

ABSTRACT

Title: Environmental Stewardship in the Private Sector:
Arriving at a Green Hands Theory

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Views on the intent and outcomes of corporate social responsibility (CSR) range from laudatory to skeptical. Regardless of the mixed reception and questions raised about the meaning of CSR, it is clear that the private sector's increasing power in the 21st century requires a correspondingly well-defined range of responsibilities. This dissertation investigates why and how firms choose to engage in CSR. It does so through three essays that explore the private sector's approach to environmental stewardship CSR (ESCSR) with particular emphasis on the role of employees in ESCSR.

The first essay engages in an empirical study that asks broad questions about private sector employees' opinions towards CSR. It asks how employees understand CSR; how they prioritize environmental goals under the CSR umbrella; and whether or not their CSR- and ESCSR-related activities impact their feelings of personal well-being and career fulfillment. The results of this essay's original survey suggest that the private sector's approach to ESCSR should leverage employees' interest in and enthusiasm for CSR and ESCSR to achieve environmental stewardship and CSR goals. The second essay investigates the actual extent to which private sector leadership engages with employees on matters related to CSR and ESCSR through both a statistical and case study. The statistical study asks what variables make firms

more likely to afford employees a substantial role in CSR activities, resulting in the discovery that a more diverse and larger leadership body is a significant indicator of a firm's willingness to engage employees. The case study then pushes the statistical findings into more detail by illuminating three firms' rationales behind their ESCSR approaches. The final, ethics-focused essay builds on the findings of the first and second essays to propose an original theory that builds on the legal theory of clean hands to arrive at 'green hands.' This green hands theory outlines a specific and normatively robust framework firms can adopt to achieve goals related both to employee and environmental stewardship. I conclude by discussing implications for policy recommendations and areas for future research.

ENVIRONMENTAL STEWARDSHIP IN THE PRIVATE SECTOR:
ARRIVING AT A GREEN HANDS THEORY

By

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Contents

List of Figures	v
List of Tables	vi
I. Introduction: CSR Origins and Recent ESCSR Theories	1
A. Identifying the Background and Scope of CSR Research	1
B. Defining CSR Activity and Investment	4
C. Situating This Thesis: ESCSR Drivers and Actors	7
D. Understanding the Link Between CSR and ESCSR	10
E. Expanding the Field of ESCSR Knowledge	14
1. First Essay: Do Employees Want Firms to Serve as Environmental Stewards?	16
2. Second Essay: ESCSR Approaches: Green Screen or Green Scene?	18
3. Third Essay: ESCSR Best Practices: Arriving at a Theory of Green Hands	20
II. First Essay: Do Employees Want Firms to Serve as Environmental Stewards?	22
A. Abstract	22
B. Introduction	22
C. Essay Motivation	29
D. Survey Content and Goals	31
E. Target Audience	32
F. Mode of Collection	37
G. Respondents Profile	42
H. Results and Discussion	50
I. Conclusion	58
III. Second Essay: ESCSR Approaches: Green Screen or Green Scene?	63
A. Abstract	63
B. Introduction	63
i. EMG Programs as the Dependent Variable	64
ii. Organizational Strategy Literature: Corporate CSR Approaches	67
iii. Organizational Strategy Literature: Organizational Citizenship Behavior (OCB)	71
C. Statistical Study	73
i. Results and Discussion	77
D. Case Study	84
i. Green Screen or Green Scene	87

ii.	DTE Energy	92
iii.	FMC Corporation.....	99
iv.	International Business Machines (IBM)	105
E.	Analysis and Discussion.....	109
F.	Next Steps and Conclusion.....	114
IV.	Third Essay: ESCSR Best Practices: Arriving at a Theory of Green Hands	117
A.	Abstract.....	117
B.	Introduction	117
i.	Ethics in Private Sector Management	121
ii.	Ethics in Environmental Stewardship Responsibilities.....	130
iii.	Ethics in the Process: Deliberative Democracy	132
C.	Green Hands: Practice and Theory	135
i.	Planting	136
ii.	Nurturing.....	138
iii.	Cultivating.....	139
iv.	Measuring	141
D.	Conclusion.....	145
V.	Conclusion.....	149
A.	Theoretical Overview	149
B.	Discussion.....	149
C.	Policy Recommendations	153
D.	Areas of Future Research.....	160
	Appendix A: Private Sector Opinions on CSR Survey	163
	Bibliography	167

List of Figures

Figure 1. Top Five U.S. Industries’ Contribution to GDP 36

Figure 2. CSR’s Impact on Professional Satisfaction. 51

Figure 3. Importance of Environmental Stewardship. 52

Figure 4. Role of Volunteering and Environmental Protection Programs.. 54

Figure 5. Outsourcing CSR..... 55

Figure 6. Personal Satisfaction..... 56

Figure 7: Green Screen versus Green Scene..... 91

Figure 8: DTE Energy: Green Screen..... 98

Figure 9: FMC Corporation: Green Scene..... 104

Figure 10: IBM: Elitist Decisionmaking But Committed..... 108

Figure 11: Compiled Results: Green Screen versus Green Scene.. 111

Figure 12: Case Study Results: The Need for Guided Flexibility in CSR Programs..... 136

Figure 13: Green Hands Measurement Tool..... 144

List of Tables

Table 1: U.S. Economy by Sector..... 34
Table 2. Characteristics of Umbrella Contacts. 37
Table 3. Comparison of Sample to U.S. Private Sector.. 45
Table 4. Free-Form Feedback.. 58
Table 5: Dependent and Independent Variables in Statistical Study.. 78
Table 6: Results of Select Logit Models Used in Statistical Study..... 79
Table 7: Results of Odds Ratio for Final Model..... 80
Table 8: Final Case Study Selection.. 86

I. Introduction: CSR Origins and Recent ESCSR Theories

A. Identifying the Background and Scope of CSR Research

Since Howard R. Bowen's 1953 landmark book *Social Responsibilities of the Businessman*, corporate social responsibility (CSR) has been a noteworthy and increasingly important concept and research agenda item. CSR is a term that brings together corporations (private sector actors) with social responsibility (public sector well-being); two concepts not often seen as going hand-in-hand and oftentimes more aptly described at odds. Although firms have been traditionally understood as profit-oriented entities, their growing power and presence in the 21st global community have spurred intense debate over the corresponding responsibilities that come with their privileged access to resources encompassing monetary, human, and natural assets. The foci and conclusions of these CSR discussions are far-ranging. At one extreme, certain strong lines of argument advocate for the limitation of firms to their traditional roles as financial engines, essentially echoing the words of economist Milton Friedman, who famously stated "the business of business is business" (Mullerat, 2010; Mirowski, 2009; Banerjee, 2007). Contrary assertions articulate compelling cases for corporations to essentially take over the role of governments in using their resources to provide employees and stakeholders with the security of benefits ranging from medical to educational needs (Urip, 2010; Mallin, 2009; Idowu, 2009; Zu, 2009). When one considers the range of perspectives investigated, topics covered, and puzzles solved within these arguments and under the CSR-research label, this growing interest and scrutiny is easy to understand, as it is a concept that promises insight into the dynamic relationship between the resource-rich private sector and the well-being of the global community.

Given the enormity of the questions contained and puzzles housed under this broad umbrella, there are several emerging and increasingly well-defined CSR research agendas being developed and pursued. Currently, such studies aim to understand the private sector's motivations for engaging in CSR, illuminate the role of external organizations in CSR, and evaluate the effects of CSR on a range of financial, social, and environmental issues.

For example, a large number of CSR studies look to understand the concept from the firms' perspective, investigating why corporations voluntarily engage in behavior deemed 'good' by the public even though they may not directly increase profit margins. Some such studies demonstrate how corporations can leverage CSR to recruit talented workforces and promote employee morale by instilling a sense of pride about corporate results, both financial and non-financial in the workforce (Ihlen, 2011; Zu, 2009). Other reports argue for a corporation's interest in gaining political support for their operations through CSR activities which prove to local elected officials and their constituents their good intent and effects on community wealth and well-being (Barth, 2009; Boeger, 2008). Within this debate on firms' motivations, it is important to explicitly acknowledge the perverse incentives that may drive the private sector to invest in CSR. Research has suggested that certain firms adopt CSR behavior to divert attention from other serious financial or operational misdoings, engage in political manipulation that will benefit them through more lax regulation at a later date, and mislead potential shareholders into making what seems to be a socially responsible investment (Audi, 2008; Boeger, 2008; Banerjee, 2007; Beauchamp, 2007). Although the concern about the perverse incentives driving CSR is valid and deserves the attention it receives, it is important to contextualize it. These Machiavellian calculations that may lead certain firms and actors within firms to explore the opportunities presented by CSR and engage in them are important, but it would be overly limited

to cite these concerns as reason to disregard the value of CSR altogether. Even the harshest of CSR critics recognize the value of corporations' attention to financial, social, and environmental concerns as publicly responsible actors and drivers of positive change in the global community, be it through more conventional fiduciary duties or more progressive environmental actions (Gould, 2008; Gill, 1998; Friedman, 1975).

Still other investigations focus on the CSR viewpoints of external shareholders and stakeholders with a goal of understanding the demand for CSR and the perception of its value amongst those outside the private sector. These lines of inquiry ask questions related to the effects of CSR on attracting or discouraging financial investors (Du Plessis, 2010; Horrigan, 2010; Zhou, 2007) and gaining community support and trust with an aim to understanding the different roles of non-profit organizations, civic groups, unions, and other actors in CSR strategies and outcomes (Cornelissen, 2011; Visser, 2010; Werther, 2010; Cramer, 2006).

CSR research also contributes to an understanding of topics such as financial responsibility, social equity and environmental integrity. Research on these topics, to-date, is still fragmented, with multiple lines of questions and, often, contradictory results being produced by different investigative strategies. For example, some reports point to the positive effects of CSR on financial responsibility, with evidence that its focus on transparent accounting makes firm leadership more aware of and responsive to fiduciary duties (Sun, 2011; Crowther, 2004) while other studies blame CSR's immeasurable outcomes as a way for firms to distract from and gloss over real and important financial regulation with sexy but unsubstantial public relations reports (Lee, 2012; Cheney, 2010; Parsons, 2008). Likewise, inquiries into CSR's effect on social equity have returned mixed results. Although there is a growing consensus around firms' power and responsibility to enhance social justice both by their fair treatment of employees and

local stakeholders (Detomasi, 2008; Utting, 2007; Grosser, 2005), different investigations recommend diverse ways to achieving these goals. In regard to corporations' relationships with stakeholders, for example, some reports advocate for corporations' active role in social causes (Basu, 2008; Lantos, 2001) while others advise corporations to limit their support to financial resources while allowing local stakeholders to take ownership of such initiatives (Johnston, 2011; Pederson, 2006).

Closely linked to investigations on social justice (which often cover issues related to access to natural resources) are CSR studies on firms' roles as environmental stewards. The actual size, scope, and effects of the private sector's "carbon footprint" remains a contested issue, but the overwhelming consensus is that corporations' operations are a major contributor to today's environmental degradation and climate change problems (Kolk, 2010; Newell, 2007; Lemos, 2006). More specifically, CSR studies have focused on firms' roles in causing and, consequently, addressing environmental impacts ranging from loss of biodiversity (Ng, 2012; Norton, 2005) to increased pollution (Underwood, 2012; Cutting, 2010; Zurita, 2006) to global warming (Newell, 2007; Frynas, 2005). The concept of CSR exists to structure the exploration of all these concerns that link the globe's dominant financial power, corporate actors, to social and environmental outcomes. The more these links are understood, the better off the global community will be. My research will inquire into the link between a specific private sector perspective on CSR, that of employees, a particular CSR outcome, that of environmental stewardship.

B. Defining CSR Activity and Investment

With so many diverse, important, and intersecting lines of inquiry joined together under the CSR heading, it is helpful to choose one definition to anchor this particular research. Since

Bowen's text, the International Organization for Standardization (ISO) coined arguably the most widely accepted definition of CSR, when, in September 2010, it published *ISO 26000*. This document, contributed to by 500 experts from 99 countries (including the U.S.), conceived of CSR as an expansion of private sector organizations' duties from strictly financial obligations to society and environment. Specifically, the Standard states that Corporate Social Responsibility is the:

Responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that: 1) contributes to sustainable development, including health and the welfare of society; 2) takes into account the expectations of stakeholders; and 3) is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organization and practiced in its relationships.

This extension specifically encompassed seven core issues, many of which were referenced in the examples of CSR questions above: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development. These many moving parts fall in no concrete order of prioritization. Indeed, the disputes around their relative importance (and non-importance), along with the motivations of corporations to acknowledge and act on them, have triggered more questions than they have answered. The controversy spurred by the standard is, arguably, an indication of its failure to contribute meaningfully and specifically to CSR inquiry. However, the standard's achievement of grouping and articulating key aspects of CSR in a cohesive and easily accessible way, as evidenced in the clearly defined lines of inquiry outlined previously, makes it a useful point of entry into related research. Overall, although the utility of this standard has been debated without clear consensus on its applicability as a management tool or accuracy as a definition of CSR, regardless of disagreement on its value, it remains the most visible and all-encompassing authority on the subject (Fasterling, 2012; Morali, 2011).

Although the motivations behind and activities involved in CSR have remained controversial despite six decades of research and international standardization attempts, the human and monetary resource investments committed to CSR-conscious business operations and investing are clear. Consider, for example, a selection of CSR statistics from a survey of 184 companies representing the spectrum of international industries in 2010 (CECP, 2011). In the first place, the sum of corporate philanthropy contributions across all survey respondents totaled \$15.5 billion in cash and product donations. Of that giving, the median total donated by corporate foundations was \$22.1 million. More than 28 surveyed companies reported total corporate giving of over \$100 million and the total giving per employee averaged \$628.

CSR investment also flows from non-private sector sources. For instance, in 2007, socially-conscious mutual funds had assets under management exceeding \$2.5 trillion in the United States, a strong indication of the demand for robust CSR programs among domestic investors (Ioannou, 2010). Given the enthusiasm for and attention to CSR that has become apparent in the past few years, companies' evolving CSR focus, strategies, and investments are well-worth the rigorous and ongoing investigation. My dissertation will explore an underdeveloped field of study in the CSR literature: assessing the internal, nonelite and non-financial motivations behind firms' decisions to (or no to) invest in CSR with a particular emphasis on environmental stewardship CSR (ESCSR) initiatives.

In sum, CSR emerges as a useful concept that bridges public and private sector interests and provides a framework for many complex and dynamic investigations. As referenced above, these investigations aim to organize perspectives on its meaning, intent and value; critique its motivation; analyze its priorities and outcomes; and identify its drivers and actors. In addition, more recent and emerging work focuses on managing its associated programs and behavior and

predicting its future trends and outcomes (Ng, 2012; Sancho, 2008; Crane, 2008; Kakabadse, 2005; Terris, 2005; Burke, 1999). Within this quickly growing and evolving field of investigation, my research most closely relates to the theme of identifying CSR drivers and actors by exploring the link between private sector employees and corporate ESCSR goals.

C. Situating This Thesis: ESCSR Drivers and Actors

Research on this particular aspect of CSR has not yet been directly addressed or developed, although different scholars have identified the issue in a partial way in a variety of studies. For example, Simone Pulver explored the relationship between firms' leadership and ESCSR performance with her case studies on the important role scientific communities play on oil and gas companies' antagonistic or friendly stance towards environmental policies (Pulver, 2007). In another vein, Gugler and Shi have headed a growing body of work on corporate elites' relationships with local politicians that shed light on leadership's sensitivity to and receptivity of politicians' guidance, as they are seen as being in touch with public sentiment, and by extension, consumers and investors (Gugler and Shi, 2009; Porter and Kramer, 2006).

In general, this approach to understanding ESCSR drivers through the lens of corporate leadership emphasizes the competitive advantage (both technical and political) that firms enjoyed when they are viewed as 'good corporate neighbors' by external stakeholders including subject matter experts and regulators, as they are able to use this good reputation with scientific and political leadership to earn informal licenses to operate among local civic groups, as well as formal permits to operate from policy-makers. Thus, leadership-oriented research paints CSR front-runners as motivated because they enjoy a financial advantage over firms seen as irresponsible or uncaring about social responsibility (Wang, 2011; Murillo and Lozano, 2006; Zedek, 2002). An evaluation of the ultimate ethical and practical value of this type of profit-

oriented CSR behavior does generate debate, with certain studies highlighting a propensity among firm leaders driven by these considerations to raise expectations among shareholders and elected officials in a misleading and false way that ultimately harms both the corporate image and the feeling of trust and security the corporation solicits in its community (Bakan, 2004; Burke, 1999; Arora, 1996; Cloninger, 1995).

Kitchin advances another way to think about the competitive advantage enjoyed by firms who take CSR to be a priority by framing his arguments not within a profit-focused framework but instead a brand management framework. His studies, and the work in his field, highlight the fact that CSR-oriented firms bolster their competitiveness by creating a socially-conscious brand that appeals to socially responsible investors and consumers (Adams, 2008; Hockerts, 2006; Kitchin, 2003). Finally, in his related studies on the financial benefits of CSR activity, M. Mehra has demonstrated that firms with leadership that make an effort to excel in CSR are much less likely to fall out of compliance with legally binding regulations, thus avoiding punishments and fines that could harm profitability and brand recognition (Mehra, 2006).

Studies that do not focus on leadership's concern with finances and competitiveness as a primary CSR motivator often cite external stakeholders as the main impetus for such activity. For example, Ruggie and Rowley have led the way in linking the strength of local external interest groups, such as environmental non-profit organizations, on firm leadership's decisions to opt-in to socially responsible behavior (Arenas et al, 2009; Utting, 2005; Bendell, 2004; Ruggie, 2004; Rowley, 1997). In general, these theses argue for the importance of external engagement in CSR decisionmaking, due to the fact that these outside institutions make up the target audience, the 'society,' that CSR is aiming to benefit. These types of arguments have been very

influential, culminating in a theory of integrated external engagement (IEE) that has been picked up by leading consulting firms and advisory groups (Browne, 2013).

In another line of inquiry related to my own, researchers have taken up the question of employees' role in corporate decisionmaking and the consequent impact on workplace morale, including protecting gender equality, promoting workforce diversity, and achieving laudable mental and physical health metrics. For example, Walter Borman investigated private sector employees' role in corporate decisionmaking, linking employee agency to higher workplace morale and, thus, an achievement of CSR social goals, but with little to no attention on the ESCSR angle (Borman, 2004). In a similar vein, L. Burke has published valuable insights on the positive impact employee ownership of and participation in CSR programs can have on productivity and retention (Burke, 1999).

Overall, these existing works draws attention to the relationships between elite firm leadership and ESCSR, as well as employee morale and CSR, but leave unanswered the question of whether there is a meaningful link between private sector employees and ESCSR approaches and outcomes. My research focuses on and answers this question by illuminating the actual and desired role of employees in motivating ESCSR action and evaluating how the quality of their participation impacts ESCSR outcomes.

Specifically, in three essays, this paper will analyze the impact of employees on firms' environmental stewardship initiatives, explore the influence of corporate leadership on these programs, and inquire into the normative framework that applies to private sector actors' environmental responsibilities. In doing so, this work contributes original insights that illuminate the significant power of non-financial drivers and internal stakeholders influencing corporate ESCSR strategies. It also suggests ways to democratize ESCSR approaches that will

enhance organizational citizenship and beneficial environmental impact on immediate and global communities affected by their operations.

D. Understanding the Link Between CSR and ESCSR

To better understand the contribution of my thesis, it is important to review the narrative that explains the evolution and expansion of the concept of CSR to ESCSR, while reviewing the two current schools of thought on the role of the private sector as an environmental steward and menace. When the concept of CSR first became a central research focus in the 1950s, legal and regulatory concerns and compliance constituted the primary focus of its scope (as opposed to recent attention to social and environmental causes). Although today, it seems reasonable to consider environmental sustainability as inextricably intertwined with regulatory compliance, the CSR discussion of the 1950s-1970s concentrated more on issues including equitable hiring practices, just compensation, and transparent accounting protocols which were more salient in that political and social time and environment. As a result, between 1950 and 1970, business scholars coined the term CSR in order to frame a debate primarily about the extent of a firm's ethical obligation to align business goals with the socio-economic objectives of the public as codified in law and public policy (Davis, 1967; Davis, 1960; Heald, 1957; Eells, 1956; Bowen, 1953). As interest in CSR grew over the decades, scrutiny of a firm's CSR decisions and actions expanded, as noted earlier, beyond compliance with explicit regulation. A corporation's voluntary and pro-active responses to a range of concerns - including community welfare, international development, and environmental sustainability - became fair-game for inquiry (Dalton 1982; Carroll, 1979; Brown, 1979; McKie 1974; Arrow, 1973). When matters of resource scarcity, loss of biodiversity, climate change, and so forth, became global policy issues in the 1980s, scholars put businesses' environmental sustainability practices in the public

spotlight. In-line with these intensified debates, awareness and interest grew on capitalism's effects on the environment. From these debates, several different theories of environmental sociology were born, including the 'treadmill of production' and, opposing it, 'ecological modernization.' To be clear, other, related theories in environmental sociology on the interaction between capitalism and the environment also emerged, including green growth, green capitalism, green socialism, greenwashing, and human exemptionalism (indicating humans' exemption from environmental ethical duties). These schools of thought are relevant and valuable to other inquiries into CSR, but in this paper I focus on only treadmill of production and ecological modernization theories as they most directly ask and answer the question of whether a capitalist system can be environmentally sustainable.

The treadmill of production concept was first introduced around 1980 to argue for the reality of a globalized, capitalist economy. In essence, these scholars used the metaphor of a never-ending treadmill to describe the problems induced by technology: technology leads to a mechanization and acceleration of production. This, in turn, creates a process by which the state, the private sector, and society become dependent on economic growth to solve problems, such as unemployment, which, ironically and cyclically, exacerbates and is exacerbated by, more advances in technology. This unsustainable dynamic leads to increased consumption and competition among multi-national corporations (MNC) for resources in order to keep production high. This competition creates a constantly expanding capitalist machine with ever-increasing and detrimental environmental effects that will prove unsustainable in the long-run (Buttel, 2004; Foster, 1999; O'Connor, 1994; O'Connor, 1989; Schnaiberg, 1980).

Where does the private sector fit in to this viewpoint? From a treadmill of production perspective, firms are viewed as entities that allocate all available resources to production in the

hopes of eliminating competition and capturing as much market-space as possible. Engaged in this relentless pursuit of profit, firms' technologies are seen as the main agents of environmental degradation and the exhaustion of natural resources, not as a possible solution (Gould, 2008; Bakan, 2004). Although treadmill of production theorists were, arguably, the first to take the stage, their position engendered reaction from scholars who labeled themselves as ecological modernization proponents. Overall, ecological modernization scholars champion technology as the necessary and sufficient solution to the environmental degradation caused since the Industrial Revolution (Frankhauser, 2011; Mol, 2000; Huber, 2000; Mol, 1995). They posit that the only solution to environmental degradation caused by industrialization and technology is more and better industrialization and technology. As such, the private sector emerges as the primary agent equipped to redress the environmental destruction caused by capitalism with no intent to eliminate capitalism.

Although ecological modernization is a large and rapidly expanding field, leading scholars have endorsed a two-step view of the process that is helpful to my inquiry. In the first step, firms recognize environmental sustainability issues as a concern that stands alone from economic issues. In the second step, firms "institutionalize ecology in production and consumption processes, and thus... redirect these basic economic practices into more ecologically sound ones (Mol, 1995)." Overall, then, ecological modernization answers treadmill of production scholars by offering a brighter picture of capitalism as a sustainable (as opposed to unsustainable and constantly expanding) system that will solve its industrial problems with future industrial actions. It is important to note that the use of the word 'solve' in this context glosses over an important normative debate. Instead of delivering a judgment on whether enabling and prolonging an industrialized way of life is a 'good' or 'bad' ability, these scholars

are instead using the word ‘solve’ to apply to the question of simply sustaining such a way of life. In other words, they are indicating that it is through advances in industrial efficiency that an industrial way of life will prove a sustainable manner of existing (regardless of whether this sustainability is a morally good or bad solution).

Political organizations and policy-makers have recently accepted ecological modernization’s principles and endorse the idea that businesses can, and should, be run in an environmentally sustainable fashion. Non-profit and political organizations, think tanks, universities, and private businesses have put forth various sustainability guidelines, reporting templates, metrics, certifications, and principles aimed to increase awareness and adherence to environmentally-friendly business practices.¹ The public has also become more sensitive to the issue of a corporation’s carbon footprint. Many CSR-conscious investors even utilize sustainability indices developed by financial leaders such as Dow Jones and FTSE.

The \$15.5 billion in private sector funds allocated to CSR activities across only 184 of the world’s companies, the decades of inquiry devoted to CSR and the private sector’s role in environmental stewardship, and the recent proliferation of policy-making about corporate citizenship and excellence, provides strong evidence that the elites and the public making up the global community consider business ethics and sustainable operations to be a serious matter.² Although considerable attention is being devoted to the role of capitalism’s ethics and effects on the environment, there is still significant debate on the motivations driving CSR activities and

¹ Leaders in this area include non-profit organizations such as AccountAbility (<http://www.accountability.org/>) and World Economic Forum (<http://www.weforum.org>) ; political organizations such as the United Nations (<http://www.unglobalcompact.org/>) ; think tanks such as the World Business Council for Sustainability Development (<http://www.wbcsd.org/home.aspx>) ; universities such as the Boston College Center for Corporate Citizenship (<http://www.bccccc.net/>) ; and private consulting practices such as Booz & Co. (<http://www.booz.com/>).

² While there are a multitude of sources to support this position, please see Chouinard et al. “The Sustainable Economy.” Harvard Business Review. Oct. (2011): p. 52-62. This article puts forth one of the most compelling arguments for why and how corporations should incorporate eco-impact considerations into value chain analyses.

the best methods corporations can adopt to achieve excellence in sustainable business practices. This area of inquiry constitutes the focus of this dissertation's three interconnected essays.

As discussed, existing CSR studies provide a complex and fragmented theoretical framework that explains private sector environmental stewardship largely through a lens focused on business leaders' concerns with financial and political goals and their interaction with external actors. These investigations highlight the important role non-profit organizations, politicians, unions, community/civic organizations, scientific communities, and other interest groups play in influencing CSR decisions at elite, leadership levels. To-date, the role of employees in CSR is largely left unexplored, with the majority of attention focusing on their role in corporate decisionmaking related to conventional operations and the consequent impact on employee well-being and morale.

E. Expanding the Field of ESCSR Knowledge

Thus, these studies so far have succeeded in highlighting legitimate and significant CSR drivers and actors that center around profit, firm leadership, and the importance of IEE. However, they neglect important analysis around the role of non-financial drivers and internal, nonelite stakeholders. Omitting these factors creates an incomplete understanding of why and how firms choose to engage in CSR and ESCSR and the importance of internal buy-in to achieving related goals. Although scholarly analysis has been applied to non-profit-oriented business motivations (summarized in the business ethics literature review in this thesis' third essay) and the role of firm's internal stakeholders in corporate decisionmaking and action (explained in the organizational strategy literature review in this thesis' second essay), my research connects the two areas of study. This synthesis fills the existing gap in CSR

investigation and further develops this emerging body of research. My work both challenges and complements existing studies through three essays.

The first essay introduces the as-yet unexplored area of internal motivations driving private sector CSR approaches. It sheds light on firms' stakeholders that drive business decisions and actions by surveying all levels of leadership and employees on their interest and participation in ESCSR approaches. The second essay evaluates the receptivity of corporate leadership to employees' input to CSR and ESCSR approaches through both macro-level statistics and in-depth case studies. The final essay draws on the conclusions of the empirical, statistical, and case study investigations to offer a green hands framework that defines best practices in ESCSR approaches and offers metrics for evaluating private sector CSR performance.

1. First Essay: Do Employees Want Firms to Serve as Environmental Stewards?³

In the first essay, an empirical inquiry is used to address the as-yet unanswered question of whether private sector employees find CSR to be a worthwhile and interesting social cause. I will focus specifically on employee judgments on the value of employees participating in and contributing to environmental stewardship initiatives both on a professional and personal level. Much attention has been paid to firm leadership's attitudes toward CSR, as well as the public perception of firms as 'corporate citizens.' Nevertheless, the role and attitude of companies' internal stakeholders – namely employees – has been largely overlooked by CSR scholars.

To help address this issue in the literature, my instrument of analysis in this paper is a questionnaire with content largely modeled on past surveys and studies that assess the non-income related factors that influence private sector employees' assessment of career and personal satisfaction. My survey asks private sector employees in a variety of industries about their personal assessment of the importance and value of CSR behavior and, in particular, whether they have a sense of obligation to advance environmental stewardship goals. The survey further inquires into employees' translation (or lack thereof) of their personal moral code to the workplace in their pursuit of fulfilling careers and meaningful lives. To answer the questions posed in this essay, the survey probes respondents on a variety of subjects. For example, it includes questions that collect respondents' understanding of how environmental stewardship duties play into the broader definition of CSR, identify the relationship between firms' CSR-

³ "Do Employees Want Firms to Serve as Environmental Stewards?" This essay was presented at a Booz Allen Hamilton-sponsored monthly business and academic conference on environmental sustainability in December 2011.

performance and respondents' professional satisfaction; and gauge how (or if) respondents translate feelings of career fulfillment into personal well-being.⁴

By cross-referencing respondents' answers to the various questions with demographic and industry data collected at the same time, the survey's results highlight strong trends that serve as empirical evidence for the power of private sector employees' personal commitment to environmental integrity in their activity in the corporate sphere. Put briefly, the main finding is that employees not only want their employers to serve as environmental stewards but also want to take an active role in CSR initiatives themselves. However, this essay leaves unanswered the question of whether their input influences corporate leadership's ESCSR approach.

⁴ The survey's questions can be found in Word-document form in Appendix A.

2. Second Essay: ESCSR Approaches: Green Screen or Green Scene?⁵

The second essay picks up the line of investigation left open by the first by testing, through both a statistical regression and a three-firm case study, what role (if any) employee input and preference plays in environmentally conscious-firms' ESCSR activities.

In the statistics-based portion of this essay, the paper asks: *What variables make environmentally-conscious firms likely to sponsor employee-matching gift (EMG) programs?*

EMGs are used as the dependent variable because they provide the closest concrete indicator of a firm's willingness to incorporate employee input into philanthropic ventures. The universe of inquiry (environmentally-conscious firms) is defined as the 72 publicly listed firms that opted into the Chicago Climate Exchange (CCX). The results of the study identify statistically significant and positive relationships between firms that have diverse corporate boards and large numbers of senior managers and those who adopt EMG programs. These findings tell us that corporations whose leadership bodies are large and diverse, and thus are obligated to engage in decisionmaking that includes a greater number and diversity of stakeholders, are also more willing (than those who do not) to include employees in ESCSR decisionmaking and implementation. To add nuance to this general, quantitative inquiry, this essay also includes an in-depth case study of three CCX firms who host EMG programs. The aim is to identify which companies have ESCSR approaches that are a green screen (firms with disinterested leadership and/or employees who limit CSR activities to superficial or public relations initiatives) or green scene (firms with engaged leadership and employees who interpret CSR activities as holistic and pro-active initiatives). This portion of the paper highlights certain challenges to environmental

⁵ "Corporate Decisionmaking: Green Screen or Green Scene?" This essay was presented at the 11th Annual *Hawaii International Conference on Arts and Humanities* in January 2013.

stewardship and deliberative decisionmaking in the corporate sphere, including adopting flexible yet disciplined environmental stewardship approaches and finding a balance between ‘passive’ check-writing initiatives versus ‘active’ employee-focused environmental stewardship programs.

This investigation reveals previously unexplored statistically significant relationships between the size and composition of senior corporate leadership and inclusive ESCSR approaches. It also offers insight into what makes a corporate culture ‘green screen’ as opposed to ‘green scene’ in regards to ESCSR.

3. Third Essay: ESCSR Best Practices: Arriving at a Theory of Green Hands⁶

The dissertation ends with a normative investigation of whether firm leadership has an ethical obligation to foster deliberative decisionmaking (or a deliberative ‘green scene’ corporate culture) in matters related to environmental stewardship. The paper reviews ethical and economic thought dating back to Adam Smith to demonstrate that free market capitalism is based on a precept of cooperation to ensure all stakeholders arrive at a mutually beneficial situation. Smith’s work is complemented by more recent work in business ethics that elaborates on corporate leadership’s obligation to serve as employees’ advocates and stewards for both ethical and business purposes. My research then goes on to link this market-focused ethical analysis to the more recent capability approach of Amartya Sen and others. Proponents of this approach argue that those who are better off in society should shoulder more of a burden to ensure social and environmental well-being than should those who lack the adequate resources to enhance general utility. The paper concludes by leveraging work done on the value of deliberative democracy to argue for a theory of ‘green hands’ which demonstrates that the most just way for firms to reach ESCSR goals is via a deliberative, effective, and sincere employee stewardship.

In this dissertation’s three essays, I develop a new model of synergy between employee interest in CSR and leverage on real outcomes of firm decisions. Each inquiry culminates in specific conclusions. The first uncovers the strong link between CSR’s impact on professional and personal well-being; the second identifies firm-level indicators of robust ESCSR performance; and the third defines an ethical framework to guide best practices in linking expressed employee enthusiasm for ESCSR to top-level leadership that may or may not already be inclined to include nonelite input into ESCSR decisionmaking. Overall, these findings

⁶ Portions of research in this essay were used to inform the Climate Change Adaptation Capstone Workshop Concept Paper “*The Niger Delta*” published by Columbia University’s School of International and Public Affairs in Spring 2012.

identify a novel theoretical approach to understanding CSR that focuses on non-financial drivers and nonelite actors. These findings are encapsulated in policy recommendations and areas of further study at the conclusion of the entire thesis piece.

II. First Essay: Do Employees Want Firms to Serve as Environmental Stewards?

A. Abstract

What motivates an employee to come to work every day? Although it is easy to offer an obvious answer, the paycheck, this would do a disservice to the multiple and interconnected professional, personal, and social benefits a healthy corporate culture can offer its constituents. Experts in fields as varied as economists, philosophers, and anthropologists have all offered theories on the value of professional satisfaction on individual well-being and behavior, and this essay is motivated by that theoretical quest. In order to contribute to this theoretical debate, my investigation asks an empirical question: it asks private sector employees whether they want their firms to engage in CSR and in voluntary environmental stewardship initiatives more specifically. The findings of a survey administered to answer this question demonstrate that a majority of private sector employees support corporate decisions to invest in and commit to ESCSR. In exploring and explaining these results, I support a hypothesis that corporate leadership's willingness to engage employees in ESCSR decisionmaking and implementation is a promising and productive way forward in pursuing excellence in environmentally-sustainable business practices. By doing so, this essay adds value to current elite-focused CSR literature by exposing the importance of all levels of internal corporate stakeholders. It also lays the groundwork for future study into the actual state of corporate-level ESCSR decisionmaking and implementation practices and analysis of employees' roles in those activities. This investigation further serves to justify future, more in-depth exploration of the ethical duties of corporate management to offer and employees to avail themselves of deliberative and democratic processes when defining a corporation's social goals and mission.

B. Introduction

“Any environmental virtue ethics worthy of the name must... include a desire to put economic life in its proper place – that is, as a support for comfortable and decent human lives.” –Philip Cafaro and Ronald Sandler, *Environmental Virtue Ethics* (p. 37)

Cafaro and Sandler's first tenet of an environmental virtue ethics emerges as clearly intellectually logical and humanely altruistic. However, whether the desire to “put economic life in its proper place” actually exists in the spirit of the American public is far less obvious. This essay aims to test the viability of the hypothesis to a critical U.S. demographic, namely those in the private sector. It asks why those individuals adopt environmental stewardship roles. In attempting to answer that question, this investigation will contribute new knowledge to CSR studies by analyzing employee-level CSR motivations and activities. The essay will also shed light on the willingness of a resource-rich demographic, those employed by private industry, to

engage in voluntary measures to enhance environmental integrity. The next section outlines CSR conventional wisdom of mercatocracy and shareholder wealth maximization (SWM) followed by an explanation of my contribution concentrating on the role of employees in CSR.

i. *CSR Conventional Wisdom: Two Versions of Elite-Focused Discussion*

A. Claire Cutler, leading scholar in private authority in international-social affairs, offers the most well-developed definition of mercatocracy in her 2003 text, *Private Power and Global Authority: Transnational Merchant Law in the Global Political Economy* when she states that mercatocracy is a “complex mix of public and private authority [that] blurs the distinction between public and private commercial actors, activities, and law. It exercises near hegemonic influence through its material links to transnational capital and through its monopoly of expert knowledge, thought, and institutional structures (Cutler, 2003: p. 5).” Cutler develops this definition throughout her text by arguing that the creation of CSR-related laws and regulations typically falls into the hands of the very corporate leaders it is intended to control. As a result, the regulations are far from effective in disciplining their authors who are looking to protect their own interests first and foremost. Furthermore, Cutler criticizes those scholars who “discount the political significance of such corporations... thus limiting our understanding of the nature of the global political economy by obscuring the nature and significance of private, corporate power and authority (Cutler, 2003: p.5).” Cutler asserts that this political significance is synonymous with business-oriented interests that marginalize social objectives such as environmental integrity and human welfare.

It is important to note that Cutler is one of many scholars who endorse the idea that corporations may wield political power for their own benefit and to the detriment of society (Hall, 2002; Strange, 1996; Turner; 1978; De Cecco, 1976). Earlier research focused more

narrowly on the power corporate interests have in crafting ‘merchant law,’ which prioritize business goals in issues related to access to seas, military aims, and political relations. Nonetheless, Cutler and other scholars have recently expanded their argument to CSR by investigating expansive social and environmental arenas. For example, Cutler is joined by Stephen Gill who asserts that the power of the mercatocracy “confers privileged rights of citizenship and representation on corporate capital, while constraining the democratisation (sic) process that has involved struggles for representation for hundreds of years (Gill, 1998).”

Similar to mercatocratists, SWM theorists believe that corporate leadership is the dominant power in making business and CSR decisions. Both schools also find that financial success is favored at the expense of social and environmental aims. The difference between mercatorists and SWM theorists is more a matter of focus than content: mercatocratists devote their energies to profiling the actors and relationships that make up the elite network, whereas SWM theorists choose to focus more on the influence of corporate goals that drive the private sector elite to engage with their public sector counterparts. In other words, where mercatocratists analyze the public and private sector relationships that make the mercatocracy work, SWM theorists look at the private sector drivers that inform the ways in which the corporate mercatocracy chooses to engage with policy-makers and politicians.

SWM itself is not a new theory, it has been used to explain business ethics largely and CSR more specifically for several decades. In fact, according to scholar John Dobson, SWM is “backed by 2,500 years of moral philosophy (Dobson, 1999: p. 70).” To offer a high-level overview of the theory, proponents of SWM see corporate behavior as solely fueled by its mission to deliver the maximum possible return on investment to legal shareholders. Perhaps due to its longevity, very distinct camps of thought have emerged as different scholars in

different eras pontificate about the nexus of business and morality under the SWM heading. The conventional wisdom among most established business schools is to teach SWM as an amoral approach to doing business (Chambers, 1996; Jensen and Meckling; 1976). These institutions assert that, in expert Donald Chambers' view, "SWM serves as a conduit of ethics, rather than a net determinant of ethical behavior... market values can price ethics just as they price anything else (Chambers, 1996: p. 93)." However, this neutral, or solely instrumental, stance has been challenged by other researchers who endorse the 'invisible hand theory' to justify its morality. These scholars argue that SWM will generate benefits for companies' shareholders, as well as to society (Cloninger, 1995; Smith, 1992; Aggarwal, 1990). The debate, however, does not end there.

Another contingent of scholars argues that SWM, both its precepts and its consequences, are actually immoral. Their argument has a direct connection to CSR, as they suggest this immoral and irresponsible pursuit of profit inevitably results in poor-quality or non-existent CSR actions. SWM scholars who view the theory as immoral suggest that environmentally or socially-minded CSR is a figment of 'idealistic' imagination with no actual place in real corporate goals and consequent behavior. Instead, they accuse firms of manipulating the "CSR" label to merely reinforce standard business practice related to pre-established fiduciary duty and due diligence standards (McGuire, 2003; Zajac, 1994; Fama, 1980). Legal and corporate governance expert Paddy Ireland most explicitly emphasizes the injustice done to environmental and social welfare by SWM strategy when she states that "shareholder primacy is in reality the primacy of a small privileged elite (Ireland, 2005: p. 52)." Ireland's work, along with her colleagues, suggests that SWM is not only the most accurate theoretical framework to explain corporate behavior, but that it explicitly promotes corporate social irresponsibility and a

disregard for other stakeholders' well-being. As a result, Ireland accepts SWM as a description of reality but emerges as a vociferous critic of its immoral goals (which aim to protect and further enrich a small, privileged elite) and consequences (which result in environmental and social degradation at the expense of maximum financial profit).

ii. *Employees' Role in CSR: An Original Contribution*

Whereas the conventional literature concerning mercatocracy and SWM discussed above largely argues for the force of elite- and business-minded decisionmakers, both moral and immoral, in the reasons explaining CSR activities, my research contributes a new aspect to the conversation by suggesting that employees may also serve as a driving force in the specific field of ESCSR due to professional and personal motivations. My contribution adds to the conversation by examining whether employees are interested in ESCSR at the decisionmaking and implementation level. Specifically, this essay's hypothesis, that private sector employees are willing to advocate for and participate in environmentally-friendly corporate practices, illuminates the extent of power that employee drivers do, can, and should have to influence firm-level ESCSR choices and consequent action.

My particular contribution is founded on past work, primarily ethical analysis, that highlights motivations for eco-friendly behavior among rational individuals in society. The literature on this topic is expansive and it is helpful to summarize the work to-date along three types of motivators: individual, community, and global. In the first place, scholars identify personal (some would argue, selfish) reasons for an individual to be concerned about and interested in engaging in environmental stewardship practices. For example, access to clean air and water on a daily basis is imperative to sustaining human life. To be sure, the very basic desire for good health is one of the first and most universally recognized drivers of eco-friendly

practices (Arrow, 2012; Pojman, 2008; Routley, 1982 and 1973). Environmental stewardship also fulfills certain obligations morally upright people feel towards their fellow community members (Welchman, 2012; McShane, 2007; Phillips, 1996). Scholars note this moral lesson is especially prominent in religious literature. Holy leaders remind their congregations that “the world had not been given to humanity outright but was properly the possession of its creator, to whom human beings stood in the role of stewards (Welchman, 2012: p. 305).” Thus, individuals view the environment as free from (or, at the very least, as more than a matter of) individual ownership. Instead, the natural world is seen as a resource given in equal parts to a community to use in a way that benefits its members. Lastly, other scholars investigate individuals’ motivations to be environmental stewards through a global lens (Norton, 2005; Worrel, 2000; Wasserman, 1998). These scholars emphasize the interconnectedness of the global community in terms of politics, economics, and environment. Their works focuses on the carbon footprint of MNCs who run operations that impact stakeholders in all hemispheres. The absence of borders with respect to ozone depletion, air pollution, and the degradation of forests, water, and other key supporters of human life and biodiversity all play key roles in this literature that stresses the importance of protecting global resources for both today’s and tomorrow’s generations.

Whereas literature explaining individuals’ motivations to protect the environment generally concurs on altruistic intentions, it is also important to consider the more calculated reasons employees’ engage in CSR more generally. For example, CSR’s growing visibility as an important aspect of corporate performance makes related programs an opportunity for employees seeking career advancement to win leadership’s attention as exemplary volunteers or community leaders. Additionally, the peer pressure surrounding CSR involvement that may come from coworkers may also spur employees to participate unwillingly in related activities in order to ‘fit

in' to corporate culture and be treated well at work. Doubts such as these on the true altruistic value of employees' attention to CSR are legitimate. However, similar to larger concerns about CSR's motivations writ-large, they do not merit a complete dismissal of the value of understanding employees' many motivations for opting into CSR activities. Assuming any decision can be explained by one factor is an overly-limited way of considering human behavior. This is especially true when considering motivations for action and attitudes, such as those related to CSR, that bridge multiple spheres of life (professional, personal, social). As a result, while keeping the possibility that employees may be intent on manipulating CSR actions for their ultimate benefit only in a professional sense (be it through a promotion, an increase in salary, or better intra-personal connections) is valid, the reality that they will be receiving, enjoying, and cognizant of benefits outside the professional sphere is equally important to acknowledge and consider as a driving force in their ultimate opinion on and engagement in CSR.

Due to the importance of striking a balance between allowing the private sector's use of natural resources in a profitable and sustainable way while motivating these same businesses to protect the environment, it was important to test the viability of leveraging employees' interest in environmental stewardship to achieve this goal through active questioning techniques. This type of survey exercise has not been administered in previous studies, most of which focused on case studies, focus groups with firm leadership, or statistical-based investigations. In order to fill this gap, my study is based on a CSR and ESCSR survey and includes a profile of survey respondents and discusses potential bias from the socio-demographic characteristics of the respondents' pool. The combination of survey responses and demographics analysis sheds light on the potential role of internal corporate stakeholders on firm-level ESCSR decisionmaking and implementation.

These findings ultimately provide an entry point for further inquiry into the actual role of employees and leadership in ESCSR approaches.

C. Essay Motivation

The motivation behind my inquiry is to advance the fields of CSR literature by expanding what is now an elite- and financially-focused conversation to a discussion that encompasses employee input at both the decisionmaking and implementation phases. My hypothesis is that employees are critical determinants in shaping and giving legitimacy to corporate culture and, likewise, active participants in corporate decisions when they are allowed to give voice to opinions in an office setting.⁷ In other words, CSR scholars have done a disservice to individual employees by treating firms as virtual ‘black boxes’ that act of one mind and spirit in-line with executive leadership.

In pursuing this novel hypothesis in CSR literature, my work challenges past CSR research as summarized by the review of fiscally-focused mercatocracy and SWM theories. My investigation into the role of internal stakeholders in a firm’s ESCSR strategy not only expands the current CSR conversation, but also further develops organizational strategy studies into employee citizenship. Employee citizenship is a term used to encompass a variety of factors, including employee loyalty to a firm; strength of a cohesive corporate culture; and alignment of leadership and employee goals. Regarding employee citizenship, scholars explain that the emergence of strong organizational citizenship behavior (OCB) is primarily a result of a firm’s procedural (i.e. decisionmaking) mechanisms and of a firm’s demonstration of its commitment to employee well-being (Manville, 2003; Eisenberger, 1990; Shore, 1995; Wayne, 1997; Kickul, 2001; Blakely 2005). Existing literature largely frames studies in terms of traditional business

⁷ This issue, of when, how and why employees are and/or should be included in deliberative decisionmaking in the office, is picked up on and elaborated in this dissertation’s later essays.

practices, including investigating the relationship between soliciting employees' opinions on decisions related to core operations and personnel training programs and consequent levels of technological innovation and employee loyalty (Moorman, 1991). Although these studies have demonstrated a positive relationship between employee engagement in decisionmaking and robust OCB, these studies have not, to-date, seriously considered employees' role in ESCSR decisionmaking.

Existing scholarly work investigating the connection between employee engagement and CSR activities primarily focuses on the post-decisionmaking phase (i.e. employees' willingness to participate in CSR activities pre-defined by the corporation). Furthermore, these inquiries often take the form of case studies analyzing CSR programs motivated by corporate leadership's personal interests and/or CSR programs deployed in the geographic areas critical to corporate core operations (see bibliographic citations for Chong and Murillo). These articles are very different from my inquiry into employee desire to engage in the CSR decisionmaking process for general and globally-oriented environmentally-focused programs in several, variously-sized firms.⁸

Given the existing work already accomplished on employees' engagement in operations-focused decisionmaking and CSR implementation, this essay offers new research by shedding light on employees' interest in environmental stewardship in the professional and personal sphere.⁹ In demonstrating this interest, these results successfully question and challenge conventional CSR wisdom which limits analysis of firm motivations to financial drivers. It also serves to justify further study into the potentially fruitful and critical role of employees in

⁸ Organizational strategy literature and OCB theory will be revisited in more detail in this dissertation's subsequent essay, but deserves mention here to help contextualize this first essay's survey content.

⁹ This essay's focus on employees' *desire* to become involved in decision-making serves to justify the further investigation of employees' actual opportunities to engage in environmental CSR decision-making, which will be explored in this dissertation's second and third essays.

shaping and implementing corporate-level ESCSR decisionmaking from public policy, business and ethical perspectives.

D. Survey Content and Goals

With these purposes in mind, I created a survey with the goal of exploring employees' opinions on CSR in general and corporate environmental stewardship roles in particular. The survey asks private sector employees in a variety of industries about their personal assessment of the importance and value of CSR activities with a special focus on their sense of personal obligation to environmental stewardship goals. The questionnaire generated empirical evidence that sheds light on actual individuals' CSR and ESCSR decisionmaking processes and consequent actions. It inquires: *To what extent do private sector employees translate personal feelings of environmental stewardship obligations to the workplace?* As discussed previously, the rationale for posing this question is to demonstrate that individual employees consider environmental stewardship decisionmaking and behavior seriously; and that they translate that priority to the office-place. If this link can be demonstrated, there is a strong political and normative argument for the further exploration of continued, or enhanced, employees' inclusion in corporate-level CSR decisionmaking and implementation.

My instrument of analysis is a questionnaire with content largely modeled on past surveys and studies that probe the non-income related factors that enhance individuals' assessment of quality of life.¹⁰ A copy of the survey is included in Appendix A. The survey further inquires into employees' translation (or lack thereof) of their personal moral code to the

¹⁰ For more on this topic, please see Richard Easterlin's 2003 article "Explaining Happiness" in *Proceedings of the National Academy of Sciences of the United States of America* and Carol Graham's Happiness Around the World: the Paradox of Happy Peasants and Miserable Millionaires, 2010.

workplace in their pursuit of fulfilling careers and meaningful lives.¹¹ The survey is structured in three-parts:

- The first page of questions seeks to collect respondents' understanding of how environmental stewardship duties play into the broader definition of CSR;
- The second page of questions seeks to gauge how respondents define their firms' CSR performance within self-defined peer groups; and
- The third page of questions seeks to identify the relationship between CSR-performance and respondents' satisfaction measured in terms of career fulfillment and personal well-being.¹²

By cross-referencing respondents' answers to the various questions with demographic and industry data collected at the same time, these results help identify trends that can serve as empirical evidence to illuminate the extent of and reasons behind private sector employees' personal interest in and commitment to environmental stewardship roles as well as the types of staff most and least interested in the CSR cause.

E. Target Audience

Ideally, the respondents' pool for this survey would be a representative sampling of employees in the U.S. private sector (including variously-sized, -aged, -located, and -profitable firms in diverse industries) in order to most accurately capture and analyze the diverse opinions of those engaged in the corporate world. Because capturing the countless types of U.S. companies is a venture outside the scope of this essay, a sample of convenience was constructed to come as close to the ideal goal as possible.¹³ Specifically, in defining the target audience of

¹¹ It is important to note the influence of 'economy of well-being' literature on this survey. While 'well-being' and 'satisfaction' can have many different and nuanced meanings among scholars in this area, this paper treats the two concepts as identical.

¹² The survey's questions can be found in Word-document form in Appendix A.

¹³ While this sample of convenience prohibits me from conducting formal tests for statistical differences in this sample, it allows me to make descriptive and strong empirical arguments for the relationship between individual employee's interest in and commitment to environmental stewardship roles and activities and their personal fulfillment/personal and professional contentment. A demonstration of a strong connection will justify further,

my “Corporate Social Responsibility: Business Professionals’ Opinions” (CSR Survey) before its administration in the summer of 2010, I first attempted to construct an accurate representation of the key industries in the American private sector. The identification of ‘key’ industries was based on the power of each sector, using calculations of contribution to annual gross domestic product (GDP) as my main metric. These calculations were informed by the U.S. Department of Commerce’s Bureau of Economic Analysis 2010 Revised Statistics of GDP by Industry for 2003-2010 press release.¹⁴

quantitative-based study into the corporate decision-making process around CSR as it has interesting implications for business, political, and ethical scholars.

¹⁴ This press release was released on Tuesday, December 13 2011 and can be accessed via the www.bea.gov website.

	2008	2009	2010
Gross domestic product.....	100.0	100.0	100.0
Private industries.....	87.0	86.2	86.4
Agriculture, forestry, fishing, and hunting.....	1.1	1.0	1.1
Mining.....	2.2	1.5	1.6
Utilities.....	1.8	1.9	1.8
Construction.....	4.3	3.9	3.5
Manufacturing.....	11.4	11.0	11.7
Durable goods.....	6.3	5.7	6.3
Nondurable goods.....	5.1	5.3	5.4
Wholesale trade.....	5.8	5.5	5.5
Retail trade.....	5.9	6.0	6.1
Transportation and warehousing.....	2.9	2.8	2.8
Information.....	4.5	4.4	4.3
Finance, insurance, real estate, rental, and leasing.....	20.4	21.3	20.7
Finance and insurance.....	7.3	7.9	8.5
Real estate and rental and leasing.....	13.1	13.4	12.2
Professional and business services.....	12.5	12.0	12.3
Professional, scientific, and technical services.....	7.7	7.4	7.5
Management of companies and enterprises.....	1.8	1.8	1.8
Administrative and waste management services.....	2.9	2.8	2.9
Educational services, health care, and social assistance.....	8.1	8.7	8.8
Educational services.....	1.0	1.1	1.1
Health care and social assistance.....	7.0	7.6	7.6
Arts, entertainment, recreation, accommodation, and food services.....	3.8	3.7	3.8
Arts, entertainment, and recreation.....	0.9	0.9	1.0
Accommodation and food services.....	2.8	2.8	2.9
Other services, except government.....	2.4	2.4	2.5
Government.....	13.0	13.8	13.6
Federal.....	4.1	4.4	4.5
State and local.....	8.9	9.4	9.1
Addenda:			
Private goods-producing industries ¹	19.0	17.5	18.0
Private services-producing industries ²	68.0	68.7	68.5
Information-communications-technology-producing industries ³	4.2	4.3	4.6

Table 1: U.S. Economy by Sector. This table illustrates the value added by industry group as percentage of total U.S. 2010 GDP and guided my identification of the top five most powerful sectors. *Source: U.S. Department of Commerce's Bureau of Economic Analysis 2010 Revised Statistics of GDP by Industry for 2003-2010 press release*

Using Table 1, found in the Department of Commerce's full report, the top five industries were identified by looking at the percentages each contributed in 2010 next to the *main headings* under private sector industries. For example, five lines down from 'Private Sector,' 'Manufacturing' (which includes durable and nondurable goods) accounts for 11.7% of the 2010

GDP. Following this pattern, this publication listed the top five largest industries, contributing a total of 59.6% to the U.S. GDP in 2010, as:

- 1) finance/insurance/real estate/rental/leasing (20.7% contribution);
- 2) professional and business services (12.3% contribution);
- 3) manufacturing (11.7% contribution);
- 4) educational services/health care/social assistance (8.8% contribution); and
- 5) retail trade (6.1% contribution).¹⁵

After creating this schematic of the nation's economy, I put together, based on personal connections as well as connections I formed through academic and professional advisers, a list of 'umbrella' contacts that worked in each of the top five industries. These umbrella contacts were, in a way, gatekeepers. They were individuals holding corporate positions that allowed them access to the appropriate number of private sector employees in the respective top-five industries. Overall, the on-line survey was intended to reach 500 respondents. To ensure inclusion of a representative number of employees in each of the afore-mentioned sectors, I calculated the share of the U.S. economy each contributed when only the top-five industries were considered, as demonstrated in the break-down in Figure 1.¹⁶ This meant that approximately:

- 1) 170 respondents should come from industries related to finance/insurance/real estate/rental/leasing ;
- 2) 105 respondents should come from industries related to professional and business services;
- 3) 100 respondents should come from industries related to manufacturing;
- 4) 75 respondents should come from industries related to educational services/health care/social assistance; and

¹⁵ In 2010, government activity contributed a little under 14% to the national GDP, with various industries including agriculture, entertainment, and food services making up the remainder of the total \$14.82 trillion amount. While, ideally, my survey would have included all industries to paint a more accurate picture of opinions in the U.S. private sector, I chose to limit my target audience to the top five in order to keep my research efforts in a reasonable scope (i.e. in terms of contacts, respondent numbers, and results analysis). In addition, many of the industries that fell outside the top five were in sectors that do not rely on the Internet to the same extent as the those in the top five (for example, agriculture), and therefore most likely would not have yielded comparable response rates to my on-line survey as those listed in the top five tier.

¹⁶ For example, the five-top industries contributed 59.6%, or \$8.83 trillion, to the \$14.82 trillion total GDP amount. This means the retail trade contributed approximately \$904 million. Within the top five industries, this places the retail sector at an approximately 10% contribution, meaning I would ideally survey 50 of my 500 respondents from this industry.

5) 50 respondents should come from the retail trade.

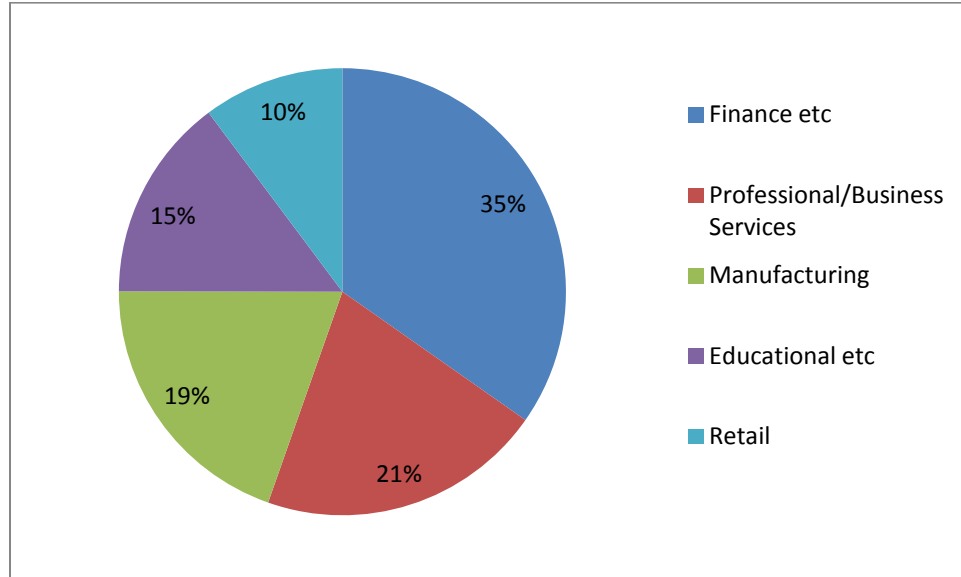


Figure 1. Top Five U.S. Industries' Contribution to GDP. This figure illustrates the normalized contribution of the top five U.S. industries to total U.S. 2010 GDP and guided my quota for survey respondents by sector. *Source: Calculations informed by the U.S. Department of Commerce's Bureau of Economic Analysis 2010 Revised Statistics of GDP by Industry for 2003-2010 press release*

My typical strategy was to e-mail, call, or meet one of these umbrella contacts, explain my survey (both its design and intent), and ask them to distribute it to a group of employees and/or coworkers. While I created rough estimates of how many survey respondents each umbrella contact could solicit, I was also able to ask that question in my conversations with them to make sure my ideas were in-line with reality. Once the umbrella contacts confirmed that they were able and willing to contact a certain number of respondents, they were given the link to the survey along with explanatory language about its content and goals. I also offered to reach out to their respondent pool myself if they preferred to send me the appropriate distribution list.

Beyond targeting a quota of respondents from each industry, I also intended my survey to reach a diverse array of internal corporate stakeholders. For that reason, I identified umbrella contacts at many levels of responsibility and power, including individuals in chief executive

positions as well as mid-level managers spanning both operational and administrative oversight duties. I further made sure that at least 30% of each umbrella-contact group came from a company headquartered in a unique U.S. state, in order to achieve the desired geographical diversity (although many of the umbrella contacts sent the survey to employees located in multiple states). The full range of my umbrella contacts' characteristics are captured in Table 2.

Industry	Number of Umbrella Contacts	Firm Size (Number of Employees)	Firm Age (Years)	Number of HQ States	2010 Net Profit Margin in 2010 (%)
Finance, etc	11	100 – 45,000	>1 – 160	4	-15 – 60
Professional/Business Services	18	12 – 25,000	2 – 98	6	4 – 27
Manufacturing	7	1,800 – 164,000	20 – 99	4	13 – 44
Educational, etc	10	5 – 250	>1 – 47	3	5 – 22
Retail	5	2,000 – 90,000	25 – 122	3	15 – 34

Table 2. Characteristics of Umbrella Contacts. This table illustrates the diverse characteristics of the umbrella contacts identified to aid in the administration of the original survey.

By following this logic and these calculations, my survey was successfully sent to approximately 500 respondents spanning the top five industries either personally or through my umbrella contact. In the end, 170 responses were received, a 34% response rate. In the next section, the choice of mode of collection is explained, followed by a discussion of the profile of the actual respondents who participated in the survey.

F. Mode of Collection

Survey administration necessarily includes several methodological choices. A major challenge in this instance was selecting the best mode of questionnaire distribution and collection of results. In order to make the choice that would yield the highest response, the most exact responses (i.e. allow respondents to cognitively understand and respond appropriately to

questions), and the most accurately analyzed data, I made a series of strategic decisions. The first decision regarded the unit of analysis. I decided to opt for individuals as the unit of analysis in my survey (as opposed to groups of employees). This seemed the best decision, as it generated the maximum amount of data points as possible. It furthermore avoided any ‘group-think’ or social pressure that may have biased answers. This latter concern was especially salient in this exercise, as work-places often create close-knit communities and social pressure where coworkers may feel inclined to agree with office or cubicle-mates who they know they will see on a daily basis.

The next challenge was evaluating the typical modes of survey distribution, including mail, telephonic, in-person and online. The first three options were ultimately dismissed for the reasons listed below.¹⁷

i. Mail

- The relationship between my umbrella contacts and my target audience. Given the professional nature of the relationship between my umbrella contacts and their employees and/or coworkers, it seemed like it might be uncomfortable for the umbrella contacts to ask potential respondents to give their personal household address, as opposed to their work e-mail, to receive the survey.
- Cost. Mailing surveys can become expensive due to fees associated with postage, stationary, and envelopes.
- Results collection and analysis. Receiving survey results by mail would require me to manually consolidate and code all answers. This would be both time-consuming and it would create a non-negligible opportunity for human error.

¹⁷ My decision-making was largely guided by what I learned about survey research in Floyd Fowler’s Survey Research Methods. Sage Publications: 2008; all facts and statistics in this section are sourced from this text.

- Response rate. Scholars have reported that mailing a questionnaire often produces very low response rates, often averaging around 5%.

It is important to note that the major advantage of mailing surveys is that it ensures that those without access to telephones and Internet can be included in the respondent pool. However, considering that my target audience was private sector employees, it seemed reasonable to dismiss this concern as most employees are given office phone numbers and computers.

ii. Telephone

- Nature of target audience. Private sector employees were the target audience in my questionnaire; a demographic for whom time is money. As such, telephone conversations, which require an appointment on a calendar and time away from daily business, were not the ideal mode of data collection.
- Cost. Calling hundreds of potential respondents requires substantial costs, including paying survey administrators for time spent on the phone and covering long-distance fees for employees located in remote offices.
- Results collection and analysis. Capturing survey responses over the phone may result in inaccurate data collection. If telephone conversations were not taped, the survey administrators would need to rely on memory and notes to reconstitute answers; both types of recollection are prone to human error. The second step of coding would also prove time intensive as those notes would need to be transcribed into a standardized form.
- Response rate. As studies have shown time and again, Americans are becoming more and more adverse to phone conversations, as the use of non-voice data services, such as texting and instant messaging using smartphones, rises at an incredible pace (CTIA,

2012)). This aversion to engaging in phone conversations, as well as the fact that some employees may not have access to a desk or mobile phone during the day, made me wary of using telephones as the mode of collection.

iii. In-Person

- Confidentiality concerns. The protection of respondents' identity and responses in any survey exercise is a prime concern. However, when the identity of employers is also at stake, confidentiality of responses becomes even more important, as proprietary information and career-security can be put in jeopardy. For this reason, in-person interviews seemed overly-risky to both the umbrella contacts and their employees. These types of concerns are largely mitigated by more impersonal means of data collection, such as that experienced through an on-line questionnaire.
- Cost. Administering the survey in person to the targeted pool of approximately 500 private sector employees would have required financial resources outside my grasp. First, I did not have access to the adequate human resources: I could not recruit or compensate enough staff to complete the administration in a time-efficient manner. Further, there was a lack of funds to plan and execute training sessions for such a staff. Finally, there were no means to organize the travel or lodging accommodations necessary to allow myself or other survey administrators to reach the employees working for the diverse companies in their respective geographic locations.
- Results collection and analysis. Collecting survey results from in-person conversations is both taxing on human (either requiring two administrators to participate – one as vocal lead and one as scribe) and time (often requiring transcribing hand-written notes and/or tape recorded interviews into type-written form) resources. Coding results is often also

onerous, as survey administrators need to pinpoint relevant information for inclusion in official results analysis – a task that may be challenging as conversations may wander into peripheral subjects.

- **Response Rate.** Similar to telephonic interviews, in-person interviews were avoided because they are often viewed as time-intensive and cumbersome from the perspective of potential respondents. Scheduling a convenient time and location is often difficult, especially when the target audience is explicitly employees – a demographic who is busy, generally, during business hours and who may not look agreeably on giving up their after-work or leisure time to answer questions coming from an unknown administrator.

iv. Online

Although finding the weaknesses in other survey methodologies is instructive in eliminating some options, it is also necessary to prove the worth of the methodology that is ultimately chosen. In my case, an online survey was the best choice for several reasons. In the first place, it was the most cost-efficient option. The questionnaire was created on SurveyMonkey, a popular website that offers survey creation capabilities at no cost. I chose to establish a more expensive “Select” account to enhance certain aesthetic and content-related aspects of my questionnaire. This type of account also facilitated results collection and analysis, as it enabled me to cross-reference demographic information with certain replies to search for and identify interesting trends within certain types of respondents. In addition, as the online format allowed respondents to respond directly to most questions using multiple choice or ranking mechanisms, this type of survey eliminated a lot of coding work that would need to be done as a result of conversation-based survey administration.

In the second place, using an online mode of survey administration allowed me to cater to my target audience: busy employees with demanding jobs. Internet surveys allow respondents the flexibility to respond to the questionnaire whenever was most convenient for them. At the same time, this type of survey also alleviated concerns related to confidentiality. Respondents never had to meet face-to-face or speak personally with survey staff; and the online questionnaire never requested personal identification. Respondents were only asked to provide generic data related to certain personal demographic characteristics (i.e. age, income, political participation) and firm-related industry information. Finally, the online format made communications with survey respondents painless and inexpensive. Respondents were provided with highly-specific and original survey instructions via email, and issue follow-up reminders via email as well. This took relatively little time and coordination and could be done at no cost.

It is important to note that recent survey-focused research has shown Internet-based questionnaires yield a typical response rate of between 20 and 30%. (Kaplowitz, 2004). This response rate is roughly comparable with other modes of accepted survey administration, and thus not a compelling reason to avoid online surveys.

In the end, opting for the online method of survey administration and collection did indeed yield the best response rate and most accurate results. According to my own email records and those of my umbrella contacts, the survey link was sent out to approximately 476 potential respondents. Of those 476, approximately 229 responded to the survey. Of those 229, approximately 170 completed the survey. I took the answers from the 170 employees who answered all the survey questions to be my ultimate respondent pool. Their characteristics are analyzed below.

G. Respondents Profile

When analyzing my respondents' profile, it became clear that there were a variety of factors that could have skewed the results but one of the most troubling was the potential bias related to respondent self-selection. In particular, the need for a way to account for the possibility that those employees who took my survey primarily did so because they were interested enough in CSR to answer questions related to the topic (as opposed to taking the survey because they were requested to do so by leadership, are familiar and like answering questionnaires, or had free time at work, among other feasible motivations) was quickly evident. If this possibility proved true, the majority of the respondents would express unrepresentative sympathy towards and support for CSR-related activities and goals. In order to give this potential bias due consideration, I analyzed the traits of those who responded to see how representative they were of the American private sector as a whole as it is depicted by 2010 U.S. census data. These traits included not only the respondents' industry association, but also personal demographic characteristics.

Perhaps one of the most important considerations associated with the representativeness of my actual sample relates back to an issue raised in the "Target Audience" section of this paper. In that section, the process for calculating approximate quotas of respondents that should be drawn from each of the top five U.S. industries was explained (35% of respondents from industries finance/insurance/real estate/rental/leasing; 21% respondents from professional and business services; 19% respondents from manufacturing; 15% respondents from educational services/health care/social assistance; and 10% respondents from the retail trade). In actuality, the respondent break-down was the following: 47% (or 79 respondents) from professional and business services; 30% (or 51 respondents) from finance/insurance/real estate/rental/leasing; 12% (or 21 respondents) from manufacturing; 6% (or 10 respondents) from educational

services/health care/social assistance; and 5% (or 9 respondents) from retail. While these percentages do differ significantly from my ideal targets from each of the top five industries, my survey still achieved a wide diversity of employees in each of the leading business sectors. For this reason, and due to the fact that the vast majority of my ideal and actual target audience are both drawn from the service-oriented tertiary sector of the U.S. economy makes me confident my respondents' industrial profile would not compromise my results in an irremediable fashion.¹⁸

The fact that the percentage of my respondents from the manufacturing sector is slightly lower than the target of 19% may introduce some bias, however. One possible outcome of this discrepancy between my target audience and my actual respondents' pool may be a slightly uncharacteristic sympathy *for* environmentally-friendly CSR activities. As manufacturing companies usually employ workers to perform tasks that are, by definition, transforming raw materials into finished goods on a large scale, these employees are likely to be far more aware of the environmental impact (including the exhaustion of natural resources, the expenditure of energy/fuel to successfully complete core operations, and the waste produced by the manufacturing process) of their day-to-day work. Given this daily exposure to their corporation's carbon footprint, such employees may be more likely than those in the 'softer' and cleaner service sector to support CSR activities they deem to be in-line with environmental stewardship.

However, an opposite argument may be employed to defend the contrary possibility; namely that manufacturing employees may be more likely to *oppose* environmentally friendly CSR activities than others. In this scenario, employees whose livelihoods depend on the daily use and disposal of natural resources may shy away from supporting eco-friendly practices that

¹⁸ Please note, a much more in-depth discussion of potential bias introduced by my actual sample is contained later in this section.

may threaten their careers. Due to these mixed considerations, it is difficult to argue convincingly for or against one type of bias introduced by the paucity of manufacturing respondents in my survey.

Beyond industrial-level characteristics, my survey also probed respondents for information related to personal demographics. Although some of the demographic questions asked were too specialized to be reflected in the U.S. Department of Commerce’s Census Bureau’s information pool, many key characteristics were captured, including age, ethnicity, and employee tenure. The table below juxtaposes the profile of the survey respondents to the U.S. private sector. The last column of the table also demonstrates, via the calculation of a chi-squared statistic, whether or not the difference between my survey respondents and the U.S. private sector as a whole is significant. For the purposes of this paper, I have set the alpha level of significance at 0.05; this means any p-value smaller than this threshold represents a rejection of the null hypothesis of equal distributions.

Characteristic	Survey Respondents	Private Sector	Two-tailed P Value of Difference
Age: Over 50 years old	15%	20%	0.08
Ethnic Minority	14%	17%	0.23
Parents	48%	81%	<0.001*
Tenure over 10 years	13%	29%	<0.001*

*p<0.05; indicating statistical significance

Table 3. Comparison of Sample to U.S. Private Sector. **This table compares the respondent profile of my survey to the demographics of the U.S. private sector.** *All information contained in the table above comes from the Bureau of Labor Statistics’ (BLS) and U.S. Census Bureau’s various 2010 reports ([http//bls.gov](http://bls.gov)).*

As demonstrated in *p<0.05; indicating statistical significance

Table 3, data covering the average age, ethnicity, parenthood status, and length of tenure of employees in the U.S. private sector as a whole was successfully found. These comparisons

demonstrated that my typical respondent was generally (but not significantly) younger and less likely to self-identify as an ethnic minority than the average U.S. private sector employee. The findings also indicated that my respondent pool was significantly less likely to have children of their own and significantly more likely to have spent less than ten years at their present firm than the average U.S. employee. These latter two findings could be due to several factors and produce several results of note.

i. Parenthood

The first finding that could produce bias in my results is the parenthood variable. In the survey, respondents were asked to identify themselves as parents to test my hypothesis that those with a personal stake in future generations would be more likely to support CSR activities in general, as well as environmentally friendly CSR activities specifically. I based this hypothesis on the assumption that these respondents would take particular initiative in both personal and professional programs to preserve adequate natural resources and a healthy environment for their children, grandchildren and beyond. In the end, the difference between the number of my survey respondents who identified as parents was 82 (or 48%); a number significantly lower than those who identified as having dependents in the BLS' 2010 *Employment status of the population by sex, marital status, and presence and age of own children under 18, 2010-2011 annual averages* report.

This discrepancy could have been produced by the nature of employees who had the time and interest in taking an online survey. Parents, who have pressing obligations outside of work including picking up children from daycare, volunteering at school and extra-curricular activities; chauffeuring children to play-dates and medical appointments, and performing other household and/or childcare chores may be (understandably) less inclined to put aside five minutes of precious time to answer questions in a survey on CSR. If my hypothesis on parents'

likely support of CSR and environmentally-friendly initiatives proves true, this lack of participation may introduce a bias *against* CSR activities into my ultimate survey results.

ii. Employee Tenure

In regards to the uncharacteristically brief length of tenure, one possibility that seems especially likely is that this result is indicative of the relationship between my umbrella contacts and the respondents they emailed. In speaking with my umbrella contacts, most of them seemed much more comfortable distributing my survey to employees and/or colleagues either at their level of seniority or below in the firm. As a result, it seems logical that the majority of the ultimate survey recipients and respondents may be newer to their present employer than the average U.S. private sector employee, thus creating a population that is ultimately non-representative of the nation's business population.

Although this finding does indicate my respondents' pool differs substantially from the larger population in one aspect, the result does not significantly threaten the importance of my research on opinions in the private sector as a whole. Although the typical survey respondent has not spent the same amount of time at his present firm as the rest of the population, this does not mean his overall time in the private sector is any different from his counterparts. In addition, as a possible concern related to this discrepancy may be a significant difference in the overall relationship of employee (at a firm-level) to employer due to the unrepresentative brevity of tenure. However, in my research in organizational citizenship, the most significant indicators of loyalty to a firm or organization originate from one of two factors: 1) the perceived efficiency and justice of the organization's behavior toward employees and/or 2) the employees' level of conscientiousness as an element of their personality (Borman, 2004). Thus, the significantly fewer number of years in my respondents' time at their firms should not pose a serious risk to the meaningfulness of my results.

Other demographic variables included in my survey were not as neatly captured by reliable sources. These variables included annual salary and political activity of employees in the private sector. Despite the difficulty in finding comparable measurements of these variables, proxy variables characterizing the U.S. private sector were found that make for interesting comparisons and do shed light on the representativeness of my sample population. While these variables and their proxies defy neat comparison in a table, they are discussed below.

iii. Annual Salary

In the survey, there was a question asking respondents whether their annual salary exceeds \$100,000 in order to test for effects of compensation on sympathy towards CSR activities. My initial hypothesis was that those employees with larger salaries would be more supportive of CSR in general, as they have the luxury on a personal level to explore non-work-related activities which may include environmental stewardship initiatives, philanthropy, or other altruistic causes. In addition, I also hypothesized that those employees who had reached a status in their company to earn such impressive compensation may feel some duty to ‘give back’ to others given their position of relative ease. As I expected to see some connection between personal and professional moral codes, I thought it likely these respondents would support their corporations’ ventures into CSR in general.

At the end of my survey exercise, I found that 19% (or 32 respondents) reported making over \$100,000 per year. The closest proxy variable I could find was a statistic published by the 2010 U.S. Census Bureau in its report on personal income which found that approximately 6% of the U.S. population made more than \$100,000 per year.¹⁹ Unfortunately, the information was not broken out by sector, therefore the data included both public and private sector income

¹⁹ Found through the U.S. Census Bureau’s home page website; report entitled: *Annual Social and Economic (ASEC) Supplement*, 2010.

information. While this comparison does not effectively illuminate the representativeness of my sample in terms of income, I strongly suspect my respondents' pool is disproportionately well-compensated as compared to the U.S. private sector as a whole. If my hypothesis as stated above proves true, it may skew my results to demonstrate that the private sector is overly-sympathetic to CSR activities as whole.

iv. Political Activity

One of the hypotheses tested in my survey related to the possible link between an individual's political and CSR activity. I suspected there would be a noteworthy connection between those employees interested in politics and those interested in CSR; as these individuals were more likely to contribute to causes outside their nine-to-five day-job.²⁰ However, when trying to ascertain how representative the politically active population of my survey respondent was when compared to the U.S. private sector as a whole, I found that very few reputable sources break-out voter participation by employment status of the voter. Therefore, while the respondents to my survey that identified as politically active totaled 45% (76 respondents), it is difficult to say whether this is comparable to the United States Election Project's (USEP) estimated 41% turnout in the 2010 general elections. One indication that these numbers may be comparable comes from a study done on the effect of unemployment on voter turnout. In a 2008 analysis of the U.S. electorate, researchers found that "unemployment rate alone fails to explain even a 3% change in turnout," suggesting voters persist in their political activity regardless of their job situation (Akhmetkarimov, 2008: p. 122).

Beyond the fact that the USEP's 41% does not differentiate voters by employment status, there is also a problem with wording that should be acknowledged. The intent of my question

²⁰ Granted, the political leaning of the individual may have significant implications for whether or not he supports CSR activities, but my survey did not dive into the complications of political party-categorization. Thus, my hypothesis remained at a general level.

was to capture individuals who were interested enough in politics to vote *and/or* engage with the political system through the support of a certain party or candidate. The more restrictive definition of politically active used in the USEP (i.e. voter turn-out) most likely elicited significantly different responses from survey-takers. Overall, despite these two difficulties, the approximately 40-45% of respondents and U.S. citizens who identify as politically active in some manner does not seem likely to skew my results in a substantial fashion.

With this review of my respondents' profile complete, it is now time to turn to the actual results of my survey.

H. Results and Discussion

Overall, the survey results suggest that employees are not only well aware of and interested in engaging in CSR at a general level, but that ESCSR goals are particularly important to many private sector employees and their individual feelings of career fulfillment and personal well-being.²¹ Although my survey's CSR-related questions and demographics-related questions can be combined and analyzed in a countless number of ways, the rest of this essay highlights some of the most interesting and thought-provoking findings below that speak most directly to my research question: whether employees want their firms to engage in CSR at a general level and ESCSR initiatives more specifically. The findings also offer strong evidence for a connection between employees' personal and professional ethical codes, thereby providing justification for further research into why corporate management should allow employees to personally contribute to CSR activities, both through actual CSR programs *and* through participation in firm-level decisionmaking. More specifically, Figure 2, Figure 3, Figure 4, and Figure 5 demonstrate respondents' evaluation of the importance of firm engagement in CSR and environmentally-friendly activities on professional success and satisfaction; Figure 6 illustrates

²¹ The margin of error in the results discussed below is +/-6 points with a 50/50 split at the 95% confidence level.

the connection between respondents' personal and professional well-being; and Table 4 following the graphs explicitly articulates employees' desire to be incorporated into firm-level decisionmaking and activities associated with CSR.

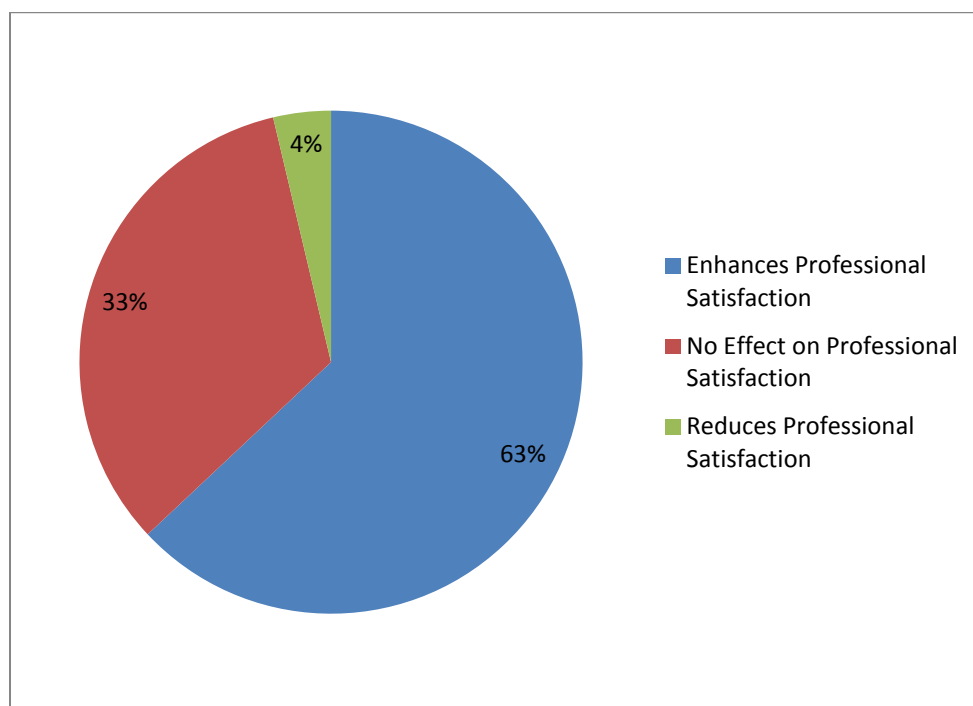


Figure 2. CSR's Impact on Professional Satisfaction. 63% of respondents view CSR as important to their professional satisfaction.²²

When asked if CSR enhances professional satisfaction and success, 63% of all respondents responded yes, with only 4% saying it detracted from success and 33% responding it had no effect, as shown in Figure 2. While these results strongly suggest employees view CSR as a beneficial business exercise, it also raises questions about the quality of CSR activities. In other words, if employees had more decisionmaking power over what types of CSR activities their firms chose to support, would the 63% increase to an even higher level? Figure 3 provides insight into what employees' specific CSR interests may be.

²² Respondents were instructed to view professional satisfaction as encompassing firm-level business success and value of work.

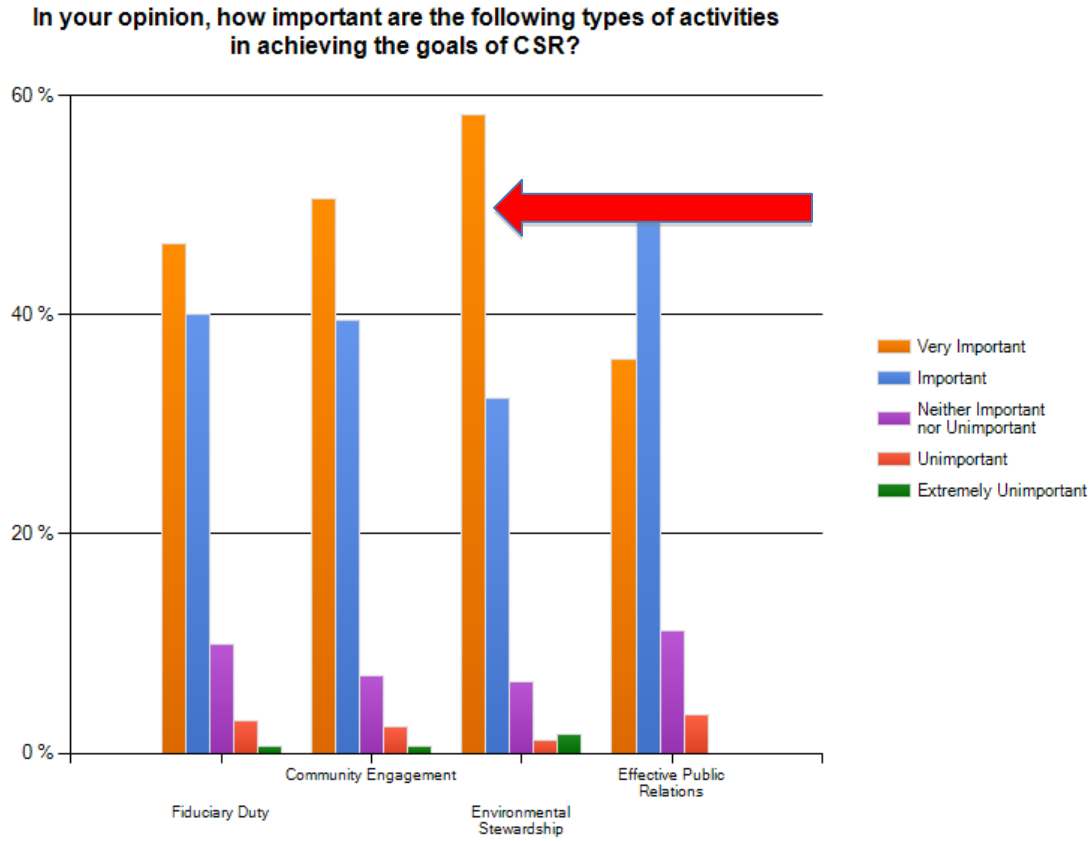


Figure 3. Importance of Environmental Stewardship. 58% of respondents view environmental stewardship as very important in achieving CSR-related goals.

When asked to rank the value of environmental stewardship programs in achieving CSR goals, 58% of respondents identified it as very important. Not only is this a majority of the overall responses in the environmental stewardship category, it also outranks any other CSR category (including fiduciary duty, community engagement, and effective public relations) in its perceived import. Granted, ‘environmental stewardship’ can mean many different things to each person; comments from some of the survey respondents specified environmental stewardship as a concept that ranged from wildlife preservation activities to instituting recycling programs in office buildings. Despite the extreme variations in these conceptions, the common thread

throughout individuals' varied understandings of the term is a central concern for the integrity and protection of the natural resources with which we interact every day.

As Figure 2 and Figure 3 correspond to the broadest questions included in my survey (namely, how sympathetic or supportive respondents are towards CSR and environmentally-friendly programs); I also cross-analyzed the answers to these questions using select demographic variables to test the hypotheses I mentioned in the "Respondents Profile" section. Specifically, I found that employees in the manufacturing industries were slightly more inclined to rank CSR as important to their profession in general with a 62% rating of very important. Parents were also more inclined to support ESCSR, with a 72% and 70% support level respectively. Two other demographics of interest to me proved less likely to support CSR and ESCSR: politically active and more affluent respondents. Of respondents identifying as politically active, approximately 54% identified CSR as important to their profession, and 46% ranked ESCSR as the most important type of CSR. Similarly, more affluent respondents (those making more than \$100,000 per year) were slightly less likely than the general population to view CSR as important. Of these respondents, 43% ranked CSR as important; however, 57% ranked ESCSR as the most important type of CSR activity.

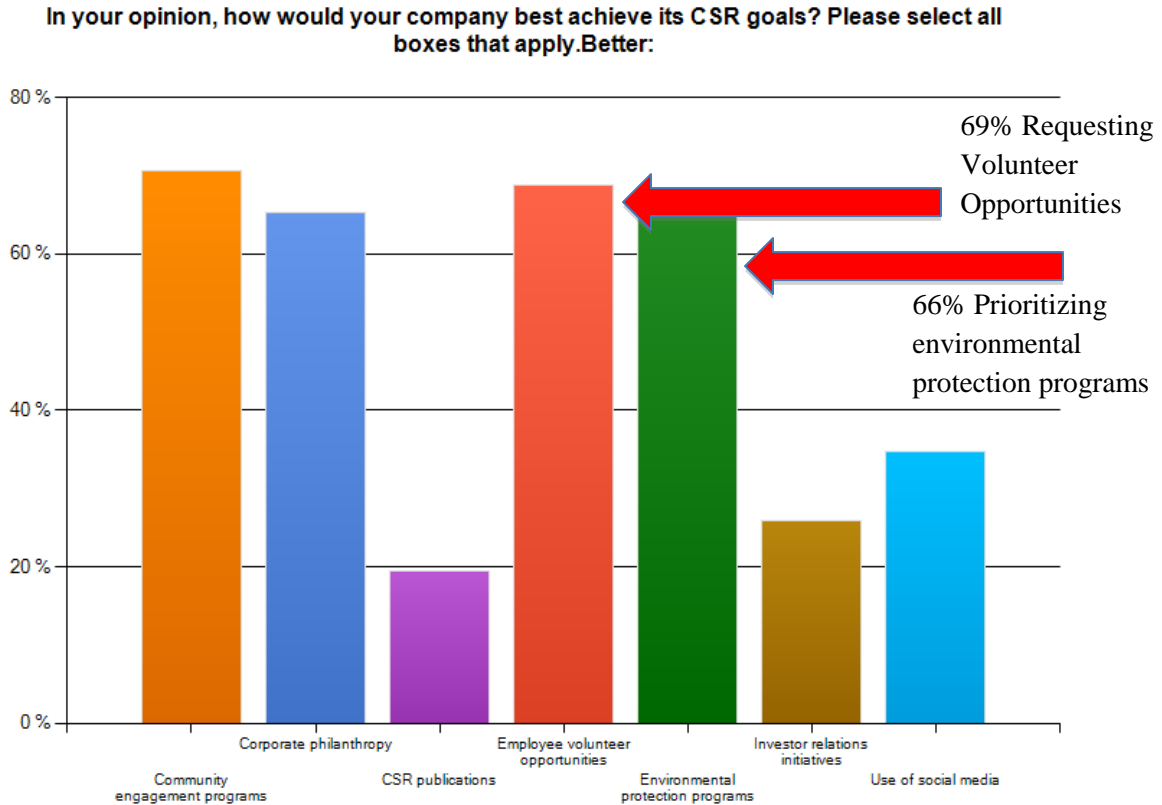


Figure 4. Role of Volunteering and Environmental Protection Programs. 69% of respondents want more volunteer opportunities at work and 66% of respondents view environmental protection programs as important.

When asked to consider the future of CSR at their firm, survey respondents expressed a strong desire to become more involved (asking for more employee volunteer opportunities) and for improved ESCSR programs. This finding is important for gauging the long-term outlook of the potential of CSR as a tool to harness private sector resources for achieving duties related to environmental stewardship. Returning to our original dilemma (that individuals have rights and duties related to environmental protection but firms, arguably, have little in the way of environmental obligation), this combined enthusiasm expressed by survey respondents both for personally investing their time in CSR through volunteer opportunities and for engaging in

environmentally focused activities bodes well for the engagement of firms in the environmental arena.

In your opinion, is it more efficient for your company to outsource CSR activities to implementing partners or keep CSR initiatives in-house?

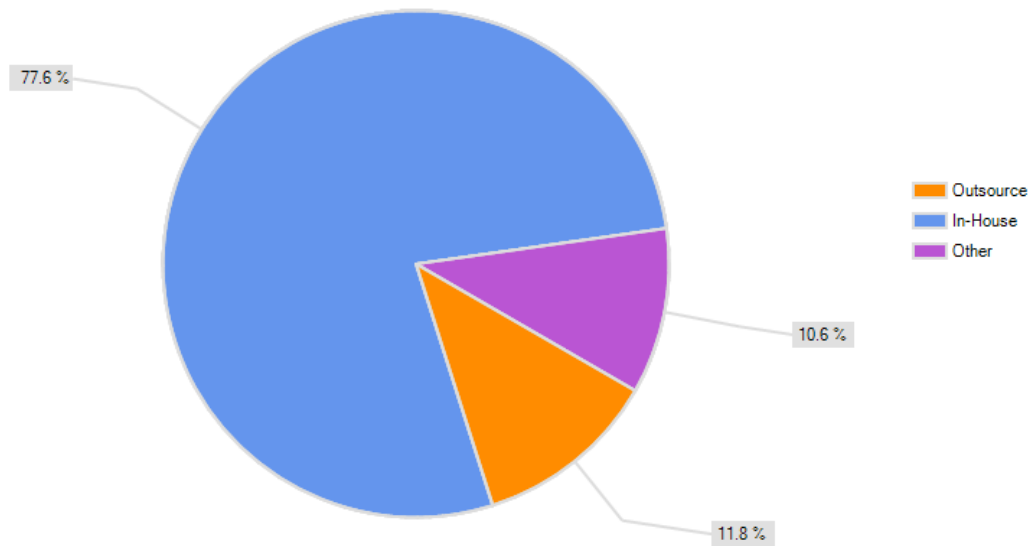


Figure 5. Outsourcing CSR. 78% of respondents believe it is most efficient to keep CSR initiatives in-House

Whereas Figure 2, Figure 3, and Figure 4 focus primarily on individual interest in CSR and in environmental stewardship, Figure 5 tests the connection between personal and business ‘sense’ by introducing question wording that emphasizes ‘efficiency.’ Again, the results are encouraging for those hoping to see a translation of individuals’ sense of duty to their workplace. While 69% of respondents expressed personal interest in more volunteer programs (see Figure 4), 78% opined that keeping CSR in-house is the most efficient way to achieve social responsibility goals. The fact that most private sector employees not only would be interested in contributing to CSR themselves but also, as businessmen (and –women) see employees’

investment in such activities as sensible again offers evidence that firms are willing (in terms of human resources) and able (in terms of monetary resources) to assume the roles of environmental stewards.

Together, Figure 6 and the finding that over 50% of respondents see CSR as beneficial to non-work related satisfaction **Error! Reference source not found.** speak to the link between workplace CSR and ESCSR and personal satisfaction by: 1) capturing respondents' descriptions of their level of satisfaction with their social/personal life (imagining 'very satisfied' to describe an ideal situation and 'very unsatisfied' to describe an intolerable situation); and 2) illustrating employees' assessment of whether their company's CSR-related activities enhance their level of satisfaction.

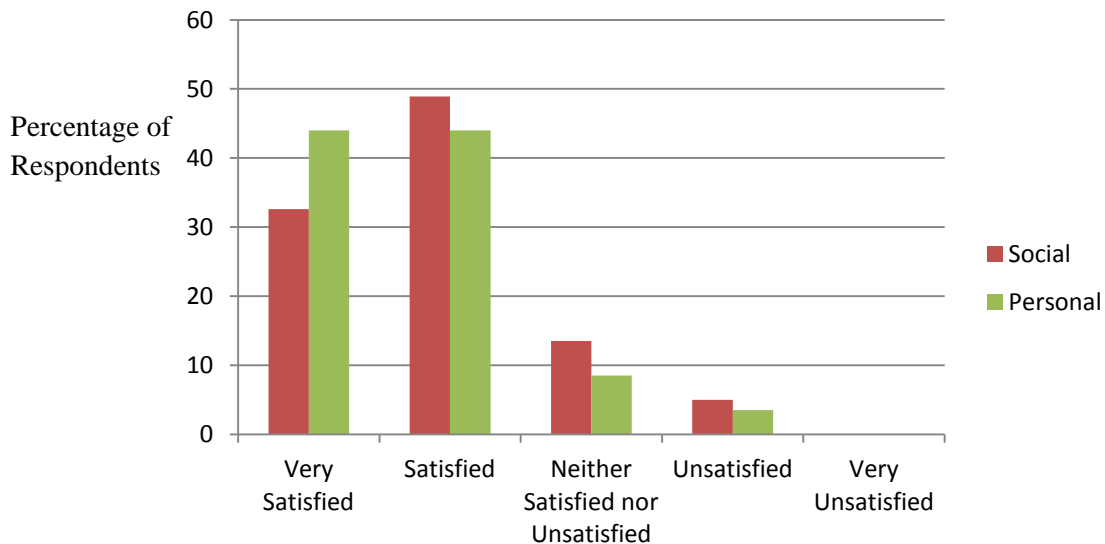


Figure 6. Personal Satisfaction. Respondents' levels of self-reported satisfaction in social and personal spheres.

Figure 6 and the over 50% benchmark of employees citing CSR as enhancing holistic happiness offer perhaps the most compelling evidence of the translation of an individual's sense of obligation to the work-place. When asked to describe the effect of CSR on social and personal well-being, 51% reported it having a positive effect on their social satisfaction and 53% reported the same for personal satisfaction. Interestingly, when individual responses were analyzed, there was no strong connection between those respondents who self-identified as very satisfied and those who marked CSR as beneficial to their assessment. Put differently, there was a relatively even distribution of individuals in all categories of well-being who identified a positive link between happiness and engagement in CSR. This pattern is noteworthy because it demonstrates that it is not merely the natural 'optimists' that label CSR as beneficial to contentment – it is, instead, a more robust association that spans the spectrum of personalities participating in the survey.

These indications that CSR impinges on individuals' sense of happiness in various spheres of their everyday existence offers proof that employees' role in such activities should be further investigated and analyzed. If employees are given more opportunity to influence CSR and ESCSR in a manner that aligns with their personal goals, the satisfaction and morale of the U.S. workforce could be markedly improved. This type of improvement would also imply positive spill-over into business performance, as management would have greater success retaining loyal, motivated, and productive employees.

Tallying responses and putting together quantitative graphs is an interesting way to identify trends from any survey exercise, but some of the most intriguing data produced by my questionnaire came in the form of optional comment boxes the respondents could use to supplement their ranking or multiple-choice answers. In Table 4, I have captured some of the

most interesting feedback I found in my data that was elicited (without any prompt) in response to the second question of the survey. To put this data in context, every respondent was invited to offer a free-form comment, but only six respondents chose to do so. What is striking is the uniform message of the different submissions, which are detailed below.

Survey Question	Feedback
In your opinion, how would your company best achieve its CSR goals?	Must empower and support employee community activities
	Getting more employee buy-in
	Use of employee skills and knowledge
	Employee engagement efforts
	Employee engagement is the key
	All employees must be involved

Table 4. Free-Form Feedback. Respondents’ comments indicate strong support of employee engagement.

This comments table, though anecdotal only, arguably offers the most compelling evidence justifying the line of inquiry in this essay. Employees themselves, without prompt, are speaking to the importance of their engagement and empowerment in CSR and ESCSR activities in an unambiguous manner that clearly merits further attention and study. To ignore the enthusiasm and interest displayed by employees for engaging in all aspects of CSR and ESCSR activity would be irresponsible for those seeking to understand both employees’ motivations for performing in the workplace and leadership’s rationale for choosing certain courses of action as opposed to others.

I. Conclusion

To summarize, the results of this survey indicate potentially fruitful ways to leverage private sector resources and operational reach to achieve ESCSR goals. Specifically, the following survey findings highlight certain policy-oriented recommendations that merit further research. Private sector employees: 1) are interested in volunteering for CSR activities; 2)

prioritize environmental protection as a key CSR objective; and 3) incorporate CSR and ESCSR involvement into evaluations of personal well-being.

Overall, the results of my survey do strongly indicate that employees want to be involved in the entire range of CSR, and specifically ESCSR, activities. It is important to point out that these results do *not* necessarily indicate that CSR is a critical component in employee happiness nor do they demonstrate employees' altruistic aims in engaging in CSR. In discussing what my survey does not achieve, it is helpful to consider alternative methods of questionnaire creation and administration that may have answered these more specific questions. In the first place, in order to ascertain more specifically how much CSR weighs in employees' evaluations of their professional and personal well-being, the survey could have been structured more in-line with past well-being inquiries. Research on well-being generally uses a survey format that begins with open-ended questions asking respondents to describe their level of happiness. Following this open-ended question are other questions that highlight independent variables that may explain this overall assessment. In this instance, questions related to factors such as having a gym at work, being supplied a nice desk and office supplies, or being allowed to work from home may have been used to better understand how important the role of CSR is to happiness in the workplace in a comparative sense. Additionally, a question related to a firm's decision to exit a firm because of frustration relating to CSR opportunities or performance could have been utilized. While this type of well-being survey and exit-related questions would, perhaps, have generated a more specific understanding of the role CSR plays in employee satisfaction, the more general question asked in this essay's survey provides the needed evidence that CSR is a recognized and legitimate source of happiness for a majority of employees. In addition, the intent of this survey was primarily to gather results on employees' opinions on and

understanding of CSR specifically, not to generate a comprehensive picture of what factors add to or detract from feelings of happiness in the office-place. Nevertheless, future work could expand more directly into the well-being approach by including independent variables illuminating the comfort and satisfaction employees do or do not feel they find in their office culture which would give a more direct link to our understanding of the relative importance of CSR programs.

Secondly, the question of whether employees' motivations in engaging in CSR are altruistic (meaning they are truly intended to benefit others and are free from thoughts of financial gain or career advancement) or truly their own (insofar as they stem from truly personal interest as opposed to a desire to fulfill corporate expectations) is not one answered within my survey. In order to achieve this deeper understanding of why employees were motivated to answer as they did, one-on-one interviews may have proven a more useful tool. In-person questioning can often lead to more free-ranging, illuminating discussion of an individual's motivations in a way that a five- to ten-minute impersonal online survey cannot. Due to the large number of respondents desired, however, this type of in-person conversation would not have been feasible. Beyond changing the method of survey deployment, a better understanding of the true intention of CSR-related decisions could have been generated by a closer cross-referencing of decisionmakers and demographic variables such as time of tenure. For example, an investigation into the possible link between more junior-level staff and CSR engagement may have uncovered that employees just beginning their careers were more apt to opt-in to voluntary programs because they were considering the impacts on their long-term position in the firm. On the other hand, more senior staff nearing retirement may have demonstrated less enthusiasm for non-mandatory corporate engagement.

In a related focus, every effort in the online survey was made to address the concern that employees may be answering in a manner they believed would be approved by firm leadership as opposed to what they truly believed as an individual. Specifically, to address this concern, there was a focused attention on question wording. In particular, every effort was made to emphasize the *personal*-aspect of respondent's opinions on CSR and environmental stewardship, by using phrases such as "in your opinion." Despite these best efforts, it is very possible that responses were influenced by a pre-existing corporate culture and/or employee deliberative group.

However, regardless of these considerations, the survey results clearly indicate that employees see their participation as ingredient component of corporate-level CSR success and professional and personal well-being. The collected responses to my questionnaire also indicate a strong penchant among private sector employees for environmental stewardship programs within the offering of CSR programs. This collected data both enhances scholarly work on employees' actual and desired roles in CSR and illustrates the need for further inquiry into how (or if) corporate leadership incorporates employee input into CSR decisionmaking processes. In drawing attention to the enthusiasm employees possess for ESCSR-related activities, this research demonstrates that firms are not only elite-driven entities that act of one mind – that of the chief executive officer. Instead, the opinions included in the "Comments Table" serve to highlight the fact that firms are not stand-alone entities, but are instead composed of 'real' people who value their environment and view their roles at work as an integral part of their everyday existence and interactions and who are willing to speak out about their opinions. Indeed, the results of my survey suggest there is reason to perform further research into employees' engagement in ESCSR activities to better understand how a corporation's culture, employee

base, business network, political relations, and various other characteristics may predict or bias its ESCR decisionmaking and activities.

III. Second Essay: ESCSR Approaches: Green Screen or Green Scene?

A. Abstract

Are firms open to including employees in a range of ESCSR activities? Or is the corporate approach a top-down strategy that excludes junior internal stakeholders at decisionmaking and/or implementation stages?²³ This study answers this question through a two-part investigation of the role employees play in environmentally-conscious firms' ESCSR investment and activities. The first part of the essay is a statistical study that aims to find firm-specific variables that make a specified universe of environmentally-conscious corporations [identified as firms that opted into the Chicago Climate Exchange (CCX)] more likely to include employees' preferences in corporate philanthropy initiatives through employee matching gift (EMG) programs. The generalizable results of the statistical study are complemented by more specific conclusions generated by a three-firm case study which uncovers the extent, if any, to which each firm's ESCSR approach is a deliberative, democratic, and inclusive process. By the conclusion of this study, this essay will have extended organizational strategy literature, which has implications for both business theory and practice. To date, scholars have inquired into corporate decisionmaking and behavior primarily through analysis of financial incentives or third party influence. The essay's focus on ESCSR action turns analysis inward to consider employee impact in CSR and synthesizes that analysis with organizational citizenship behavior (OCB) theory which, previously, has only been applied to traditional business operations. Therefore, this essay provides new insights at the intersection of CSR and OCB on an issue of systemic importance: ESCSR behavior and outcomes. Its findings additionally illuminate next steps in the field of ESCSR research by pointing out an absence of robust deliberation decisionmaking in corporate culture and identifying next steps in justifying the private sector's move towards 'thicker' or more robust, deliberate decisionmaking protocol in matter related to ESCSR and CSR more generally.

B. Introduction

"There is no mission without margin, there is no margin without mission."—Sally Jewell, the President and Chief Executive Officer of REI

The previous chapter discussed individual employees' perceptions of the importance of corporate environmental stewardship, but left open the question of whether these perceptions do, can, and should influence leadership's decisions in balancing stakeholders' missions with

²³ For the purposes of this essay, the term 'decisionmaking' will refer to either the act or the power to influence ESCSR strategy formulation from its inception; thereby acting as an owner of the ultimate ESCSR approach. The crucial question is whether employees can *make decisions* related to ESCSR options (whether or not to engage, how to engage, what level of commitment to offer, etc.) Sometimes these decisions are important, and sometimes they are relatively trivial or concern details. To the extent that the decisions are the former, employees can be said to exercise (more) agency and make a difference in outcomes. Implementation, in contrast, is meant to define actions that more or less realize the decisions. To the extent that employees exercise their agency in deciding on corporate strategy to that extent they have ownership over that strategy and can be said to be empowered.

business margins. Employees' ability to translate preference and priorities to agency by informing and affecting firms' final choices in environmental investment and CSR behavior largely remains an unexplored area of inquiry. Also left uninvestigated were questions related to the existing and most genuinely inclusive channels of communications and deliberative decisionmaking and action-taking between employees and firm leadership.²⁴

In two ways, this second essay addresses these issues and considers the deliberative, employee (or internal) pressures shaping CSR decisionmaking and behavior. First, I offer a statistical regression and second, I provide a case study. Before the statistical and case study portion of the research, I sketch the context for the variable of interest in this paper, the literature surrounding my query, and the contribution my investigation. The paper then explains the statistical test and case study methodology and results to better understand these issues through the study of ESCSR. It concludes with an assessment of the current degree of inclusivity contained in corporate ESCSR approaches and offers recommendations for additional research aimed to increase the deliberative and multi-stakeholder participation in the entire spectrum of ESCSR activities.

i. EMG Programs as the Dependent Variable

EMG programs become the central point of focus to answer the essay's distinct but interconnected queries, and so, before proceeding further, this choice of dependent variable should be explained. For a variety of reasons EMG programs serve to make the two largely intangible concepts of CSR and employee engagement not only concrete but measurable. First, firms that host EMG programs are clearly adopting CSR behavior, allowing this investigation to

²⁴ The definition of most inclusive channels of employee participation will be explored in-depth later in this essay. In sum, the more deliberative and accessible the conversation between employees and leadership, the more genuine the process. For a thorough explanation of the degrees of power that come with deliberative decisionmaking, please see Stacy Kosko's "Agency Vulnerability and Self Determination."

proceed unfettered by the worry that the corporations being considered are merely meeting public policy minimum standards for ‘good’ behavior by investing in environmentally- or community-friendly practices and due diligence initiatives. Although procedures related to administering EMG programs vary from company to company, they are funded by corporate foundations.²⁵ The establishment of a corporate foundation is unquestionably above and beyond regulatory standards as no firm is required to set up a charitable organization. Second, EMG-focused research has demonstrated that these programs are robust indicators of employee engagement and dedication to corporate philanthropic endeavors. Large scale surveys and CSR directors both attest that EMG programs help encourage donors to continue giving year after year (Supporting Advancement, 2012). This increased loyalty is generally traced back to the psychological effect EMG funds have on increasing an employee’s donation. As one corporate foundation director put it, “Matching gifts increase donor loyalty and pride [because of] the sheer fact that you are giving \$150, but \$300 is going in, makes you more of a stakeholder (Whelan, 2008: p.2).” In addition, corporations with foundations are required to keep meticulous records of all philanthropic activity via the Internal Revenue Service’s Form 990, which is made publicly available and thus serves as a consistent and reliable data point for this investigation.²⁶

²⁵ According to Mr. Marty Dickinson, Environmental Law Institute attorney, “Every Corporation does this differently. Each one has a strategy tailored to its own circumstances. For some it is a certain percent of the budget. I know one corporation—a major corporation that owns trees for producing lumber-- which used a portion of the proceeds from its sale of forested lands every year to become the foundation assets. Some corporations will take a big amount of capital and create an investment pool of funds that is more like a traditional foundation. For some it will be part of the public relations budget of the company—these funds are viewed as creating goodwill in the communities where they do business—e.g. funding the local opera company, cancer society etc. in the communities where their employees work and live. So there is no one size fits all answer. There was something in Minnesota years ago known as the Minnesota Plan (or something like that) in which all Minnesota corporations pledged to give 5% of their assets (or maybe their profits) each year back to the community. That was a very noble idea, but I don’t know if it is still in practice. You might check with one or more of the well known Minnesota corporate foundations—3M Company comes to mind as a model company in that regard. For this reason corporate philanthropy has always been a big deal in Minnesota.”

²⁶ The Form 990 reporting process can vary slightly depending on each corporation’s approach, but most often the EMG-related information is found in Part XV, lines 3a-b. Examples of Form 990 can be found at <http://foundationcenter.org/>.

Furthermore, it is important to note EMG programs' growing importance as a featured aspect of many corporate foundations. In a time when federally-sourced grants and funding diminishes under a prolonged global recession, private sector (and individually owned) foundations are emerging as increasingly powerful drivers of charitable causes that deserve more study in the upcoming years. As a final note, EMG programs emerge as a conceptually neat parallel variable to employee stock ownership plans (ESOP), which past researchers have used as a proxy indicator of firms with high levels of democratic innovation and inclusiveness in more conventional business decisionmaking strategies. Although these types of programs have been recognized as examples of democratic innovation in the past, it is important to recognize that not all firms use EMG programs as a means to include employees in deliberative decisionmaking processes. Instead, employees' engagement in EMG may be limited to simply making a donation that does little to nothing to alter corporate-level CSR decisionmaking. In addition, it is important to consider the perverse incentives a corporation may have for establishing an EMG program as a CSR strategy. EMG programs' increasing popularity and easily-quantifiable participation and outcome metrics make it a highly visible officeplace activity. As a result, corporate leadership could use it as a way to co-opt employees into CSR engagement by using peer pressure-tactics, as employees may fear that non-contribution could be made public to coworkers, resulting in officeplace marginalization and ostracism. Despite these concerns, EMG programs do, beyond a doubt, allow a point of entry for employee engagement in CSR, making them a worthwhile, if not perfect, variable to consider.

Having completed this explanation of the appropriateness of the variable of focus in this essay, it is also important to situate my study in a broader research-oriented context. Accordingly, in the next section, I review the organizational strategy literature concerning

corporate CSR decisionmaking and OCB to explain how my research fits within it and provides an original contribution. Have you consulted Albert Hirschman, *Loyalty, Voice, and Exit*?

ii. *Organizational Strategy Literature: Corporate CSR Approaches*

Scholars of organizational strategy, specifically those studying corporate CSR approaches (spanning activities from decisionmaking to implementation), divide firms' motivations and behavior in several different ways.²⁷ The majority of scholars endorse the view that financial motivations provide the primary impetus behind CSR activity. In general, these analyses are limited to the effect of financial considerations on corporate leadership (commonly referred to as the "C" suite, which includes senior level positions such as the Chief Executive Officer, Operating Officer, Financial Officer, etc.). Certain scholars emphasize leadership's consideration of the future intangible but ultimately financially sound benefits from a favorable public image of the firm resulting from CSR, commonly known as the 'halo effect' (Brudney, 2002; Himmelstein, 1997; Garone, 1999). Others highlight the managerial motivations stemming from the advantage of visible CSR activity, especially EMG programs, in terms of employee recruiting and retention, which is also ultimately a bottom line motivator related to personnel and product quality (Deal, 2010; Stawiski, 2010; Owen, 2000; Abzug, 1996). Still other scholars promote a multi-stakeholder school of thought in which they argue firms can best maximize shareholder wealth through the promotion of all stakeholders' welfare by means of corporate philanthropy that helps avoid public unrest and politicians' ire at business operations otherwise perceived as ruthless (Kakabadse, 2005; Hess, 2002; Wilson, 2000; Vinten, 2000; Dunfee, 1999).

²⁷ The literature review here focuses solely on the motivations guiding firms' CSR behavior. A discussion of CSR commitment/behavior and its categories is included in the 'Green Screen or Green Scene' section, where it is used to code firms' level of engagement in related activities.

An opposing theory in the CSR decisionmaking and motivation discussion comes from scholars who focus on firm leadership's relations with groups in power. These scholars emphasize the effect of a firm's engagement with a wide variety of third-party authorities, ranging from policy-makers to shareholders to subject matter experts, to explain the private sector's attitude towards and commitment to CSR strategies. (Schurman, 2004; O'Rourke, 2003; Bansal, 2000). Although not falling cleanly under the umbrella of CSR decisionmaking research, it is also helpful to my investigation to consider scholarly work that focuses on firms' motivations when choosing positions for or against environmental policy measures. This work, notably led by Simone Pulver, also highlights the impact of relationships on a firm's decisionmaking. Her past work on the relationship between oil and gas companies and specific scientific communities of subject matter experts has shown that firms are continually engaging with networks technical partner organization to formulate, adopt, and amend, strategies towards environmental protection responsibilities both under the confines of regulation but also even in the absence of regulation (Pulver, 2007). While Pulver's independent work focuses on Fortune 500 oil and gas firms, Pulver and Hultman's work on firms in emerging economies also indicate the need for nuanced analysis of individual firm and management pressures, including social and professional networks, financial positions, reputational considerations, and stakeholder relations, to understand how each corporation will decide on an approach that is, to differing extents, adversarial or cooperative with environmental protection goals (Pulver and Hultman, 2012).

A third relevant theory in the debate about motivating factors in firm decisionmaking investigates the role of corporate boards. The two primary points of interest in this approach are: 1) how corporate board members are selected; and 2) whether corporate boards act as a 'rubber stamp' on management's decisions, or whether board members have, individually or as a group,

the power to influence choices affecting business strategies and investments (Davis and Thompson, 1994; Walsh and Seward, 1990; Zajac and Westphal, 1996). Based on a review of the literature, there seems to be no consensus on the drivers dictating the composition of corporate boards or their role in any given firm. Rather, scholars in this field agree on the ad-hoc and very personal nature of corporate and management relationships. Time and again, studies point to the importance of personal affinities, interests, and work-styles in an individual's appointment to a corporate board and in his or her influence on fellow board-members and management leaders (Westphal, 2007). Scholars emphasize that individual board members, protected by the closed boardroom environment, can allow hobbies, families, and academic histories to factor into decisions in a way that that public-facing managers with explicit accountability duties to investors and regulators cannot (LeBlanc, 2005). These scholars also consistently highlight the ad hoc processes of constructing boards, both in terms of size and demographic attributes. Due to the importance of personal networks and the pervasive nature of obscure selection processes involved in being named a boardroom member, scholars have not identified significant exogenous variables in predicting boardroom size, composition, or role. It is this lack of consensus in the academic literature that will explain my confidence in treating corporate board size as a random (endogenous) phenomenon and thus an appropriate component in my statistical investigation.

One subset of this discussion centers on the effects of female members on corporate boards. Past studies have shown that greater inclusiveness in management, particularly in terms of gender diversity, brings about a variety of benefits, such as new ideas and improved communication (Terjesen, 2008; Milliken and Martins, 1996; Maznevski, 1994); higher levels of

strategic clarity (Simons, 1999; Adler, 1997; Bantel, 1993); and – most relevant to this study – improved social performance (Erhardt, 2003; Shrader, 1997; Siciliano, 1996).

Scholars attribute these positive effects to women’s non-traditional leadership strategies, cross-cultural awareness, and sensitivity to multi-stakeholder needs and concerns, which creates greater inclusiveness in decisionmaking and strategizing across corporations (Terjesen, 2008). They also emphasize the beneficial effects women’s advancement in private sector management have on macro-level social performance indicators, including closing nation-wide salary gaps, promoting gender equality, and increasing the number of healthier, higher-educated children. The implications of these results suggest there may be a strong correlation between a high percentage of female board members and a firm’s decision to adopt inclusive measures with their employees. The ongoing inquiry regarding the role and power of corporate boards – especially that of female members – makes these deliberative entities an interesting variable to consider when pursuing my questions focusing on the internal pressures driving ESCSR approaches. Specifically, the results generated by analysis of female presence on corporate boards inform the final model in my study when testing for significant variables that indicate a firm is likely to adopt EMG programs.

Scholars researching the theories summarized above have produced a dynamic and interesting, but ultimately incomplete picture of the corporate governance dynamics and pressures driving corporate CSR decisionmaking and activities. While their studies focus on external factors ranging from financial constraints to third-party authority to internal pressures such as corporate boards. But, they leave open the question of why certain firms choose to consider employees’ input as a motivating factor when making certain CSR decisions and adopting certain types of behavior. My work will further develop the organizational strategy

literature with an in depth look into ESCSR approaches. Before turning to my original study questions, however, I will review another body of scholarly work, OCB, which closely relates to my own in its focus on employees' impact in corporate environments on core operations, although it fails to thoroughly address their role in CSR.

iii. Organizational Strategy Literature: Organizational Citizenship Behavior (OCB)

To reiterate, my contribution to organizational strategy literature primarily focuses on the internal pressures that shape CSR decisionmaking and actions. Although corporate boards are one variable of interest in this investigation, the most significant portion of my research focuses on the impact of individual and collective employee input on CSR decisions and strategies. In pursuing the role of employees in the shaping of private sector CSR choices, my research intersects with OCB work. Scholarly work identifying OCB appeared approximately thirty years ago, with the most consensus forming around Dennis Organ's definition of OCB, which states: "[OCB is] individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization (Organ, 1988: p. 4)." For example, an employee voluntarily offering coworkers a 'brown bag' presentation on an office-related skill over lunch hour at no charge would be considered OCB. Currently, many OCB scholars seek to explain why and how robust OCB is cultivated and maintained, as evidenced by high rates of employee retention, morale, and productivity. The conventional understanding is that OCB is primarily a result of a firms' procedural (i.e. decisionmaking) mechanisms and of a firm's demonstration of consideration for employee well-being (Shore, 1995; Niehoff, 1993; Moorman, 1991). This agreement has been reached through investigations that have generally been focused on traditional business practices, including investigating the relationship between soliciting employees' opinions on decisions

related to core operations, administrative procedures, and personnel training programs and consequent levels of technological innovation, firm profitability, and employee retention.

These scholars' attention to traditional business operations and metrics, past studies have used conventional fiscal variables to measure the extent of employees' participation in corporate decisionmaking. The majority of past research has utilized ESOPs as the best proxy variable for identifying firms with high levels of employee inclusiveness, as ESOPs generally entail employee inclusiveness, voting, representation, and decisionmaking. Results from these studies indicate, overall, that "employee ownership go hand in glove with good results on such dimensions as productivity, profits, growth, and so on (Swaine, 1993: p. 309)." Thus, the conventional, and largely unchallenged, wisdom in this area of inquiry presents a strong business case for encouraging employee participation and interest in improving corporate culture through a variety of activities, ranging from the more passive (for example, attending town hall meetings) to the more active (for example, using democratic innovation to include employees in deliberative decisionmaking processes). However, there is a limit to this literature: while studies to-date have demonstrated a positive relationship between employee engagement in a variety of firm activities, robust OCB, and successful firm performance, these studies have not yet seriously considered employees' role in CSR decisionmaking and performance.

As a result, little is known about employees' participation in CSR activities and its effects on the success of a firm's CSR programs. This essay advances knowledge in this important area by analyzing the ESCSR decisionmaking and implementation strategies of environmentally-conscious firms. By identifying, through a statistical study using EMGs as the dependent variable, what types of firms include employees in ESCSR approaches, this study will offer insight into the relationship between ESCSR inclusiveness and firm-level variables, such as

corporate board diversity and profitability. Following that quantitative test, this essay's case studies will further develop, through in-depth interviews with corporate leaders and employees, an understanding of best practices in OCB processes and strategies related to ESCR.

C. Statistical Study

The question motivating the statistical study asks: *What, if any, variables make environmentally-conscious firms likely to sponsor EMG programs?* As explained, I am investigating EMG programs to further probe the role, if any, employees' engagement in EMG plays in explaining such firms' overall business behavior, strategies, and governance models. This question was inspired not only by this dissertation's previous environmentally-focused essay, but also by a study I conducted in 2011 to identify the drivers behind firms' decisions to commit to the CCX, a voluntary greenhouse gas market intended to combat the environmental degradation caused by business operations.²⁸ In this study, I found the number of corporate board members to be a positive and statistically significant variable on firms' likelihood to remain part of the CCX. Although CCX is no longer an operating market, at the time of these companies' membership, it represented the only voluntary, legally binding greenhouse gas reduction and trading system for emission sources and offset projects in North America. As such, I argue it is a solid indicator of members' environmental consciousness despite its now defunct-status.

The combination of this result from my prior statistical study and the findings of existing CSR corporate decisionmaking literature (demonstrating a connection between board gender diversity and successful business performance), leads me to hypothesize that there will be a

²⁸ This previous study was conducted under the supervision of Professor Seth Weissman at the University of Maryland: Aelion, Halley. "Corporate Citizenship and Climate Change: A Study to Aid Policy-Makers in Identifying Firms Willing and Able to Commit to Voluntary Environmental Regulation." University of Maryland Quantitative Comprehensive Exam (Nov. 2011).

significant and positive relationship between CCX firms that host EMG programs and diverse corporate boards. If this hypothesis is validated, it will corroborate the belief that there is a connection between board diversity and greater inclusiveness in business practices and successful operations. In addition, it will also contribute a new finding by expanding that connection to the CSR realm, based on the previously noted fact that EMG programs help encourage donors to continue giving year over year, thus identifying them as a particularly successful CSR and corporate philanthropy strategy.

In order to test this hypothesis and illuminate motivations behind ESCSR behavior, I modeled my universe of inquiry after my previous study by limiting it to all publicly-listed companies that opted into the CCX. This statistical test will construct a snap-shot picture of the firms, limiting my data collection to the year 2006. There are several reasons for choosing 2006 as my year of investigation. In the first place, it is long enough ago that all relevant reports (990 Forms, 10-Ks, etc) must have been completed and published by this time. In the second place, this year is before the start of the 2007 global recession that may have introduced an uncontrollable variable to firms' decision-making. Lastly, 2006 marks the end of the first phase of the CCX, when all firms were still active members of the market (after 2006, firms were allowed to opt-out of the program).

I collected quantitative data on a number of variables to understand what variables affect ESCSR behavior, including:

- each firm's net profit margin. This metric is calculated as net profit after taxes divided by revenue times 100% in order to assess a firm's profit with respect to its size. If a relationship is found between this control variable and a firm's decision to host EMG, it may demonstrate

that firms with higher levels of employee inclusiveness in ESCSR approaches will demonstrate more success as measured by conventional business metrics;

- each firm's number of employees. If a relationship is found between this variable and a firm's decision to host EMG, the expectation is that it will demonstrate that firms with a larger employee base are more likely to consider those employees as a non-negligible pressure in making ESCSR choices;
- each firm's industry type.²⁹ This variable has been treated two ways: 1) as a cluster variable to differentiate between all industries listed by the CCX; and 2) as a dummy variable to code for extractive versus non-extractive industries for the purpose of this paper.³⁰ There is no clear expectation linking this dummy variable to a firm's decision to host EMG. On the one hand, if a relationship exists between extractive versus non-extractive industry sectors and the CCX's environmentally-conscious firms' decisions to host EMG, it could be reasonably anticipated that firms in non-extractive, less pollutant sectors would be more likely to commit to EMG, as their costs to opt-in to CCX would be lower than extractive firms, and thus they would have more resources to commit to other CSR activities, such as employee-focused philanthropy. However, on the other hand, firms with extractive, environmentally dangerous operations who choose to opt-in to CCX may be such first-movers in ESCSR initiatives that

²⁹ The industries were as follows: Aerospace and Equipment; Automotive; Beverage Manufacturing; Chemicals; Coal Mining; Commercial Interiors; Diversified Manufacturing; Electric Power Generation; Electronics; Environmental Services; Ethanol Production; Financial Institutions; Food and Agricultural Products and Services; Food Processing; Forest Products; Healthcare; Manufacturing; Petrochemicals; Pharmaceuticals; Real Estate; Investment; Recreation; Retail; Steam Heat; Steel; Technology; Transportation; Social Investment; Retiring/Offsets; Renewable Energy; Plastics; Engineering; Energy Services; Energy Broker; Energy Supplier; Consulting; Architecture/Planning.

³⁰ Based on research on the different firms and the definitions of the CCX industry categories, firms involved in coal mining, and forest products were designated as 'extractive.' While other industries, such as petrochemical manufacturing and energy supplies and services, rely heavily on these extractive operations, the definition used in this paper sought to label only firms whose *core operations* involved resource exploitation as extractive (oil and gas firms, for example, would fit into this category in theory, but no applicable firms participated in the CCX – therefore no such examples are included in this paper).

they would also view EMG programs as a wise investment to enhance their already impressive CSR portfolio.³¹

- each firm's governance model. This category includes three variables. The first variable captures the number of 'senior managers' (defined as Presidents, Directors, Chief Executive Officers, Vice Presidents, and Senior Vice Presidents). The second variable captures the number of board members.³² These variables have been differentiated because boards of directors tend to be more similar in size across firms (ranging from 3 to 17 decisionmakers) as compared to the more arbitrary number of key leaders (ranging from 3 to 199). A third variable, called 'executive leadership' has also been created to combine the two types of decisionmakers. If a relationship is found between any of these governance variables and EMG programs, the expectation is that companies with more executive leaders will be more likely to host such initiatives, based on the previously-cited results from CCX-based statistical tests.
- each firm's board member diversity. This variable was calculated by dividing the number of female board members over the total number of board members. For the reasons previously explained, this variable is the one I strongly suspect will exhibit a positive relationship with a firms' decision to host EMG programs.
- each firm's location of headquarters, classified by political affiliation in the 2004 election, as this election falls in the middle of the data set timeframe. Companies headquartered in states

³¹ The clustered industry variable was not included in any final model results as it did not generate any significant results, either in this study or in the previous 2011 study.

³² These numbers were taken from Hoover's dataset, from company 10-Ks, from company by-laws, from company websites, or from phone conversations with investor relations personnel. In the case of subsidiary companies, the number of key leaders and board members was sourced from the subsidiary's governance structure itself (as is the case with Dow Corning) unless the analysis of the relationship between parent and subsidiary company as revealed in corporate reports and business journals as well as on the CCX and corporate websites indicated the parent company's leadership had more power over the membership associations of the subsidiary (as is the case with Robert Bosch LLC and Rhodia Energy) than the subsidiary itself.

that voted ‘Republican’ in 2004 are coded 0 while if their home states voted ‘Democrat’ in the 2004 election or were headquartered abroad, they were coded with a 1. If a relationship between political affiliation is found, it will be expected that firms located in democratic-leaning states will be more likely to establish an EMG program as their hometown stakeholders are more likely to agree with democratic sentiments that business’ responsibilities extend beyond financial returns to include pro-environmental and social justice causes. This liberal-leaning hypothesis also applies to companies headquartered abroad, where many cultures embrace less-capitalistic and more community-oriented norms than Americans

- each firm’s age. This variable was ultimately discarded in the statistical study, as the amount of merger and acquisition activity, as well as name-changing among the 72 firms, caused too much ambiguity to make for consistent coding.

i. Results and Discussion

The results of the tests run using the afore-described dependent and independent variables are contained below.

<i>Variable</i>	<i>Mean</i>	<i>Standard Error</i>
EMG program (0=no EMG; 1=EMG)	0.31	0.05
Extractive Industry Player (0=extractive, 1=non-extractive)	11.65	0.29
# Employees	48770	9513
Net Profit Margin	5.97	1.56
Headquarters Location (0=red state; 1=blue state) ³³	0.85	0.04

³³ Red States: Alabama, Alaska, Arizona, Arkansas, Colorado, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee Texas, Utah, Virginia, West Virginia, Wyoming. Blue States: California, Connecticut, Delaware, District of Columbia, Hawaii, Illinois, Maine, Maryland,

# of Senior Managers	29.15	3.35
# of Board Members	10.40	0.37
Executive Leadership (Senior Managers + Board Members)	39.55	3.43
Board Diversity	0.17	0.13

Table 5: Dependent and Independent Variables in Statistical Study. Relevant variables before regression results and statistical significance tests.

Table 5 displays important characteristics of the afore-mentioned variables which are used in the logit regression model that tested the relationship between these firm-level elements and the decision to host an EMG program. In all models, robust standard errors were used. In the chosen model, the variable for board diversity was clustered.

The final model (chosen by goodness-of fit tests and inclusion of relevant variables) is as

follows:

Final model: $EMG = f[\text{industry(dummy)}, \# \text{ employees}, \% \text{ net profit margin}, \# \text{ board members}, \# \text{senior managers}, \% \text{ board diversity}]$

Or:

$$EMG_{ij} = \beta_0 + \beta_1 \text{Extractive}_{1ij} + \beta_2 \# \text{Employees}_{2ij} + \beta_3 \text{NetProfMarg}_{3ij} + \beta_4 \# \text{Board Members}_{4ij} + \beta_5 \text{Senior Management}_{5ij} + \beta_6 \text{Board Diversity}_{6ij} + \mu_{it}$$

Variable	Coefficient (Robust Standard Error) P-Value				
	Model 1	Model 2	Model 3	Model 4	Model 5 (Final Model)
	Extractive Industry	.59 (1.00) <u>.56</u>	.88 (.94) <u>.35</u>	1.11 (.89) <u>.21</u>	.59 (1.00) <u>.56</u>
# Employees	-6.91 x 10 ⁻⁷ (3.58 x 10 ⁻⁶) <u>.84</u>	2.38 x 10 ⁻⁶ (3.66 x 10 ⁻⁶) <u>.51</u>	2.28 x 10 ⁻⁶ (3.39 x 10 ⁻⁶) <u>.50</u>	-6.91 x 10 ⁻⁷ (3.58 x 10 ⁻⁶) <u>.84</u>	2.38 x 10 ⁻⁶ (2.93 x 10 ⁻⁶) <u>.42</u>
Net Profit Margin	.03 (.05) <u>.52</u>	.02 (.02) <u>.28</u>	.01 (.02) <u>.32</u>	.03 (.05) <u>.52</u>	.02 (.02) <u>.30</u>
Headquarters	.70 (.94) <u>.46</u>			.70 (.94) <u>.46</u>	
# of Senior Managers	.04 (.11) <u>.71</u>	-.03 (.02) <u>.10*</u>	.03 (.02) <u>.07*</u>	.04 (.11) <u>.71</u>	.30 (.01) <u>.04**</u>
# of Board Members	-.02 (.11) <u>.83</u>	.00 (.09) <u>.96</u>	-.02 (.08) <u>.84</u>		.00 (.09) <u>.97</u>
Executive Leadership (Senior Managers + Board Members)				-.02 (.11) <u>.83</u>	
Board Diversity	3.23 (2.85) <u>.26</u>	4.22 (2.87) <u>.10*</u>		3.23 (2.85) <u>.25</u>	4.22 (1.98) <u>.03**</u>
Pseudo R ²	.09	.16	.13	.09	.16
P-Value	.49	.07*	.07*	.49	.04**
Wald chi2	6.41***	11.54***	9.93***	6.41***	12.73***

***denotes significance at the 1% level

**denotes significance at the 5% level

*denotes significance at the 10% level

Table 6: Results of Select Logit Models Used in Statistical Study. This table displays the coefficients, robust standard errors, and p-values of variables and overall models generated by the logit command in Stata to test for explanatory variables in a firm's decision to host EMG programs.

<i>Variable</i>	<i>Model 5 (Final model) Odds Ratio</i>
Extractive Industry	2.4
# Employees	1.00
Net Profit Margin	1.02
# of Senior Managers	1.03**
# of Board Members	1.00
Board Diversity	68.1**

**denotes significance at the 5% level

Table 7: Results of Odds Ratio for Final Model. This table displays the robust odds ratio value for the variables in the final model. The odds ratio is the probability of a one (1) result divided by the probability of a zero (0) result.

Table 6's regression results corroborate this paper's initial hypothesis. Holding all else equal, greater board diversity (measured by percentage of women members) is a significant and positive indicator of environmentally-conscious firms' decisions' to host EMG programs. The results also indicate that the larger the number of senior managers, the more likely a firm is to adopt EMG programs. **denotes significance at the 5% level

Table 7's results point to the same conclusion. It displays logit coefficients for the final model so that results could also be interpreted by calculating a regression using the odds ratio. Using this type of regression, the odds ratio value tells us the odds of the dependent variable equaling 1 (in this case, the odds of a firm hosting an EMG program) when the independent variable increases by one unit. If the odds ratio is greater than one, the odds increase; if the odds ratio is less than one, the odds decrease. In the final model, we can see the two statistically significant variables, the number of senior managers and the percentage of women on the board, both have positive effects on a firm's decision to host an EMG program; although the impact of greater board diversity is of substantially larger magnitude.

There are several implications to these findings. Before explaining the statistically significant results directly pertinent to this essay, it is interesting to discuss an unexpected difference between the results of this logit test and the one performed on the prior 2011 CCX study.³⁴ In 2011, I found that the larger the number of board members, the more likely a firm was to remain a member of CCX past its first, Phase I, membership commitment. The question that arises now, then, is why the number of board members is not a significant indicator of whether or not firms adopt EMG programs, while the number of senior managers is a significant indicator. Although this discrepancy may initially appear disconcerting, it is actually very logical when the separate roles and responsibilities of the two types of leadership are considered. Board members, in public companies such as the ones considered in this study, are elected by shareholders and represent the ‘face’ of the company (Shivdasani, 1999). As a result, it is logical at least one of them would be enthusiastic about a highly publicized and widely recognized environmental stewardship program, such as CCX. On the other hand, as these men and women hold positions far removed from core operations and daily employee interaction, they would be less interested in internal programs, such as EMG. Senior management, though, as truly internal stakeholders in the firm and its daily operations, depend on healthy, happy employees to make their jobs go smoothly – and may enjoy the benefits of employee wellbeing programs like EMG themselves. Therefore, they would be much more attuned to and enthusiastic about EMG programs than their board member counterparts. The potential explanations of why board member *diversity* if not board member size is significant are explored below, but this initial discussion highlights the different priorities of board members and senior management in a way

³⁴ Here, I am referring, again, to my 2011 paper “Corporate Citizenship and Climate Change: A Study to Aid Policy-Makers in Identifying Firms Willing and Able to Commit to Voluntary Environmental Regulation.”

that illuminates why board member size would, understandably, not emerge as a significant indicator for EMG adoption.

The fact that both of the statistically significant indicators in this model represent non-traditional (i.e. non-financial) metrics used to gauge firm performance and strategy suggests that scholars investigating non-fiscal drivers of corporate and CSR decisionmaking and behavior are right to challenge conventional wisdom, as voiced by mercatocratists and SWM theorists. Specifically, this model demonstrates the power of corporate leadership, both management and board members, in firms' strategies on how (or if) to recognize employees' philanthropic interests. While EMG programs are not a perfect measurement of corporate leadership's consideration of employees' input into philanthropic investments (as explained in the Introduction), this statistical test does represent a first, if high-level step in research illuminating why certain firms adopt more inclusive CSR strategies than others. Another interesting discussion-point originating from the two statistically significant variables in this model is the fact that both underscore the importance of deliberative decisionmaking bodies in firms' decisionmaking. It is reasonable to expect that more diverse boards have more involved and comprehensive discussions related to firm action, as these bodies include a broader set of perspectives and experiences than more traditional (i.e. all-male) corporate boards.

As mentioned above, it is curious to note that the diversity of board members is significant while the number of board members is not. However, past research has demonstrated that female board members have a tendency to take interest in non-traditional aspects of the workplace experience, including honoring work-life balance, adopting a more holistic attitude toward learning about and managing different aspects of corporate behavior, and improving internal communications (Terjesen, 2008). Furthermore, scholars have noted that firms with

higher number of female board members often have higher levels of female representation in senior management, a finding that is attributed to the fact that managers often play the role of nominating potential board members. This result suggests female board members may be more in touch with their female counterparts in senior management, and thus are more likely in-tune with management concerns that include OCB-related issues such as employee well-being and morale (Shivdasani, 1999). In addition, it is logical to assume that negotiations and discussions among senior leadership are more deliberative and protracted the greater the number of involved participants, as, yet again, there are more opinions and equities to be considered before reaching a firm-level consensus on the best way forward. Further, the larger the group of senior managers, the greater the chance that one or more of these high-level men and women deal in some capacity with employee grievances and feedback, which also enhances the chances he or she would advocate for the adoption of staff-friendly programs, such as EMG.³⁵

Similar to the discussion of employees' possible ethical and unethical motivations for engaging in CSR seen in the previous essay, an exploration of less optimistic narratives linking leadership size and board diversity to inclusive CSR decisionmaking approaches is a valid one to explore. For example, large leadership bodies are more likely to include a wide array of personalities, including individuals with dominating or bullying attitudes. If such an individual is part of senior leadership or a corporate board and happens to have an interest in promoting EMG programs for a selfish or underhanded reasons, he or she may force others to support EMG adoption despite the existence of other, more beneficial or efficient CSR alternatives. Another plausible scenario would be one in which larger or more diverse leadership bodies actually have such a difficult time reaching consensus that many EMG adoption 'decisions' are, in truth,

³⁵ One aspect of this inclusive and deliberative decisionmaking that is not addressed in this essay is the nature of the deliberation and exchange. If leadership's discussions are inimical or dominated by one voice, the value of any deliberation is seriously compromised. These concerns will be further developed in this essay's Conclusion section.

default acceptance of a less-than-ideal outcome. In other words, while large leadership bodies may have individuals and groups of individuals that rally strongly to one CSR-related cause as opposed to another, the multiplicity of opinions may impede any one party from prevailing. As a result, a compromised ‘middle ground,’ such as an EMG program, may be the only alternative on which everyone can muster an acceptable level of support, despite it being a sub-optimal result for all involved.

Although the true meaning of the connection between leadership -level deliberations and the choice to adopt tools that make democratic innovation, such as EMG programs, a realistic option (if not always a reality), is not entirely clear, it poses an interesting question and creates a segue into the second part of this study. In order to better understand why a company chooses to adopt EMG programs, in the following section of this second essay, I examine a case study of selected firms’ CSR decisionmaking strategies.

D. Case Study

Although statistical modeling offers robust insight into this type of puzzle, past research has consistently highlighted the value of adopting mixed methodologies studies to flesh out scholarly investigations.³⁶ Mixed methodology work often uses findings from statistical tests to inform more qualitative, in-depth investigations into the phenomenon in question. In this case, the importance of board diversity and the impact of senior management on firms’ decisions to host EMG programs acts as motivation to further develop the inquiry through case studies of

³⁶ Recent work by Professors Nate Hultman and Simone Pulver has demonstrated that a mixed methodology approach (often combining quantitative models with case studies and interviews) is a recognized and valuable research methodology to investigate a firm’s environmental policy and CSR decisionmaking. As examples, see: Pulver, Simone. “Making Sense of Corporate Environmentalism: An Environmental Contestation Approach to Analyzing the Causes and Consequences of the Climate Change Policy Split in the Oil Industry.” *Organization Environment*. Vol. 20, No. 44 (2007): 44-82 and/or Hultman, Nathan, Simone Pulver, Leticia Guimaraes, Ranjit Deshmukh and Jennifer Kane. “Carbon Market Risks and Rewards: Firm Perception of CDM Investment Decisions in Brazil and India.” *Energy Policy* Vol. 40, 90-102: 2012.

three CCX firms that do host such programs. While the EMG variable acts as a proxy to differentiate which firms are more inclusive of employee feedback in their decisionmaking than others, this second part of the study will probe the true extent to which such companies fall into a ‘green screen’ (firms with disinterested leadership and/or employees who limit ESCSR activities to superficial or public relations initiatives) versus ‘green scene’ (firms with engaged leadership and employees who interpret ESCSR activities as holistic and pro-active initiatives) mentality.

To better understand the reasons behind why certain firms adopt EMG programs, I use the ‘most different’ case study approach for this part of my research. In essence, in order to identify the most significant, shared variable that explains the EMG outcome, I have collected qualitative data to identify firms from the statistical study that are as different as possible on several variables of interest but nevertheless all adopt EMG programs (George, 2005). Based on review of the 53 EMG-hosting firms, International Business Machines, FMC Corporation, and DTE Energy were selected.

Company	Age	Industry	Employees	2011 Net Income (Profit)	HQ	Board Size/ Diversity	2011 Giving
IBM	101 years	IT Services	433,362	\$106.9 B 14.8%	D	3 (2 M, 1 W)	\$196.1 M
FMC	84 years	Chemical Production	4,900	\$365.9 M (10.8%)	R	9 (9 M)	\$1.1M
DTE Energy	17 years	Electric Utilities	9,800	\$8.9 M (7.9%)	R	5 (4 M, 1 W)	\$8.32 M

Table 8: Final Case Study Selection. This table displays the diversity in variables that differentiate the three firms selected for the ‘most different’ case study component of the research. Unlike the statistical study, these variables represent 2011 information on each firm.³⁷

For all three firms, I thoroughly reviewed their most recent corporate reports to better understand their inclusion (or lack thereof) of employee “participation” into the firm’s culture, strategy, and branding decisions.³⁸ I also executed a comprehensive review of media reports on those firms to build an understanding of the public’s perception of the corporate culture. When reviewing these documents, I looked not only for indications of employee engagement, but also for evidence of the firms’ commitment to environmental stewardship initiatives. I included this type of analysis in order to gauge whether the decision to opt-in to the CCX was part of a larger ecologically-minded ‘green scene’ ESCR initiative, or a more ad-hoc, highly visible ‘green screen’ choice.³⁹ Furthermore, appropriate representatives (including CSR officers, executive leadership, and employees) were contacted and asked to respond to specific questions related to

³⁷ The decision was made to base the case study selection on 2010-2011 information in order to make the information gleaned from interviews more in-line with publications and media reports. The disconnect between 2006 publications and 2012 interviews seemed too great to justify.

³⁸ Due to the disconnect between corporate publications and corporate action, the majority of the document review avoided glossy corporate brochures that may overstate companies’ true commitment to corporate responsibility. Instead, the bulk of the analysis of firm-produced reports is centered on government-regulated filings, such as those required by the U.S. Securities and Exchange Commission.

³⁹ While the bulk of the analysis done focused on employee input into environmental stewardship initiatives, the research necessarily spilled over into other areas of corporate and CSR decisionmaking to form a more holistic understanding of how the firm operates and strategizes.

each firm's corporate culture, CSR decisionmaking protocol, and the role of employee input (if any) within the larger CSR, and specifically ESCSR, strategy.

i. *Green Screen or Green Scene*

At the end of each evidence-gathering exercise, the firm-specific case was considered in order to evaluate the inclusive nature of employees in ESCSR activities. In order to perform this analysis, I created a tool that combines two types of measurements to evaluate whether firms' ESCSR approach is a green screen or a green scene. The first type of existing measurement I leveraged is related to ESCSR commitment and the second is related to employee participation; both are briefly described below.

Although the scholarly work reviewed in the introductory section of this essay focused on CSR activities through the lens of motivation, another group of scholars chooses to analyze the actual CSR commitment, or level of effort, demonstrated by corporations. Although no firm's CSR engagement is identical to another, scholars have identified three conceptually neat categories that inform this research: reporting; engaging; and innovating (Welford, 2004). These categories are not mutually exclusive, but do represent very different approaches to making CSR investments and commitments. 'Reporting' on CSR is commonly viewed as the most basic level of engagement. It encompasses any firm that meets the minimum standard of acceptable corporate behavior by adhering to legal and mandatory regulation guiding such issues as employee wages, non-discrimination practices, and financial information-sharing. The extent of the reporting and the level of effort contained in the reporting can range from the most socially irresponsible firm to the most exemplary.

'Engaging' in CSR activities implies that a firm goes above and beyond this minimum reporting baseline. Such companies may establish corporate foundations and use corporate

philanthropy as a way to contribute to society and the environment by supporting third-party agents.⁴⁰ These firms may also piggy-back on existing CSR initiatives set up by agents outside the firm by volunteering resources to contribute to their success without actually taking on any leadership role.

At an even more extreme level of CSR buy-in are individuals or firms that ‘innovate’ in the CSR arena. Research focused on private sector decisionmaking describes firms who are first-movers as strategically positioning themselves to shape subsequent legislation or accepted business behavior (Vogel, 1995). In the area of environmental CSR, these innovative firms, for example, may introduce revolutionary technology that reduces energy consumption or makes renewable energy a feasible commercial option. They may establish and run wildlife conservation initiatives or create and disseminate educational material that raises awareness of environmentally sound consumer practices. Innovative environmental firms may also establish themselves in pioneer programs, such as the CCX, to help define new standard operating practices. To-date, scholars studying firm activity in the environmental CSR realm cite the competitive forces of globalization, the fear of economic recession, and considerations related to reputation and ‘enlightened shareholders’ as the main motivators for corporate action; action which spans philanthropic, partnership, and political strategies.⁴¹ Regardless of the method, these firms emerge as leaders in CSR best practices due to the level of their commitment and resource allocation to the cause at hand.

While this evaluation and coding of CSR commitment corresponds with an important focus of my own research, a second area of inquiry into evaluating multi-stakeholder

⁴⁰ For more information on corporate philanthropy, please see Giving in Numbers: 2011 Edition issued by the Committee Encouraging Corporate Philanthropy at <http://www.corporatephilanthropy.org/> [Accessed: Feb. 18 2012].

⁴¹ For a comprehensive list of CSR sources and a helpful summary of CSR motivations and strategies, see bibliographic citation for Kitzmueller: 2012 and The Economist: 2008.

participation within a community's activities more helpfully reflects my focus on the inclusion of employees' input into ESCSR approaches. Several scholars have published on this issue using scalar approaches to grading the inclusiveness and depth of stakeholders' contributions to final choices affecting their everyday life and that of groups in which they are members. These experts have considered many aspects and stages of participation in community life, including the autonomy of individuals to act as decisionmakers, their point of entry into a variety of decisionmaking and implementation activities, and the monitoring and evaluation of community-level outcomes after decisions are made and action is taken.⁴² Most useful to my inquiry will be a scale inspired by organizational strategy scholars to measure the degrees of participation (used interchangeably with engagement in this sense) employees exhibit in office atmospheres as both participants and leaders. This scale pulls together a variety of factors explored in the relevant literature to identify and define five types of employees in terms of their level of engagement and associated sense of self-efficacy, understood to be the measure of one's own ability to complete tasks and reach goals (Ormrod, 2006). At the lowest end of the spectrum is the "disengaged" employee indicating an individual who finds him or herself to be powerless in matter of ESCSR decisionmaking and strategy and thus absents himself from related activities. The next step on the scale is the "participant" employee, indicating someone who finds himself able to participate in the implementation-side of ESCSR activities, with little to no influence over ESCSR

⁴² Rob Reich, for example, emphasizes the different degrees to which individuals are autonomous when making decisions in his 2002 text *Bridging Liberalism and Multiculturalism in American Education*. Denis Goulet emphasizes the importance of stakeholders' 'point of entry' in decision-making; he identifies seven such points and argues for the importance of the initial point of entry of nonelite participants in ascertaining the quality of their participation in 2006 text *Development Ethics at Work*. John Gaventa points to the importance of participation in the monitoring and evaluation portion of decision-making in his 1998 contribution to *Who Changes: Institutionalizing Participation in Development*. For an overview of these works, please see David A. Crocker's "Deliberative Participation in Local Development" *Journal of Human Development*, 8, 3 (2007). 431-455; "Participation in Local Development: Goulet and Deliberative Democracy," in Charles Wilber and Amitava Dutt., eds. *New Directions in Development Ethics: Essays in Honor of Denis Goulet* (South Bend: University of Notre Dame Press, 2010) and *Ethics of Global Development: Agency, Capability, and Deliberative Democracy* (Cambridge: Cambridge University Press, 2008), chap. 10.

decisionmaking or leadership. Participant, in this instance, is used in a narrower sense than the use of ‘participation’ and ‘participant’ elsewhere in the thesis. Outside the context of this pictograph, participation is understood as a dynamic and complex concept that encompasses a wide range of ‘thick’ and ‘thin’ qualities. The third category is the “self-sufficient” employee. This type of employee has the opportunity to provide input into, and potentially influence, both the ESCSR decisionmaking and implementation activities, but lacks the ability to lead others in those pursuits. The fourth, and final, step on the scale, is the “self-leader” employee. A firm that accommodates this type of employee allows individuals on staff to not only participate in and influence the entire range of ESCSR activities, but also enables employees to lead ESCSR decisionmaking and implementation in a substantive and meaningful way, consequently minimizing the need for external, supervisory guidance.⁴³

⁴³ This scale was composed from a variety of different scholarly sources. Please see bibliographic citations for Prussia (1998); Karl (1993); and Manz (1992).

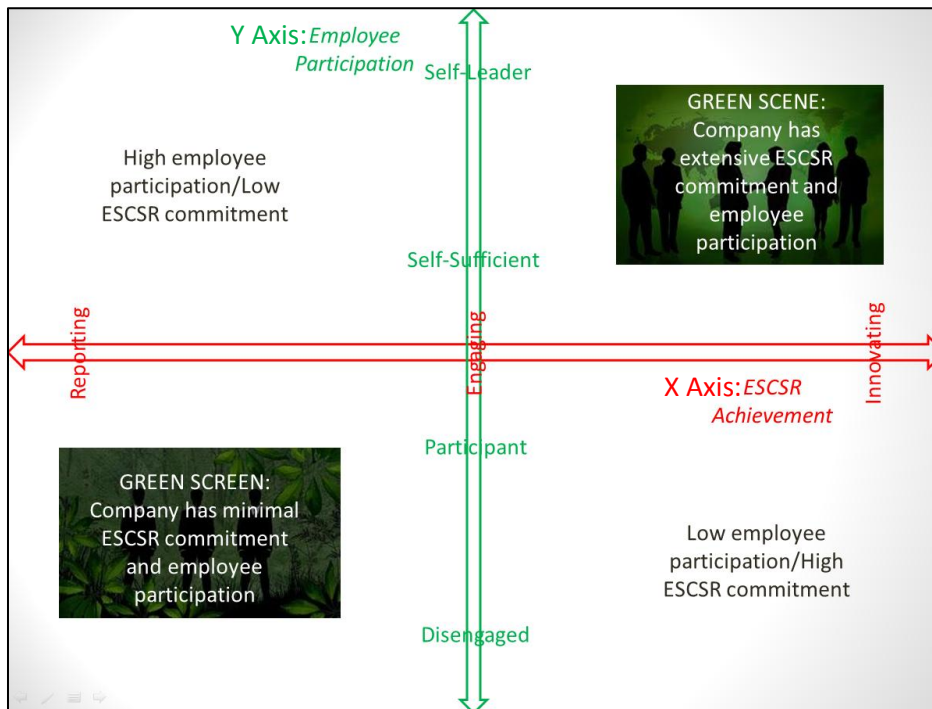


Figure 7: Green Screen versus Green Scene. A pictograph to illustrate how firms’ ESCSR approach will be coded, both in terms of employee participation (vertical axis) and actual ESCSR commitment (horizontal axis).

The nature of this coding exercise is inevitably interpretative as it is based on qualitative evidence such as interviews, but several mechanisms were put in place to standardize certain terms and concepts. To begin, the definition of what constituted ESCSR action was defined after a comprehensive review of the afore-specified companies’ websites and corporate reports. These terms included:

- [biodiversity]; [clean development mechanism]; [clean air/water]; [climate change]; [community clean-up]; [emissions and impact]; [energy efficiency]; [energy conservation]; [energy security]; [environment]; [environmental fines and penalties]; [environmental education and outreach]; [greenhouse gas management]; [green products]; [land management]; [material efficiency]; [reuse, reduce, recycle]; [remediation]; [renewable energy]; [sustainable development]; [technology and efficiency]; [tree planting]; and [wildlife habitat preservation].

Second, guidelines were put in place to structure the analysis of a corporate culture's inclusiveness to ensure my questions to and responses from firm representatives were internally valid and as comparable as possible. To best address this issue, I relied heavily on the conventional wisdom and consensus on corporate culture found in organizational strategy literature, which identifies certain key metrics to evaluate the 'sense' of a firm (Knox, 2002; Goldner, 2000; Franko, 1989). Although the interviews conducted with firm representatives were necessarily ad hoc and difficult to standardize in form (some being over email, others via telephone, others in person depending on individuals' availability) all interviews touched upon the same three general themes gleaned from a review of organizational strategy literature: quality of management, allocation of resources, and appropriateness of priorities. I have briefly elaborated upon these themes below:

- Management: Management
 - plays a central role in project review;
 - plays a mentoring/visionary role;
 - actively focuses attention on corporate reputation;
 - engages with clients on behalf of corporation;
 - is present in day-to-day tasks; and
 - facilitates employee participation
- Resources: Sufficient resources are available for
 - research and development;
 - product delivery; and
 - administrative tasks.
- Priorities: The firm encourages and facilitates:
 - knowledge-sharing; entrepreneurship and risk-taking;
 - diversity;
 - employee participation; and
 - deliberation and decisions about mission

Keeping these ESCSR and metrics related to firms' inclusivity standards in mind, the results of the case study portion of this inquiry are detailed below.

ii. DTE Energy

Firm Background: DTE Energy is a utility company headquartered in Detroit, Michigan. Its main operating arm, Detroit Edison, supplies over 2 million industrial and residential customers with power from mainly fossil-fueled plants. The company also runs a large natural gas business through its Michigan Consolidated Gas business arm. Beyond its two primary, and regulated, mid-west operations, DTE Energy's client base also expands to the northeastern United States and eastern Canada. DTE Energy's unregulated portfolio further includes coal-related services, unconventional gas production, energy management, independent and on-site power generation, and exploration and production activities.⁴⁴

Corporate and Media Publications: DTE Energy's corporate publications demonstrate a high sensitivity towards and awareness of employees' impact on firm operations; however a sense of collaborative engagement is lacking and discussion of employee input into, much less ownership of, ESCSR activity is conspicuously absent (a belief confirmed later in interviews). This conclusion is the product of several firm-issued publications, beginning with its 2010 10-K annual report filing. Here, the company draws attention to unions as a main forum for employee collaboration and deliberation in overall operations, doing so in a way that indicates a disconnect between union members and firm leadership. Specifically, the report states:

We had approximately 9,800 employees as of December 31, 2010, of which approximately 5,000 were represented by unions.... In the 2010 third quarter, a new three-year agreement was ratified covering approximately 3,800 represented employees. The majority of the remaining represented employees are under contracts that expire in June 2011 and August 2012... [as a result] a union choosing to strike would have an impact on our business. We are unable to predict the effect a work stoppage would have on our costs of operation and financial performance. (p. 24-25)

Other mentions of employees, both individually and collectively, in the firm's 10-K report were few and focused primarily on potential difficulties recruiting and maintaining qualified

⁴⁴ This snapshot of the firm's history and background was sourced from the DTE Energy corporate website. [Accessed 11/22/2012].

employees (p. 25) and the reporting of questionable employee activity related to security infringements at a Michigan facility (p. 35). Interestingly, the more favorable mentions of employees in the report were related to top-down decisions; including a \$10 million corporate donation of cash and securities to the DTE Energy Foundation, and a \$10 million expense related to an executive realignment of employee benefits affecting the business' Michigan Consolidated Gas unit (p. 45).

The company's 2010 Form 990 also offers interesting insight into the company's philanthropic environmental focus. Although the corporate website has an extensive page on its environmental initiatives and awards, there is only one explicitly "environmental" grant recipient in the 2010 report: a \$60,000 donation to the State of Michigan (p. 55). Other environmentally-related causes are grouped under the "civic and community" heading, but the lack of connection between the two categories suggests the philanthropic strategy supporting environmental stewardship causes is discombobulated at best. While the company is making strides in the environmental realm, corporate motivations are not entirely philanthropic. The firm has made a pledge to reduce its carbon footprint as part of Michigan's Clean Corporate Citizenship campaign, and one way it is trying to achieve those goals is through research and development into alternatives to coal-fired power generation – a move largely motivated by state regulation. In 2011, the company received media attention for operating four biomass-fired electric generating plants in Wisconsin, California, and Alabama (Austin, 2011). This achievement, however, is already being overshadowed by the firm's reluctance to keep abreast with Michigan's environmental advocates in 2012. As of November 2012, the firm had emerged as one of the primary funders for the opposition to environmentalists' Michigan Energy Michigan

Jobs initiative that proposed to raise the state's current renewable energy standards to 10 percent by 2015 (Sandoval, 2012).

As a final note on corporate publications, the firm's CSR report is, in a way, non-existent. DTE Energy does not issue a comprehensive year-end report on its CSR activities. Instead, the firm's website allows users to piece together a 'customized' electronic report that aggregates selected achievements against goals grouped into headings including 'people,' 'economy,' and 'environment.' Interestingly, a large portion of the report is focused on shareholders' and customers' satisfaction and regulation compliance; there are smaller sections on employee well-being and the firm's 'beyond compliance' activities. The report speaks of DTE Energy's CSR-related activity as a monolithic force; never differentiating between employees and corporation through statements such as "We fulfill our company's purpose by balancing our social, economic and environmental responsibility."⁴⁵ This type of language suggests a top-down approach to a firm-wide strategy without mention of internal deliberation or discussion between elites and nonelites that may inform its ultimate action.

Interviews: Through calls to the corporate office and contacts identified through LinkedIn, interviews were able to be held with DTE Energy corporate leadership, investor relations representatives, and junior staff from August-September 2012. Conversations with corporate leadership were both difficult to coordinate and terse. The senior managers with whom I spoke affirmed that there was a matching gift program, specifying repeatedly that it was only applicable for employees who make donations to qualified charitable organizations. It was unclear whether their failure to elaborate on the program was due to a lack of awareness about the EMG program or a simple unwillingness to go into detail. Investor relations representatives

⁴⁵ This quote is taken from the DTE Energy Corporate Responsibility report, which can be generated by visiting <http://www.dteenergy.com/dteEnergyCompany/aboutDTEEnergy/crreport/printCustomizedReport.html>.

were a bit more forthcoming, speaking at length about the “many ‘town hall’ sessions with employees and management regarding DTE’s policies, programs and initiatives.⁴⁶ They also referenced several ad hoc environmental working groups led by operational leadership that enjoy corporate support and act as a venue for employee input. Ultimately, representatives said, all ESCSR initiatives and policies, no matter the level of employee support, were approved by the Government, Regulatory and Community Committee, which includes all key senior management personnel including the Chief Executive Officer, with oversight periodically provided by the Board of Directors’ Public Responsibility Committee.

DTE Energy employees, similarly, did not have much to say about the EMG program in particular, whether from lack of information or interest. However, the general feedback about their experience with the firm was positive. Employees repeatedly mentioned the feeling of being ‘well taken care of’ by the firm, with one interviewee even using the word ‘stewardship’ to describe the relationship between management and their teams. While these reports were positive, it is important to note there was a conspicuous lack of feedback related to employee empowerment, indicating respondents did not necessarily view themselves as agents within the firm. All interviewees indicated they approved of leadership’s decisions and were appreciative of what they considered generous salaries and benefits. When probed about their thoughts on employees’ opportunities to engage in corporate decisionmaking and corporate ESCSR decisionmaking specifically, there was not a lot of feedback or enthusiasm. One interviewee did mention DTE Energy encourages employees to engage in the ESCSR implementation by volunteering to form DTE Energy Green Teams to coordinate firm volunteers’ participation in local events around Detroit and Michigan, but was unclear about whether the firm would

⁴⁶ Disappointingly, it was not possible to schedule a conversation with a CSR representative – there seemed to be no clearly defined CSR department or directory. Instead, investor relations officers seemed to field all CSR-related inquiries, with additional inquiries directed to the sub-department of ‘environmental planning.’

compensate for that time in any way. Besides the DTE Energy Green Teams, which are put together by administrative authorities, unions, and town hall meetings, employees did not identify any deliberative groups for decisionmaking engagement with leadership. There seemed to be very little grassroots coordination or momentum within the firm on any ESCSR activity, environmental or otherwise.

In general, from all the interviews and research conducted, it did not appear that DTE Energy's ESCSR program was a cohesive or internally-motivated effort with a clear and focused strategy or decisionmaking authority. Instead, the firm seems to rely more on ad hoc awards and grants to fund certain causes that are identified through mainly pre-existing organizations (such as Meals on Wheels or Michigan-based community events). The DTE Energy Care Corps is the title of the loose group put together under the firm's auspices as a catch-all for the variety of ESCSR activity in which it engages from year to year. Overall, employee agency and ownership in the ESCSR activities and teams was essentially lacking notwithstanding some rhetoric about employee engagement in ESCSR activity implementation.

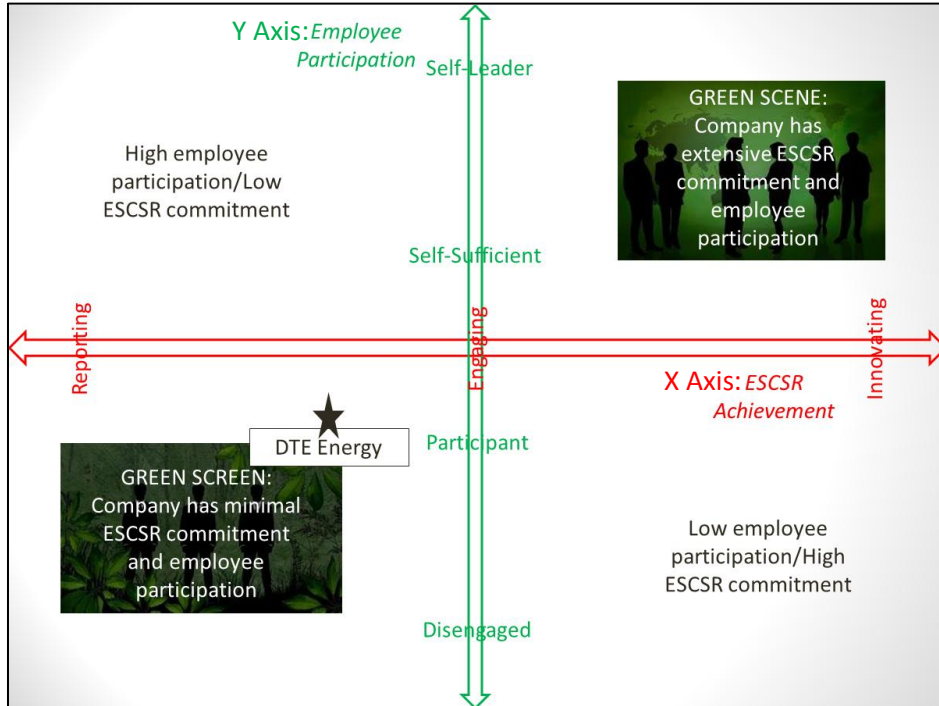


Figure 8: DTE Energy: Green Screen. The loose aggregation of ESCSR-oriented activity, the lack of meaningful internal deliberation to define ESCSR strategy, and the half-hearted employee engagement in ESCSR implementation activities indicate DTE Energy falls primarily in the ‘green screen’ region of corporate behavior.

As illustrated in Figure 8, DTE Energy’s corporate ESCSR approach categorizes it as a green screen actor. The firm’s actual ESCSR commitment was gauged to fall between engaging and reporting, due to its intense focus on compliance and shareholder duties, which seemed to edge out truly voluntary and socially-motivated action. In regards to its employees’ role in ESCSR activities, the firm’s inclusiveness fell at the participant level. This rating was boosted by the staff’s ability to provide input and preferences to management, along with their awareness of and interest in these opportunities. However, the general understanding that employees were largely lacking a forum in which nonelite-guided deliberation took place and were without the right to make CSR decisions without management approval kept the rating lower than self-sufficient.

iii. FMC Corporation

Firm Background: FMC Corporation is a chemical manufacturing company whose traditional and most profitable product lines serve industrial and agricultural customers. It is one of the largest producers of industrial chemicals including soda ash and hydrogen peroxide; it also distributes herbicides and insecticides under its ‘crop protection’ capabilities. In recent years, the company has expanded to reach specialty customers in markets including food and beverage, pharmaceutical, and personal care. FMC now is a recognized name in natural colors additives as well as in energy storage (mostly lithium products for batteries). The company ships its products around the globe, but its largest customer base is located in North America.⁴⁷

Corporate and Media Publications: As compared to DTE Energy, a sense of employee agency in both operational matters and in matters related to CSR is more palpable in FMC Corporation’s publications. First, the company’s 2010 10-K speaks of employee unions in a much more accommodating tone than that seen in DTE Energy’s report. The report highlights successful negotiations between union members and firm leadership, stating:

We employ approximately 4,900 people, with approximately 2,400 people in our domestic operations and 2,500 people in our foreign operations. Approximately 33 percent of our U.S.-based employees and 36 percent of our foreign-based employees are represented by collective bargaining agreements. We have successfully concluded virtually all of our recent contract negotiations without a work stoppage. (p. 16)

The firm’s approach to corporate philanthropy is also much more decentralized and deliberative than the more traditional top-down corporate foundation model. Instead of channeling all the corporation’s donations through one executive-led foundation, FMC has created several avenues through which philanthropy flows. Specifically, the company hosts a United Way match program, an EMG program, a “Dollars for Doers” program (which matches

⁴⁷ This snapshot of the firm’s history and background was primarily sourced from the FMC Corporate website. [Accessed 11/23/2012].

employee volunteer hours with financial support), and distributes traditional corporate foundation donations.⁴⁸ In order to ensure the many philanthropic arms of the company are engaged in constructive and streamlined operations, the company has created a Philanthropy Committee which oversees its many diverse charitable initiatives. This committee often acts as a meeting place for elite and nonelite firm stakeholders, thus offering an opportunity for meaningful dialogue.⁴⁹ FMC Corporation's consideration of employee involvement in these CSR-related activities is readily apparent. Not only does the firm encourage employees to volunteer their own time at charitable organizations of their choice, it also explicitly allows employees to serve on the boards of charitable organizations that may be benefitted by the firms' philanthropic investments. Unlike DTE Energy, FMC Corporation explicitly acknowledges the force of the individual in the firm's CSR commitment, stating "We take an active role, both as individual employees and as a company (p. 39)."

Arguably a downside to this decentralized approach to philanthropy is the fact that a neat number of participants that can be associated with the firm's environmental stewardship investments is not available for this analysis. The firm's environmental performance is further complicated by the fact that, as a major chemical producer, it is involved at several sites deemed environmentally contaminated by the Environmental Protection Agency. FMC Corporation reports spending approximately \$90 million over three years on remediation operations at these locations (p. 20). Above and beyond this mandatory action, the firm also recognizes "conservation and environment" as one of its four main CSR goals, and cites its voluntary

⁴⁸ The resulting quotes and facts from this section are taken from the 2011 FMC Sustainability Report and are notated only by page numbers. The report is available here: http://www.fmc.com/Portals/corp/content/docs/FMC_2011_Sustainability_Report.pdf.

⁴⁹ Although dialogue (an exchange of ideas aimed toward understanding) does not necessarily guarantee deliberation (which has a goal of action), the Philanthropy Committee nonetheless serves as an indication that FMC leadership is open to employee input at elite levels.

contributions to environmentalist causes as evidence of its environmental stewardship, such as state-wide recycling programs and organizations including Responsible Industry for a Sound Environment (p. 44-46). This mixture of CSR commitment: innovative, deliberative, and promising approaches to corporate philanthropy, but weak evidence of actual impact, suggests the firm does not merit a position squarely in the ‘green screen’ region of the pictograph.

However, to further bolster its CSR transparency, FMC Corporation has adopted Global Reporting Initiative (GRI)⁵⁰ standards to formalize its reporting of economic, social, and environmental performance across 20 indicators, in categories including “strategy and analysis,” “organizational profile,” “report parameters,” “management approach and performance indicators,” and “governance, commitments, and engagement.” This last category explicitly calls out information related to “mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body” which FMC Corporation indicates is made possible through regular earnings conference calls, institutional investor days, and webcast conference calls (p. 50). Ultimately, however, the GRI seal does not offer any more insight into the firm’s actual environmental stewardship impact, as these standards are more suited to ensuring a company remains accountable to its many stakeholders. As a last note, media reports on FMC Corporation were rare and mostly financially related. Besides a suit brought against and settled by the company in 2000 alleged discrimination against African American employees. Moreover, the few recent (2011-2012) articles that could be found touted the companies’ contributions to U.S. science and technology education efforts (Herald, 2012).

Interviews: Interviews with FMC Corporation representatives were mainly administered in October 2012. In comparison to DTE Energy stakeholders, this firm’s interviewees were significantly more interested in both the questions asked and in offering additional information

⁵⁰ For more information on this voluntary reporting standard, please see www.globalreporting.org.

on the firm's CSR and employee-oriented activities. Corporate leadership consistently delivered the message that management viewed and treated employees as stakeholders on par with customers. They indicated that CSR activity acted as a unifying force that increased solidarity within the firm, thus increasing competitive advantage (a message many OCB scholars would applaud). CSR representatives were even more effusive about the firm's sustainability mission and invested in the firm's ESCSR strategy, which seemed well thought-out and comprehensive. They explained the firm's sustainability motto "Doing well, Doing good" originated from Ben Franklin, and was understood to mean that if one does good things, one will do well for oneself. They further explained this phrase is applied not only to the firm's ESCSR activities, but to all core operations, specifically procurement and merger and acquisition decisions.

Another interesting take away from the FMC Corporation CSR department was that these representatives maintain two different lines of communication: one for internal stakeholders and one for external communications (primarily targeted at customers and shareholders). The reason for this separation is due to the fact that the firm treats internal stakeholders, including all employees, as subject matter experts, as they are carefully trained and familiarized with firm policies and operations no matter what their position. For this reason, the CSR department sees different rhetoric as necessary to satisfy the 'need-to-know' of employees as opposed to a more generally 'curious' public. Furthermore, the CSR department representatives emphasized their desire to help employees realize their personal goals through professional means, thus deliberately blurring the lines between career fulfillment and personal satisfaction.⁵¹

Employees, when interviewed, were not quite as enthusiastic or knowledgeable about the firm's CSR strategy as the CSR department itself, but they did prove to be aware of and actively

⁵¹ This is a point that resonates well with the findings of the empirical survey discussed in this dissertation's previous essay.

engaged in the firm's related decisionmaking and strategy. Employees were able to name the company's main philanthropy activities (including the EMG program, Doers for Dollars, etc.). They also talked about a new firm-wide initiative to maximize the effect of corporate donations by further delegating philanthropic decisions at the regional level to ensure the worldwide firm is making meaningful CSR contributions (either funds or engagement based) in their local area of operations. As one employee put it, the firm is good about avoiding a 'proscriptive' stance on CSR decisionmaking while still striving to be systematic about the endeavor. FMC Corporation employees also spoke about the quarterly town hall meetings held by management. Although these town hall meetings did not sound extremely well-attended, and employees noted senior leadership only participate occasionally through video casts, at least a few respondents mentioned their own positive experiences interacting with management in a meaningful and deliberative way both via exceptionally successful town hall meetings and other input mechanisms. These alternative feedback mechanisms included employee dialogues in focus groups, localized implementation sustainability teams that involve employee volunteers, intranet sites, publications, and firm-wide surveys.

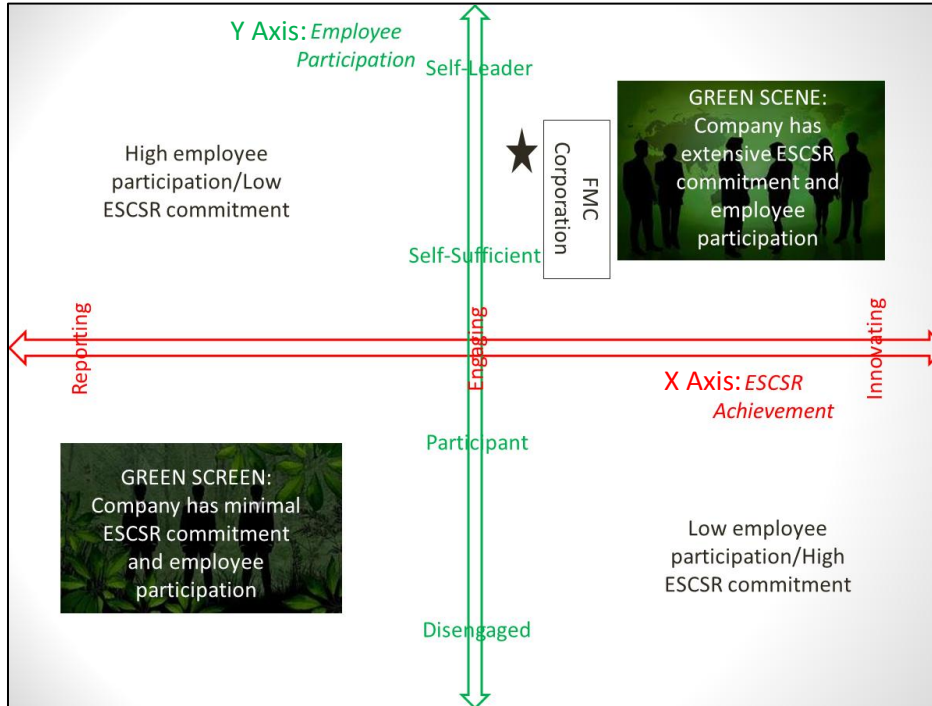


Figure 9: FMC Corporation: Green Scene. Based on publications and interviews, FMC Corporation demonstrated a robustly inclusive ESCSR approach, but a less impressive ESCSR record.

The intense and sincere motivation of firm leadership to include employees in the entire range of ESCSR activities combined with employees’ awareness and appreciation of that inclusiveness places FMC Corporation high on the participation axis, mid-way between self-sufficient and self-leader. However, the company’s lack of compelling ESCSR, despite its innovative philanthropic strategy, places it only slightly higher than ‘engaging’ on the ESCSR commitment scale. Admittedly, the firm is at somewhat of a disadvantage due to its highly contaminative business, but considering all three of the firms in question have global carbon footprints, it does not seem an unfair handicap. As a result, the firm proves itself to be more of a green scene than DTE Energy, but more information would be needed on its ESCSR output to

make it a solid example of a firm that excels in both inclusive ESCSR employee decisionmaking and effective ESCSR behavior.

iv. International Business Machines (IBM)

Firm Background: IBM is the globe's leading producer and supplier of computer products and services. The firm also offers consulting services for federal and private sector customers, internet technology support to enterprises of all types, and ranks as one of its industry's top providers of computer hardware and data storage products. IBM, already a globally recognized name, is becoming increasingly international through both organic growth and merger and acquisition activity, although its main customer bases are found in North America, Europe, and Japan.

Corporate Publications: Unlike the other two firms in question, IBM's 2010 10-K makes no mention of employee unions. Instead, the report describes the firm's recent initiative to consolidate and streamline its global operations through a revamped focus on external and internal stakeholder relations and decentralized decisionmaking processes:

[The] company has shifted resources toward building client relationships and employees skills, while positioning the company for new market opportunities. During this transformation, IBM pioneered this new operating model, changing from a classic "multinational," with smaller versions of the parent company replicated in countries around the world, to a global model with one set of processes, shared services and broadly distributed decision making. (p. 8)

IBM's 2011 CSR publication (which, incidentally, also conforms to GRI standards) emphasize both environmental and employee well-being goals as prime pieces of its overall CSR strategy and focus.⁵² In its 2011 CSR Report, the company touts many of its energy efficiency achievements through programs such as Product End-of-Life Management, water savings, and

⁵² IBM's 2011 CSR Report is available for download here: http://www.ibm.com/ibm/responsibility/2011/bin/downloads/IBM_Corp_Responsibility_Report_2011.pdf. The page numbers in the rest of this section refer to this report.

reduction in hazardous waste operations, but few are specified as going above and beyond mandatory requirements (p. 16). The company does, however, note a few significant voluntary achievements, including its recognition by the European Union (EU) as a participant in the EU Code of Conduct for data centers based on energy efficiency and its establishment of the Innovation in Environmental Sustainability Council in partnership with the World Environment Center (p. 8). IBM also offers clear metrics related to corporate giving to environmental causes, noting a \$5.4 million donation in 2011, or approximately 3% of the grand total in corporate giving (p. 16).

In regards to employee well-being IBM's CSR Report offers quantitative indicators of attention paid to staff's professional development through hours devoted to training and employee safety through global illness and injury rates (p. 16). However, little is said about employee involvement in leadership's decisionmaking or discussions either related to core operations or CSR decisions and no mention is made of the firm's EMG program.

IBM's enormous scope of activity makes searching press reports on the company an interesting challenge. There is a plethora of articles available about the companies' ever-expanding operations, its recent naming of a female corporate executive officer, and its internet technology research and development achievements. Interestingly, the press that does exist on the company's CSR activities is focused not only on IBM's achievements (the company is almost universally recognized as a CSR leader) but also on IBM's consulting practice, which offers CSR tips to *other* corporations. For example, the firm's recent "Leading a Sustainable Enterprise," published by the IBM Global Business Services received a large amount of media and industry attention when it was debuted at various conferences and symposiums; IBM's ongoing talks on corporate culture and social presence are also well-noted among reporters and

industry cohorts.⁵³ It is important to note that IBM's press attention reveals an important feature that sets it apart from companies such as DTE Energy and FMC Corporation. Namely, IBM has a *signature* CSR program, its "Smarter Planet" campaign – one that is so well-branded it is viewed as propriety to the firm.

Interviews: Interviews with IBM's representatives were the most difficult to schedule, and ranged from July to October 2012. The firm's leadership was very difficult to access and the limited conversations that did occur did not generate much information beyond what could be gleaned from the corporate publications. Conversations with the CSR department were a bit more helpful, as CSR representatives named several mechanisms used to collect employees' feedback to be considered in leadership's ultimate decisionmaking. IBM employees used to be asked to fill out one firm-wide survey to enhance leadership's understanding of employees' sentiments and preferences related to firm strategy and action, but in recent years the company has tailored the surveys to respond to IBM's geographically diverse sites. These surveys cover issues related not only to core operations, but also to CSR and ESCSR, and they incorporate local needs and focus areas as well as possible. CSR representatives also spoke about the use of employee advisory panels and the construction and use of quantitative predictive models to anticipate and respond to workforce trends. In regards to the firm's environmental focus, the CSR department consistently delivered the message that, while environmental stewardship is important to IBM, educational advancement is seen as the firm's top CSR priority, citing its \$141.8 million contribution to educational causes in 2011 as evidence of the corporation's commitment.

⁵³ Examples of IBM's recognition as a CSR authority are many, including in traditional press such as the Guardian (www.guardian.co.uk) and in online magazines such as CIO-Today (<http://www.cio-today.com>).

IBM employees proved well aware of and supportive of the firm's Smarter Planet campaign. All surveyed employees recognized the campaign and could say a bit about its recent focus (education) and achievements. Staff was also appreciative of and aware of the firm's EMG program, and indicated the company made it very easy to take advantage of the matching gift program. Employees also indicated that the firm made employee contributing feedback on any number of issues (including ESCSR) very easy to do by providing clear channels of communication between junior and senior management. However, the sense that that feedback was actually considered and incorporated into firm-level decisionmaking was much feeblar, with many employees expressing doubt that their opinions were ever actually impactful.

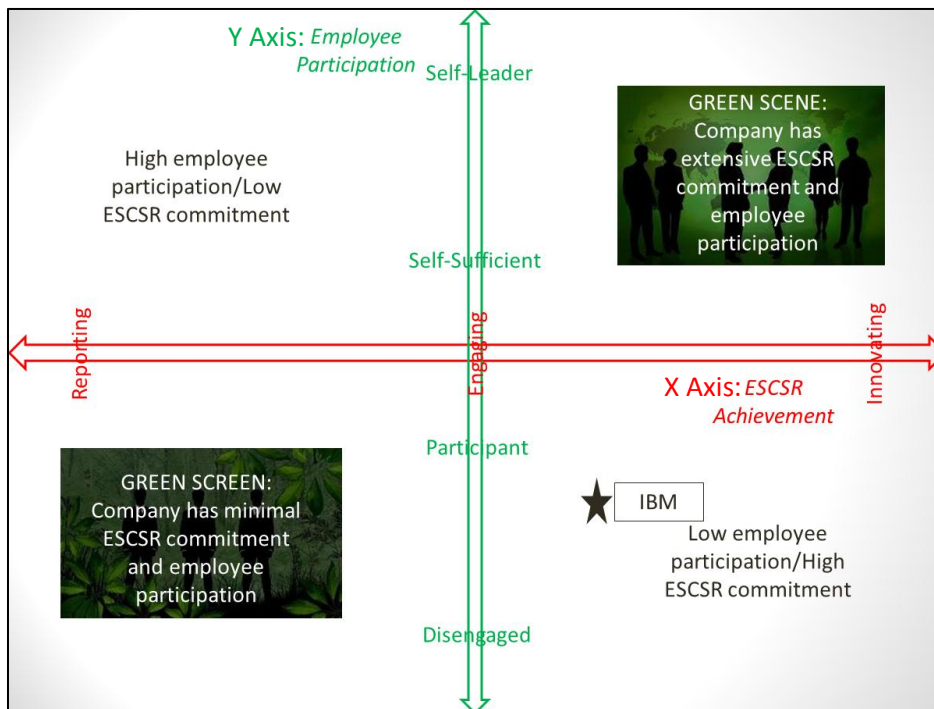


Figure 10: IBM: Elitist Decisionmaking But Committed. Based on publications and interviews, IBM demonstrated it is content to collect, but not necessarily consider, employee feedback. However, the firm is a recognized leader in CSR initiatives with strong focuses on environmental and educational causes.

After reviewing all the CSR decisionmaking and action at IBM, the firm seems best-suited in the low employee participation/high ESCSR commitment region of the pictograph due to its elitist decisionmaking. IBM appears well aware of the importance of employees' professional development, but less attuned to junior staff's desire or ability to impact firm-level decisionmaking and implementation activities in any arena, especially ESCSR, leaving firm morale mid-way between disengaged and participant. The firm's signature "Smarter Planet" campaign, may, in this way, be a disadvantage. Although it is widely recognized and supported by both internal and external stakeholders, this type of concrete branding may stifle internal deliberation and innovation. Despite the firm's rather non-inclusive approach to ESCSR decisionmaking, the firm does seem to be a first-mover in CSR programs, especially in the environmental sphere, and its donations to causes ranging from environment to education are consistently in the multi-million-dollar range.

E. Analysis and Discussion

This section reviews significant findings related to internal pressures acting on corporate ESCSR decisionmaking and implementation. Namely, the research in this evidence revealed the significant impact of corporate leadership and the importance of flexible (i.e. unbranded) CSR strategies in creating corporate cultures conducive to green scene environments, which allows for employee participation in ESCSR activities. These findings help fill the current gap between corporate decisionmaking and OCB literature concerning the state of employee engagement in corporations' CSR strategy formulation generally and ESCSR initiatives more specifically.

The statistical study demonstrated the importance of corporate leadership in environmental or philanthropic matters, not only in the size of elite leadership ranks, but also in its diversity. The larger number of senior managers, as well as the more diverse a company's

board members, both had positive and significant impact on a firm's likelihood of adopting inclusive participative venues for employees, as captured in the EMG variable. While a greater number of leaders, especially diverse leaders, may not (and probably does not) expedite decisionmaking, it seems reasonable to conclude that this type of leadership structure does lend itself to more engaged discussion at the executive level, resulting in more thoughtful and inclusionary (albeit potentially only at the elite-level) corporate strategies and investments.

The case study portion of this essay used the result of the statistical study to probe the nature of employee participation in ESCSR achievements of firms who had adopted EMG programs. By looking at three diverse firms, the study demonstrated that EMG programs exhibit somewhat different modes of employee participation but in any case scant opportunities for employee deliberation and decisionmaking procedures.

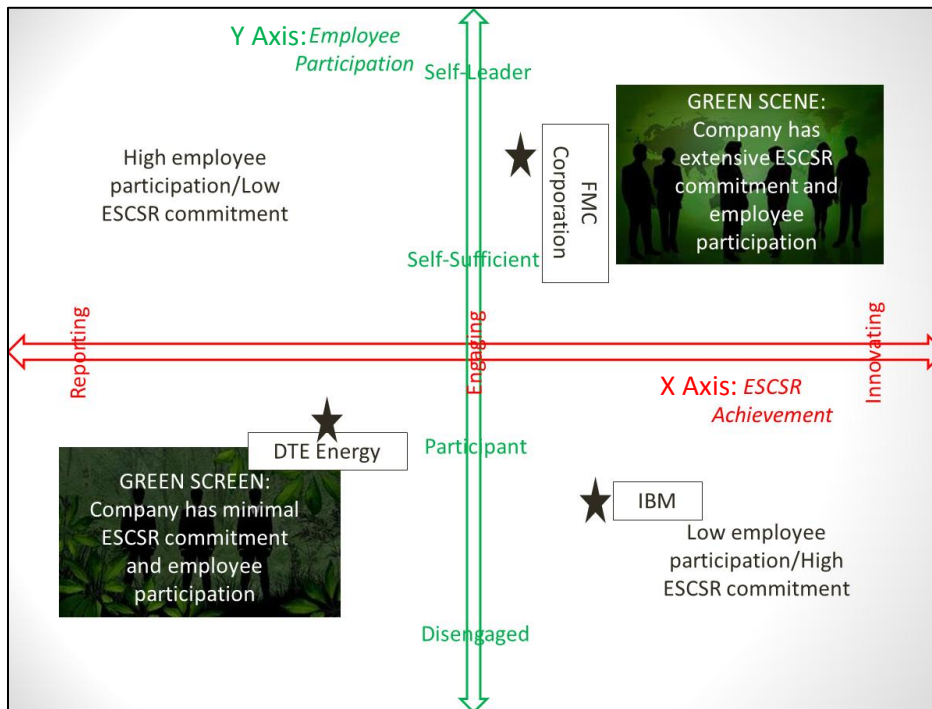


Figure 11: Compiled Results: Green Screen versus Green Scene. The combined findings of the case study demonstrate that a firm’s decision to host an EMG program does not indicate a consistent ESCSR approach or performance among firms.

The results in Figure 11 are influenced by a variety of firm-level characteristics inherent to each of the companies, including number of employees, industry, and profitability. However, there remain certain firm-level choices that seemed more or less conducive to a green scene position as opposed to a green screen designation. Differences in the treatment of employee unions and employee training, as well as differences in the organization of CSR departments and the allocation of resources to social as opposed to environmental causes all emerge as considerations that result in more or less attention to employee input in environmental stewardship initiatives.

Finally, taken together, the statistical and case study results highlight two important challenges firms face in crafting an ESCSR strategy that includes employee input. For example, larger corporations tended to have higher profits and more highly developed public and investor

relations. IBM, the largest of the firms chosen for the case study, followed this trend, and its choice to aggressively to brand its CSR “Smarter Planet” program via glossy brochures and high-tech websites to both the public and its employees indiscriminately seemed to stifle staffs’ ability to deliberate on and contribute to CSR decisionmaking. On the other hand, smaller corporations demonstrated more moderate profits margins and less impressive public and investor relations resources. FMC Corporation, for example, has a loosely branded “Doing well, Doing good” motto and its public reporting is under-states. However, its differentiation between internal and external branding, and its decentralized approach to CSR decisionmaking and action, ultimately encouraged employee deliberation (as evidenced by interviewees who praised management’s accessibility and incorporation of their input) if not impressing the general public. Ultimately, though IBM emerges as the more accomplished ESCSR actor, despite its elitist and non-inclusive approach to social responsibility. DTE Energy’s lack of enthusiasm on both accounts (employee engagement and ESCSR achievement) could arguably be a cause or effect or its lack-luster internal and external CSR reporting and branding in general.

Another firm-level decision that emerges as interestingly varied among the CCX firms and the case study selection is the choice to focus on corporate philanthropy as opposed to community involvement as a CSR strategy. The statistical study highlighted gross differences in corporate giving from firm to firm both in terms of overall foundation assets, actual donations, and the break-down of corporate donation recipients. These differences were also reflected in the case study. Based on both the quantitative metrics of DTE, FMC, and IBM’s corporate foundations and the qualitative findings in their reports and interviews, it seems IBM emphasizes the philanthropic approach the most (an understandable finding, considering IBM’s corporate foundation overshadows many competitors based on the MNCs massive size), followed by DTE.

FMC Corporation, while touting its corporate giving, accorded far more attention to programs and employee volunteer hours than the other two firms. Currently, researchers are engaged in an active debate on whether passive “check-book” philanthropy is more or less socially effective and business savvy than active partnerships and programming (Maxfield, 2008; Paul, 2006; Husted, 2006). However, I argue, based on this research’s discovery of employee enthusiasm for the opportunity to participate in ESCSR initiatives, that active involvement is preferable. In fact, the duty of a firm to serve not only as an environmental steward (acting in the interest of the environment) but also as an employee steward (acting in the interest of its internal stakeholders) becomes a key component to the final, normative segment of this dissertation. For the purposes of this essay, however, it suffices to state that investments in employee volunteer programs and other internal CSR programs emerges as a best practice in the realm of CSR environmental stewardship decisionmaking because it leverages internal resources and interest to achieve environmental and business goals.

Despite the significant new findings generated by the statistical study, the case study, and the two combined, there were limitations to my study that may have influenced results in unknowable ways. For example, had I been able to collect data on the CCX firms’ number of employee volunteer hours, this may have served as a more accurate variable to capture active employee engagement in ESCSR implementation (if not decisionmaking) than EMG programs in my statistical test. According to the findings in my research, it seems likely that employee volunteer programs and initiatives will gain momentum as CSR becomes a more and more well-known and better strategized business area. As volunteering becomes more established and well-documented, this aspect of CSR could become a valuable and accurate representation of ESCSR and CSR approaches for researchers. Another area of data that would have been valuable to

collect relates to the maturity of each organization's CSR department. Specifically, gaining insight into whether an organization had established any type of CSR structure (whether through a formal department or informal programs) *before* CSR reporting and activity became an expected practice (roughly beginning in the early 2000s) would help researchers understand whether a firm's approach to ESCSR and CSR could be understood as organic or more imposed by external pressure. Unfortunately, the time and resource constraints on this research did not allow for that investigation. As a last note, the varying levels of leadership access I was able to achieve throughout the three firms may have introduced a certain amount of inconsistency to the case study data. In future iterations of this inquiry, expanded access to leadership through long-term embedding strategies in corporate offices would enhance the understanding of senior management's role in and opinion towards ESCSR.⁵⁴

F. Next Steps and Conclusion

Notwithstanding the limitations, my findings raise several interesting questions. One line of inquiry relates directly to the focus of organizational strategy literature, namely on corporate governance (referenced in the introductory section of this essay). Specifically, the significant role of gender diversity in corporate boards challenges the null hypothesis that the male-to-female ratio of board members would not affect corporate choices. It also raises interesting questions about the importance of board member and senior management relationships, originating from nominating committees and extending through board members' tenure at the firm.

Another line of inquiry relates to the internal benefits a corporation enjoys as a result of adopting a green hands approach to ESCSR. Incorporating employees into ESCSR (and CSR)

⁵⁴ Several examples of scholarly work utilizing this methodology exist and can offer more insight into the successes and challenges of embedding strategies, which was beyond the scope and resources of this dissertation. See bibliographic citations for Sarfaty (2012) and Manville (2003).

decisionmaking, planning, implementation, and evaluating may be a very valuable and cost-effective way for companies to complete an information-gathering exercise on their CSR performance. In a way, this type of employee-focused strategy sheds light on how stakeholders (as employees are also often local community members, parents, shareholders, etc) view the firm as a ‘corporate neighbor’ and overall CSR performer. By doing so, their inclusion culminates in an internal calibration that enables corporate leadership to gauge the best way to maximize profit, minimize CSR costs, and avoid angering community members and, by extension, local policy-makers. Although this reasoning hints at a worrisome trend of corporations striving not to ‘do good’ but only to ‘do just good enough’ to avoid trouble, it also opens interesting and fruitful questions related to CSR, business and organizational strategy.

Although these questions are interesting, the inquiry I will develop and pursue in further research ultimately focuses on ethical questions. In particular, this essay’s main results, that internal pressures related to leadership size and composition have a significantly positive relationship to employee participation but limited democratic innovation within a firm through the adoption of initiatives such as EMG programs. These results, along with the findings of my first essay, highlight a possibility and a reality to guide next steps: the possibility of a bottom-up drive to ESCSR activities (as evidenced in the first essay’s empirical survey) supplied by the interest of employees and the reality of a top-level control of existing CSR decisionmaking (as evidenced in the statistical and case study in the second essay). Despite these findings, there is scant evidence and significant uncertainty about the extent to which employee deliberation actually takes place let alone is valued in firm decisionmaking. In particular, next steps in this realm of research should investigate whether, in matter related to ESCSR approaches, firm leadership has a duty not only to foster a green scene environment but also to employ different

ways not only to listen to employee input but also to include employees in ongoing deliberation and decision making. This overarching question necessarily elicits other, related research topics, including whether employee deliberation is a best practice in corporate decisionmaking and action, and, if so, whether managers' motivation to listen to and include employees in any number of activities is simply a sound business practice or actually an ethical imperative. All these questions will be further developed and addressed in the final ethics-based inquiry of this dissertation.

IV. Third Essay: ESCSR Best Practices: Arriving at a Theory of Green Hands

A. Abstract

Conventional wisdom states that the private sector's goal is to maximize profits and minimize cost. The past work in this dissertation has highlighted private sector employees' engagement in and enthusiasm for ESCSR initiatives that prioritize environmental over profit goals. This research has also demonstrated the significant influence that the size and diversity of corporate leadership has on environmentally-conscious firms' strategies towards CSR and employee inclusion in CSR decisionmaking and actions. Evidence of non-financial drivers that impact employees' and leadership's ESCSR approaches have been demonstrated in this past work. However, the ethical question of whether firms have an obligation to foster a 'green scene' corporate culture by, among other things, listening to employee input and involving them in deliberation and decisionmaking at both the decisionmaking and implementation levels remains unanswered. This essay addresses that question. Specifically, it asks whether employee deliberation is a best practice in ESCSR decisionmaking, and, if so, whether managers' motivation to listen to and deliberate with employees and include them in deliberative participation is simply a sound business practice or an ethical imperative? By reviewing and synthesizing business-, market- and capabilities-focused ethical work, this paper proposes an original theory of 'green hands' that argues that the most ethically appropriate way for firms to reach ESCSR decisions is via a deliberative process, that respects employee agency and enhances the chances of both stakeholder buy-in and successful program outcomes.

B. Introduction

“As we look ahead into the future, leaders will be those who empower others.” – Bill Gates, Founder of Microsoft and Co-Founder of the Bill and Melinda Gates Foundation

Thus far, this dissertation has demonstrated employees' interest in corporate ESCSR and the wide variety of firms' ESCSR approaches. These range from either ignoring (green screen) to heeding (green scene) environmental concerns. My third and final essay places these empirical observations in an ethical framework and offers arguments for employee deliberative participation in corporate ESCSR decisionmaking. Before building on the existing ethical literature to create a new theory, however, it is important to review the relevant empirical evidence previously discussed. The first relevant point is that private sector employees are, as a

matter of documented fact, interested in CSR strategy, with a specific enthusiasm for environmental stewardship initiatives.⁵⁵ This finding is important for leadership to note, as accommodating employees' interests and channeling their energy into causes they see as worthwhile will not only boost staff morale but increase workplace productivity and enhance overall corporate OCB levels. Second, this research has demonstrated through quantitative analysis that larger decisionmaking bodies lead to more inclusive strategies, as demonstrated by the tendency for firms with more diverse and larger management figures to host EMG programs, which act as a proxy variable for employee participation opportunities in CSR.⁵⁶ This result has important implications for chief executive officers and other top-level leadership looking to fine-tune their steering bodies to certain goals and organizational strategies that prove more or less democratic and deliberative.

Third, case study investigations demonstrated that firms with heavily branded CSR programs prove stifling when compared to firms with more fluid and flexible strategies that are more open and accommodating to internal stakeholder input. However, the same analysis demonstrated that branded and institutionalized CSR programs do tend to be better documented, and, in ways more effective, than CSR initiatives with less visible guidelines.⁵⁷ These results, although more anecdotal than their statistical counterparts, also offer valuable wisdom into what types of CSR programs yield certain outcomes. All of these diverse findings are important for private sector leadership and employees to consider when crafting and participating in ESCSR approaches. The green hands theory serves to bring all the results together in a digestible and

⁵⁵ See results from an original survey in this dissertation's first essay, entitled "Do Employees Want Firms to Serve as Environmental Stewards?"

⁵⁶ See results from this dissertation's second essay, "CSR: A Green Screen or Green Scene?" As discussed in this essay, although EMG programs are not a sure-fire indicator of employee access to decisionmaking, they are nonetheless a proxy for employee engagement in firm-level CSR action.

⁵⁷ See case study included in this dissertation's second essay, "CSR: A Green Screen or Green Scene?"

practicable way that will ultimately allow management and employees a better understanding of best practices in ESCSR decisionmaking and implementation.

Last, but certainly not least for business leaders, the practical value of an instructive ESCSR theory that focuses on employee inclusion is, simply: profit. Firms that prove to be first-movers in the area of innovative and effective ESCSR approaches stand to gain an enormous amount in both federal and public support. The U.S. government has historically been a very pro-active partner in funding research and development for new technology in the private sector. For example, more than 50% of IBM's research and development efforts in the 1950s were funded by government dollars (CSTB, 1999). Given this history of strong public-private partnership, firms looking to incentivize clean energy break-throughs through internal innovation are well-positioned to receive outside funding and political support if they can demonstrate a well-defined and aggressive ESCSR approach that focuses on employee-led research and technology creation. Although these break-throughs can legitimately be applied to ESCSR goals, this technology can also prove to be commercially valuable. Advances in clean energy technology are currently, and are likely to remain, sought-after by a variety of governmental and private organizations across the globe that are willing and able to pay for access to such discoveries. In addition, the reputation of ESCSR first-mover can also add to companies' consumer-sourced profits. Recent public survey research revealed that 68% of consumers say it's worth paying more for a green product or service (an increase of 8 points over the past two years); 90% of consumers believe that companies have a duty to serve as environmental stewards; and 62% make an effort to purchase products made by environmentally responsible companies (Socially Good Business, 2012).

Although the green hands theory plays a practical purpose, its roots are in the ethical considerations that I address in the current essay. This ethical analysis serves as the basis of what will eventually be actionable and morally sound public policy recommendations in the conclusion of this dissertation. These recommendations will advise how to create more robustly democratic decisionmaking processes within the private sector as a means to ensure that employee and environmental stewardship goals are fully met by business leaders.

In order to do so, this essay synthesizes selected ethical outlooks and argues for: 1) a stewardship duty of private sector management toward employees; 2) private sector environmental stewardship responsibilities; and 3) the value of deliberative democracy in organizational strategy. The synergy that exists between all three areas of inquiry highlights the overarching and emerging consensus that the more just allocation of resources and responsibilities is most likely achieved through deliberative democracy. The results of this general ethical review are then applied to the central focus of this essay: namely, I compare the performance of green screen versus green scene firms to identify best practices in ESCSR approaches. To do so, I focus on the ethical and empirical argumentation that a positive relationship exists between an individuals' sense of ownership and his or her exercise of agency in a firm's decisionmaking in relation to an environmental cause. By probing this relationship in the actual case studies I conducted on DTE Energy, FMC Corporation and IBM, I evaluate, by means of ethical and environmental benchmarks, the effects of employee engagement in ESCSR. My findings, within the context of the afore-mentioned ethical review, lead to an identification of the need for a more robust approach to employee inclusion in the decisionmaking stages of ESCSR strategy. This comparison generates insight into the extent of private sector leadership's ethical duty to listen to and incorporate employee feedback and agency in matters of ESCSR,

culminating in an original ‘green hands’ theory that serves to enhance a firm’s chances at fostering high levels of employee morale (and thus a more productive and well-off staff) and being perceived as a good corporate neighbor with greater public endorsement and, as a consequence, profit.

i. Ethics in Private Sector Management

Recent experience with private sector lending and the Great Recession has highlighted that the terms “free market” and “ethical behavior” do not often go hand-in-hand.⁵⁸ However, a review of moral philosophers spanning the centuries from Adam Smith to Kenneth Arrow demonstrate that the leaders and managers of the private sector do not escape normative scrutiny or guidelines by scholars of business ethics. Instead, these economically-minded thinkers argue that the success of the free market is premised on concepts of cooperation, compassion, and mutually beneficial exchanges (Cornelius, 2007; Kelly, 2005; Dunfee, 1988). The addition of recent ethical work by scholars such as Brook Manville and Josiah Ober also highlights the importance of morally managing human capital in the private sector arena. The combination of traditional scholars’ arguments for the strength of human sympathy combined with more recent work on the importance of individual moral commitment and agency in successful enterprises creates a body of ethical argumentation that underscores the importance of both stewardship and deliberation in the functioning of a capitalist economy.

As early as the 1700s, Adam Smith and David Hume wrote extensively on the human capability to sympathize with and feel generosity for one’s fellow humans in matters of financial exchange (Levy, 2004). While today’s scholars and commentators tend to focus on Smith’s (and, to a lesser extent, Hume’s) identification of individualistic and self-interested motivations

⁵⁸ See articles on the causes of the 2007-2009 Great Recession, including: “What Went Wrong.” The Washington Post. Oct. 15, 2008; “Global Recession – where did all the money go?” The Guardian. Jan. 29, 2009; and “Foreseeable and Preventable.” The New York Times. Jan. 30, 2011.

as the underpinning of a profitable and healthy economy, a closer look at these two thinkers' writings reveal compelling arguments for individuals' compassion and government's regulation in the name of social welfare in the private sector (Arrow, 2012; Smith and Sen, 2010; Chomsky, 1995; Davenport, 1925).⁵⁹ Put briefly, both men conceptualized the free market not as solely a competitive arena, but as a cooperative means to trade goods and services in a manner that culminated in mutually advantageous situations for both consumer and producer (Hume, 1739, 1748, and 1751; Smith, 1759 and 1776). Consider, for example, the opening of Smith's *The Theory of Moral Sentiments*, which states:

“How selfish soever (sic) may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it. Of this kind is pity or compassion, the emotion which we feel for the misery of others, when we either see it, or are made to conceive it in a very lively manner. That we often derive sorrow from the sorrow of others, is a matter of fact too obvious to require any instances to prove it; for this sentiment, like all the other original passions of human nature, is by no means confined to the virtuous and humane, though they perhaps may feel it with the most exquisite sensibility. The greatest ruffian, the most hardened violator of the laws of society, is not altogether without it. Pity and compassion are words appropriated to signify our fellow-feeling with the sorrow of others. Sympathy, though, its meaning was, perhaps, originally the same, may now, however, without must impropriety, be made use of to denote our fellow-feeling with any passion whatever.” (Part I, Section 1)

This conception of humans as sympathetic beings, who benefit not only from their own happiness but from the well-being of others, has some similarity to the works of Immanuel Kant, who articulated the ‘categorical imperative’ moral law.⁶⁰ Best known in its first formulation, the categorical imperative states that one must “act only according to that maxim whereby you can,

⁵⁹ Although these scholars do not deny that Smith promotes individualistic ambition and laissez-faire strategy in his works, they supplement this theme by pointing out that, in a Smithian conception, the free market's ‘competitive justice’ is of a lesser order than the impulses deriving from man's benevolence.

⁶⁰ Amartya Sen offers an introduction to the 2009 edition of Smith's *Theory of Moral Sentiments* which excels at capturing the work's focus on leveraging market forces to alleviate poverty, illiteracy and relative deprivation that might remain in a capitalist culture. Sen's analysis further speak to Smith's desire for greater motivational variety in business leaders' decisions that would inform behavior in a way that was affected by the dominance of the profit motive.

at the same time, will that it should become a universal law without contradiction (Kant, 1785 [pub. 1993]: p. 33).” Considering Hume, Smith, and Kant’s work as a whole, these men provide a compelling argument that even the strictest of capitalists and free market proponents should not be excused for disregarding the needs and wants, (or, in Kant’s case, the moral freedom or autonomy) of their fellow man. Instead, society – understood as a combination of corporations, governments, and individuals – endowed with the power of sympathy, has a corresponding responsibility to work together to establish a type of social contract that is as advantageous and accommodating as possible to the largest number of stakeholders. More recent work by Brook Manville and Josiah Ober sheds light on the best way to build such an institution.

Three centuries after philosophers such as Kant first espoused a moral duty beyond self, the power of men and women to act as a compassionate steward of others being re-examined in Brook Manville and Josiah Ober’s monograph *A Company of Citizens*. In this work, the authors use ethical thought dating back to Aristotle and Plato to demonstrate how important individual knowledge, morals, and collaborative engagement is in guaranteeing the success of any social entity, be it political or economic. The authors explain that it is when employees find themselves under the supervision of attentive and diligent management that they begin to feel as though they are purposeful agents achieving a worthwhile mission. Manville and Ober frame their ideas in terms of ownership, stating that if management can make employees think of themselves as “co-owners of the success that they collectively create - as well as co-responsible for failure” (168), they will have succeeded in creating an incentive for staff to regard themselves as fully invested in their work, instead of seeing themselves as merely paid laborers whose commitment to the corporation ends at five o’clock. Specifically, they state:

“The *need* for citizenship is the imperative of organizations to achieve ever higher levels of innovation and performance in an era of increasing dependence on

people and what they know – people who want to be free and equal and who demand a role in steering their own destiny...The citizen-centered solution links that need to an *opportunity*: Most of today’s workers are already familiar with many of the values and structures of democracy. Leaders today can expect a diverse range of people who will be capable of making a substantial contribution and therefore deserve ‘rights of participation.’” (p. 155-6)

Manville and Ober elaborate on the benefits of respecting and increasing employee agency, which will lead to better corporate performance and higher staff morale. They also suggest the best way to achieve this type of empowerment: namely, by those in power – managers, chief executive officers, boardmembers, etc., providing the opportunity to participate through deliberative democracy.⁶¹ They anchor this line of argument not only in ethics (focusing on the importance of building a ‘sense of fairness’ into corporate culture’), but also in good business sense:

“Any good manager knows that organizational success and failure depends on many factors, including timing, planning, talent, and the quality of thinking behind hard managerial choices... this dynamic system of democratic values, structures, and participatory practices remains a timeless and durable paradigm of human organization; indeed versions of it are visible in any number of successful modern organizations, communities, teams, and working groups.” (p. 153)

The overall argument for the importance of human capital and employee empowerment in a Company of Citizens is seen in many other scholarly articles appearing both in ethical and business journals.

These scholars support the idea that management has a moral and professional responsibility to act as stewards towards their employees, a term which expands management’s duty beyond a strictly professional role limited to guiding staff’s career advancement and

⁶¹ The emphasis on individual impact seen in a Company of Citizens complements Amartya Sen’s analysis of the interplay between individual and group responsibility. In his capability-based approach to ethics (reviewed in more detail later in this essay), Sen asserts that replacing ‘individual responsibility’ with ‘group responsibility’ is often counter-productive and unethical. Themes of individual and group freedom and responsibility run throughout Sen’s work, but the most detailed description pertinent to this point can be found in Chapter 12 of Development as Freedom (1999).

providing them with workplace benefits. Instead, this stewardship term expands management's duty beyond the office-place to define their obligation to consider employees' social and personal goals as well; particularly those goals that interact with and can be impacted by professional assets, including management's and their employees' skills and relations. In other words, the idea of stewardship, in this sense, implies a duty to afford employees not only the right to be heard, but also to engage them in meaningful discussion and deliberation when making decisions that affect the corporate mission and associated strategy. The ideal result of this stewardship is definitely not paternalistic; instead it is meant to advance individual interests and corporate missions through empowerment of all individuals; and whenever possible, both simultaneously (Arrow, 2012).

The value behind this conception of employee stewardship is not only a moral one (which encompasses a variety of ethical tenets, including but not limited to the categorical imperative, showing respect for others' worth, and promoting human dignity) but also one that hinges on the positive implications this type of stewardship and multi-level, open deliberation has both on financial profitability and employee morale and retention (Conill, 2008; Greenwood, 2004; Barker, 2002; Schwartz, 1991; Katz, 1966). As these scholars point out, no matter how poorly management may treat employees, there is always one decision even the most junior staff member can make: the decision to exit the firm.

The option of exiting an immoral firm emerges as a central focus in ethical research to-date on employees' responsibilities to be fulfill moral duties in the workplace. Research on proactive, non-elite normative expectations is almost entirely lacking from business ethics literature. The closest related line of inquiry to be developed in-depth, however, argues for employees' duty to demonstrate opposition to corporate leadership by leaving firms whose values are majorly

opposed to important personal values. Beyond this duty, which lands squarely on the shoulders of the employee, business ethicists choose to frame normative obligations as anchored at the management level. They call for elites to provide employees with opportunities to exercise voice within the office community, without considering how or if employees themselves could or should construct such fora to communicate with management (Wang, 2011; Dunfee, 1999; Schwartz, 1991). Through these fora, existing business ethics literature explains that management is expected to identify and respond to ‘authentic’ ethical norms that resonate at all levels of firm management and staff. Discuss around these norms as they pertain to CSR is severely underdeveloped, overshadowed by an analysis of conventional workplace concerns (i.e. workplace harassment, fiduciary duty, etc) and there is even less of an existing focus on environmental stewardship within the private sector. Overall, no matter what type of ethics emerge as the primary focus of this ethics business literature, the responsibility of identifying, prioritizing, and acting on these normative imperatives in the persona of the firm is one harbored by elite decisionmakers with declining responsibility attributed to diminishing levels of seniority and office place management duties. This strong focus on management’s normative obligations and relatively underdeveloped prioritization of employee duties is also reflected in business ethics literature that emphasizes the importance of ethical training in business schools and Masters of Business Administration programs (Goldner, 2000; Franko, 1989; Dunfee, 1988). By advocating for the value of equipping present and future managers and leaders with ethical guidelines and awareness of normative duties while neglecting the importance of that same education on non-elite employees, an important element of employees’ potential role as ethical leaders in the office place is overlooked. Despite the limited analysis on employees’ ethical duties to pro-actively ensure their corporate employers’ decisionmaking and behavior is ethical,

the existing business ethics literature does demonstrate that the business arena is inextricable from social norms. As a result, scholars make a compelling argument that the scope of moral duty in the private sector reaches far beyond the conventional and limited concept of fiduciary duty that remains the one, legally defined standard of upright and ethical corporate behavior.

In fact, developing this contrast between the conventional understanding of corporate obligations and the new, more holistic approach is illuminating, as the conspicuous absence of regard for employees in fiduciary duty approaches serves to emphasize the truly innovative aspect of newer scholars' focus on treating staff as free and equal decisionmakers within a corporation. The conventional and legally defined mission statement of all publicly listed U.S. corporations is encompassed in the concept of fiduciary duty: firms are obligated to deliver robust return on investment (ROI) to shareholders, under penalty of law if found negligent or intentionally underperforming. Although laws regarding fiduciary duty vary from state to state in the U.S., most legal scholars agree that common law recognizes corporations' obligation to demonstrate care and loyalty to shareholders by protecting their investments through profitable business practices and decisions (Lipman, 2006). Given this primary corporate concern, it is difficult to argue for the primacy of environmental or employee stewardship in corporate decisionmaking and operations for most traditional firms that must produce goods for mass consumption and operate on a timeline of 20-30 years when making investment and operations decisions. It is important to note that this statement is not intended to suggest all firms operate on this short-sighted, production-consumption model. Indeed, in recent years, many firms offering services instead of goods as well as firms dedicated to environmental protection have emerged in the global marketplace. However, for the purposes of this paper, discussion is

limited to the former type of firm to best draw out the tension between corporate rights and environmental duties.

To put matters plainly, if tangible assets, such as a forest, stand in the way of a lumberyard's profits, that corporation may not think twice about felling as many trees as necessary to maintain, or increase, their shareholders' ROI. Thus, under the fiduciary duty framework, visible material resources literally fall to corporate profits if their destruction results in greater corporate profits. Extending this analysis to the intangible and invaluable (in the sense that there is no clear monetary value) goods of employees' sense of ownership, agency, and empowerment over operational and CSR decisions and actions, it becomes clear that employees' opportunity to deliberative and democratic decisionmaking in the office has no place in the pursuit of fiduciary duty goals. On the contrary, decisions guided by the concept of fiduciary duty are overwhelmingly simple for firms, as the act of expending decisionmaking to continue business operations clearly achieves their legally defined mission of generating profit.

As a last note on the scope of ethical obligations in the private sector, it is important to acknowledge, in a bit more depth, the contribution of legal scholars. Beyond studies on fiduciary duty, more recent legal work approaches the power of individuals' moral commitments within corporate decisionmaking structures through the equitable doctrine of 'clean hands' (Anenson, 2011; Shapovalov, 2005). In this literature, scholars have analyzed the critical role of ethical considerations related to executive compensation by incorporating these ideals into the legal standard of behavior. In particular, this research demonstrates the superior guidance of the equitable doctrine of clean hands as compared to standard contractual compliance (Anenson, 2010). Among other ethical paradigms, scholars of this doctrine use virtue ethics to suggest that individuals looking to excel in the corporate world are, like other individuals in the pursuit of

excellence, obliged to consider more than economic issues. They are bound to use virtues including courage, wisdom, and integrity to achieve success. Although this work concentrates on questions of employment, it is possible to extend the ‘clean hands’ argument and its derivative moral principles to other business decisions. The goal of this essay is to translate the concept of ‘clean hands’ in law to ‘green hands’ in practice by arguing for the ethically-necessary inclusion of employee input into ESCSR decisionmaking.

However, the academically viable evolution from clean hands to green hands is still uncertain. While the ethical work thus far reviewed lays the groundwork for why, on normative grounds, robustly ethical and democratic processes within the private sector are desirable, the application of this precept to my research’s focus, employee engagement in environmental stewardship choices, raises another problematic. As ESCSR activity is, arguably, out of the scope of a corporation’s legally defined mission (to maximize returns to shareholders), there is a need to demonstrate that firms do have an ethical responsibility to serve as environmental stewards. The question of whether firms have an ethical obligation to act as environmental stewards is, surprisingly, relatively underdeveloped.

Before proceeding, it is important to note that a related question – the motivation for firms to serve as environmental stewards for business purposes – represents a highly researched topic in academic circles specializing in business sustainability. In essence, these scholars describe corporations’ approach to eco-friendly operations as an evolution that moves from (1) avoidance to (2) compliance to (3) beyond compliance, to (4) new business models of innovation and zero impact. They frame this progression as the only way to achieve both corporate prosperity and a ‘license to operate’ among community members and policy-makers. These motivations tie-in to the prior discussions of more strategic and calculated as opposed to

altruistic drivers that shape CSR decisionmaking that may help to explain, although not fully illuminate, CSR behavior (Mayer, 2010; Prahalad, 2009; Hart, 2007; Senge, 2002).

ii. Ethics in Environmental Stewardship Responsibilities

It may not seem intuitive to assign profit-making entities moral obligations such as environmental stewardship duties. Nevertheless, the changing landscape of today's world and the rise to power of multi-national corporations (MNC), necessitates changed normative frameworks in which we consider what obligations come with the resource-rich and enormously privileged status of private sector entities. This type of capability-based ethical inquiry, which considers access to both resources and opportunity a key determinant of ethical duty, is a well-established school of normative thought. Amartya Sen, who has emerged as a leader in this arena, uses the concept of 'capability' to emphasize the importance of self-determination in ensuring an individual's well-being (Sen, 2004, 2002, 1999, 1979). To summarize, his work underlines the fact that "both well-being freedom and agency freedom are normatively important," if not morally crucial to ensuring a most-just society (Crocker, 2006). As a result, it is every individual's ethical duty to promote both the opportunity (choice) and fair procedural (processes) aspects of others' freedom to ensure the best possible social arrangements to the greatest extent they are able. In articulating his ethical viewpoint in this way, Sen frames freedom and responsibility in a manner that emphasizes the importance of one's access to resources and consequent capabilities in assuming an appropriate 'allotment' of civil obligations – and underscores the importance of those with more capabilities working to empower those with less (Sen, 1999). Martha Nussbaum, another leading voice in the capabilities field, addresses the obligations of those in power explicitly in her work, in which she states that is the role of institutions to ensure a threshold level of ten basic capabilities is achieved (Nussbaum, 2001).

Sen and Nussbaum's capabilities-focused approach necessarily attracts attention to environmental stewardship. In conceptualizing well-being as the capacity to control one's environment and enjoy access to resources that lead to health and comfortable living, these scholars define moral behavior in a way that demands prudent use of natural resources, equitable apportioning of natural resources, and sustainable practices (be they business or personal). Only by doing everything in one's power to enhance environmental integrity can one confidently lead an ethical life, as this type of careful stewardship will lead to adequate resources and clean air and water for current as well as future generations.⁶²

There is little debate on whether environmental stewardship is an appropriate type of ethical consideration. Economists and ethicists alike agree green behavior is not only morally critical to ensure a just distribution of resources, but also crucial to securing the needed biodiversity and resources to keep the human race alive and well (Arrow, 2012). As seen in this review of capabilities-focused ethicists, there is also much agreement on the distribution of environmental stewardship responsibilities by each individual's capability and access to resources, with those in greater positions of power assuming more responsibility. It is important to note that capability-based division of environmental stewardship responsibilities is far from the only approach to dividing eco-centric duties. Other scholars focusing on natural resource rights and obligations advocate strategies including "Equal Burden," "Polluter Pays," "Equal Shares," and "Greenhouse Development Rights." While all of these strategies endorse different 'best practices' (for example, proponents of 'equal burden' approaches suggest each state be required to reduce its emissions by a share of the burden of overall reductions that is equal to the

⁶² It is important to note there is considerable debate amongst ethicists regarding what, if any, time discount rate should be used to address long-term ethical challenges (such as climate change) which pose greater threats to future generations than current ones. In this paper, it is assumed (in line with the *Stern Review*) that "fundamental ethics require intergenerational neutrality as represented by a near-zero time discount rate." (p. 17) In other words, the urgency of climate change should be considered equally high for both today's generation and future generations.

burden of every other state while champions of ‘polluter pays’ approaches argue each state’s burden of reduction be calculated in light of historical emissions); they do not compare to capabilities scholars in their development of ethical theory, emerging as much more economics- and political-focused arguments. I have chosen to focus on the capabilities approach given this dissertation’s past findings that environmental stewardship and issues related to natural resources and the environment ignite interest and enthusiasm in employees; thus corroborating the idea that a democratic and inclusive approach to defining eco-centric duties would not only receive public approval but also result in greater buy-in from engaged and affected parties. While this deliberative approach may make this exercise less direct or more convoluted, I believe it will generate more robust and realistic conclusions than those reached by philosophers or experts operating in a social vacuum.

However, while the consensus found in the capability-centered discussion defines the ideal outcome of an ethical distribution of environmental roles and responsibilities (in which resource-rich private sector entities assume a significant portion of associated duties), it falls short of defining *how* to achieve that outcome. As a result, a concrete justification of a ‘green hands’ argument remains lacking. To approach such a justification, and define an ethical process by which to achieve a formal and fair allocation of environmental stewardship roles among society, it is helpful to turn to another area of inquiry: that of deliberative democracy. Deliberative democracy allows stakeholders to discuss, evaluate, weight, and choose among various freedoms and other values, thus resulting in conclusions and action that are legitimate and credible to the largest number of participants.

iii. Ethics in the Process: Deliberative Democracy

Embracing the capability-based approach to ethics may imply a process of discussion and negotiation among stakeholders to ascertain which freedoms are most important and which individuals are in positions to assume certain environmental stewardship responsibilities. Nevertheless, this procedure is most explicitly found and defined in literature focusing on deliberative democracy. To better understand the merits of deliberative democracy in defining the roles of different stakeholders when in a larger, community- organization- or corporate- decisionmaking process, it is helpful to turn to existing research on procedural ethics. Procedural ethicists point out that “we require a richer value basis than only rights or only capabilities... we need attention also to virtues and to processes of equitable and respectful negotiation [and deliberation] (Gaspar, 2012).” Currently, the conventional wisdom among these scholars is that deliberative democracy both enhances stakeholders’ commitment to consequent, consensus-based goals and is the most just way to reach decisions. However, there are differing views on how deliberative democracy is best achieved and evaluated. Certain scholars, for example, emphasize the different degrees to which individuals are autonomous when making decisions (Reich, 2002), with others assigning scales of ‘thick and thinness’ to participation to measure the agency of stakeholders as decisionmakers (Crocker, 2007 and 2008). In this schematic, types of participation are categorized into seven headings, ranging from thick to thin: 1) deliberative; 2) bargaining; 3) participatory implementation; 4) petitionary; 5) consultative; 6) passive; and 7) nominal. Other schools of thought focus on the importance of stakeholders’ ‘point of entry’ in decisionmaking (Drydyk, 2011; Goulet, 2006) while others point to the importance of participation in the monitoring and evaluation portion of decisionmaking (Gaventa, 1998).⁶³

⁶³ For an overview of these works, see David Crocker’s “Deliberative Participation in Local Development” published online by the University of Maryland, Institute for Philosophy and Public Policy and Chapter 10 of Crocker’s Ethics of Global Development (2008).

Although there is debate regarding appropriate metrics for evaluating deliberative democracy, its benefits are largely agreed upon by the different scholarly circles, regardless of whether the ethical challenge is one found in a U.S. public school system or a rural African village. First, ethical work supports deliberative democracy because it is a concept that treats stakeholders in a moral way, namely, as agents with moral freedom. As ethicists will point out: “no increase in material wealth will compensate for arrangements which insult [stakeholders] self-respect and impair their freedom (Gasper, 2012: p. 8).” Furthermore, deliberative democracy increases the changes that the results of decisionmaking will generate ethically robust outcomes due to the fact that its processes give those most in need an opportunity to (1) voice their opinions and challenges to those with power over necessary resources and (2) join in a process of give and take of reasons, proposals, and finally decision making. This type of bottom-up participation, when done thoughtfully and intentionally, results in more appropriate solutions to ethical challenges than top-down results that may ignore or dismiss underprivileged stakeholders’ knowledge and ethical commitments (Crocker, 2007).

What is striking about a literature review of procedural ethics is that the field of inquiry, to-date, focuses primarily on community-based and/or development scenarios with little consideration of the role of private sector stakeholders. However, the sense of community and stewardship advocated by ethicists analyzing the private sector suggests corporate decisionmaking would be more morally robust if it incorporated deliberative democracy techniques. Furthermore, as the capabilities-approach to ethics has demonstrated that the resource-rich private sector does have a moral obligation to serve as an environmental steward, this deliberation should influence not only decisionmaking focused on corporate strategy, but also on CSR initiatives – resulting in an endorsement of a ‘green hands’ theory that marries the

importance of the private sector's ethical environmental stewardship decisionmaking and commitment to deliberative democratic processes. The remainder of this essay addresses the establishment of a green hands theory by using empirical evidence to investigate how best to meld these three distinct ethical inquiries (private sector ethics, ethics in environmental stewardship, and procedural ethics) into a well-defined way for corporations to fulfill their moral obligations both as employees' and environmental stewards.

C. Green Hands: Practice and Theory

The ethical wisdom behind the green hands theory has been demonstrated to be long-standing, diverse, and complex. However, given the wide discrepancy of ESCSR processes and performances revealed in this dissertation's case study (and captured in Figure 12), firm leadership is not adequately aware of or responsive to the moral guidelines already in place. Using the empirical evidence contained in the prior two essays of this dissertation and summarized in this chapter's introduction to round out the theory with practical implications results in the green hands theory: a valuable and applicable framework for enhancing ESCSR approaches going forward. The theory is general enough to guide any type of firms' behavior, but specific in its instruction on moral and environmentally-sound ways to proceed in bridging what is now a gap between the realistic possibility of a bottom-up drive to ESCSR decisionmaking and behavior and the reality of a top-down dominance of CSR approaches. In other words, while the egalitarian environment outlined and imagined in this third essay is not yet a reality as evidenced by the empirical, statistical and case study findings in the first two essays, it is intended a way forward in enhancing office-place equality going forward in the important field of ESCSR and CSR action.

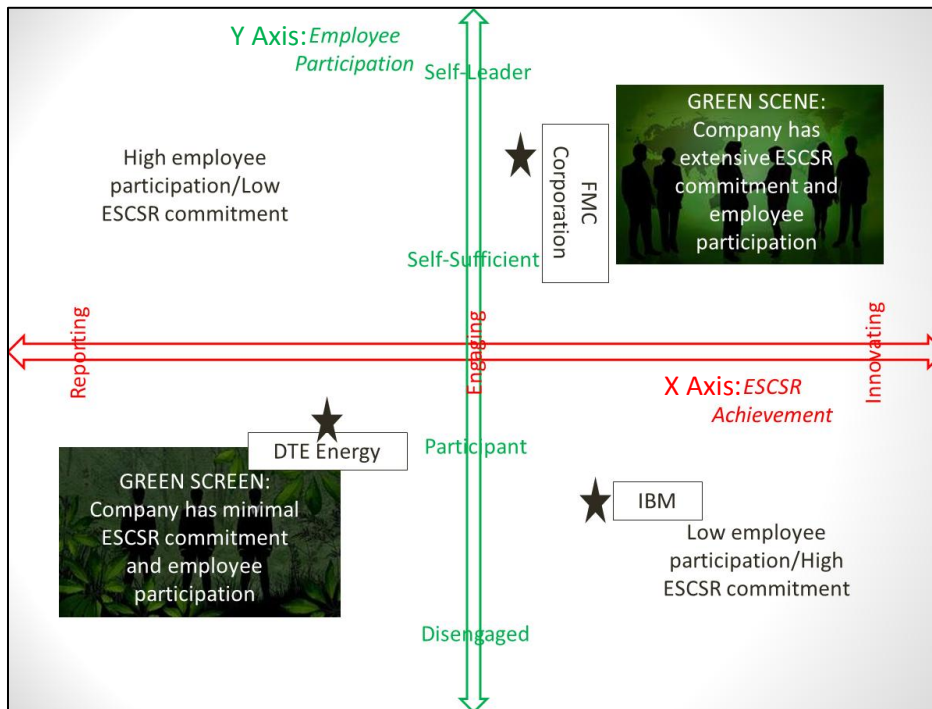


Figure taken from dissertation's second essay: "CSR: A Green Screen or Green Scene?"

Figure 12: Case Study Results: The Need for Guided Flexibility in CSR Programs. IBM's branded CSR strategy stifled internal stakeholder input but proved more effective than FMC Corporation's more fluid approach.

These practice-based findings, combined with the key points drawn from the above ethical theory, culminates in a three-part green hands approach to CSR strategy that defines how firms can best fulfill their employee- and environment-facing ethical roles. The three components, planting, nurturing, and cultivating, are developed below along with a method of measuring the result.

i. Planting

Management's moral and professional duties to provide for and empower employees have been enumerated by scholars dating back to Adam Smith, the so-called 'father of the free market.' This recognition of capitalist leaders' obligation to demonstrate interest in and sympathy for employee well-being entails a familiarity with employees' interests and

preferences. To complement this theoretical viewpoint, empirical evidence demonstrates private sector employees are very interested in contributing to and helping to shape CSR initiatives, with a particular enthusiasm for environmental stewardship. The combination of this theoretical and empirical finding define the first part of a green hands duty to be that of *planting* the idea of a corporate environmental stewardship role, both in employees whose expressed enthusiasm marks them as potentially valuable “planters” or in mid-level management and leadership who interact with employees on a daily basis. Corporate management should provide employees with the seeds of an environmentally-focused CSR strategy, by promising them corporate support if they work to harness their enthusiasm for environmental causes into an organized and inclusive professional effort. In this first phase, the role of deliberation will be critical, as employees work to self-organize, elect representatives, and establish working groups to coordinate a meaningful strategy that will not only meet all stakeholder expectations, but also prove worthy of corporate leadership’s approval and support. To ensure the success of this deliberation, corporate management can provide employees with office space to meet, as well as volunteer their own time to help facilitate or contribute to planning discussions. This type of effort will also ensure that employees and leaders are contributing deliberated, and sometimes transformed, preferences as opposed to unformed input into corporate decisionmaking mechanisms. This differentiation is important. Briefly, mere input or expression of preferences is what employees may offer in a spontaneous manner to leadership’s ad hoc requests for opinions. Elites often want nonelites to feel as though they have contributed something, regardless of quality, to corporate choices. In contrast to this superficial or token participation, deliberation includes on the part of both elites and nonelites “scrutiny and formation of values, including the relative importance of various processes and opportunities (Crocker, 2007: p. 433).”

By planting the idea for such an endeavor, corporate leadership will be laying the groundwork for a well-defined and well-supported corporate environmental stewardship role which not only leverages pre-existing employee enthusiasm, but also opens lines of communications between management and employee, as well as among employees themselves. As a result, management will be fulfilling its duties to promote employee well-being and empower internal stakeholders, while enhancing corporate relations and bettering corporate culture. Additionally, employees will also be able to exercise their employee and citizen responsibilities by being the planters of the agreed-upon ESCSR programs and activities.

ii. Nurturing

Once corporate management, with the help of employee leaders, has successfully planted the idea of an employee-led CSR environmental strategy, it has a duty to provide the needed resources to keep the program alive. This duty is found in the capability-approach to defining roles and responsibilities. As the stewards of a corporation's funds, policies (including decisions that encompass benefits such as EMG programs), equipment, and relations with policy-makers, subject matter experts, and non-profit groups, management is in a position to make or break a fledgling CSR program. Beyond ensuring employees have access to necessary resources, firm management is also situated to make critical decisions regarding employees' use of time. For example, firm leadership has the authority to endorse and respond to employee demands for flex-time programs that allow employees to volunteer for environmental causes during traditional office hours, thus bolstering the strength of the CSR initiative and employee morale (Richman, 2005; Meyer, 2001; Scandura, 1997; Hall, 1992).

This nurturing component to the green hands duty also encompasses a continued attentiveness to promoting multi-stakeholder dialogue and deliberation. In fact, both corporate

management and employees' attention to deliberative democracy will need to be increased in this phase: as the environmental strategy takes form, and employees begin to use firm-provided resources to implement their ideas, community members impacted by the program will need to be included in related discussions and decisionmaking. The additional feedback and input will, necessarily, complicate and potentially delay activities, but its incorporation will also strengthen the chances that the firm's environmental stewardship agenda will be achieved once consensus is achieved.⁶⁴ In addition, the time it takes to consider and incorporate employees' deliberated and informed preferences related to ESCSR ensures that stakeholder buy-in to the agreed-upon approach is sincere and legitimate. This assurance guards against the possibility that corporate leadership is conning staff into 'voluntary' activities that are only aimed at enhancing productivity, thus ensuring the ESCSR approach remains morally robust by not violating the respect for person.

iii. Cultivating

The last phase of the green hands duty draws most heavily from the findings of the case study (see Figure 12), which point to the importance of a flexible but focused ESCSR strategy. Once corporate management has planted the idea and provided the resources for ESCSR initiatives in the beginning, or nurturing phase, they have a vested, long-term interest in making sure the program is a success; the cultivating aspect of the green hands theory accounts for this need for long-term commitment. Based on the analysis of CSR initiatives specifically at FMC and IBM corporations, it is important for management to remain involved in the program only to

⁶⁴ Although not a firm included in this dissertation's case study, additional interviews on CSR decisionmaking were performed with a variety of corporate leaderships, including with oil and gas company Shell. Interviews with Shell's leadership corroborated this idea, namely that extensive deliberation slows decisionmaking but expedites implementation. Shell leadership prided itself on the company's reputation as a consensus-driven corporation, explaining that, if buy-in from implicated stakeholders is already achieved on any number of corporate decisions, the implementation of those decisions is essentially guaranteed to be successful because all stakeholders are informed of and supportive of corporate choices once they are ready to be acted upon.

the extent that they are needed as a guiding authority for employees' ideas and innovative ideas. IBM's branded "Smarter Planet" initiative offers a lesson in what can happen if firm leadership goes too far in its involvement, by branding and institutionalizing a CSR initiative to an extent that it becomes impenetrable to bottom-up change and improvement. This type of top-down and rigid program, while well-branded, stifles deliberative processes and excludes employees from ownership and agency in the initiative. As a result, employees feel disenfranchised and disinterested in the cause. Situations such as these result in glossy and impressive public relations brochures and statistics, but do little to fulfill a firm's obligation to fostering employee morale and personal development or to employee obligations to the firm and society.

FMC Corporation, on the other hand, erred on the other extreme. While the company does lend some structure to its CSR strategy through its "Doing well, Doing good" motto, it ultimately leaves too much room for uncertainty and ambiguity due to its overly decentralized approach. Instead of actively engaging employees in guided, deliberative exchanges that are coordinated across the firm, the company delegates CSR responsibility to regional offices. The result is a lack of coordination, a confusion on CSR goals, and an ill-informed employee base that finds it difficult to be enthusiastic or invested in the firm's environmental initiatives.

Learning from these two examples, corporate management embracing the green hands theory would need to ensure they remain in touch enough with the environmental stewardship program that they can offer appropriate advice to employee leaders when needed without hampering organic enthusiasm and internal ownership of the cause. The balance between top-down supervision and bottom-up growth will be a delicate one to maintain and will require corporate management proves to be adequately familiar and comfortable with the overall corporate culture, specific ESCSR employee leadership, and management practices that adhere

to their ethical responsibilities. If leadership takes these duties seriously, initiatives coming from below will not only be allowed to flourish with endorsement from all levels of corporate stakeholders, but bottom-up activities will ultimately be able to replace top-down approaches. This flexible, collaborative process will eliminate unneeded bureaucracy and better capture broader swathes of corporate employee sentiment and interests. Overall, then, by acting as interested and approachable authority figures on issues including scope, resources, and mission statements, corporate management can effectively cultivate the initiative without compromising the deliberative and bottom-up nature of a successful green hands approach.

iv. Measuring

Although separate from the process of implementing the green hands theory, it is also important to create a metric to evaluate a firm's success in embracing the concept. While a two-dimensional pictograph charting employee participation versus ESCSR commitment sufficed for previous, more superficial, analysis of firms' ESCSR approach, this ethical essay has identified a need for a more in-depth measurement tool. As a result, a third dimension should be added to capture the "how" of participation in question. For this purpose, Crocker's seven-point scale evaluating 'thick' versus 'thin' participatory modes exercised by individuals in group decisionmaking processes are most fitting (Crocker, 2007; as adumbrated in the "Ethics in the Process" section). This scale is valuable because it illustrates how decisionmaking can be conceptualized on a spectrum that encapsulates seven degrees and kinds of participation which describe such a relationship between employee and leadership, ranging from an employee's nominal participation ("the shallowest [or thinnest] way in which someone participates in group decisionmaking") to deliberative participation (the thickest mode of participation, in which "nonelites... deliberate together, engage in practical reasoning, and scrutinize proposals and

reasons in order to forge agreements on policies for the common good”). In more detail, the scale progresses (from thin to thick) as such (Crocker, 2007):

Nominal participation. The shallowest way in which an employee participates in corporate decisionmaking is when an employee is a member of an office or firm group but does not attend its meetings. An example would be an employee who does not participate in ESCSR activities either from disinterest or from feelings of being unwelcome or unvalued.

- 1) Passive participation. In passive participation, employees are group members and attend the group’s or officials’ decisionmaking meetings, but passively listen to reports about the decisions that others have already made. An example would be an employee who attends town-hall meetings in which leadership reports on ESCSR program outcomes but does not contribute any input or feedback about those programs.
- 2) Consultative participation. Employees participate by giving information and their opinions to the elite. Employees neither deliberate among themselves nor make decisions. An example would be an employee who attends town-hall meetings and offers opinions on ESCSR activities without the ability to influence the direction or outcome of ESCSR action.
- 3) Petitionary participation. Employees petition leadership to make certain decisions and do certain things, usually to remedy grievances. Although it is the prerogative of leadership to decide, the employees have a right to be heard and the leadership have the duty to receive, listen, and consider, if not to heed. An example would be an employee (either alone or representing a group of colleagues) making a formal case to

a leadership body or corporate board to address employees' complaints about inadequate or inappropriate ESCSR approaches.

- 4) Bargaining. On the basis of whatever individual or collective power they have, employees bargain with leadership. Those who bargain are more adversaries than partners. The greater the power imbalances between employees and leadership, the less influence the employees have on the final outcome. An example would be an employee group (either specifically formed for ESCSR purposes or pre-existing, such as a union) threatening a strike or information leak to media in order to achieve ESCSR goals.
- 5) Deliberative. Employees (sometimes among themselves and sometimes with leadership) deliberate together, engage in practical reasoning, and scrutinize proposals and reasons in order to forge agreements on ESCSR policies for the common good, ones which at least a majority can accept. An example would be employees, perhaps with some firm leaders, coming together around shared environmental interests to create a sustainable, autonomous, and democratic group of colleagues dedicated to forming and executing an ESCSR approach.

Although this scale has previously been employed to code participation in development programs, its application (slightly modified to six degrees of deliberative decisionmaking in the corporate sphere) combined with an analysis of actual ESCSR commitment and employee participation, will be useful in evaluating the robustness of employees' inclusion in environmentally-conscious corporate ESCSR decisionmaking.⁶⁵ Its close proximity and easy application to corporate ESCSR decisionmaking will render valuable insights for firm leadership

⁶⁵ My graphic does not entirely preserve the original seven-point scale. It omits one category (participatory implementation) as this category came too close to the degrees of participation already captured on the vertical axis.

trying to understand their existing and desired level of employee inclusion in crafting CSR and ESCSR approaches and strategies.

Although this type of three-dimensional scale is more challenging to illustrate on paper than its two-dimensional predecessor, a notional image is found below:

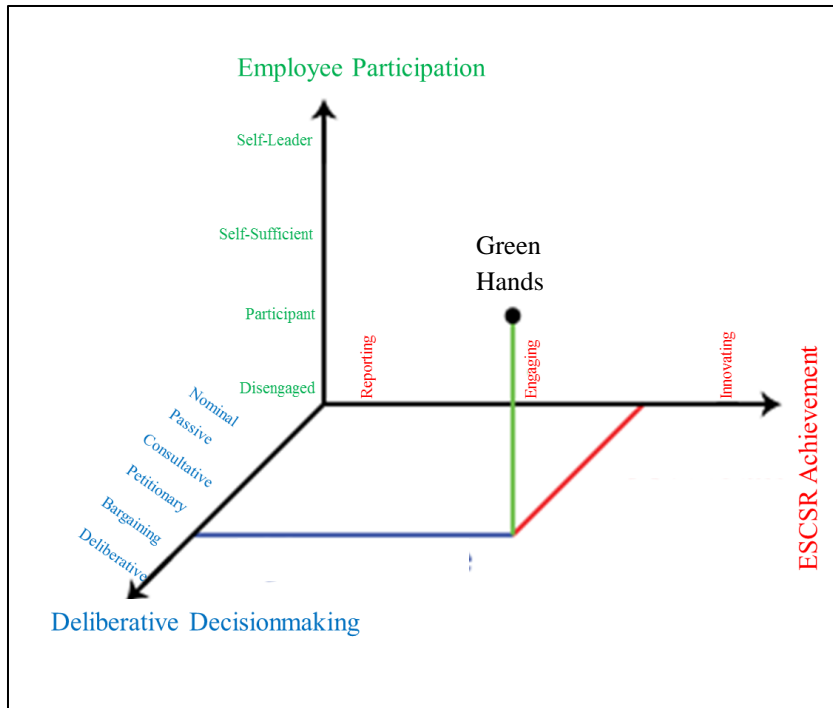


Figure 13: Green Hands Measurement Tool. This three-dimensional chart illustrates the three essential pieces to measuring a firm’s success in implementing the green hands theory. ESCSR achievement is captured on the x axis; employee participation on the y axis; and deliberative decisionmaking procedures on the z axis.

To utilize the tool, a firm’s performance in each of the three green hands components would be evaluated through a thorough investigation process. This process would ideally involve researchers having access to a long-term embedding situation during which they could observe the entire range of interactions within a firm, including but not limited to town hall meetings, day-to-day work atmospheres, union negotiations, investor-facing interactions, community-facing interactions, and CSR activities. If, at the end of the investigation, a firm

placed appropriately far away enough from the graph's source to fall into the green hands portion of the charted space, it could be considered a successful example of green hands implementation. This, necessarily, raises the important question of where exactly the green hands-acceptable area of the graph would fall. This question could only be adequately answered after several in-depth investigations were completed, a baseline performance evaluation was formulated, and an appropriate threshold for green hands behavior was identified. This process defines a challenging 'next step' in ESCSR study, which will be reviewed along with recommendations for achieving green hands implementation, in the Conclusion section.

D. Conclusion

The foregoing ethical theory, case study findings, and original green hands analysis illuminates best practices for creating robustly democratic decisionmaking processes within the private sector. These practices will ensure that employees' opinions and preferences are incorporated into future ESCSR activities and, as a result, environmental stewardship initiatives are successful and efficient.

First, corporate leadership must instill a sense of stewardship and respect for employees as ends in themselves among managers towards their employees. By creating a corporate culture in which employees are viewed as valuable and free individuals with freedom of choice as well as unique skills and networks that can, when put to good use, achieve both personal and corporate goals, firms will become more than just paycheck sources to or manipulators of their staffs. Instead, employees will begin to view themselves as citizens working for a corporate cause that deserves more than the conventional "nine to five" commitment. If management proves itself dedicated not only to employee well-being and agency but also to corporate

excellence in financial, social, and environmental realms, employees will be much more likely to buy-in to corporate-backed CSR and ESCSR initiatives.

Second, environmental stewardship must be recognized by both corporate management and employees as a priority. While environmental integrity is imperative for ethical and utilitarian reasons, as previously summarized, corporate management should also devote attention to the environment given the evidence that private sector employees see sustainable business as a personal priority. By demonstrating an understanding of both global environmental issues and staff interest, corporate management can effectively launch related eco-friendly campaigns assured of both external approbation and internal support. Lastly, and in relation to launching such a campaign, corporate management should embrace the theory of green hands by planting the ideas and resources necessary for ESCSR initiatives, nurturing employee-driven ESCSR programs, and cultivating ESCSR programs over the long-term life of the firm. Using these steps will ensure ESCSR initiatives are deliberative and sustainable in nature. As examined in the case study of DTE, FMC and IBM corporations, best practices for engaging employee stakeholders include organizing ongoing deliberative bodies of various levels of management and employee representatives through fora including town hall meetings, brown bag discussions, and after-work gatherings. Firms would also do well to recruit knowledgeable and accessible subject matter experts to advise employee groups on effective approaches to solving environmental issues. Firms should additionally organize resources in a way that assures environmental stewardship causes are well-funded and employees are able to devote ample time to related activities.

Third, firms and researchers should apply these findings to real-life situations by utilizing and applying the green hands theory and leading measurement and evaluation exercises

afterward to ensure it is properly implemented. As the research in this dissertation has demonstrated a general underperformance among firms related to engaging firms in deliberative decisionmaking, business leadership should study and invest in promising democratic innovation tools that can enhance this aspect of their firm's performance. Examples of successful democratic innovations within businesses include: 1) incentivizing employee ownership of firm-sponsored activities and programs by establishing an internal grants program; 2) establishing, via deliberative elite and nonelite discussion, robust employee-focused benefits such as employee stock option and employee matching gift programs; and 3) eliminating overly-visible or unnecessary power structures (such as keeping leadership on a separate floor).

This line of inquiry also helps illuminate other next steps in improving decisionmaking in any number of public and private organizations. By demonstrating that firms (arguably one of the most conservative and fiscally-minded institutions in our global community) have an obligation to embrace democratic and deliberative strategies, this essay provides a basis for further investigation into an expansion of clean hands law to corporate decisionmaking and behavior. In the area of clean hands law, if legal scholars can use this dissertation's evidence and argument to demonstrate that firm leadership's moral duties expand to stakeholders as well as shareholders, their continued work could reveal legal mechanisms to hold the private sector accountable not only for complying with environmental policy, but also for acknowledging employee groups' requests or demands (in the form of deliberative proposals) for attention to and funding for environmental stewardship programs.

The introduction of green hands theory, combined with the original synthesis of private sector, capabilities-focused, and deliberative democracy ethics culminates in a well-defined strategy for private sector involvement in environmental stewardship roles. The three phases of

the green hands approach are all equally important to its success: the initial planting activities are necessary to cultivate a welcoming and inclusive approach to ESCSR; the early nurturing activities ensure the ESCSR approach receives adequate resources in terms of finances, leadership support, and employee attention; and the long-term cultivating strategy enhances the chances that the ESCSR approach will remain a priority among leadership and employees and be both sustainable and successful.

Future research, using the green hands measurement tool and exploring the synergies between green hands theory and clean hands theory promises fruitful further results in enhancing private sector CSR decisionmaking both in and out of the environmental sphere for the benefit of business leadership, the public, and policy-makers. Of course, there will be challenges in implementing any type of private sector environmental strategy. Potential conflicts may arise between existing employee groups (such as unions) and new CSR-focused employee groups. Similar tensions may surface between established corporate departments, such as investor relations, and new CSR departments. Inevitably, a struggle for power and resources will ensue between old and new groups and interests. This potentially challenging start, however, is no reason to stall progress towards making the private sector a resource-rich and wholly-invested environmental steward.

V. Conclusion

A. Theoretical Overview

The conclusions of this thesis' three essays have all uncovered specific discoveries related to employees' interest and engagement in ESCSR, the non-financial factors that encourage firm leadership to make CSR a priority, and the link between private sector duties and roles and individual well-being. Taken together, these findings contribute an important theoretical point: to fully understand CSR, a stronger understanding of the link between workplace activity and individual agency and empowerment must be developed. The existing body of CSR work has extensively explored the financial motivators at the elite private sector level of decisionmaking, but leaving the research in this state would do a disservice to the power of employee agency and ownership of ESCSR. To neglect this important point would be to overlook important explanatory factors for the state and quality of CSR today and its future trajectory. For example, continuing the line of inquiry initiated in this dissertation will aid in understanding whether CSR will remain a publicly supported concept, a commercially viable investment, or a politically endorsed activity. If employees' interest and engagement in ESCSR identified in this work can be harnessed and promoted, they are likely to emerge as primary champions and implementers of the concept going forward. Thus, this study, along with future studies, that argue for the protection and promotion of nonelite agency in corporations and that call for leadership to remain responsible stewards of their workplaces especially by fostering deliberative and meaningful discussion will ensure the field of CSR study will remain a robust and fruitful discipline that illuminates the evolving and ever-changing private and public sector relationship in the U.S. and abroad.

B. Discussion

Using a variety of methodologies, this dissertation has addressed several questions related to ESCSR in the private sector. It first considered empirical evidence regarding the levels of interest in and enthusiasm for ESCSR among private sector employees based on survey results. The survey in this essay uncovered a palpable interest among employees in CSR, with specific enthusiasm for ESCSR activities. The results also underlined employees' willingness and desire to take ownership over ESCSR activities by keeping such programs in-house and articulating their opinion that employee empowerment is critical to ensuring CSR and ESCSR success. The results of this questionnaire furthermore pointed out the connection employees make between their professional and personal lives, which emphasized the significant impact of management's role in their staff's well-being. These findings challenge the existing CSR debate by suggesting that the current research and discussion is too limited. To-date, scholars have advanced compelling arguments for the power of corporate leadership's financial motivations and relationships with external stakeholders in CSR and ESCSR approaches, but my results suggest that other, nonelite, internal and non-financial drivers also play a substantial role.

Another line of argument considered and challenged by my research is the narrative of perverse incentives driving CSR decisionmaking and action. Throughout this dissertation's three essays, the possibility of malicious and self-interested manipulation of CSR labels and actions have been exposed and discussed. These considerations play into analysis of all CSR actors' behavior. At the individual level, and most directly tied to the first essay's findings, there is arguably a strong motivation for employees to 'volunteer' for CSR opportunities to primarily achieve career advancement and professional networking goals. Another possibility is that employees only opt-into CSR programs to avoid social marginalization at work.

Overall, then, although this essay does not attempt to or claim to completely refute the existence and possibility of perverse incentives to CSR action at the employee level, it does not uncover evidence of gaming or other strategic behavior driving private sector attention to ESCSR and non-financial corporate duties. In doing so, it provides the original insight that employees at all levels are interested and engaged in CSR and ESCSR approaches, and that their agency and ownership over these aspects of corporate behavior are worth study and consideration.

The second essay in this dissertation built on the first essay's finding that employees, if given the opportunity to participate in firm-level decisionmaking and actions, would be willing contributors to ESCSR programs. This paper addressed firm-level indicators of inclusive approaches to ESCSR using a statistical- and case study-based approach. The statistical study uncovered a significant and positive relationship between the more diverse and larger a firm's leadership body and its decision to host EMG programs. As explored in the first essay, perverse incentives may again be at play and represent one of several possible motivators driving leadership's CSR behavior and actions. For example, at the leadership level, actions that may fit under the CSR label may be default, sub-optimal compromises to fulfill minimum social responsibility expectations while avoiding true investment that would enhance social equity or environmental integrity. In some scenarios, these compromises may be the result of a management body that proves too large or diverse to reach consensus on a best way forward in CSR. In other instances, the decision to opt for certain CSR decisions may have an even more Machiavellian bent. For example, firm leadership may choose a certain option they know will facilitate political manipulation of future regulation. As another example, leadership may choose to establish highly visible CSR programs to co-opt employees into participation in order to avoid

the risk of a damaged reputation among coworkers. Considering these explanations, while important to a balanced understanding of CSR motivations, does not negate the importance of the beneficial outcomes of CSR engagement and investment by leadership, especially given the evidence uncovered in this research's case studies regarding the genuine enthusiasm CSR department leaders and employees have for a variety of socially- and environmentally-conscious causes.

Regardless of how one judges the importance of the variety of motivations driving CSR action, the finding in this paper represents a significant contribution to the field of organizational strategy, as it suggests the make-up of corporate leadership has profound effects on strategies related to corporate governance and firm behavior. The subsequent case studies illuminated the diversity of ESCSR decisionmaking and action-oriented strategies within firms that hosted EMG programs, with key findings pointing to the importance of maintaining a balance between well-defined but flexible ESCSR approaches to enhance employee inclusion and buy-in. The case study findings furthermore highlighted practical mechanisms that enhance feelings of OCB among employees, with firms that treat employees as valuable resources and subject matter experts fostering a greater sense of loyalty and buy-in among staff.

Finally, the findings from the first two essays were used to construct an ethically robust green hands framework to guide corporations in employee and environmental stewardship best practices. This framework's focus on an egalitarian decisionmaking arena aims to bridge the possibility of bottom-up action proven feasible in the demonstration of employees' enthusiasm for CSR in the first essay and the reality of top-level control of and influence over actual CSR decisionmaking and implementation strategies to-date. Overall, its goal is to ensure the private sector's approach to ESCSR attains several normative goals. First, it scrutinizes management's

duty to employees in fostering their personal and professional development and well-being. Second, it highlights the importance of employees' responsibility and agency in ensuring its employer acts as an ethical corporate entity, particularly in environmental stewardship areas. Related to this goal of empowering employees, the framework further highlights employees' *willingness* to engage in these leadership roles within the office-place. This illustrates the feasibility of bottom-up, grassroots initiatives serving as drivers for ESCSR success going forward. In addition, the framework serves to usefully define the private sector's duty to act as an environmental steward by linking the obligation to its powerful and privileged ownership, use, and exploitation of natural resources. As a result, this dissertation's ultimate contribution to the business ethics field is an applicable framework and benchmarking tool to guide future CSR and ESCSR action and studies.

C. Policy Recommendations

This dissertation's findings contributed original insights into the fields of CSR, organizational strategy, and business ethics studies. In addition, the nature of the research topic lends itself to several original policy-oriented recommendations. To-date, there exist two dominant, recommended policy strategies aimed to maximizing the benefits of CSR for the public good (Lomborg, 2010; Nelson, 2008; Lipman, 2006; McGuire, 2003; Cramer, 2003; Manz, 1992). Certain scholars identify a focus on improving and funding technical research and development aspects of CSR, especially in ESCSR matters. They point out that government leaders often do not have the cutting-edge scientific expertise to create or even recognize the technological breakthroughs that will best combat environmental degradation. However, federal, state, and local governmental organizations' willingness to help fund private sector research that may be tangential to core operations while aiming to combat climate change could mean the

difference between corporate leadership voting for or against investing in such initiatives. Examples of these political decisions can be seen in programs such as the Department of Energy's Advanced Research Project Agency (ARPA-E), which contributes hundreds of millions of dollars per year to private sector companies, universities, and national labs working to develop transformative, clean energy sources for the nation. ARPA-E, although not a direct CSR actor, plays a pivotal role in transitioning the emerging clean tech economy to the private sector market. Although companies may not typically invest in such risky ventures, ARPA-E projects' pre-approval by government authorities act as added incentive for companies to adopt its nascent green energy strategies as part of its CSR programs.

Other scholars argue that elected officials and civil departments and agencies should focus not on the laboratory-located research and development portion of ESCSR, but instead on the programmatic, active ESCSR component. For example, Tsai emphasizes that the duty of elected officials is to engage citizens in dialogue that helps define their grievances and needs (Tsai, 2010 and 2008). Armed with this knowledge, scholars say, politicians have an obligation to communicate these public sentiments to corporate leadership to help inform their CSR actions (Pirsch, 2007; Maignan, 2002; Lantos, 2001). Policy recommendations from this line of thinking often take the form of establishing obligatory governmental-industry working groups. These working groups would be made up of elected members of industry leaders and knowledgeable governmental officials who would come together on a regular basis to discuss CSR recommendations and strategic partnerships. Examples of these policy-making recommendations can be seen in standing Governmental and Sector Coordinating Councils which exist in certain federal sectors. Members of these groups meet regularly to discuss a variety of issues, with CSR emerging as an increasingly important agenda item. These voluntary

coordinating councils have proven to be an interactive and fruitful way to bring federal and private sector leaders together, as all parties see value in non-binding and engaging discussion with both the other sector and their own colleagues.

Although some academic thought has been applied to the best way to manage CSR policy-making, the field is ripe for new ideas. This thesis has drawn attention to two areas of limitation in the current thinking. For example, considering the lack of attention to employees' role in CSR and ESCSR to-date, policy recommendations can and should demonstrate a much stronger focus on the importance of employee-centric volunteer programs in firms. In addition, this paper's discovery of the many non-financial motivators influencing CSR and ESCSR activity (such as large and diverse leadership bodies, individual ethical codes, and social norms) argue for a new focus on the power of voluntary CSR options for firm leadership to consider.

Now, in particular, is an opportune time to re-engage in this inquiry, as the U.S. completed a presidential election with a new Congress in 2013. This allows the nation's political leaders a generous amount of flexibility to consider and implement long-term energy policies without pressing fear of reelection and campaign duties. In addition to the environmental and social gains promised by ESCSR reviewed in this dissertation, federal attention to and investment in clean energy policy also promises economic success. Leading think tanks, such as Brookings Institution, the Pew Center, the American Enterprise Institute, and the American Energy Innovation Council all agree that a minimum \$15 billion investment annually in energy technology research and development activities is advisable to ensure the U.S. remains competitive in the global industry. This is a total three times the current level. Although the federal budget is one without much (or any) excess funding, it is a high-priority area of concern that deserves comparable attention to health and defense sectors, which receive approximately

\$32 billion and \$80 billion, respectively, in federal research and development funding (Pew Center, 2013). Besides enhancing the amount of federal funds dedicated to energy policy and technology, there are several non-financial policy recommendations that emerge from this dissertation's research.

The first recommendation applies to the way in which (using voluntary versus mandatory framing) policy-makers engage business entities. Beyond the enthusiasm for voluntary cross-sector discussion seen in the coordinating councils referenced above, the interest expressed for ECSR by employees in the private sector suggests that more attention should be paid to the possibility of leveraging volunteer incentives (as opposed to binding legislation) to encourage eco-friendly business practices. In-line with this conventional wisdom, policy-makers have traditionally viewed mandatory regulation measures as the de-facto tool for ensuring corporations' 'good' behavior, even though these tools can oftentimes create hostility between Capitol Hill and corporate boardrooms. Instead of defaulting to regulation, the survey data collected in the first essay suggests policy-makers could build bridges and achieve substantial progress in the ECSR-domain by leveraging employees' desire to invest their time and resources in socially and environmentally beneficial programs. For their part, business leaders could then take advantage of employees' ECSR-enthusiasm to build internal volunteer programs that allow employees to get involved in CSR activities of interest to them. For example, policy-makers might do well to ensure corporations have the opportunity to sign up for CSR and environmental protection programs. To apply a specific example to this recommendation, if policy-makers could reward firms that supply a certain number of volunteer hours to selected environmental or social programs with corporate tax-breaks or a favored position for winning federal contracts, firms may do a better job of identifying volunteer

opportunities for employees interested in making a difference in their local communities and environmental surroundings.

The second recommendation addresses one that is currently almost completely lacking from relevant debate: the topic of metrics. The fact that all the publicly-listed CCX firms discussed in the second essay have formal CSR departments (albeit at different stages of maturity and development) indicate that the private sector has already devoted time and attention to the challenge of defining and reaching CSR, and specifically, ESCSR goals. This finding suggests that policy-makers would do well to quantify and concretize environmental standards that apply to the private sector with the help of business leaders themselves. Although this recommendation may seem to counteract the preceding suggestion that policy-makers resist the temptation to apply binding CSR legislation to firms, there is a difference between identifying concrete targets via a collaborative public-private sector partnership and legislating on those targets. If scholars and policy-makers take advantage of the quantifiable nature of environmental standards (including setting caps on emissions, wastewater, and nutrient run-off for example), they can discuss these targets with business leaders and negotiate acceptable and feasible eco-friendly targets. In this manner, politicians can provide business leaders with well-defined goals. Leadership can then explain these metrics to mid-level management, employees, shareholders, and stakeholders who, according to this investigation, are eager to discuss and address environmental concerns. The mere fact of having solid targets to act as points of discussion between private sector stakeholders and legislative actors may serve as a fruitful beginning to real progress on environmental protection goals without resorting to contentious, costly, and possibly punitive rules and regulation.

Furthermore, the necessary discourse that will take place in setting those standards will also serve as a way to incorporate scientists and environmentalists into the public-private sector discussion. This inclusive conversation will ensure all participants are collaborating, as well as aligning their language (such as defining ambiguous terms including sustainability, environmental integrity, and green growth) and their expectations, in a way that will set the groundwork for future cooperation and success in environmental protection efforts.

The last recommendation focuses on the target audience of policy-makers' action. While scholars have recognized the importance of politicians' connection to those who hope to benefit from regulation (the constituents), they have not adequately considered the interaction between the politician and his or her subject of regulation (the private sector). Two of this dissertation's main findings play into this recommendation. The first is the result from the first essay's survey that employees translate personal priorities and well-being assessments into the office-space. The second relevant point is found in the final, ethics-based essay which highlighted the relatively recent business ethics argument for management's duties as stewards to their employees in both professional and personal capacities. These two principles, while separate, point to the same conclusion: the private and public spheres are inextricably intertwined, and the roles of manager, employee, and global citizen are rapidly becoming increasingly conflated. This suggests that further investigation into the interaction between professional and personal well-being may be a fruitful way forward into creating policies that benefit the public and the private sector simultaneously.

For example, policy-makers may be able to make substantial strides in establishing firms as environmental stewards by tailoring their calls for private sector engagement not just to chief executive officers in exclusive, high-level meetings on Capitol Hill, but to all employees and

shareholders. As an example, consider what would happen if policy-makers begin to advocate for socially responsible investing by rewarding shareholders who place their money in environmentally responsible corporations.⁶⁶ The consequence of this type of action may result in significant pressure on business leadership to view sustainability and natural resource preservation not only as ‘good’ behavior that may or may not pay-off in the long-term, but also as financially prudent behavior that will yield increased profit in the short-term. As another example, and one that points to the importance of employee ownership and agency in ESCSR, policy-makers should also make an effort to target all private sector stakeholders in their CSR regulation. It is easy to point fingers at the visible leadership in corporations and hold them responsible for any type of corporate wrongdoing. However, as seen in this dissertation’s case studies, corporate CSR initiatives are relatively new and diverse; and, as a result, open to employee influence. The flexibility in many CSR programs gives employees a point of entry to emerge not only as influential contributors, but also leaders. As a result, employees have more power than they may realize, both individually and collectively, to define their employer as a good or bad corporate neighbor. As powerful public figures, politicians can help reinforce this message through regulation that targets all private sector stakeholders and encourages bottom-up initiatives, deliberative decisionmaking in CSR approaches, and non-hierarchical structuring of corporate cultures.⁶⁷ These are only two possible examples of how policy-makers’ efforts to engage shareholders and employees – not just high-profile business leaders – in environmental stewardship initiatives could result in better ESCSR behavior.

⁶⁶ There exist already several stock market indices that evaluate firms on their environmental-behavior, including the Bache Commodities Green Index, the NASDAQ Group’s Sustainability 50 Index, Markit’s Carbon Disclosure Leadership Index, and the FTSE Group’s Environmental Opportunities Index.

⁶⁷ For greater insight into nonelite responsibility for achieving agency and advocating for more horizontal, non-hierarchical decisionmaking procedures in organizations (as opposed to nonelites depending on enlightened leadership to ‘grant’ leadership roles), see: Crocker, David. “Democratic Leadership, Citizenship, and Social Justice.” Chapter 3, Leadership and Global Justice. ed. Douglas A. Hicks and Thad Williamson. Palgrave Macmillan, 2012.

D. Areas of Future Research

In pursuing answers related to ESCSR approaches and employee engagement, this dissertation has also unearthed several questions that have been left unanswered. Of these many lines of inquiry, three emerge as arguably most interesting to future, related research. The first relates to better understanding the distinction between decisionmaking and implementation roles and responsibilities as they are divided between elites and nonelites in firms. This study drew attention to the distinction between firms' inclusivity in ESCSR decisionmaking as opposed to implementation without fully defining what constitutes the distinction. Going forward, researchers with the opportunity to embed themselves in corporate environments could make valuable advances in better understanding the formal and informal decisionmaking channels that exist in the corporate sphere.

For example, once a decision is made to take ESCSR action, what types of subsequent decisionmaking occur to finalize the details of the action plan? Are those subsequent decisions made at the elite-level in the beginning phases of the action plan formation? Or are they made in a more ad-hoc manner by nonelites who are in the process of implementing the plan? Do these types of decisionmaking protocols differ from those used in making choices related to core operations? Is there evidence of discursive legitimacy and representation in these follow-on conversations both between elites and nonelites and between nonelites themselves? Is there a type of sub-hierarchy among nonelites that emerge to make decisions? These are only the first questions that emerge in this line of inquiry. It is easy to see how more questions and insights would be generated from an embedded strategy of study.

The second underexplored realm of investigation relates to how best to assess the quality of corporate leadership's dedication to employee inclusion in corporate decisionmaking. This

essay offers a tool to measure employee inclusion in ESCSR strategies, but leaves unanswered how to gauge the openness of corporate culture to employee ownership and agency of firm behavior. Further research in this area may be best executed through (similar to the first area) long-term embedding strategies at companies, which would allow researchers to accurately assess the inclusion, commitment, and kind of participation leadership and employees engage in on a day-to-day basis and how that relationship changes (or stagnates) over time.

A third area of further research focuses more on CSR studies than corporate behavior. This area harkens back to the questions found in the conclusion of the second essay related to how CSR departments mature and change over time, as well as the value companies can find in using employee engagement in CSR as an internal calibration for how their environmental and social performance is viewed by the public. Answers to these questions will require innovative surveys and access to corporate leadership that may be difficult to secure, but will yield fruitful insight into how CSR strategies can be more efficient and profitable to the private sector. These types of findings can illuminate CSR incentives that will make corporations more apt to invest in CSR programs and improve existing ones for their own benefit, as well as the benefit of the public at-large.

In conclusion, this dissertation is a point of entry into a much larger field of research, business action, and policy-making strategy. Its findings have highlighted important insights into private sector incentives for acting as good corporate neighbors, employees' interest in and willingness to act as leaders in ESCSR programs, and political opportunities to leverage industry's resources in a way that enhances the well-being of a maximum number of global citizens. This research has challenged conventional CSR wisdom on the role of non-financial motivators of corporate action; offered original insight into the reasons certain firms prove more

apt to inclusive decisionmaking processes in CSR approaches; and contributed original green screen, green scene, and green hands theory to the ESCSR realm of study. In addition, it has pointed out several future areas of research and inquiry that can help further develop this line of investigation. The pressing issue of climate change and environmental integrity is something no one in the 21st century can afford to ignore – in fact, pollution is potentially the greatest equalizer of our day and age. As a result, this type of research into the role of the resource-rich private sector in serving as an effective environmental steward is one that must be continued if we want to make significant progress in securing a safe and welcoming world for today and tomorrow's generations.

Appendix A: Private Sector Opinions on CSR Survey

Corporate Social Responsibility: Business Professionals' Opinions					
Corporate Social Responsibility Goals and Activities					
This page of the survey asks your opinion on what activities achieve Corporate Social Responsibility (CSR) goals.					
*1. In your opinion, how important are the following types of activities in achieving the goals of CSR?					
	Very Important	Important	Neither Important nor Unimportant	Unimportant	Extremely Unimportant
Fiduciary Duty	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Community Engagement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental Stewardship	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Effective Public Relations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If you would like to identify other examples of important CSR-related activities, please do so here:					
<input type="text"/>					
*2. In your opinion, how would your company best achieve its CSR goals? Please select all boxes that apply.					
Better:					
<input type="checkbox"/>	Community engagement programs				
<input type="checkbox"/>	Corporate philanthropy				
<input type="checkbox"/>	CSR publications				
<input type="checkbox"/>	Employee volunteer opportunities				
<input type="checkbox"/>	Environmental protection programs				
<input type="checkbox"/>	Investor relations initiatives				
<input type="checkbox"/>	Use of social media				
Please add other suggested improvements here:					
<input type="text"/>					
*3. In your opinion, is it more efficient for your company to outsource CSR activities to implementing partners or keep CSR initiatives in-house?					
<input type="radio"/>	Outsource				
<input type="radio"/>	In-House				
<input type="radio"/>	Other				
If you marked "Other" and you believe CSR is most efficiently performed as a combination of outsourced and in-house effort, please explain here:					
<input type="text"/>					

Corporate Social Responsibility: Business Professionals' Opinions

Corporate Social Responsibility Peer Groups and Performance

This page of the survey asks questions related to peer groups and performance in CSR and other business operations.

***1. When asked to compare your company's FINANCIAL performance (measured in annual revenue) to its peers, who do you consider your peer group? Please choose one 'best' answer.**

Companies:

- Of similar size (# of employees)
- Of similar Fortune ranking (i.e. Fortune 100, Fortune 500)
- In same market (i.e. oil and gas)
- In same industry (i.e. extractive)
- With offices nearby

If you feel an unlisted category or several categories of companies are more appropriate, please explain here:

***2. When asked to compare your company's OPERATIONAL performance to its peers, who do you consider your peer group? Please choose one 'best' answer.**

Companies:

- Of similar size (# of employees)
- Of similar Fortune ranking (i.e. Fortune 100, Fortune 500)
- In same market (i.e. oil and gas)
- In same industry (i.e. extractive)
- With offices nearby

If you feel an unlisted category or several categories of companies are more appropriate, please explain here:

Corporate Social Responsibility: Business Professionals' Opinions

***3. When asked to compare your company's CSR performance to its peers, who do you consider your peer group? Please choose one 'best' answer.**

Companies:

- Of similar size (# of employees)
- Of similar Fortune ranking (i.e. Fortune 100, Fortune 500)
- In same market (i.e. oil and gas)
- In same industry (i.e. extractive)
- With offices nearby

If you feel an unlisted category or several categories of companies are more appropriate, please explain here:

***4. When you think of the average level of performance within the peer groups you have described above, how would you rank your company's standing?**

	Financial	Operational	CSR
Level of Performance	<input type="text"/>	<input type="text"/>	<input type="text"/>

Please explain your CSR ranking here:

Corporate Social Responsibility: Business Professionals' Opinions

Corporate Social Responsibility and Personal Considerations

This page of the survey asks questions related to the impact CSR has at the individual level.

***1. Please describe your company's line of work (i.e. contractor, extractive, financial, manufacturing, etc). Neither you nor your company will be identified in the final report.**

2. Please answer the following questions only if you feel comfortable doing so.

	Yes	No
Do you practice environmentally friendly behavior at home?	<input type="radio"/>	<input type="radio"/>
Do you practice green behavior at home?	<input type="radio"/>	<input type="radio"/>
Are you over 50 years old?	<input type="radio"/>	<input type="radio"/>
Are you a parent?	<input type="radio"/>	<input type="radio"/>
Are you politically active?	<input type="radio"/>	<input type="radio"/>
Do you identify as an ethnic minority?	<input type="radio"/>	<input type="radio"/>
Have you been with your company for more than 10 years?	<input type="radio"/>	<input type="radio"/>
Do you make over \$100,000 per year?	<input type="radio"/>	<input type="radio"/>

***3. Please describe your level of satisfaction with your professional/social/personal life (imagining 'very satisfied' to describe an ideal situation and 'very unsatisfied' to describe an intolerable situation). How does participation in your company's CSR-related activities affect your level of satisfaction? Please answer using the following drop-down menus.**

	Level of Satisfaction	Role of CSR
Professional: Please consider aspects including daily interactions in the office, level of responsibility, amount of time spent at work, meaning or purpose of job, and income and benefits.	<input type="text"/>	<input type="text"/>
Social: Please consider aspects including the quality and number of your friends, frequency and type of ordinary social events, and the quality of life in your community.	<input type="text"/>	<input type="text"/>
Personal: Please consider aspects of your home-life such as time spent with family, spirituality, fitness, recreation, and leisure.	<input type="text"/>	<input type="text"/>

Do you view your participation in your company's CSR activities as a career choice or obligation?

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