuine in what they do, being optimists in that they believe in themselves, and being responsible in terms of simultaneously being competitive and socially and environmentally responsible. These three attributes define the character of the organization, how they confront problems and respond to them and how they look at the present and the future. These three central attributes also define the core of the narrative of the organization; (2) Building on these three central attributes, these companies establish a strategic focus or strategic thinking on practices that can help them translate the three central attributes into practices. This is the second circle shown in Figure 19. In order to do that, they focus on challenging the organization by fostering paradoxes, in putting innovation as a central goal of all areas of the organization, and on being nonconforming and taking risks; finally, (3) these three strategic ideas shown in the second level or circle help to translate the three central attributes into actions. This means that apparently these companies make sense of how embedding the three central attributes translates into changes in strategic processes described in the second level, which in the end also translate into the need to develop particular assets in the organization necessary to carry out these new strategies. Thus, in the last level or third and external circle of Figure 19, the model shows how these companies need to have inspiring leaders and examples, develop a responsible innovation culture, have an engaged workforce, and integrate CSR in products and services.

As I explained at the beginning of this chapter, one of the goals of this dissertation is to help companies who may not be as advanced as these organizations studied, develop their own responsible competitiveness strategy. In that regard, the learning for other companies and practitioners from this model presented in Figure 19, would be that it is possible to construct an identity and a narrative around CSR and innovation, but that in order to do that the company would have to develop these 10 characteristics, and to do so following these three levels of attributes, strategy, and strategic assets. Having said that, another interesting conclusion from the analysis of these 10 shared qualities among responsible competitiveness companies, is that there seems to be a connection between the characteristics at each level of analysis, generating what could be considered sort of virtuous cycles, where the different characteristics identified at each of the three levels affect and reinforce each other. This can be seen in the descriptions of each of the characteristics, where it becomes apparent that they are connected.

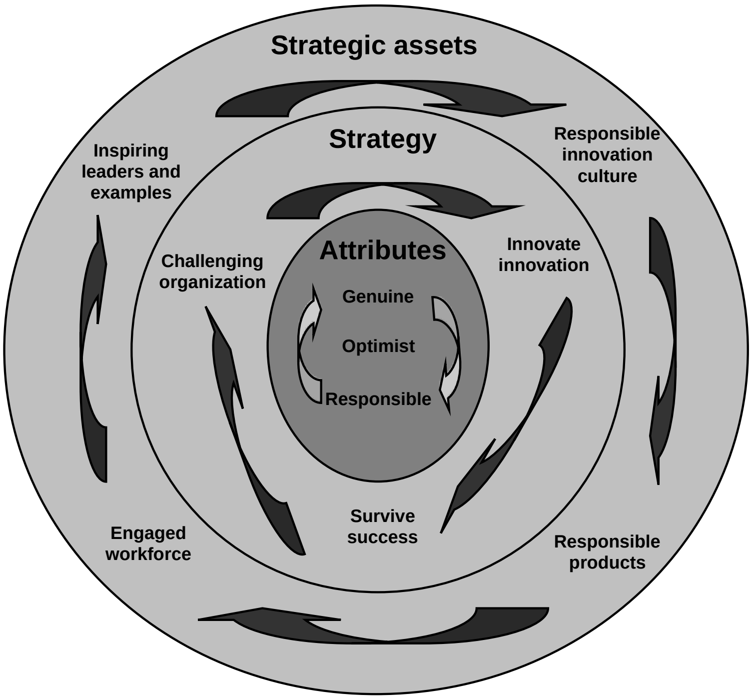
For instance, in the case of the three central attributes identified, it seems that the three central attributes cannot stand on their own, as they are intimately interconnected. For example, being responsible forces companies to establish ambitious goals in regards to social, environmental and economic objectives; then, being genuine forces these companies to advance toward achieving these objectives by investing and innovating; ultimately, since these goals are sometimes extreme, or crazy to quote how many interviewees described them, the company needs to be optimistic in that it forces the organization to face these challenges and believe that they can be achieved, and sometimes even push further. Then, being responsible closes the cycle in the first level, as it pushes the company to deliver concrete results on these objectives defined.

At the level of strategy something similar can be seen from the empirical evidence. As shown in Chapter 7, CSR seems to have many inherent paradoxes and tensions, particularly in terms of *“the responsible competitiveness paradox”* that produces competing demands between CSR and business goals. In this regard these companies seem to embrace these paradoxes and even foster them, which generates a very challenging environment. These challenging environment needs to be managed through being very creative and innovative, which requires the company to be open to new ideas and to take risks, which means not being afraid to try things and to change, even when talking about some of the areas where the company has been more successful. Then, accepting paradoxes, embracing innovations and surviving success generates an even more challenging environment, which again closes the cycle at this strategic level.

Finally, these attributes and strategies are integrated in the organization through four central strategic assets. First, inspiring leaders and experiences are directly responsible for constructing an identity narrative that is filled with good examples of decisions, actions and projects that show how the company behaves when faced with sustainability challenges. Second, having this responsible narrative helps the organization establish a responsible innovation culture, where it becomes accepted throughout the organization that there is a certain *“way”* in which this company does things, which includes placing CSR and innovation at the heart of corporate culture. Third, having responsibility and innovation embedded in corporate culture, means that all company practitioners rethink and change the way they do things, precisely to be consistent with this culture of responsibility and innovation, which translates into changes in the company’s products and services. Fourth, having these inspiring leaders, a responsible culture and sustainable products, engages workers more, as they feel that the corporate culture has a better fit with their personal values, they are proud of their leaders, their company and the products and services they sell. Then, as in the previous two level, at this level of strategic assets the cycle is also closed as having a more engaged workforce generates and attractive working environment, which both attracts inspiring leaders as well as allows for the appearance of internal ones.

As shown in Figure 20, these three virtuous cycles of central attributes, strategic choices, and strategic assets, produce what I described at the beginning of these chapter as the organizational infrastructure of responsible competitiveness. The logic would be, that a company interested in developing a responsible competitiveness strategy should work on developing a similar culture.

Figure 20: Responsible organization dynamic model of virtuous cycles

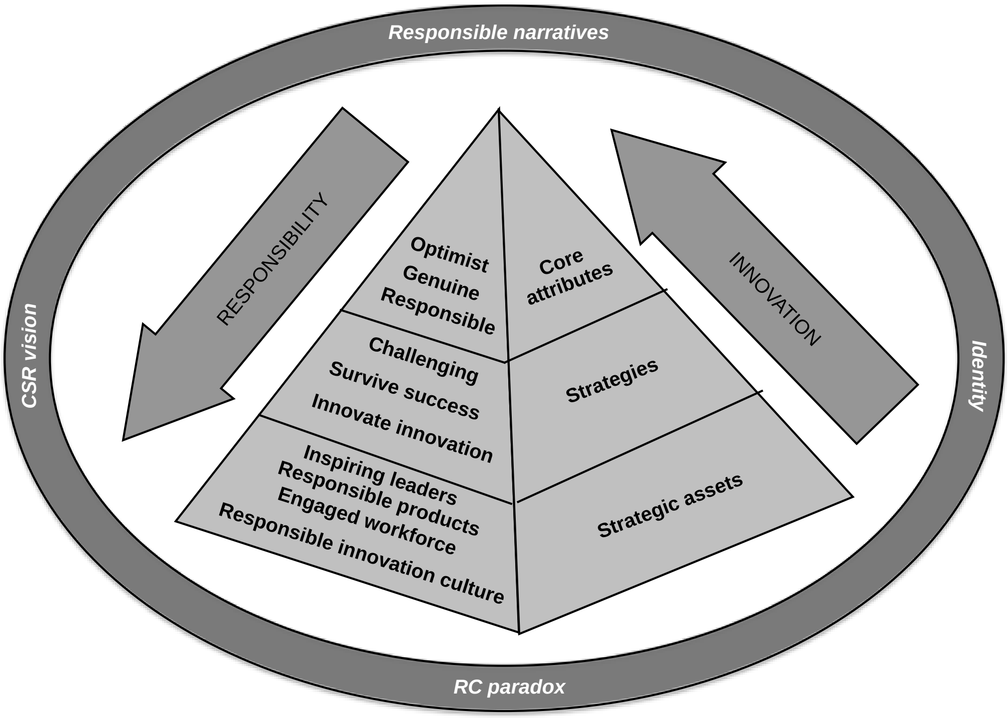


Conclusions

I am not suggesting that this model presented in Figure 20 entirely explains who these eight companies are and how they work. There are many other aspects and factors that would probably be relevant in any description of these companies such as performance, productivity, or quality, to name a few. However, I suggest that this model explains what makes these companies different from others in many ways, and particularly why they are so deeply obsessed with issues of responsibility and innovation. In this context, this model does show how each of these three levels of analysis (i.e. attributes, strategy, and strategic assets) seems to be closely interconnected.

This is not to say that each of the three levels is independent from each other, as they are also connected, where the nature of the central attributes demand certain strategies, which in turn require the development of specific strategic assets naturally fostering a strategic focus on innovation and CSR. These then consolidate and further reinforce the central attributes, and so the virtuous cycle develops. The conclusion seems to be that as long as these companies have the virtuous cycles in place at the three levels of strategic assets, strategies and core attributes, the companies will naturally or organically develop their responsible competitiveness strategies. Then, these companies use this system to build their narrative, where the 10 characteristics and the 3 levels appear as key parts of the story. This process can be summarized in Figure 21.

Figure 21: the responsible competitiveness infrastructure



In other words, the main conclusion from this chapter is that these eight companies embed responsible competitiveness through a system that departs from three central attributes that shape the character or the vision of the organization by being optimists, genuine and responsible. These three attributes, which work into a system where they affect and reinforce each other, are translated into specific strategies for the organization. These strategies are not so much about specific goals, but rather on a way of doing things, a strategic thinking, where the eight organizations establish challenging environments (focused around embracing paradoxes), surviving success by taking risks, and being innovative in the broadest sense of the word. Again these three strategies are interconnected as it happened with the attributes. Then, these strategies become concrete in the organization through having four specific strategic assets, which seems to be conducive to responsible competitiveness, which are inspiring leaders, responsible products, a responsible innovation culture and an engaged workforce. These four strategic assets as well are interrelated.

Furthermore, the process through which each organization transforms these three internal attributes into the three specific strategies and then on concrete strategic assets is a learning process for the company, where the organization develops central values or principles into concrete strategies, policies and practices. Then, apparently it seems that once the companies learn to connect practices with principles, then the companies find ways to innovate, where departing from the strategic assets (i.e. inspiring leaders, responsible products, engaged workforce and responsible innovation culture), the company rethinks or transforms its strategies and then also it adapts or reframes core attributes. Companies build their responsible narratives around these 10 characteristics, containing these 10 qualities, which also help understand and manage *“the responsible competitiveness paradox”*, as well as establish a clear CSR vision.

In sum, in this chapter I answer my third secondary research question of ***how does a company develop a responsible competitiveness culture?*** as such a culture seems to be developed through these model shown in Figure 21 above, by which I conclude that companies that develop responsible competitiveness strategies apparently do so by implementing 10 central characteristics at three different levels, through a learning and innovation cycle, and as part of a system that is internalized and formalized through building responsible narratives.

Chapter 9 – Conclusions and Next Steps

"Even in literature and art, no man who bothers about originality will ever be original: whereas if you simply try to tell the truth (without caring twopence how often it has been told before) you will, nine times out of ten, become original without ever having noticed it."

C.S. Lewis

I started this dissertation by noting how the debate around corporate social responsibility has gone from focusing on whether companies should develop CSR policies to how they should do it. Existing literature has presented extensive evidence supporting companies' need to internalize social and environmental issues, as they have a clear impact on some competitiveness factors. However, although some authors have tried to analyze how companies actually carry out the integration of these issues in business processes, research on this topic still has a long way to go, in particular with respect to how companies frame, embed and manage social and environmental issues to gain a competitive advantage. In this regard, this research has taken a small step in advancing knowledge in this field, exploring and better understanding how leading companies manage CSR strategically in practice.

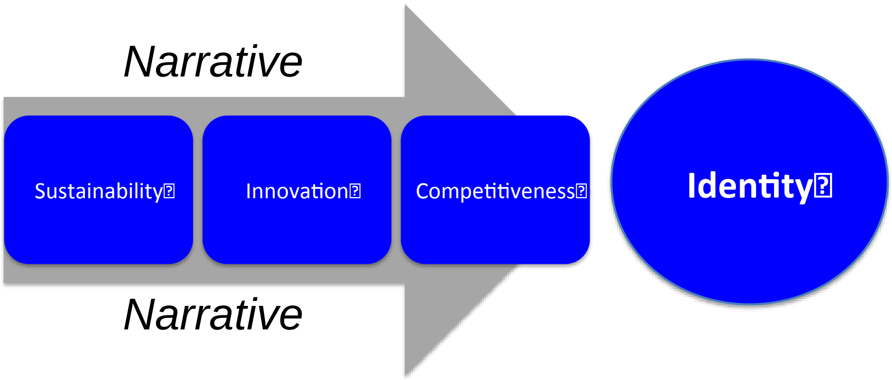
Using the concept of responsible competitiveness – i.e. business concept by which a company can simultaneously improve economic, social and environmental performance (Zadek, 2006) – this study of eight leading companies in this field ends with the summary of findings that address the nature, the development, and the management responsible competitiveness in practice. Thus, in these conclusions I try to summarize how this research has helped answer the research questions, and point toward some additional contributions of this research. I conclude with a discussion of the research's limitations and propose an agenda for future research.

Managing responsible competitiveness

As I explained in the introduction, one of the key departing assumptions of this research was that some companies are finding a connection between competitiveness and CSR, but that the nature of this connection is not clear (Griffin and Mahon 1997; Mackey, Mackey and Barney, 2008; McWilliams and Siegel, 2001). In this regard, through this research study I sat out to study eight companies that apparently are finding ways to successfully integrate CSR in their competitiveness model into what some authors call responsible competitiveness strategies organization (Emerson, 2003; Porter and Kramer, 2011; Zadek, 2006).

This research confirms that the eight companies studied derive value from implementing CSR, but that each of them seems to design a different strategy based on their unique competitiveness model (Barney, 1991; Prahalad and Hamel 1990; Prahalad and Marshelkar 2010). In this context, this research concludes, that at least for the eight companies studied, responsible competitiveness strategies are not defined or developed using traditional business processes (Mintzberg, 1994), but rather using narratives that help organizations internalize these strategies and incorporate them in practice (Ardley, 2006). Furthermore, evidence shows that for these eight companies, the way through which social and environmental goals are turned into actual strategies, policies and practices, is through innovation (Nidumolu et. al., 2009). Then, these companies seem to place these responsible competitiveness narratives in their corporate culture, placing CSR, innovation and competitiveness as three central pillars of their organizational identity (Ibarra and Barbulescu, 2010). This general conclusion from this research can be summarized in figure 22.

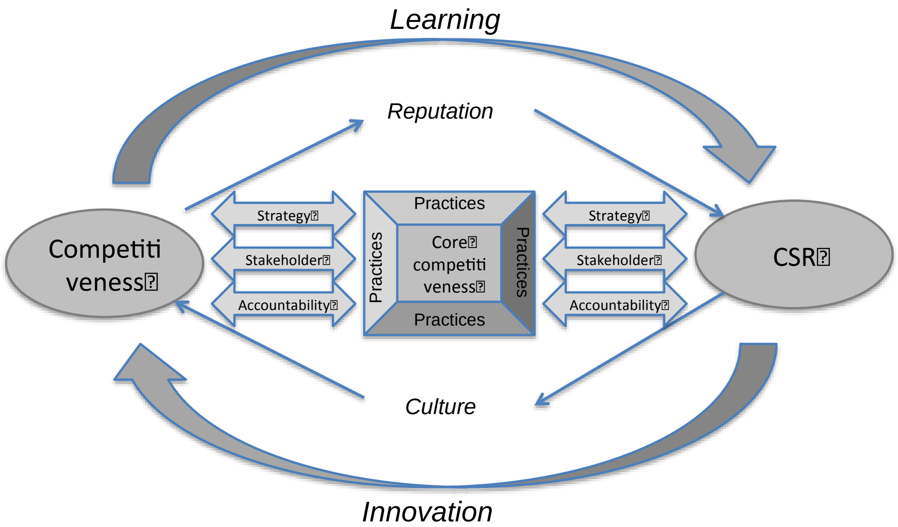
Figure 22: summary of the findings



However, as I explained in Chapter 4, the central goal of this dissertation was to explore how companies manage responsible competitiveness. In this regard, as I discussed in Chapter 6, evidence seems to support the idea that these companies are connecting CSR and competitiveness using a similar process but based on their unique competitiveness model. In other words, as shown in Figure 11 (I repeat it here to facilitate reading, but it comes from Chapter 6), companies seem to develop their own unique responsible innovation strategies based on their specific value propositions, but then also wrap around this central focus the rationale for CSR to affect or change other practices. In this regard, leading responsible organizations apparently use strategy, stakeholder management and accountability processes to integrate CSR in the core competencies and competitiveness.

Furthermore, my analysis supports the finding that leading responsible organizations drive these changes, or perhaps rationalize them, by looking at how embracing CSR as a core competitiveness factor will affect the external (i.e. image and reputation) and internal (i.e. culture and identity) perceptions of the organization (Humble, Jackson and Thomson, 1994; Joyner and Payne, 2002; Pruzan, 2001; Sison, 2000). Finally, the empirical evidence gathered shows that as companies find ways to link competitiveness factors to CSR issues they learn as organization, changing the way they understand the company and the role it should play in society, and also that as these new understandings are embedded, companies seem to find new ways to then connect these CSR concepts that are now considered strategic to other competitiveness factors that were previously not connected to CSR.

Figure 11: connecting CSR through core competitiveness



These conclusions discussed in Chapter 6 and summarized in Figure 11 above, seem to confirm the argument some researchers in the field of CSR today suggest, where they propose that responsible competitiveness is similar to quality as a management concept. Their rationale would be that most companies understand that they must have some quality policies, and quality is an issue that has a transversal impact on different parts of the organization, and yet each company seems to understand differently what quality means to them, because it depends on their business model. These authors argue that CSR follows a similar logic (Waddock and Bodwell, 2004). As I have shown, this research seems to confirm that all these companies place CSR at the heart of their competitiveness model, and they do follow a similar rationale and process (as described in Figure 11), but that the core of the strategy is different because it is based on their own and unique value propositions (Porter, 1996).

However, as I explained in the research design in Chapter 4, in order to try to answer the central research question, I first need to look at the three secondary questions.

How does corporate reputation contribute to CSR in practice?

In the state of the art review on corporate reputation, I discussed how most surveys show that corporate reputation is the main driver behind company development of CSR (Accenture - Un Global Compact, 2010; The Boston Consulting Group, 2009; McKinsey 2010), as it is the result of companies trying to address social and environmental expectations from some stakeholder groups (Hillenbrand and Money, 2007). Different authors seem to confirm that there is a positive correlation between the development of CSR, the improvement or corporate reputation and value being generated for the company (Roberts and Dowling, 2002). However, some authors argue that there are two ways to approach reputation management: approaching it as managing the image of the organization in relation to CSR, or focusing on building the identity of the organization around it. These two approaches, researchers say, are fundamentally different in their aims as well as the processes necessary to achieve them (Pruzan, 2001).

This research confirms that the eight companies studied use reputation as a central driver to develop CSR, where *"we are in a place where companies need to change the way we relate to clients and society, that is a necessity, and I think that companies either change or they will die"*. However, results also confirm that all eight companies approach reputation from the perspective of building corporate identity rather than managing the image, as *"we don't have to construct a company image, this has already been done, what we have to do is consolidate it and develop it. What we realized is that reputation and image can be destroyed so quickly, and the only way to protect ourselves from that is by making sure that we are doing what we say we are doing, and when there are problems, which there will always be, we need to make sure that it is not because we did not try to prevent or solve them".* The idea these eight companies seem to share is that the only way to build legitimacy, trust and credibility in CSR is by walking the talk.

Some interesting things that this research concludes regarding company reputation are: (1) that in all eight companies they feel that many of the ideas and principles inherent to CSR, basically to consider the business in relation to how it wants to contribute to society, where already a part of the organization way before CSR became a concrete management issue for them; (2) having a responsible business identity becomes a source of differentiation for them, building the sense of collective identity and belonging among employees, as well as with some key stakeholders such as clients or suppliers; (3) that all eight companies also have in place traditional pragmatic reputation management policies, such as public relations campaigns, but that in relation to CSR these companies seem to downplay or be more careful about advertising these issues, as they feel when it comes to responsibility policies it is always better the word of mouth, walking the talk; and (4) these companies share the idea that there is a tendency toward mainstreaming CSR in corporate identity, and that they believe that in the future all companies will have to move in that direction, so that their feeling is that the investments they are making now on CSR, other companies will have to make in the future, and therefore will yield results in the long run.

In terms of reputation and identity management, one of the most interesting conclusions from this research is that these eight companies seem to use reputation to embed CSR into their identities by constructing responsible competitiveness narratives. As I discussed in the literature review on narratives, many authors argue that narratives are especially relevant to understand how businesses operate because managers do not simply tell stories; they enact them. One reason why narratives are deemed important for management in general and for strategy in particular is because they introduce a lot of useful information that is necessary to understand the company and its context and which is not always present in management data (Pentland, 1999). In that regard, a narrative is a story that describes the process and sequence of events that helps us make sense of a situation (DiMaggio, 1995). So, narratives are a powerful tool to build identity, sense making and communication (Bird, 2007). In fact, some authors propose that narratives become more useful the more the company is going through events that are particularly challenging, non-institutionalized or socially undesirable (Ibarra and Barbulescu, 2010). The reason is that a narrative approach to management and organization focuses on constructing meaning (Czarniawska, 1997). Thus, narratives help us interpret complex situations, give them meaning and explaining them to ourselves and to others (Boje, 1991).

In this context, this research confirms that these companies use narratives as a central tool to make sense of CSR, and that narratives seem to be the main way in which these eight companies define their responsible competitiveness strategies. That is, these companies use narratives for sense making and sensegiving, but also for strategy design and development. Thus, one of the central conclusions from this research is that the most advanced companies not only use narratives to interpret CSR in relation to their corporate setting, they also use these stories to define a vision of where the company wants to go in terms of CSR and describe a strategy for getting there, which is usually composed of an emergent strategy composed of ideas and guidelines of how the company wants to be, rather than actual explicit plans of resources and actions (Mintzberg, 1987). In this regard, if other companies want to learn from these eight cases, the question is how do these companies construct these responsible strategies?

Literature on narratives suggests that narratives are not composed of independent and isolated elements, but rather that the central rationale behind a narrative is to explain and connect things that may seem difficult to explain in isolation (Ibarra and Barbulescu, 2010). This is confirmed by this research, as I find that not only these companies construct narratives composed of different elements, but also these eight elements are deeply interconnected in a cycle that seems to help practitioners frame, describe, propose and reframe the narratives, thus allowing for the natural evolution of these stories as the companies themselves change and evolve (Albert and Whetten, 1985). As I discussed in Chapter 7, the departing point seem to be the values of the organization. The values determine how CSR will be interpreted and framed within the business model.

Once the CSR concepts are integrated in company values, the narratives of these eight companies studied seems to focus on the company story, where they seem to argue and frame the idea, without a lot of detail, of being responsible in relation to the history and story of the organization. Then, these narratives usually include some specific actors and examples, often in the forms of senior leaders who have a lot of moral authority in the organization and who are a big part of the firm's story, as well as landmark events or anecdotes that are known in the organization. With these elements, then these companies seem to feel comfortable explaining how the concept of responsible competitiveness fits with corporate identity. Once the responsible competitiveness identity is framed, narratives seem to work in explaining the vision the company has in terms of CSR. As the CSR vision is defined, the organization seems to have a complete and coherent narrative that makes sense, and helps explain why the company has adopted a responsible competitiveness strategy. Then, the narrative connects this central strategy with the effects it has on concrete practices. Finally, these narratives tend to acknowledge and include some tensions and paradoxes inherent to CSR, mostly in the form of reassurance that despite all what they have previously said they are about business, and that they are all about efficiency, productivity, profit and competition. In this regard these stories acknowledge the contradictions of CSR but explain how in their case it works because it fits with who the company is. Finally, it seems that these narratives close the cycle, by helping the organization reflect on how this narrative reframes or challenges the current company values, story and identity. This process was summarized in Figure 16 in Chapter 7, which I include again here to facilitate the lecture.

Figure 16. Building responsible narratives

How do companies manage paradoxes inherent to CSR?

In Chapter 7 I discussed how there is a growing body of research that argues that there are inherent tensions and paradoxes in most management activities, and that understanding and managing these tensions is crucial to company performance (Smith and Lewis, 2011). One of the fields of study of paradox identified in literature revolves around the tensions generated when implementing CSR strategies in a corporate setting (Margolis and Walsh, 2003). The idea seems to be that there are a number of paradoxes inherent to CSR (Vallester et. al. 2012), but most of these can be put into one of two categories: (1) *“operational paradoxes”*, which are the tensions generated within CSR frameworks as companies try to turn goals or ideas into practice (Elkington 1995; Goodpaster 1991; Freeman 1984; Handy 1994; Pruzan 2001); and (2) *“aspirational paradoxes”* which are the tensions generated from having competing CSR and business ideas, goals, visions, identities and values (Handy 2002; Joyner and Payne 2002; Margolis and Walsh, 2003; Pruzan and Thyssen 1990).

This research supports the state of the art in that I found different paradoxes in the eight companies analyzed, such as the tension between short and long-term CSR demands (Cameron, 1986; Clarke and Gray, 2005); the paradox between stakeholder demands and developing a consistent message (Goodpaster, 1991; Stanbury and Barry, 2007); the competing demands between engaging with different stakeholders and having a coherent unified message (Elkington, 1995; Korhonen, 2006); or the paradox between business and responsibility of corporate practices (Joyner and Payne 2002; Handy, 2002). However, this research concludes that, at least for these eight companies, the *“operational paradoxes”* are not particularly difficult to manage, as they represent tensions and dilemmas similar to the ones they encounter in other business activities. *“Aspirational paradoxes”* on the other hand, seem to be particularly challenging to companies and practitioners, as they represent new tensions that they don’t feel so well equipped to handle.

Thus, one of the central conclusions from this research is that the inherent paradoxes of CSR that seem to be particularly challenging to manage are the tensions generated from having competing CSR and business ideas, goals, visions, identities and values. Specifically, this research shows that there seems to be a *“responsible competitiveness paradox”* which the eight companies studied identify as the tension between competitiveness and responsibility. According to evidence, all interviewees describe how at some point or another they have experienced either first hand, or participating in a discussion with others, the tension between CSR and competitiveness.

Paradox literature suggests that managing tensions such as the *“responsible competitiveness paradox”* entails exploring, not suppressing tensions, and involves a shift from planning and control to coping, first accepting paradox and eventually transcending it by thinking paradoxically (Lewis 2000). The idea seems to be that a paradox cannot be solved, but rather accepted and managed (Smith and Lewis, 2011). Evidence from this research partly supports this assertion, in that the eight companies studied seem to not only accept the *“responsible competitiveness paradox*”, but often they seem to promote it by encouraging practitioners to look for the tensions between opposing CSR and business demands. The rationale for these companies seems to be that the only way to advance significantly in the development of responsible competitiveness strategies is through creativity and innovation, and that forcing people to have to deal with the *“responsible competitiveness paradox”* fosters innovation.

However, this research also found that when this tension between CSR and competitiveness becomes too strong, these eight companies tend to compromise by choosing the business pole. In that regard, evidence shows that in order to feel that they have not betrayed the CSR principles, in these cases what they tend to do is accept the business demand as the primary objective, but condition any decision on making some change in the business demand, however small, so that they can say that there was some advance toward CSR.

Finally, evidence from this research suggests that the biggest hurdle to save in managing the *“responsible competitiveness paradox”* seems to be that most CSR scenarios force companies to think in ways they have not been trained for. In other words, the main problem with managing the *“responsible* *competitiveness paradox"* appears to be sensemaking and sensegiving, where practitioners feel they have particular difficulties in explaining CSR projects both internally and externally in a language that is understandable and logic from a business perspective. In that regard, another interesting conclusion from this research is that companies manage the *"responsible competitiveness paradox"* by incorporating this paradox in the narratives that make sense of the CSR approach. In that regard, by making sense of how CSR connects to competitiveness, showing how responsible competitiveness fits with corporate values, culture and identity, and providing examples of successful programs; these narratives help manage *"the responsible competitiveness paradox"* by framing it within the general responsibility narrative, as well as showing how the existence of this paradox is not only unavoidable, it is even expected and desirable.

Thus, one interesting finding of this research is that in these narratives they seem to present the management of the *"responsible competitiveness paradox"* as a battle for maintaining corporate identity, where these companies seem to feel that the risk of choosing the business side of things is equivalent to the risk of forgetting what the company really is about. In other words, *"the responsible competitiveness paradox"* is widely accepted as an inherent part of responsible competitiveness strategies.

How does a company develop a responsible competitiveness culture?

As I discussed in Chapter 8, different authors agree that organizational identities are constructed in large part on shared understandings on how the company should behave in a given situation or when facing a specific issue (Gioia et. al., 2000). In this regard, researchers seem to agree that organizational practices, norms and traditions seem to serve as central tools to define and establish these collective identities (Dutton, Dukerich, & Harquail, 1994). In other words, organizational identity apparently resides in a set of explicitly stated declarations or narratives about what the company is and represents, and these narratives influence its members' views of the characteristics and personality of the organization, by providing them with legitimate and consistent narratives that allow them to construct a collective sense of self (Whetten & Mackey, 2002). In this context, organizational identities seem to be generated from a sense making and sensegiving processes through which members periodically reconstruct shared understandings and revise formal claims of what their organization is and stands for (Ravasi and Schultz, 2006).

Thus, identity changes and evolves through an internal reflection process by which the members of the organization transform and reframe collective understandings through storytelling, often generated by some specific events such as external pressures (Albert and Whetten, 1985), where one of the drivers to change identity seems to be corporate reputation, as changed external perceptions of the organization seem to trigger to alter identity (Gioia et. al. 2000). In that regard, it seems that building narratives through institutional claims and collective understandings, are the building blocks for the construction of organizational identities, and that these narratives are influenced by significant events that affect internal and external perceptions of the organizations. (Ravasi and Schultz, 2006). Many authors suggest that one central way through which companies define and transform organizational identity is through corporate culture, where there seems to be a dynamic relationship between culture and identity. The idea is that identity involves revolves around how companies define and experience themselves, and this is significantly influenced by what they do, what they believe and the stories they share, which is grounded in large part on culture (Hatch and Schultz, 2000). Thus, organizational culture supplies members with cues for making and giving sense of what their organization is about (Ravasi and Schultz, 2006).

The conclusions from this research support the assertion that corporate culture is fundamental in developing a responsible competitiveness identity, and that the culture is built in large part on constructing narratives and stories that make and give sense of why CSR should be embedded in corporate identity, and therefore in all business practices. This research shows that companies construct the responsible competitiveness identity on developing 10 characteristics that the companies studied share. That is, although these eight companies are very different in many ways, even in terms of their CSR strategy, evidence shows that they have some common features.

However, the most interesting part of the findings here is not in the 10 characteristics shared by these eight companies (see figure 20 in Chapter 8), but rather on the system these 10 qualities create. In other words, perhaps none of the 10 qualities identified are unique in themselves, but what is unique is that all ten qualities coexist together in a system. Thus, each of the 10 qualities plays a part in a common system where each component is dependent on the others. These qualities seem to be closely interconnected, so that what gives the companies the competitive advantage is not a sum of the 10 qualities but the system they create, generating a multiplying effect. As shown in chapter 8, these 10 characteristics identified to construct a CSR culture apply at different levels of the organizations. Some of the characteristics are strategic assets, competencies or qualities. Others are conscious strategies to move the organization in a certain direction. Yet other characteristics seem to be core attributes of the firms, or, said differently, values or ideas that define who they are as organizations.

In this regard, one of the most important conclusions of this research is that these companies have three central attributes, which define their identity as organizations. First, they aim to be authentic and genuine in whatever they do, which means no false claims and no cosmetic solutions. Second, they are optimistic in that believe in themselves and in the world. They truly think that things will work out and that their organization, as well as society, will be able to manage (and solve) the challenges that the future will bring. Third, these companies place responsibility at the heart of the organization, but understanding that being responsible is not only about ethics or about social expectations; it is also about competitiveness. It is about long-term success understood as simultaneous generation of social and business value.

These three attributes define the character of the organization, how these companies confront problems and respond to them and how they look at the present and the future. Then, building on these three central characteristics, these firms establish a strategic focus on activities that can help the organizations translate the three central attributes into practices. In order to do that, they focus first on challenging the organization. This means generating paradoxes, tensions and contradictions to foster creativity and innovation. They foster these paradoxes by setting crazy goals, and by accepting failure as a key part of the learning process. The bottom line seems to be to foster an intrapreneurial spirit to help the transition between attributes and practices. Secondly, these companies seem to focus on innovating even the innovation process itself. That is, they seem to be aware that in order to transform the attributes into actions current innovation processes are not sufficient. They do this by focusing on innovation not as a linear process but as a way to find solutions to specific problems, which means thinking outside the box, experimenting and learning by doing. This leads them to open innovation to other internal and external stakeholders, and to listen to different voices and ideas. Through this process these companies apparently find that CSR is a key factor in innovating innovation as it forces people to think about things differently and to manage paradoxes and contradictions. A third strategic focus seems to be on not resting on their laurels. Most of these companies are industry leaders (or leaders relative to their markets) and that apparently often generates a certain tendency in these type of companies to be less flexible and become risk avert. However, according to evidence from this research, this is not the case for these eight companies, where despite their success they remain flexible and open to take chances.

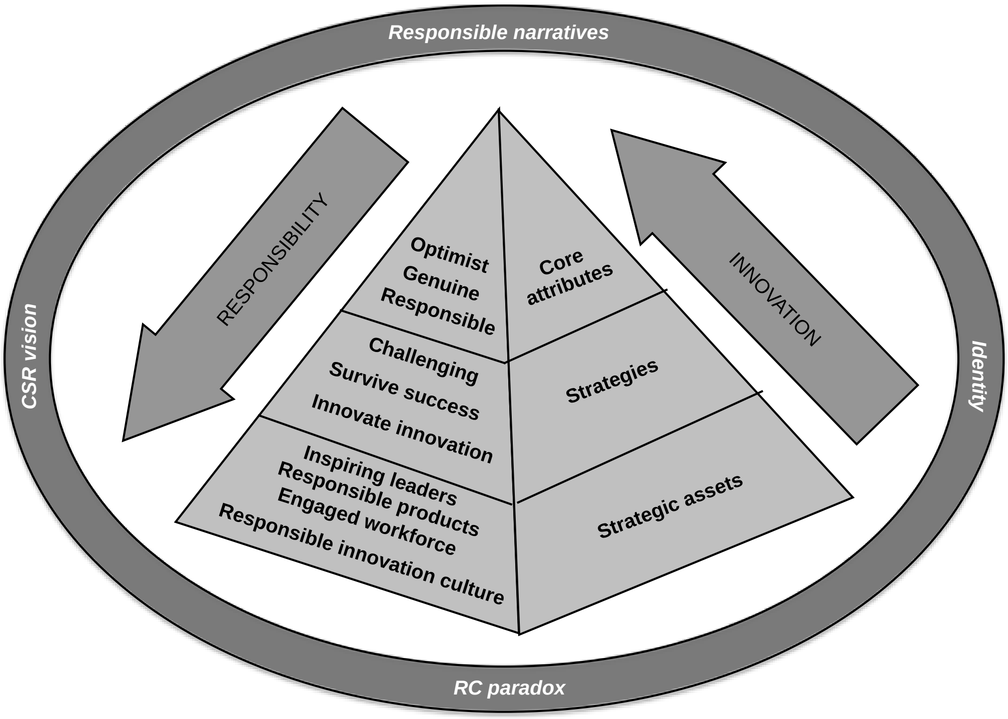
Then, as I showed in Chapter 8, these three strategic concepts apparently help these companies translate the three central attributes into actions, but to do so they need to develop particular assets in the organization necessary to turn these strategies into practices. As a result of this, these companies seem to work on building four central strategic assets. First, they need inspiring leaders to carry on the central attributes of the organizations, either in the form of people or as organizations or examples. Second, these companies require a responsible innovation culture, where people accept CSR and innovation as a central attribute and innovation a central process to achieve it. Third, these eight companies seem to place a lot of effort on engaging the workforce, as a central strategic asset. Fourth, these companies appear to share an understanding that CSR can only be credible as a central attribute if it translates into having responsible products and services.

Finally, another important conclusion of this research is that there seems to be a connection between the characteristics at each level of analysis, generating what could be considered virtuous cycles, where the different characteristics identified affect and reinforce each other. In the end, evidence seems to support the idea that this ecosystem of 10 characteristics, allow these eight companies to embed CSR in corporate identity through developing an organizational infrastructure that is conducive to responsible competitiveness.

How do companies manage responsible competitiveness in practice?

As I pointed out several times throughout this dissertation, the central objective of this research is to answer this central research question of ***how do companies manage responsible competitiveness in practice?*** In that regard, the central conclusion from this research is that these companies manage responsible competitiveness mainly through establishing an organization infrastructure that fosters CSR, and constructing responsible narratives that help embed CSR in corporate identity, that explain how the organization accepts inherent contradictions of CSR, and that define a vision of where the company wants to go in regards to responsible competitiveness in the long run. This system, which was illustrated in Figure 21 in Chapter 8 (and which I re-print again here to facilitate the reading of the dissertation), revolves mainly around the understanding of the intertwined and reinforcing relationship between innovation and responsibility as the two central qualities and/or competencies that give these eight companies a competitive advantage, which are internalized and explained through a responsible narrative, and which are then operationalized through this ecosystem of 10 characteristics described in the previous section.

Figure 21: the responsible competitiveness infrastructure



At the heart of this model seems to be the idea that the 10 shared characteristics at the three levels that make the organizational infrastructure for responsible competitiveness, produce a virtuous cycle of responsibility and innovation, where the central attributes defined as the heart of the organization push the companies to change policies and practices, through innovation and embracing tensions, in order to be more responsible, which in the end results in changes in the organizational culture, leadership, workforce and products and services. Then, these changes in the organization produce innovations, which are reinforced by the strategic focus on creativity and paradoxes, which finally produce a more determined and responsible organization, which because of its optimism and authenticity then restarts the cycle.

However, this central virtuous cycle is built on contradictions, paradoxes, unclear objectives and intangible business issues. That is why the main complexity with managing responsible competitiveness in practice seems to revolve around framing and embedding responsible competitiveness concepts in business strategies, policies and practices. Hence the conclusion that the central management tool to effectively manage responsible competitiveness, is the construction of responsible narratives, including defining a CSR vision, explaining how this is aligned and connected to corporate identity, and accepting some of the tensions and contradictions this process generates.

In practice this means that if the goal of this research is for other companies to be able to learn from smart practices of these eight companies (Sutton and Staw, 1995), then they have to construct a responsible narrative that is aligned with their value proposition and connects to their corporate values and identity. In terms of turning the idea of responsible competitiveness into practice, these companies don’t define or develop specific strategies, but rather aim to develop institutional capabilities to face the challenges that will be generated in the future. The logic seems to be that since responsible competitiveness revolves around innovation, it is virtually impossible to plan and anticipate necessary competencies and resources, where companies need to develop emergent strategies (Mintzberg et. al., 1998). In this regard this research shows that these companies do not have well-developed metrics or tools to manage responsible competitiveness, but firmly believe that these will become available in the future. For now their decision making and strategic design is built around their narratives, and their qualities as organizations.

Theoretical implications of this research

As explained in the previous section, the findings of this research contributes to existing theory particularly in shedding some new light on how companies develop and implement responsible competitiveness strategies. I started this dissertation pointing out that my research design was focused on theory building rather than testing, as there was not a lot of research available on responsible competitiveness in practice. In this regard, in my view the main theoretical implications of this research are the following:

- This research confirms what other authors had discussed in previous literature (Emerson 2003; McWilliams et. al. 2006; Porter and Kramer 2011; Zadek 2006), that there are companies that are finding ways to develop CSR and sustainability strategies that generate value for the organization. In other words, my findings confirm that some leading companies are generating net positive business value through integrating CSR in core business processes.

- Current state of the art has been focusing on trying to explore how social performance relates to financial performance to understand the value that some companies are deriving from responsible competitiveness (Chand and Fraser 2006; Griffin and Mahon 1997; Mackey et. al. 2007). However, this research concludes that the value generated is not framed or understood in terms of the CSP-CFP relationship, but rather in terms of perceived value, often intangible, generated through changes in core competitiveness factors such as employee engagement, customer loyalty, strategic relationships or long term management. In that regard, I find that these companies are focusing on integrating CSR in their business model and making it part of their value proposition, which is different than trying to understand how CSR impacts financial performance.

- In the state of the art review I showed how some authors have argued that sustainability and CSR contribute to competitiveness through innovation (Nidumolu et. al. 2009). However, many of these authors were focusing and gave examples of how innovation impacted competitiveness that were based on producing new products and services. Yet, my research shows that in many instances the innovation generated is not product related, but rather organizational innovation: new ways to collaborate, new ways to see the world, new ways to understand the company… In other words, my research confirms that innovation is a key factor to produce responsible competitiveness, but that companies focus this innovation effort on business model and concepts, rather than on products and services, which had not been pointed out in previous literature.

- There are authors that have explored how some companies try to develop CSR in practice (Frederick 1994; Maon et. al. 2010; Mirvis 2006; Porter and Kramer 2006). Current state of the art seems to suggest that the main challenge of implementing CSR is understanding how to generate strategic fit (Porter 1996; Kaplan and Norton 1996), but that once this "fit" is understood, then the process could be managed as any other change management process (Collins and Porras 1996; Kotter 1995). However, this research finds that some leading companies (in this case the eight companies studied) are framing and managing responsible competitiveness strategies by building narratives, and that the key to these narratives is to anchor them on corporate culture and identity (making responsible competitiveness part of the company DNA). This means that responsible competitiveness in practice is not about designing new processes to fit with the existing narrative, but rather to change the narrative and to change all existing processes to integrate CSR.

- Finally, current state of the art shows that there are many paradoxes inherent to CSR (Vallester et. al. 2012), and that companies need to accept and embrace these paradoxes (Lewis 2000). However, my research finds that not all paradoxes inherent to CSR generate the same challenges in terms of managing responsible competitiveness in practice. In fact, evidence from this research shows that most paradoxes inherent to CSR are not really perceived as such by practitioners. In fact, my research concludes that these inherent paradoxes can be divided into two groups: those paradoxes that appear in the day to day management and which are more tensions between different business processes (which I call "operational paradoxes"); and those paradoxes which present a deeper challenge as they present contradictions between different visions, goals and values that are generated because of CSR (which I call "aspirational paradoxes"). In that regard this research concludes that companies need to embrace and even foster these "aspirational paradoxes" and particularly the responsible competitiveness paradox, if they want to develop responsible competitiveness strategies. Previous literature seemed to focus on understanding and managing "operational paradoxes" of CSR.

In sum, the main theoretical contribution of this research is that companies are developing responsible competitiveness strategies through developing narratives that connect and make sense of the different issues that arise when trying to establish these new strategies: (a) connecting CSR to core business processes; (b) generating value for key business factors; (c) innovating the organization and its' business model; (d) embracing and fostering "aspirational paradoxes" inherent to CSR, particularly "the responsible competitiveness paradox"; and (e) making responsible competitiveness part of the culture, identity and reputation of the organization. I believe that this is the main theoretical contribution of this research as there are no previous studies showing a connection between these different elements as the key factors in helping a company develop a responsible competitiveness strategy.

Limitations and generalizability

This research has certain limitations that arise due to methodological and design issues. The case selection was done following a replication logic (Yin, 1984), meaning that cases selected were all similar, showing positive instances of a specific phenomenon, in this case responsible competitiveness strategies, which may have introduced some biases. In particular, the eight companies are firms well known for their CSR strategies, in most cases resulting in awards and positive reputations from employees, customers and other stakeholders. Furthermore, all eight companies are (or were at the time of the interviews) extremely competitive in their respective sectors and relative markets. This may undermine some aspects of the model. In particular, it can generate some doubts on whether these companies are so competitive partly because they have advanced CSR practices or whether, on the other hand, they have advanced CSR policies because they are competitive. In other words, one could argue that these companies have well-developed CSR policies because they have abundant resources at their disposal.

Certainly I cannot conclude that there is a clear causality in one direction, but rather that there seems to be a connection in that these eight companies are both responsible and competitive. This could be further tested developing a longer longitudinal case study and evaluating how by CSR policies change depending on their economic cycle, or including in the study other cases of companies that are competitive but not responsible, or responsible but not competitive. However, this has not been the goal of this research as I explained in the research design in Chapter 4. Nevertheless, this limits the generalizability of the findings, but not their validity. Indeed, I do not claim that the model I propose is the only model for successful implementation of responsible competitiveness, but rather that it is "*a*" model for effective implementation of responsible competitiveness strategies.

In other words, all I try to show with this research is how some companies have developed and implemented smart practices in the field of CSR. However, as I explained in chapter 1, this research is a theory-building exercise rather than a theory-testing one. Limitations to generalizability of results must be discussed. Although this research aims at analytically generalizing results to a theory (Firestone 1993), it has focused on a particular sample, and this has implications. While this research has been mainly interpretivist, in that it looks at the mechanisms (Lin 1998) by which these companies understand, develop and manage responsible competitiveness, it does not ignore generalization altogether—as is obvious from its multiple case design. Therefore, these findings should be applicable to most private firms, although future research should test the findings in other organizations and other contexts. Yet, at this point it is possible to speculate on the extent to which the findings have relevance to broader contexts.

Future directions and research

As I explained in the previous section on limitations, this research is just an attempt of advancing knowledge regarding how a few leading companies internalize and manage CSR, but I cannot conclude that the results are generalizable to all companies. The most important findings of this study are that these companies seem to manage responsible competitiveness through narratives, and that they build an organizational infrastructure made of corporate attributes, strategies and assets that foster and promote responsible competitiveness, including the acceptance of paradoxes inherent to CSR. In this regard, I suggest that building on the results of this study, future research could be advanced in five ways: (1) developing additional qualitative case studies similar to the eight conducted in this study to confirm that the findings are consistent; (2) develop additional qualitative case studies but of different types of companies, specifically companies that feel they are competitive but do not embrace CSR as a core competitiveness issues, or of companies that embrace CSR but are not really competitive. The goal would be to explore whether these other companies have different organizational infrastructures or tools that explain the difference; (3) develop a quantitative study in the form of an international survey to explore whether the organizational infrastructure of 10 characteristics shared by the eight companies studied appears, and whether there is a correlation between the existence of these characteristics in a corporate setting and the performance of the organization both in terms of CSR and competitiveness (financial, productivity, etc.); (4) develop additional research on paradoxes in CSR to confirm whether the central paradox in terms of complexity in management is the responsible competitiveness paradox; and look at these issues in the a broader context of alternative theories, such as in an economic and business administration context.

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Appendix 1 – List of Interviewees

Name of Interviewee	Title	Organization
Seiichi Ueyama	Sustainability Director	Aeon
Chiyuki Uehara	General Director TOPVALU	Aeon
Kikuko Tatsumi	Chair Environmental Committe	Nippon Association of Consumer Specialists (certifies Aeon's CSR policies)
Koichi Takahashi	Manager Construction Department, Shopping Center Development Division	Aeon
Monica Kruglianskas	Sustainability Director	Danone Spain
Michelle Boadas	Packaging Development Manager	Danone Spain
Jordi Constans	Co-Executive Vice-President Fresh Daily Products	Danone Global
Franck Aimé	Vice President Human Resources Medical Nutrition and Baby Nutrition	Danone Global
Didier Moreau	Environment and Milk Quality Dirctor	Danone Global
Silvia Agulló	CSR Director	DKV Spain
Miguel García	Communications Director	DKV Spain
Pere Hivern	Strategic Reflection Director	DKV Spain
Josep Santacreu	CEO	DKV Spain
Pablo de la Peña	General Director	El Naturalista
Juan de la Peña	Sales Director	El Naturalista
Chiqui de la Peña	Marketing Director	El Naturalista
Mari Paz de Rada	CSR Director	El Naturalista
Maider Iriarte	Communications Director	El Naturalista
Francisco Javier Sota	Production Director	El Naturalista
José Luís Marín	General Director	Business Group Quel (El Naturalista's Mother Company)
Miriam Turner	Eurpean Innovations Director	Interface EMEAI
Nigel Stansfield	Senior Vice President Product and Innovation	Interface EMEAI
Robert Boow	European Product Assurance Director	InterfaceFLOR
Ramon Arratia	European Sustainability Director	Interface EMEAI
Nadine Gudz	Sustainability Director Canada	Interface America
Barry Townsend	European Purchasing Director	InterfaceFLOR
Beatriz Bayo	Deputy Director CSR Department	Mango
Xavier Carbonell	Director CSR Department	Mango
Enric Soler	Director of Personnel Selection and Development	Mango
Albert Sales	Director CleanClothesCampaign Spain	SETEM
Rauqel Pulgarín	Marketing Director	Tecnol
Miriam Hernández	Sales Director	Tecnol
Idoia Jimenez	Quality Director	Tecnol
Ginés Molina	Financial Director	Tecnol
Maria Peña	Credit Department Director	Tecnol
Teresa Albizuri	Deputy Marketing Director from the Segments Unit	Vodafone Spain
José Manuel Sedes	CSR and Sustainability Director	Vodafone Spain
José Manuel Azorín	Social and Products Services Manager	Vodafone Spain
Santiago Moreno	General Director Vodafone Foundation Spain	Vodafone Spain
José Luís Cuerda	Marketing Director from the Segments Unit	Vodafone Spain
Isaac Mendoza	Business Development and Innovation Director from the Business Unit	Vodafone Spain
Belén Esneñat	Manager Public Sector for the Marketing Unit for Business	Vodafone Spain

Appendix 2 – Sample interview protocol

INTERVIEW PROTOCOL

(This one in particular was used at Aeon)

- Pre-interview:
  - ✓ Check recorder (batteries, micro, and memory available).
  - ✓ Take business cards, blank paper and pens.
  - ✓ Take interview format questionnaire.
  - ✓ Print copies of in-depth interview protocol.
  - ✓ Confirm schedules, including time available.
  - ✓ Confirm availability of quiet space to conduct interview.
- **Introduction** [10 minutes]:
  - ✓ **Thank you** for making time to work with me today.
  - ✓ **Purpose of interview:**
    - ❑ Analyze **sustainability practices** at retail firms throughout the world, such as yours'. In total the research will include cases of 15 retail companies from different countries such as Canada, USA, UK, France or Japan among others.
    - ❑ **Identify innovative practices** from which lessons can be extracted for other departments or organizations in the retail sector by comparing and analyzing the practices in the different case studies..
    - ❑ **Reflect and learn** about these practices.
  - ✓ Before we proceed, I must inform you about some **bureaucratic/ technical** aspects:

- The interview and recording will be confidential. The outputs we expect to get out of the Aeon case study are three: (1) the research case study, (2) the report comparing the best practices in the different case studies, (3) a teaching case study to be used in CSR and sustainability courses.

✓ The interview:

- Time permitting; our interview will have **three sections**. We'll start with some **opening questions** about Aeon and yourself. Then we will discuss some issues about some of Aeon's **sustainability policies and strategies**. Finally, in the last section we will ask you to give us some examples about **specific sustainability or CSR practices** which presented certain difficulties and challenges, and how you managed them.
- Sound ok? Any questions?

Part A: opening questions [15 minutes]:

- I'd like to start by asking you to tell me your **name and title**?
- Before we jump in, it would be helpful to hear an **overview** of **Aeon.**
  - ✓ What does the company do? What are the main activities it carries out?
  - ✓ How the company is organized and where are you in that organization?
  - ✓ Can you briefly describe your company's **value chain?**
    - ❑ What are your main **suppliers/providers**?
    - ❑ What are your main **customers/clients (distributors)**?
    - ❑ What other organizations or individual have a **strong impact** on your company's ability to operate?
- Now, can you tell me a bit more about **what you do in the company?**
  - ✓ What are your responsibilities?
  - ✓ How is your **team** organized/structured?

Part B: focusing on sustainability and CSR policies [40 minutes]:

- Does your company have a clear **sustainability or CSR strategy**?
  - ✓ What are the **key sustainability or CSR objectives**?
  - ✓ Are they **formalized and communicated?**
  - ✓ **How and when** did the sustainability or CSR policies start at Aeon?
- What do you think are the main **strengths** of your company in terms of sustainability and CSR comparison to your competitors?
- What are some of the **challenges** or areas in which your company needs to improve in terms of sustainability and CSR? (areas in which your competitors are stronger)
- Do you think these sustainability and CSR activities have a **real impact** on the company**? How?**
- Do you **measure or estimate** the impact that these sustainability and CSR policies have on your business practices? **How?**
- Have you **joined international** sustainability or CSR initiatives (such as GRI)? **Which?**
- What are your ideas or goals in terms of **future** sustainability or CSR policies and strategies at Aeon?
- In your opinion, **how will future** corporate sustainability and CSR policy in general develop? (where is the field going?)

Part C: focus on management [30 minutes]:

- What are the main **challenges or difficulties** you encounter in your day-to-day work?
- How do you **confront/manage** these **challenges or difficulties**?
  - ✓ Can you give me an **example** of a situation you have been **successful** in diffusing?
  - ✓ Can you give me an **example** of a situation you are having **difficulty** in diffusing (or where you have been unsuccessful)?
- Do you think that there are some **tensions** between your company's business strategy and your sustainability or CSR policies?
  - ✓ Can you give me an **example** of a tension between sustainability or CSR and Aeon's business practices?
  - ✓ What do you think are the **main tensions** between sustainability and CSR and business objectives at Aeon?
- How do you **confront or manage** those tensions?
  - ✓ Can you give me an example of a tension between sustainability or CSR and business practices that you have been **successful** in diffusing?
  - ✓ Can you give me an example of a tension between sustainability or CSR and business practices that you have been **unsuccessful** in diffusing?
- What do you think could be done to **reduce** the tensions or difficulties between sustainability or CSR and business practices?