

**MOTIVATIONS FOR USE OF ORGANIZATIONAL SOCIAL PRACTICES:  
COMMITMENT, CALCULATION, CONFORMANCE, AND CARING.**

by

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University of Pittsburgh, 2007

Organizational social practices (e.g., corporate social responsibility and corporate citizenship practices), as well as their costs and the benefits companies accrue from undertaking them, have been widely described and analyzed in the business and society literature. However, the debate over the mechanisms that motivate such practices has yet to evolve. This study aims at contributing to the explanation of these mechanisms. Using the institutional framework and Scott's (2001) concept of institutional pillars, I present a theoretical framework that reconciles strategic, principled, institutional, and emotional mechanisms that motivate organizational social action. I propose that commitment, calculation, conformance, and caring mechanisms motivate organizations to adopt social practices. Analyzing social practices used by companies in their interaction with the stakeholder "local community," this study examines the effects of environmental conditions and decision-maker orientation on the four motivation mechanisms.

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## PREFACE

*No man is an island, entire of itself; every man is a piece of the continent, a part of the main. If a clod be washed away by the sea, Europe is the less, as well as if promontory were, as well as if a manor of thy friend's or of thine own were.*

*Any man's death diminishes me, because I am involved in mankind; and therefore never send to know for whom the bell tolls; it tolls for thee.*

John Donne

*To Roger, Miriam,  
and Arthur,  
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Pittsburgh, July 2007.

# ***1. Introduction and Literature Review***

## **1.1 Introduction to the topic**

Companies operate in a challenged social environment. Social issues faced by companies vary from individual-level issues, such as employees' health and safety conditions, to organizational-level issues, such as child labor in the supply chain, to systemic problems, such as inequality, poverty, lack of opportunities for peoples and individuals, and undesired effects of the free-market system<sup>1</sup>. In order to address some of those challenges, many companies adopt social practices. They engage with stakeholders, participate in community development, make sure their supply chain is free from unethical and unjust practices, and provide their employees with a range of benefits, among many other practices. Such practices have been widely described and analyzed in the business and society literature, as well as their costs and the benefits that companies accrue from undertaking them. However, the debate over the reasons that motivate companies to do what they do has yet to evolve. Two major streams of explanation dominate the current dialog – the strategic/self-interested view (companies do good because it is good for them) and the principle-based view (companies do good because it is the right thing to do). Although some authors defend the position that these two views can and should be conciliated, no major effort has been made so far to systematically analyze these perspectives and to conciliate them into a coherent framework. As Bennett, 1998 states:

---

<sup>1</sup> For further discussion of social challenges and the global scenario, see Appendix I.

*It is important to note, [however], that a commercial orientation does not rule out altruistic motives; it merely implies that firms are beginning to understand the marketing potential of this particular business practice. Clearly, therefore, further national and international studies of the motives behind and the outcomes to CP [corporate philanthropy] are needed (p. 471).*

Another stream of thought in the explanation of motivation for use of organizational social practices is based on the idea that there are common, shared understandings among companies of their role in society, which leads to social practices that are part of the constitutive schema of the companies, or “taken for granted” (companies do good because it is the way they do things).

Applying Scott’s (2001) concept of institutional pillars, I argue that firms’ use of social practices is motivated by four mechanisms – commitment, calculation, conformance, and caring. Commitment refers to adherence to a company’s principles and moral values, and use of socially accepted behavior; calculation refers to pursuit of self-interest by individuals and organizations; conformance refers to use of practices that are institutionalized in the environment; and caring refers to practices motivated by emotions. These mechanisms are not mutually exclusive – on the contrary, they overlap in a particular combination for each social practice within each firm, at a given point in time.

This model contributes both to the literature in business and society by adding to the explanation of organizational motivation for social action, and to the institutional theory

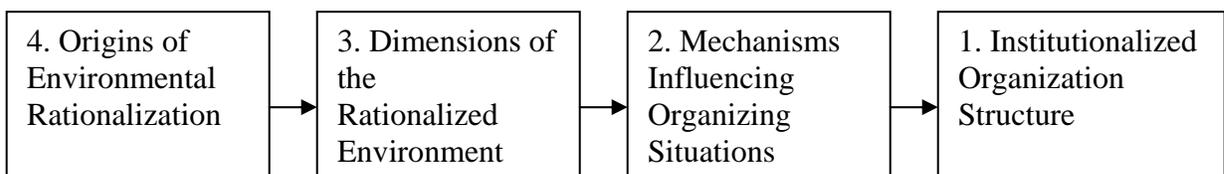
literature by applying the pillars of institutions to the analysis of organizational social practices.

## 1.2 Literature review

### 1.2.1 A RATIONALIZED ENVIRONMENT

Institutional theories capture the effects of wider environments (world society, organizations, and professions) on the constitution and reconstitution of organizations. Organizations depend on the wider environment, which presents evolving patterns, models, and cultural schemes. Environmental changes affect all aspects of organizational life, such as the existence of organizational populations, the structure of organizations, and organizational routines and practices (Scott and Meyer, 1994). The authors propose a general institutional model as a causal chain that has the institutionalized organizational structure as the outcome (**Figure 1.1**).

**Figure 1.1** Elements of a General Institutional Model



Source: Scott and Meyer, 1994, p. 33

The sequence of elements or phases (4, 3, 2) generate the institutionalized organization structure (1). The *origins of environmental rationalization* (Phase 4) are in the macrosociological processes. Models of organizing exist in distinct loci in the wider environment:

- Structure of organizational systems. Successful organizations can be targets of imitation, defining ways of organizing. Diffusion of these organizing forms depends on professionals and consultants.
- The nation-state. First, organizations can come to existence from decisions of state bureaucrats, regulators, and judges. Second, other actors such as nonprofits and other interest groups can restrict organizational action, forcing adaptation. Third, civil society pressures affect forms of organizing.
- Science and the professions. The knowledge system in our society is a source of rationalization on which science is based. “Scientitized” professionals, exerting their authority, represent an impulse to organizing.
- Interaction effects. The addition of the above-mentioned elements increases organizing densities. Moreover, the elements interact with each other:

*The rationalization of public life (e.g., the creation of new rules requiring organizational expansion to deal with the environment, more human rights, or more aspects of recognized production functions) gains force from the existence of hordes of scientific and professional consultants who inform organizing situations about problems and solutions* (Scott and Meyer, 1994, p. 40).

Rationalization occurs in a number of *dimensions* or levels (Phase 3) – from the individual organization to the industry to the world society. Depending on the area of organizational expansion under analysis, the effects of one or dimension or another will be of greater importance. For example, when analyzing rights and the status of individuals, the human rights movement has a worldwide character. Therefore, the global dimension is of greater importance, although its effects are seen on the national and organizational levels as well. On the other hand, when analyzing organizational complexity, particular industries have more effect, although there are national variations and many changes have a worldwide character, as shown by international standards.

High rates of organizing situations transform into real organizations. There are four *mechanisms influencing organizing situations* (Phase 2):

- a) The establishment of human resources departments, unions, and training programs that evolved from an expanded view of human capacity and rights;
- b) The modern environmental analysis that transcends the old concept of nature as a resource;
- c) The models of the good society. conceived as one that meets extended expectations regarding progress, justice, and accountability, demands new professionals and systems (such as legal, financial, accounting, and strategic-planning systems), and organizations (such as schools and education ministries);
- d) The expanded general models of organization represented by general organizational theory that has been applied to all sectors of society.

*An older world in which schools were managed by educators, hospitals by doctors, railroads by railroad men, now recedes into quaintness. All these things are now seen as organizations, and a worldwide discourse instructs on the conduct of organization. This produces a great expansion, almost everywhere, of management. It also standardizes this management across sectors and countries so that theories of proper leadership or organizational culture or financial accounting can be discussed increasingly consensually between a Korean manufacturer and a British educational administrator (p. 53).*

Organizations are structured in ways that are influenced by the wider environment. There is a growing common understanding of the (appropriate) ways of organizing in diverse sectors of social life. To a certain extent, all social structures are under the influence of understandings of organizing that clearly tend to reproduce the business organization logics. Or, in Scott and Meyer's words, "... in the contemporary situation, abstractions about organization became metaphors for the widest variety of situations. Another world produced, perhaps, too many preachers: This one seems to generate professional consultants and managers" (Scott and Meyer, 1994, p. 54).

### 1.2.2 THE PILLARS OF INSTITUTIONS

The institutional framework provides a rich theoretical approach to the study of the mechanisms that motivate companies to adopt social practices as it attempts to explain how social choices are shaped by institutional arrangements (Powell and DiMaggio,

1991). An important argument in this approach is that the environment imposes both technical and institutional constraints to organizations. Some environments are more demanding on technical requirements; others on institutional requirements (Meyer and Scott, 1983). In Scott's (2001) words: "All social action involves some combination of calculation and orientation toward socially defined values" (p. 67).

Scott (2001) defines institutions as "multifaceted, durable social structures, made up of symbolic elements, social activities, and material resources" (p. 49), which have the following characteristics:

- *Institutions are social systems that have attained a high degree of resilience.*
- *Institutions are composed of cultured-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life.*
- *Institutions are transmitted by various types of carriers, including symbolic systems, relational systems, routines, and artifacts.*
- *Institutions operate at multiple levels of jurisdiction, from the world system to localized interpersonal relationships.*
- *Institutions by definition connote stability but are subject to change processes, both incremental and discontinuous (p. 48).*

Institutional theory assumes that organizational survival depends on how organizations respond to external demands and expectations (Oliver, 1991). Organizations that conform to their environments are more likely to survive than organizations that do not:

*... individual organizations exhibiting culturally approved forms and activities (including strategies), receiving support from normative authorities, and having approval from legal bodies are more likely to survive than organizations lacking these evaluations* (Scott, 2001, p. 158).

Early work in institutional theory emphasized the institutionalization of norms, rules, and cultural beliefs in organizational life and assumed that environmental pressures defined organizational behavior. Recent work in the field acknowledges the role of agency in institutions, reconciling individual agency with institutional constraints (DiMaggio 1988, 1991; Greening and Gray, 1994; Oliver 1991; Powell, 1991, Scott 2001). Mitnick (1981) affirms: “[Agency] is consistent with a systemic view of organization-environment action; ... system agency can be seen as a complex of agency relations” (p. 365; see also Mitnick, 1982). Scott (2001) argues that as actors engage in “production and reproduction of social structures” (p. 76), they create and follow rules and use resources. Social actors – individuals and organizations – are proactive. In describing process-oriented perspectives in institutional theory (e.g., how organizations participate and respond to regulatory efforts, organizations as information systems, and the social-interpretive view of laws and regulations), Scott (2001) argues, “organizations may not be so powerless or passive as depicted in earlier institutional accounts” (p. 170) and affirms:

*Organizations are affected, even penetrated by their environments; but they are also capable of responding to these influence attempts creatively and strategically. By acting in concert with other organizations facing similar pressures, organizations can sometimes counter, curb, circumvent, or redefine these demands. And collective action does not preclude individual attempts to reinterpret, manipulate, challenge, or defy the authoritative claims made on them. Organizations are creatures of their institutional environments; but most modern organizations are constituted as active players, not passive pawns (p. 178-179).*

However, the author notes, although organizations react to institutional pressures, the institutional environment shapes the range of strategies they can adopt. For example, strategies that are successful within a certain industry may not be appropriate within another. In a similar vein, work by Gopalakrishnan and Dugal (1998) and Hrebiniak and Joyce (1985) suggest that organizational adaptation is a product of both choice (managerial action) and determinism (environmental pressure). The latter authors argue that choice and determinism are independent variables that interact – each variable by itself is insufficient to explain managerial behavior. The previous authors propose that, although strategic choice generally prevails in organizations, there are factors that constrain managerial action (e.g., extent of regulation, stage of life cycle, characteristics of top management, and organization size).

Scott (2001) identifies three analytical elements that compose institutions – the pillars of institutions. These elements “operate through distinctive mechanisms and processes” (p. 47) and are “the building blocks of institutions, providing the elastic fabrics that resist change” (p. 49). He draws on various streams of thought in institutional theory to define these elements. **Table 1.1** depicts the main aspects of the three pillars proposed by Scott (2001).

**Table 1.1** Three Pillars of Institutions

	<i>Pillar</i>		
	<i>Regulative</i>	<i>Normative</i>	<i>Cultural-Cognitive</i>
Basis of compliance	Expedience	Social obligation	Taken-for-grantedness Shared understanding
Basis of order	Regulative rules	Binding expectations	Constitutive schema
Mechanisms	Coercive	Normative	Mimetic
Logic	Instrumentality	Appropriateness	Orthodoxy
Indicators	Rules Laws Sanctions	Certification Accreditation	Common beliefs Shared logics of action
Basis of legitimacy	Legally sanctioned	Morally governed	Comprehensible Recognizable Culturally supported

Source: Scott, 2001, p. 52.

The *normative pillar* of institutions reflects contemporary work by political scientists and sociologists. This pillar emphasizes the “normative rules that introduce a prescriptive, evaluative, and obligatory dimension into social life” (Scott, 2001, p. 54). In this view, behavior is guided by common beliefs and norms, which have a stabilizing effect on the social order. Normative systems, at the same time, impose constraints and enable social action: “They confer rights as well as responsibilities, privileges as well as duties, licenses as well as mandates” (p. 55). Scott argues:

*Normative systems include both values and norms. Values are conceptions of the preferred or the desirable, together with the construction of standards to which existing structures or behavior can be compared and assessed. Norms specify how things should be done; they define legitimate means to pursue valued ends.*

*Normative systems define goals or objectives (e.g., winning the game, making a profit) but also designate appropriate ways to pursue them (e.g., rules specifying how the game is to be played, conceptions of fair business practices) (p. 54-55; emphasis in the original).*

From the perspective of the normative pillar, social practices are used by companies because they are in line with organizational norms, values, and principles. They reflect the organization's intention to follow common beliefs and norms; among all alternative courses of action, they are chosen because they are believed to be "the right thing to do."

The *regulatory pillar* reflects the way economists view institutions. This pillar emphasizes the role of institutions in constraining and regularizing behavior. Institutions do so through formal or informal regulatory processes that establish rules and monitor behavior. This pillar is amenable to the analysis of behavior of "... individuals and firms in markets and other competitive situations, where contending interests are more common and, hence, explicit rules and referees more necessary to preserve order" (Scott, 2001, p. 53). Organizations and individuals are seen as pursuers of self-interest and as behaving instrumentally<sup>2</sup>. Through control mechanisms, powerful actors use sanctions (or threat

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<sup>2</sup> Oliver (1991) argues that institutional theory contributes unique insights to the analysis of the relationship organization-environment, such as "how non-choice behaviors can occur and persist," the "causal impact of

of), provide inducements to secure compliance, and use authority. From the perspective of the regulatory pillar, organizational social practices are motivated by calculative behavior – they are used because it is believed they will result in benefits for the organization. They are “good for the company.”

The *cultural-cognitive pillar* of institutions reflects the views of anthropologists and neoinstitutionalists within sociology. This pillar stresses “the shared conceptions that constitute the nature of social reality and the frames through which meaning is made” (Scott, 2001, p. 57). It is argued that the individual makes use of symbolic representations of the world when mediating between environmental stimuli and his/her internal response. Human action is composed by the external conditions and the individual’s interpretation of these conditions. Meaning is attributed to objects and actions and is transformed in the process of making sense of what is happening. Symbols as words, signs, and gestures shape the process of attributing meaning. Cultural (external) frameworks shape internal interpretive processes and, thus, the use of the “cultural-cognitive” terminology. In this view, “meanings arise in interaction and are maintained and transformed as they are employed to make sense of the ongoing stream of happenings,” and “compliance occurs in many circumstances because other types of behavior are inconceivable; routines are followed because they are taken for granted ...”

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state, social, and cultural pressures as opposed to market forces and resource scarcity, on organizational behavior,” and “how passive acquiescence, as opposed to strategic adaptation, to the external environment can contribute to the social validity and survival of an organization,” but that it overlooks “the role of active agency and resistance in organization-environment relations” (p.151). She proposes that institutional theory is able to address a range of organizational responses to the environment if it assumes “a potential for variation in the resistance, awareness, proactivity, influence, and self-interest of organizations” (p. 151). Similarly, Scott (2001) argues that institutional theorists should recognize the importance of organizational strategic responses to the environment. He cautions, however, that researchers need, at the same time, to consider the role that institutions have in shaping organizational response.

(p. 57). From the cognitive-cultural pillar perspective, organizational social practices are chosen because they reflect the company's representation of its environment. Social practices are used by companies because they are believed to be "the way we do things."

The fourth pillar is the *emotional*, which stresses "emotion-laden attachment to practices or relations" (Scott 2001, p. 70). Although Scott (2001) mentions the "cathectic" or emotional orientation only as a *possible candidate* to a fourth pillar, it is included in the present work. The logic for this pillar is "behavior guided by habits of the heart" (Scott, 2001, p. 70, mentioning an expression used by Bellah et al., 1985). From the emotional pillar perspective, organizational social practices are used because they reflect specific or general emotional connections between individual(s) in the organization and a particular social issue. These practices are used because they express "where our hearts are."

#### *1.2.2.1 Philosophical assumptions of the pillars*

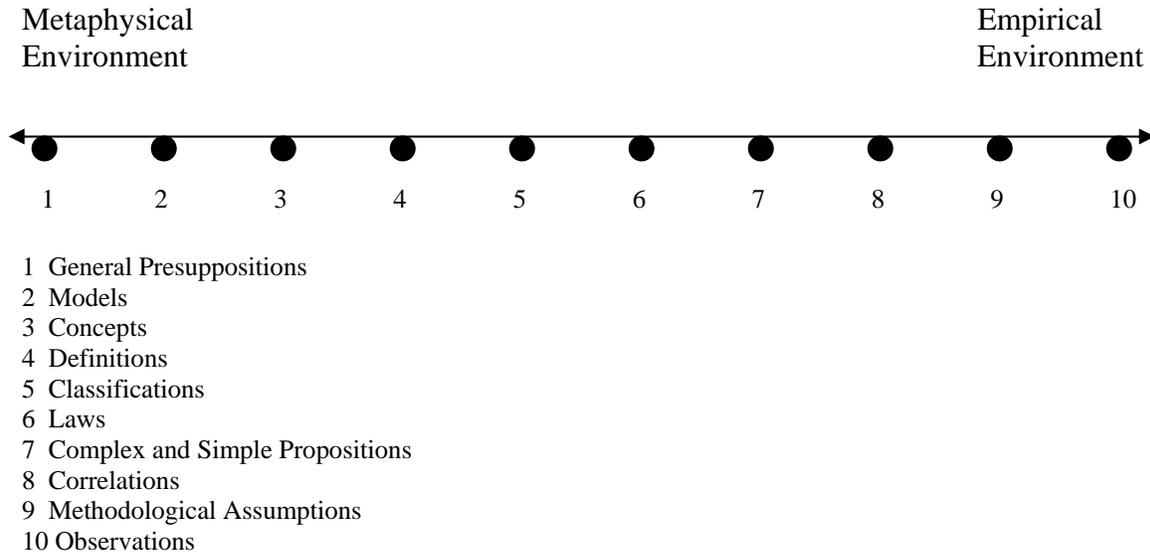
Scott (2001) argues that differences among the pillars are due in part to "substantive focus" (p. 61) and in part to "philosophical assumptions" (p. 61). Two major differences in philosophical assumptions in diverse streams of institutional research refer to the *nature of social reality* and to *rational behavior*. Regarding the ontological assumptions, research streams focus more or less intensely on regulative or constitutive rules. The regulative view of institutions focuses on regulative rules, while the cultural-cognitive view focuses on constitutive rules. Regulative rules attempt to influence existent activities, whereas constitutive rules create the possibility for activities to exist. Using the

example of a football game, Scott (2001) argues that regulative rules “define how the ball may legitimately be advanced or what penalties are associated with what rule infractions” (p. 64). Constitutive rules “construct the game of football as consisting of things such as goal posts and the gridiron and events such as “first downs” and “off-sides” (p. 64). They “result in the social construction of actors and associated capacities and roles; in the football context, the creation of quarterbacks, coaches, and referees” (p. 64).

In the present work, following Scott’s (2001) view of truth and reality based on work by Alexander (1983) and Kuhn (1970), I assume that there is a reality “out there,” but that truth is not out there. In other words, the world is not a human creation; however, understandings of the world exist only where there is human language. According to Scott (2001), this view of the nature of scientific knowledge conciliates the metaphysical and the empirical environments in a continuum (see **Figure 1.2**). Scientific statements vary in generality or specificity according to the place they occupy in the continuum. General presuppositions, models, and concepts are closer to the metaphysical end. Specific statements such as the observations, methodological assumptions, and correlations are closer to the empirical end of the continuum. Somewhere in the middle of the continuum are the definitions, laws, and classifications (Alexander, 1983, Volume 1, p. 3, cited in Scott, 2001, p. 62). All along the continuum, each point is a combination of the metaphysical and the empirical elements (Scott, 2001). From the perspective of this continuum, the regulative view of institutions focuses on more specific scientific statements located closer to the empirical end, while the social cognitive view focuses

more on constitutive frameworks, or how reality is constructed – thus, closer to the metaphysical end.

**Figure 1.2** The Scientific Continuum and its components



Source: Adapted from Alexander (1983, Vol. 1, p. 3), reproduced in Scott (2001, p. 62).

Constitutive rules are a basic element of social life. Scott (2001) affirms:

*In our liberal democracies, we take for granted that individual people have interests and capacities for action. It seems natural that there are citizens with opinions and rights, students with a capacity to learn, fathers with rights and responsibilities, and employees with aptitudes and skills. But all of these types of actors – and a multitude of others – are social constructions; all depend for their existence on constitutive frameworks, which, although they arose in particular*

*interaction contexts, have become reified in cultural rules that can be imported as guidelines into new situations (p. 64-65).*

Thus, social construction of actors, their roles, and their interests depends on the situation and on how these social constructions become part of the cultural rules. Scott (2001) explains the social construction of the economic man: “[T]he stereotypic ‘economic man,’ which rests at the heart of much economic theorizing, is not a reflection of human nature but a social construct that arose under specific historical circumstances and is maintained by particular institutional logics associated with the rise of capitalism” (p. 65). From the perspective of the cultural-cognitive pillar of institutions, individual interests vary according to the institutional environment and depend on the circumstances.

A second major difference among the pillars refers to rational behavior of organizational actors and to how rationality is defined. Diverse streams in institutional theory explain rationality differently. Scott (2001) affirms:

*At one end of the spectrum, a neoclassical economic perspective embraces an atomist view that focuses on an individual actor engaged in maximizing behavior, guided by stable preferences and possessing complete knowledge of the possible alternatives and their consequences. Game theory analysts typically adhere rather closely to this lean model of the rational actor .... Embracing a somewhat broader set of assumptions, neoinstitutional analysts in economics and rational choice theorists in political science ... use a model such as Simon’s ([1945] 1997)*

*bounded rationality, which presumes that actors are “intendedly rational, but only boundedly so” (p. 88). These versions relax the assumptions of complete information and utility maximization as the criteria of choice, while retaining the premise that actors seek “to do the best they can to satisfy whatever their wants might be” (Abell, 1995, p. 7)” (p. 66).*

Scott (2001) argues that institutional theory streams that use these models of actor rationality – which have an atomist view of the individual – view institutions “primarily as regulative frameworks” (p. 66), in which “actors construct institutions to deal with collective action problems – to regulate their own and others’ behaviors – and they respond to institutions because the regulations are backed by incentives and sanctions” (p. 66). The author argues that, although their assumptions may not always be correct, benefits of these models are the fact that they offer explicit theories that explain individual behavior, and that in the case of many institutions, individuals might, in fact, be motivated only by self-interest and pursue goals that are not based on principles. A limitation of this “overly narrow rational framework” (p. 67) is that it does not take into account the interactions among actors, which produce “norms, rules, beliefs, resources” (p. 67), bringing situational factors into the explanation of individual behavior.

At the other end of the spectrum are institutional streams that adopt what Scott (2001) calls the “organicist view,” which sees individual decision-making as a product of social interactions rather than “a calculus of costs and benefits” (p. 67). The organicist view portrays the individual as an actor who is constantly faced with both freedom and

constraint in its construction of social reality, and whose decisions are a result of the interaction with other actors. Scott (2001) refers to authors who have distinguished between two aspects of rationality. Alexander (1983), reinterpreting Weber ([1924] 1968), proposes that rationality is a combination of calculation – the focus on the connection between means and ends, and the “realization of substantive values” (p. 76) – the “types of ends pursued” (p. 67). Similarly, March (1981) proposes an instrumental logic and a logic of appropriateness.

Social reality is a collective process of constructing knowledge. As Scott (2001) affirms, in the cultural-cognitive approach:

*[T]he construction of social reality is seen as ongoing continuously, but also as providing models, schemas, and scripts to orient and guide current decision-making. At the micro level, DiMaggio and Powell (1991) propose that these insights provide the basis for what they term a theory of practical action. This conception departs from a “preoccupation with the rational, calculative aspect of cognition to focus on preconscious processes and schema as they enter into routine, taken-for-granted behavior” (p. 22). At the same time, it eschews the individualistic, asocial assumptions associated with the narrow rational perspective to emphasize the extent to which individual choices are governed by normative rules and embedded in networks of mutual social obligations (p.68).*

I argue that individual decision-making depends on the situation in which the individual finds him/herself. Social institutions bound and provide a framework to individual action.

Socially constructed reality and preconscious processes and schema that compose this reality provide an explanation of decision-making processes that go beyond notions of the economic man and bounded rationality.

### 1.2.3 SOCIAL PRACTICES

#### *1.2.3.1 Definition*

The term “organizational use of social practices” refers to company’s activities, actions, projects, and initiatives that aim at benefiting diverse sectors of society. Each word in this term has a specific meaning:

- *Organizational* refers to for-profit concerns.
- *Use* refers to the choice and pursuit of a course of action.
- *Social* refers to the societal groups, or stakeholders<sup>3</sup>, with which the organization establishes relationships and to which it directs its actions.
- *Practice* is defined in the dictionary as “frequently repeated or customary action; habitual performance; a succession of acts of a similar kind; usage; habit; custom; as, the practice of rising early; the practice of making regular entries of accounts; the practice of daily exercise,”<sup>4</sup> and also as “customary action or customary code of behavior” (Watson, 1980, p. 879). Liedtka (1998) argues that the term practice

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<sup>3</sup> The term “stakeholder” is used here in its wider conception – as all the actors in society that affect or are affected by the firm’s operation (Freeman, 1984; Freeman and Gilbert, 1987; 1989).

<sup>4</sup> Webster’s Dictionary, electronic source. URL: <http://machaut.uchicago.edu/cgi-bin/WEBSTER.sh?WORD=practice>

has numerous meanings, and uses the term “in its common form – as habitual or customary ways of seeing, thinking, or behaving” (p. 259).

The term *social practice* is used loosely in business literature<sup>5</sup>. **Table 1.2** presents a few examples of its use in the business and society literature.

**Table 1.2 Examples of the use of the term “social practice” in business and society literature**

Duska, 1997	“The favorite way for philosophers to arrive at the ‘purpose’ of anything is to ask the question ‘Why?’ But there are at least two answers to the question ‘Why?’ when addressed to a social practice such as business” (p. 1401)
Freeman, 2003	“Because they are part of the ‘informal economy,’ home workers are particularly difficult to locate and monitor and they thus pose a challenge for companies who are trying to ensure sustainable social practices are present throughout their supply chains” (p. 107).
Heckman, 1992	“Games can exist within the domain of business. Business, however, describes the social practice within which we provide ourselves with necessary, or unnecessary, goods and services. This practice cannot accurately be described by reference to games” (p. 933).
Logsdon, 2004	“GBC [global business citizenship] was developed in the late 1990s to distinguish the social responsibility and responsiveness concepts from corporate citizenship, which was the term increasingly being used to connote a variety of good corporate social practices” (p. 68).
Umpleby, 1972	“The day may be near when consumers want to know as much about the social practices of the manufacturers as about the product they produce. Instead of applying cost, styling and resale value as criteria, the consumer might take an automobile purchase on the basis of pollution practices, minority employment and promotion, and manufacturing of antipersonal weapons” (p. 62).

As can be seen in **Table 1.2**, the term “social practice” is used in the business and society literature in two forms. First, “business as a social practice” (Duska, 1997; Heckman, 1992), and second, “business activities as social practices aimed at diverse stakeholders”

<sup>5</sup> Eight articles came up when I searched the Proquest database on June 15, 2006, for peer-reviewed articles that had “business” in the default fields and “social practice” in the title. The term “social practice” was not defined in any of the articles (Brown and Dugid, 2001; Filion, 1995; Larsen, 2001; Lentz, 2005; Paasi, 1999; Robbin and Koball, 2001; Suchman et al., 1999; Whittington et al., 2003).

(Freeman, 2003; Logsdon, 2004; Umpleby, 1972). In the present study, “social practice” is used in the latter form – social practices are defined as organizational activities that benefit diverse societal groups, or stakeholders, and go beyond the economic function of the organization (e.g., job creation, wealth-creation, economic development) and beyond what is required from the organization by laws and regulations. These activities include actions usually described under the umbrella concepts of corporate social responsibility (CSR1<sup>6</sup>), corporate social responsiveness (CSR2), corporate citizenship (CC), and global business citizenship (GBC). Examples of such practices are: reduction of environmental impacts, fairness in the relationship with suppliers and partners, community involvement, provision of a range of benefits to employees, philanthropic activities, support of volunteer work by employees, partnership with community organizations, NGOs and public facilities (Ethos Institute, 2004), and social experiments conducted at branches in foreign countries, among many others.

#### *1.2.3.2 Levels of analysis*

There are different levels of analysis, or spheres of action, in which organizational social practices take place:

1. Societal level – when individual companies cannot address the problems alone in such situations as ecological crises, organized crime, and international justice (Lindgreen and Swaen, 2005), and the solution depends on alliances. Initiatives such as Responsible Care, Apparel Industry Partnership, and Alliance of French Retailers are examples of

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<sup>6</sup> The terminology “CSR1” and “CSR2” was first proposed by Frederick (1986).

alliances. Shell Foundation, in its report on aid-industry reform, suggests that the solution to poverty involves the first sector as well and the aid industry, and that the latter should apply more business principles to its actions to achieve effective results, considering that developing countries are far from reaching the Millennium Goals<sup>7</sup> (Hoffman, 2005). An example of a problem to be approached on the societal or systemic level is the effect of common industrial chemicals, named phthalates, on the action of fetal androgens. Recent research results show that this product, which is largely used to make plastics softer, alter the levels of hormones in males when the pregnant woman has contact with them, and when newborns have contact with the product (Walden, 2005). Because this chemical is used in numerous products in numerous industries, it takes coordinated action from companies, the government, and civil society to efficiently seek solutions for this issue.

2. Organizational level – when companies act as entities (for example, in their relationships with stakeholders); and

3. Individual level – when individual managers and employees are called to act (interpersonal relationships, voluntary work, etc).

### *Social practices in the literature*

The majority of the literature in business and society explores the reasons why companies undertake social actions from either a strategic or a normative perspective. Work by

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<sup>7</sup> The Millennium Goals were established by the United Nations in 2000 and aim at establishing peace around the world.

Epstein (1987), Galaskiewicz and associates (Atkinson and Galaskiewicz, 1988; Galaskiewicz, 1985; 1987; Galaskiewicz and Burt, 200; Hager, Galaskiewicz and Larson, 2004; Galaskiewicz and Wasserman, 1989; Sinclair and Galaskiewicz, 1997), Gardberg and Fombrun (2006) and Wood and colleagues (Wood, 1991; Wood et al., 2006), also account for the institutionalization of social practices as a motivator of social action. A brief analysis of selected work in the field shows how the antecedents of organizational choice for social action have been treated:

- In “Arguments for and against business assumption of social responsibilities,” Davis (1973) proposes that long-run self-interest, public image, viability of business, avoidance of government regulation, stockholder interest, the solution of social problems as a source of profits, and prevention of future problems are arguments for social responsibility. All these arguments have a common characteristic: they justify social responsibility based on benefits to the company, which is in line with the regulative pillar of institutions. The author also proposes that sociocultural norms are an argument for social responsibility. He argues that businessmen are subject to a set of cultural constraints, and that “[i]f society moves toward norms of social responsibility as it is now doing, then the businessman is subtly and inevitably guided by the same norms” (Davis, 1973, p. 78). The sociocultural argument is in line with the normative institutional pillar.
- Votaw (1973) mentions that the term social responsibility has diverse meanings, ranging from legal responsibility to social consciousness to legitimacy, in the sense of being proper. He argues that the doctrine of social responsibility is the result of a new value system that was emerging in the United States at the time the

article was written. Within this new value system, business leaders were changing the standards in order to conduct business in a socially responsible way. This perspective is in line with the normative pillar.

- Sethi (1975) differentiates between social obligation – “behavior in response to market forces or legal constraints” (p. 71) – and social responsibility – “bringing corporate behavior to a level where it is congruent with the prevailing social norms, values and expectations of performance” (p. 73). His conceptions can be associated with the regulatory and normative pillars, respectively.
- Wood (1991) proposes a model of corporate social performance (CSP), drawing on earlier works (Ackerman and Bauer, 1976, and Wartick and Cochran, 1985, among other texts). She defines CSP as “a business organization’s configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm’s societal relationships” (p. 693). In this model, social action is motivated by the principles of social responsibility, which are: legitimacy (on the institutional level), public responsibility (on the organizational level), and managerial discretion (on the individual level). The principle of legitimacy “describes the responsibility of business as a social institution that must avoid abusing its power” (p. 695). The principle of public responsibility refers to companies being responsible for solving social problems caused by their operations, or “the principles that guide action relating to society as a whole” (Preston and Post, 1975, p. 11, cited by Wood, 1991, p. 697). The principle of managerial discretion affirms that managers, as moral actors, “are obliged to exercise such discretion as is available

to them, toward socially responsible outcomes” (Wood, 1991, p. 698). The three principles approach the use of social practices from a perspective of norms and values, which is in line with the normative pillar of institutions. Wood (1991) also calls attention to the importance of advancing research on CSR institutionalization processes, which falls into the cultural-cognitive pillar.

- An important development in the business and society field, stakeholder theory proposes that stakeholders have interests in the company (Freeman, 1984; Mitchell et al., 1997), and that the interests of all stakeholders are of intrinsic value (Donaldson and Preston, 1995). Theoretical and empirical treatments of stakeholder theory follow two lines of explanation regarding the reasons why companies should consider stakeholder demands. Some scholars advance the idea that a company’s identification of its stakeholders and analysis of their salience is key to strategic planning and, thus, to the survival of the company (Mitchell et al., 1997; Agle et al., 1999). This application of stakeholder theory is in line with the regulatory pillar of institutions. However, other authors interpret the corporation from a moral perspective and argue that the fundamental basis of stakeholder theory is normative – relationships with stakeholders create the context in which companies should establish their objectives; profitability being the result of a company’s efforts to serve society (Carroll, 1998; Donaldson and Preston, 1995, Waddock, 2002). This view is in line with the normative pillar of institutions.
- The concept of corporate citizenship (CC) is central to the business and society field. It refers to the quality and nature of the company-stakeholder relationships and to the assessment of impacts of corporate operations on stakeholders

(Waddock, 2002). Corporate citizenship is often seen as both “the right thing to do” and “good for the company.” It is in the realm of corporate citizenship that the concept of “enlightened self-interest” is better explained. It refers to the overlapping of the regulatory and normative pillars of institutions.

- Global business citizenship (GBC) brings the concept of corporate social responsibility to the international arena (Logsdon and Wood, 2002; Wood and Logsdon, 2002; Wood et al., 2006). Similar to the notion of corporate citizenship, global business citizenship also justifies the reasons for organizational adoption of social practices in both the normative and the regulatory pillars. However, an important element of GBC is the process of institutionalization of social practices, which results from experimentation with adoption of practices that accommodate local (host country) and corporate values. This aspect of GBC is in line with the cultural-cognitive pillar of institutions.

Texts mentioned above are but a very limited example of how the literature in business and society describes the reasons for organizational use of social practices. It can be concluded from the literature that these reasons are more often associated with the regulatory and normative pillars of institutions than with the cultural-cognitive or emotional pillars. In the next section I define four motivation mechanisms for social practices and propose how they can be reunited into one theoretical framework.

## 1.3 Statement of the problem and propositions

### 1.3.1 MOTIVATION FOR USE OF SOCIAL PRACTICES

I argue that companies are motivated by four mechanisms in their use of social practices: commitment, calculation, conformance, and caring.

*Commitment* is the mechanism of adherence to organizational norms, values, and principles. A social practice driven mainly by commitment is chosen because the company judges it is the right thing to do. A classical example of a practice motivated by commitment is Aaron Fuerstein's decision to rebuild his plant, Malden Mills, after a 1995 fire destroyed its buildings. Although Fuerstein could have retired as a millionaire, he decided to rebuild the plant because his employees and the community depended on Malden Mills. Another example of practice driven by commitment is the choice made by Liberty Bank in New Orleans, right after the flood that was a result of Hurricane Katrina in 2005. The bank, which employees operated from an improvised office without access to customer information in the aftermath of the flood, allowed all its customers to withdraw up to \$100 a day, without knowing whether they had funds. The amount was raised a few days later to \$500, and the practice was kept in place until the bank's systems were put back in place (Rivlin, 2005). A third example of social practice motivated by commitment is Google's creation of its \$90 million foundation in October 2005, which focuses on alleviating poverty and other global issues, rather than on the traditional education and health of other philanthropic initiatives. Google will invest in

for-profit initiatives aligned with its philanthropic vision. Before the company went public last year, the owners wrote in a letter to prospective stockholders that Google would invest 1 of its revenues in philanthropic actions (approximately \$900 million) before it went public. Some stockholders complained, without success, about the investment in the foundation. As Google's plans had been disclosed before stockholders bought their shares, they had no say in this matter. It is Google's objective that, in the future, its social action will affect the world more than the core business itself (Delaney, 2005). Social practices motivated by commitment are part of what Berman et al. (1999) categorize as "intrinsic stakeholder commitment" where "managerial relationships with stakeholders are based on normative, moral commitments, rather than on a desire to use those stakeholders solely to maximize profits" (p. 492).

Related to organizational adherence to values and principles, Cohen and Warwick (2006) propose the concept of "values-driven business" – an approach to doing business that "assumes you can live a life of purpose and fulfillment while running or working in a business" (p. xi). Or, as Social Edge (2006) states: "Values-driven companies avoid the moral problems of other firms, and they often give away a portion of their profits to NPOs [nonprofit organizations] and provide products, services, facilities, loaned executives, training and advertising as part of their mission"<sup>8</sup>. The core beliefs in this approach refer to what Social Edge calls "value" and "values." The purpose of business is to add value through the production of products and services, and to enhance the lives of employees, the community, and future generations while being gentle to the planet.

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<sup>8</sup> Electronic Source. URL: <http://www.socialedge.org/Events/Workshops/73>. Retrieved in 06/07/2006.

Wealth, generated by profits, is part of the addition of value. People should do their jobs in ways that are consistent with the values of fairness, compassion, respect, and reverence for nature. Profits are one among other motives that guide business decisions. In common among companies that adopt the values-driven business approach is the fact that each of them are “rigorously pursuing an agenda that includes social or environmental progress as well as profits” (p. xxi).

*Calculation* is the mechanism whereby companies choose to use social practices that have a positive impact on their performance. A social practice driven mainly by *calculation* is used because the company judges the practice will result in short- or long-term benefits and the benefits outweigh the costs of implementing the practice. There is evidence that good corporate social performance and good financial performance are interrelated (see Orlitzky et al., 2003; Waddock and Graves, 1997). This relationship helps explain the fact that companies use some social practices as means to maximize their chance of survival. Companies depend on resources to be successful, and the more they control the resources they need in the environment, the more likely they are to achieve their objectives (Pfeffer and Salancik, 1978). Suppliers, unions, employees, government, communities, and many other parts are sources of resources for the company (Post, Preston, and Sacks, 2002), and it is critical to have control over those sources. One way to exert control is to meet stakeholders’ needs, and this can be done through social practices such as supporting the growth of suppliers, participating in the community, and providing employees with better working conditions – better than what laws require. Research has shown that corporate community involvement has increasingly been

managed from a strategic perspective (Altman, 1998; Berman et al., 1999; Brammer and Millington, 2003). Terms such as corporate social opportunity, or “social responsibility marketing management” (Murray and Montanari, 1986) speak by themselves. The idea that social practices can be used as strategic tools is so widespread that seminars for executives are being offering on “how to brand and communicate corporate citizenship.” Lindgreen and Swaen (2005), in an explication of Nike’s decision after its reputation was publicly attacked, illustrate a social practice motivated by calculation:

*Nike began to use its toolbox of relationship marketing and began to invest in social and environmental issues that stakeholders care about. Demonstrating concern creates a general atmosphere of trust and a better understanding of corporate aims so that, when the next crisis comes, there will be greater goodwill, enabling the company to survive (p. 359).*

*Conformance* is a mechanism that results from social influence processes. It is based on mimetic behavior. A social practice driven mainly by *conformance* is chosen because it is in line with common practices resulting from cultural and cognitive societal beliefs and norms. This alignment gives the practice a “taken-for-grantedness” quality. Social practices, as most organizational activities, result from the company’s interaction with its environment. More precisely, each practice addresses specific environmental requirements. Considering that some of the challenges posed by the internal and external organizational environments are similar across firms, companies are likely to develop similar routines. With time, a series of social practices become institutionalized in the environment and are incorporated by companies as habits. Meyer and Rowan (1977)

argue “ ... organizations are driven to incorporate the practices and procedures defined by prevailing rationalized concepts of organizational work and institutionalized in society” (p. 340). According to Oliver (1991), “[O]rganizations are predicted to conform to institutionalized beliefs or practices when these beliefs or practices are so externally validated and accepted by organizations as to be invisible to the actors they influence ..., or when their ‘social fact’ quality renders them the only conceivable, ‘obvious’ or ‘natural’ way to conduct an organizational activity ...” (p. 148). United Way campaigns are examples of a social practice generally motivated by conformance. Most companies engage in United Way campaigns; however, not necessarily because it is good for them or because they are in line with the companies’ principles or for emotional reasons – it is likely that they do so just because this is “how companies do things.” Oliver elaborates on such reasons for organizational practices:

*...[W]hen external norms or practices acquire the status of a social fact, organizations may engage in activities that are not so much calculative or self-interested as obvious or proper. For example, corporate social responsibility and the maintenance of sound organizational ethics may not be invariably reducible to strategic behaviors induced by the anticipation of organizational gain. Organizations may act ethically and responsibly not because of any direct link to a positive organizational outcome (e.g., greater prestige or more resources) but because it would be unthinkable to do otherwise. (p. 148-149).*

Institutional theory uses the concept of isomorphism to explain the phenomenon of organizations becoming similar. Isomorphism is “a constraining process that forces one

unit in a population to resemble other units that face the same set of environmental conditions” (DiMaggio and Powell, 1983, p. 149). This process of homogenization is a consequence of “structuration” or institutional definition of organizational fields (“those organizations that, in the aggregate, constitute a recognized area of institutional life” [p. 148]). As those organizations are structured together, they tend to become similar to one another, adopting strategies that “are rational for individual organizations, but may not be rational if adopted by large numbers” (p. 148). However, the fact that these strategies became common practice in the field “increases the likelihood of their adoption” (p. 148) because they are seen as legitimate.

Gimeno et al. (2005) argue that organizational similarity occurs for three reasons: externalities (companies become similar for random reasons), competitive reasons (companies respond independently to a common environment), and noncompetitive reasons (result of learning and social influence processes). The conformance mechanism proposed in the present work focuses on the latter explanation for organizational mimicry – companies adopt social practices that are common in the environment because of social-influence processes. According to Gimeno et al. (2005), highly institutionalized environments are more inductive of this type of mimicry.

*Caring* is the mechanism whereby choice is defined by emotional attachment to certain causes or issues. A social practice driven mainly by *caring* is chosen because it has emotional meaning to certain individuals in the organization. Such practices commonly have the format of the CEO’s and owners’ support for organizational activities, or

practices that have a particular emotional meaning to them. A recent example of social practice driven by caring is the \$38 million private investment in autism research by Renaissance Technologies Corp. charitable foundation. Renaissance is one of the world's most successful hedge funds, owned by mathematician James H. Simons, who chose to make this donation because his grandchild has autism (Regalado, 2005). Although traditional definitions of emotions relate them to "passions" and lack of rationality, more recent conceptions explain emotions in terms of cognitive understanding of the world. Individuals make sense of a complex reality through the symbolic processing of what is perceived; this process is driven by emotions (Levy, 1984, p. 218). D'Andrade affirms: "Feelings and emotions tell us how the world is, in a very vivid way, typically increase the activation of various schemas for action and evaluation, while still permitting delay so that planning, goal sequencing, reappraisal, and other complex procedures can occur" (p.191, quoted in Levy, 1984, p. 218).

Levy (1984) proposes that emotional responses occur in three phases. In the first phase there must be a situation that works as stimuli, and there must be the individual's appraisal of the situation. For example, John gets to know of the occurrence of a tragedy, such as Hurricane Katrina in 2005. Second, the individual becomes aware of his/her "emotional feeling" resulting from the initial appraisal. In the example above, John becomes aware of his pain, sadness, anger, compassion, will to help, etc. Third, the individual evaluates the situation cognitively, motivated by his/her feelings. John considers all aspects of the situation that his feelings move him toward, and traces a plan of action.

Managers and owners have idiosyncratic emotional reactions to facts. A situation that might work as a stimulus for one individual might not do so for others, and cognitive evaluation of the situation, motivated by emotions, might differ from one individual to the other. However, after the initial individual emotional reactions, the cognitive evaluation/plan of action process “may involve the collaboration of others” (Levy, 1984, p. 227).

When decision-makers adopt social practices motivated by emotional reasons, they first have contact with a social issue to which they feel emotionally connected. After becoming aware of their feelings toward this specific issue, they evaluate what needs to be done, what they can do, and what they want to do to address the issue. This evaluation process may involve other individuals inside and outside the organization (Solomon, 1998).

**Table 1.3** summarizes the four motivational mechanisms.

**Table 1.3** Summary of social practices and motivators

<i>Term</i>	<i>Definition</i>
<i>Social practices</i>	Organizational activities that benefit diverse societal groups, or stakeholders, and go beyond the economic function of the organization, and beyond what is required from the organization by laws and regulations. Examples of such practices are: reduction of environmental impacts, fairness in the relationship with suppliers and partners, community involvement, provision of a range of benefits to employees, philanthropic activities, support of volunteer work by employees, among others.
<i>Commitment</i>	<i>Commitment</i> is the mechanism whereby a company's motivation to use a social practice is based on the adherence to organizational norms, values, and principles. A social practice driven mainly by commitment is used because the company judges it is the <u>right thing to do</u> .
<i>Calculation</i>	<i>Calculation</i> is the mechanism whereby a company's motivation to use a social practice is based on the benefits that the company will accrue from using the practice. A social practice driven mainly by calculation is used because it is <u>good for the company</u> .
<i>Conformance</i>	<i>Conformance</i> is a mechanism whereby a company's motivation to use a social practice is based on cultural and cognitive societal beliefs. A social practice driven mainly by conformance is used because it the <u>way the company does business</u> .
<i>Copying</i>	<i>Caring</i> is the mechanism whereby a company's motivation to use a social practice is based on emotional attachment to certain causes or issues. A social practice driven mainly by caring is used because it has <u>emotional meaning</u> to certain individuals in the organization.

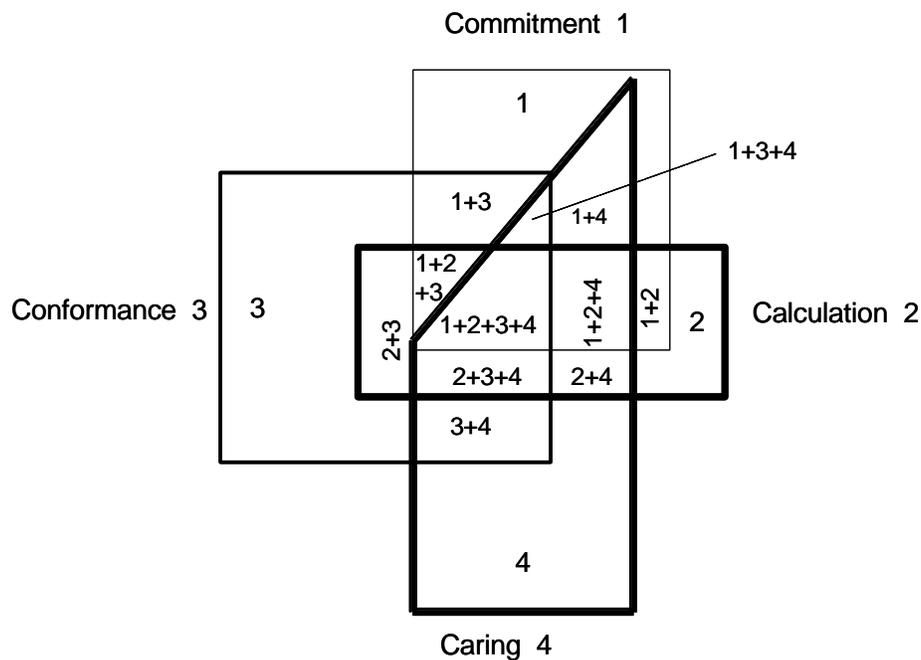
### 1.3.2 MOTIVATION MIX

Although institutional theory suggests that pillars of institutions are distinct, it is important to note that motivation for action may involve the interaction of two or more institutional pillars. The four antecedents of choice of social practices are not mutually exclusive. Although they are individually theoretically identifiable, it is from the observation and analysis of their interplay that one can understand the particular set of reasons that motivate each practice. Distinct organizational social practices serve different purposes, both to the organization and to the stakeholders affected. Thus, it

seems reasonable to assume that within a company, the motivation mechanisms will combine in a particular way for each practice.

*Propositional Assumption 1:* Each social practice adopted by an organization is motivated by a particular combination, in degree, of commitment, calculation, conformance, and caring mechanisms.

**Figure 1.3** Motivation mechanisms for organizational social action



**Figure 1.3** depicts the interaction of the four motivation mechanisms. The 13 regions in the diagram represent the diverse possibilities of combination of these mechanisms. For example, an investment by Company A in a nonprofit that cares for kids with disabilities may be motivated at the same time by commitment and calculation, if the company is both following its principles and aiming at being publicly recognized by the nonprofit as a donor. An investment in the same nonprofit by Company B may be motivated by the company owners' emotional attachment to kids with disabilities (caring). Company C

may adopt the practice of offering its employees daycare facilities at the work site both because this is what other companies in the industry do (conformance) and because this practice augments the company's attractiveness to current and prospective employees (calculation). Thus, there is a *mix of motivations* for each social practice.

Further, each mechanism is present in degree in a specific practice. In the example of Company B's contribution to the nonprofit due to the owners' emotional attachment to the cause, the "caring" mechanism may be present in the highest degree and no other mechanism is present at all. On the other hand, in the example of Company C and its daycare facilities, there might be a high degree of both conformance and calculation mechanisms, a low degree of commitment, and no caring. Another company, D, adopting the same practice of in-site daycare, might present the highest degree of commitment, a moderate degree of caring, and no calculation or conformance.

Another aspect of the interaction of the institutional pillars can be observed in their presence in sequence in a specific situation. For example, the commitment mechanism that motivates social practice adoption is conceptually distant from, and perhaps even opposite to, the calculation mechanism. This logically implies that these two mechanisms could not occur concomitantly. However, in practice, one may observe both committed and calculative simultaneous explanations for one single social practice adopted by a company. For example, an entrepreneur affirmed that her company adopts social practices aimed at the community mostly for calculative reasons. When asked if her company would reduce its investment in philanthropy in the case of declining company

profitability, she emphatically answered, “No! We do it because we believe it is the right thing to do”<sup>9</sup>. The explanation for this lies in the fact that this company’s actions were initially motivated by commitment. In fact, this firm has been adopting social actions for four generations. Most of the new actions, and the maintenance of the old ones, have commitment as its starting motivation. Then, perhaps quickly, calculative reasons come into play when the company considers the most efficient ways to implement those practices so it can benefit from them. Thus, the two mechanisms do not occur at the same time but are equally present in the mix of reasons that, as a whole, motivate the use of that specific social practice.

As the example above shows, when calculation and commitment occur at the same time, both company and society benefit from the action. This approach is named by many as “enlightened self-interest.” In fact, enlightened self-interest occurs whenever the calculation mechanism is present concomitantly with any other of the three motivational mechanisms for use of social practices.

### 1.3.3 SOCIAL PRACTICES AIMED AT THE COMMUNITY

#### *1.3.3.1 Introduction*

Relationships between business and community are marked by mutual dependency and support. Goddard (2005) affirms:

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<sup>9</sup> Private communication, February 7, 2006.

*The discipline and/or practice of community relations within the corporate sector is born from the notion that society and business are not separate entities (Birch and Glazebrook, 2000), as companies are not only engines of economic growth but act as agents of social change and political suasion (Fombrun, 1998) (p. 279).*

In the present work I adopt the definition proposed by Bohem (2005):

*[C]ommunity refers to people who live in a single geographic area and in high concentration and close proximity, such as a neighborhood, village, or city, and who are characterized by reciprocal activity and a degree of partnership and mutual dependence (p. 147).*

Bohem (2005) also describes the functions of community as “(a) participation in developing, providing, and consuming services; (b) socialization (conveying values and norms to community members); (c) social control; (d) social participation; and (e) mutual assistance” (2005, p. 147). Relationships between business and community can be expressed in terms of the “collective commitment to making communities better for all” (Post, Lawrence and Weber, 2002, p. 377) – the idea of civic engagement. Communities in general need more resources than are available to them. Businesses are important sources of financial and human resources and, at the same time, have a high stake in the community located at its geographical area of influence.

Advantages of involvement with the community *for companies* are:

- a) Positive effects on the company **reputation** (McAllister and Ferrell, 2002; Smith, 1994; Goddard, 2005; Porter and Kramer, 2002; Fombrum and Shanley, 1990). Logsdon and Wood (2002) define reputation and “the long-term combination of outsiders’ assessments about what the organization is, how well it meets its commitments and conform to stakeholders’ expectations, and how effectively its overall performance fits with its sociopolitical environment” (p. 366).
- b) Positive effects on corporate **image**, or how the company sees itself (Bennett, 1998; Bohem, 2005; Haley, 1991).
- c) Positive effects on **employee morale** (Bennett, 1998; Cohen and Warwick, 2006).
- d) **Train individuals** in the community to work for the business (Bohem, 2005).
- e) Ability to maintain the company’s **license to operate** (Goddard, 2005).
- f) Improvement of the company’s **competences** (Hoare, 2004).
- g) Ability to build “[a] **shield** designed to fend off accusations of unethical behavior” (Whitehouse 2006, p. 249, emphasis added).
- h) Ability to attract high-skilled and **motivated employees** (Bennett, 1998; Cohen and Warwick, 2006, Turban and Greening, 1997).
- i) Ability to attract the attention of civic leaders, **facilitate the relationship firm-government** (Bennett, 1998; Cohen and Warwick, 2006).
- j) Increased **media coverage** (Bennett, 1998).
- k) Good **public relations** (Bohem, 2005).
- l) **Marketing** advantages (Bennett, 1998; Bohem, 2005).
- m) Broaden the **local market** (Porter and Kramer, 2002).

- n) **Influence policy** (Porter and Kramer, 2002).
- o) Gather **support of local industry** (Porter and Kramer, 2002).
- p) Build **business legitimacy** (Bennett, 1998; Oketch, 2004).
- q) Build **consumer bonding and retention** (Bennett, 1998).
- r) Impress **shareholders** (Atkinson and Galaskiewicz, 1988; Bennett, 1998; Graves and Waddock, 1994; Johnson and Greening, 1999).
- s) **Competitive advantage** (Goddard, 2005).
- t) Advance **contacts** with business partners (Galaskiewicz, 1985, 1997).
- u) Communicate the company's values, mission, and intention, which alerts audiences to **business power** (Galaskiewicz, 1997).
- v) Modify the company's **reputational risk** (Fombrum et al., 2000).
- w) **Integrate organizational citizenship** with other managerial activities (Fombrum et al., 2000).

Advantages for *individual managers* who make decisions regarding community involvement:

- “Helping can **improve helpers' moods and self-evaluations**” (Williamson and Clark, 1989, p. 733).
- Helping can make individuals have physical sensations of **pleasure**, comparable to the effects of physical exercise. In research with women volunteers, Luks (1988) found that women who volunteer to help others had “highs, warmth and increased energy” (p. 39), besides calm and a sense of well-being. These effects occur more intensely when the individual has direct contact with others he/she is helping.

- **Prestige and status** (Galaskiewicz, 1985, 1997).
- Opportunities for **networking** (Galaskiewicz, 1985, 1997).

Some advantages of business community involvement for the *community* are:

- **Aid in services**, such as health, education, water, and sanitation (Goddard, 2005), and crime prevention (Vidaver-Cohen, 1998).
- **Enhancement of state capacity** for supporting the community (Goddard, 2005).
- **“Empowerment of civil society organizations** that give people a voice” (Goddard, 2005, p. 278).
- Business contribution **“can give a project an aura of importance** it might not otherwise have” (King and Tchepournihk, 2004).
- Funding for **new, untested ideas** (King and Tchepournihk, 2004).
- Benefits from **expert volunteer board members and fund-raisers** (King and Tchepournihk, 2004).

### *1.3.3.2 Business Community Involvement*

As Wood (1990) states, “[A] firm’s community involvement is not a matter of noble charity; it is just plain good sense, economically, socially, politically, and ethically” (p. 541). Firms get involved with the local community in many different forms through a series of practices. Madden et al. (2006) describes corporate community involvement as “the portfolio of activities through which a company engages with its community” (p. 49). I adopt the definition by Madden et al. to describe social practices aimed at the community or, in a simplified form in this study, “social practices.” Note that I refer to

*business community involvement* rather than corporate community involvement so to include both large companies' (corporations) involvement and small- and medium-sized companies' (SMEs) involvement. Social practices aimed at the community include corporate giving, employee volunteerism, public-private partnerships, sponsorship and cause-related marketing, donation of equipment, and partnerships, in addition to corporate-sponsored foundations.

### *Corporate Giving*

According to Campbell et al. (1999), there are three general forms of corporate giving. The first form is through monetary gifts or grants, which can be made on an ad hoc basis or through a corporate foundation. In 2001, corporate philanthropic donations in the U.S. made in cash amounted to more than \$1 billion (Cone et al., 2003). In 2002, corporations donated \$3.4 billion or “27.5 per cent of all corporate giving” (King and Tchepournihk, 2004, p. 220). The second form is through gifts of goods (in-kind gifts) or services, and the third form occurs when businesses advertise for charities.

It is important to note that the term “corporate giving” is used interchangeably with “corporate philanthropy.” However, some authors interpret the latter as all company activities directed at the community without direct benefits for the company. **Table 1.4** shows variations in definitions of corporate philanthropy.

**Table 1.4** Definitions of corporate philanthropy

<i>Definition</i>	<i>Authors</i>
"charitable transfer of firm resources at below market prices"	Lehman and Johnson, 1970, cited in Jones, 1994, p. 380
"a one-way flow of resources from a donor to a donee, a flow voluntarily generated by the donor though based upon no expectation that a return flow, or economic <i>quid pro quo</i> will reward the act"	Schwartz, 1968, p. 480
"businesses make donations without earmarking the funds for a specific project, and the social organization may use the resources as it sees fit"	Bohem, 2005, p. 145

In this study, the terms “corporate giving” and “corporate philanthropy” are used interchangeably, meaning companies’ donations of money, goods, services, or advertising to NGOs or community organizations.

#### *Employee Volunteerism*

The term “employee volunteering” refers to a range of activities performed by employees and retirees for nonprofit and civil society organizations, schools, city offices, or individuals, with the support of the employer organization (Wild, 1993). Although volunteering is typically an activity determined by the individual’s decision to contribute to the community, many companies create conditions that stimulate this activity. These conditions vary from providing employees with paid time-off (Peterson, 2004), to coordinating groups of employee volunteers with nonprofit projects<sup>10</sup>, to give matching gifts to the nonprofits according to the number of volunteering hours (Peloza and Hassay, 2006), to embedding employee volunteering in the company’s strategy (Peloza and

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<sup>10</sup> Employee volunteering program conducted at Natura S.A. in Brazil in 2000. Personal communication with the project manager.

Hassay, 2006). Research results on the importance of employee volunteering indicate that this practice is widespread: nine out of 10 companies in the United States stimulate employee volunteerism (Tuffrey, 1997, cited by Pelozo and Hassay, 2006, p. 357); among American companies, over two-thirds give employees time off to volunteer (Wild, 1995, cited by Pelozo and Hassay, 2006, p. 357). Benefits for the company are bold. In the case of family volunteering projects, companies report improved public and community relations, greater employee commitment, more productive employees, and fewer hours lost for family responsibilities (Conference Board, 1997).

Pelozo and Hassay (2006) argue that there are two general forms of employee volunteering. The first form – inter-organizational volunteerism – includes company initiatives that support employee volunteering without a clear strategic focus. Employees choose volunteering opportunities, which are supported by the company. The second form – intra-organizational volunteerism – includes company initiatives strategically designed to benefit both the community and the company. The authors give the example of an employee volunteering at a soup kitchen on weekends, whose effort is matched in cash by the company (inter-organizational volunteerism), versus Campbell's Soup providing its employees with time off at lunchtime to volunteer at soup kitchens. Campbell's donates products and cash to the communities where its employees volunteer. Both forms of employee volunteering potentially benefit companies. However, in the second form, the programs are strategically designed to do so.

P1: Use of inter-organizational volunteering practices is positively related to the commitment mechanism.

P2: Use of intra-organizational volunteering practices is positively related to the calculation mechanism.

### *Sponsorships*

Bohem (2005) defines sponsorship as practices in which “the business contributes to a social agency in return for the right to use the organization’s name in its advertising” (p. 145). Sponsorships are common in the arts, sports, health, and community causes (Meijer et al., 2006).

Sponsorships, however, are not without risks for the company. Rifon et al. (2001) studied corporate sponsorship of health websites and found that consumers attribute a profit motive for corporate sponsorship independent of attributions of an altruism motive. The more congruent the fit between the sponsor and the health issue, the stronger consumers attribute altruistic reasons, but they also attribute profit reasons. The study reaches the conclusion that the better the fit, the more the company will benefit from sponsorship of health websites, even if they advertise their own products.

P3: The use of sponsorship practices are positively related to the calculation mechanism.

### *Cause-related marketing*

When companies support social causes and, at the same time, promote their products or services, this kind of sponsorship is named cause-related marketing (Varadarajan and Menon, 1988). Another term used to describe this practice is a “philanthropy-as-marketing” approach (Mescon and Tilson, 1987). In its original form, a company ties the sale of its products to a cause, dedicating part of the proceeds to the cause. Cause-related marketing “is the direct linking of a business product or service to a specified charity; each time the consumer uses the service or buys the product, a gift is made to the charity by the business” (Caesar, 1986, p. 16).

The phrase “cause-related marketing” was coined in 1983 by American Express when the company launched a program that raised \$1.7 million for the restoration of the Statue of Liberty. The money was raised by American Express through the donation of a percentage of its card purchases and travelers’ cards’ purchases, plus a donation in dollars for each new card application. In addition to the funds raised for the renovation of the Statue, American Express increased its card use by 28% and increased new applications by 17%. Cause-related marketing was later widely adopted by other companies (Miller, 2002). Oldenburgh (1992) affirms, “Like infomercials and advertorials, cause marketing is a new media hybrid. By combining public service, advertising and public relations methods, it tries to link corporate identity with good causes or bigger-than-life social issues” (p. 22).

Consumer loyalty is achieved when cause-related marketing aligns the cause with the company's social responsibility statement and gets really involved with the social initiative. Otherwise, there is a possibility that the effort will be seen as motivated only by the company's objective of benefiting itself (Miller, 2002). In its original form, cause-related marketing has a short-term character. In the late 1990s, the new concept of *cause branding* was adopted by companies, as they wanted to associate themselves more deeply and in a long-term character with certain causes. There is a clear strategic intention in this move. Since 1993, Avon, through its "Breast Cancer Awareness Crusade," has helped increase women's (its target public) awareness of breast cancer around the world. The company raises funds for this campaign through the sale of pink ribbons through its sales representatives. Another example of cause-branding strategy is Timberland's campaigns for environmental awareness and social change (Fellman, 1999). Timberland engages consumers into volunteer work through advertising campaigns with slogans such as "Pull on your boots and make a difference" (p. 4).

P4: The use of cause-related marketing practices is positively related to the calculation mechanism.

### *Partnerships*

Due to the nature of social issues in our times, solutions often cannot be reached without collaborative efforts involving governments, companies, and civil society. Regarding the role of businesses in such efforts, Oketch (2004, p. 10) affirms:

*Many businesses are beginning to recognize that social problems are a shared responsibility and that the public expects them to do their share. Businesses now see themselves in a process of evolution that is changing the way they conduct business, all aimed at meeting the expectations of the community and the society. “Social partnerships” between business, government and non-governmental organizations (NGOs) are increasingly being developed throughout the world as a potential answer to the general problem of reconciling the economic and social dimension of human activity. Essentially, such a partnership is a voluntary, reciprocal commitment to social responsibility among two or more partners.*

In addition to other possible motivations for social partnership practices, businesses may benefit from them. According to an Ernst and Young’s Center for Business Innovation 1995 report, “investing in innovative workplace and community partnerships is more profitable than choosing not to” (Oketch, 2004, p. 10).

Two types of partnerships are described in the literature: civic and public-private.

#### *A. Civic partnerships*

Civic partnerships are associations of civil society organizations and businesses formed to address social problems that are not sufficiently well taken care of by the government or that are so complex that they cannot be effectively be responded to by only one of the actors (Loza, 2004). Examples of civic partnerships are the revitalization of urban areas

and economic development, especially in undeveloped countries. Collaboration between civil society and business is seen by leaders in the development field as an important strategy to promote sustainable development. International forums, projects, and strategies for multi-sector collaboration are being promoted by institutions such as the World Bank, the UN Development Program, and many bilateral donors (Ashman, 2001).

In a comparative research exploring civic partnerships in Brazil, India, and South Africa, Ashman (2001) found that civic partnerships yield mutual benefits for business and civil society organizations: “[B]usiness or program innovation, improved public relations, financial and material resources gain, and organizational capacity building” (p. 1106). In most of the cases studied, the motivation for businesses to partner with civil society organizations was “pressure to comply with regulations and social demands” (p.1108), whereas in only a few cases were companies motivated primarily by “intrinsic benefits of socially responsible involvement and free from external social or legal pressures” (p. 1108). Similarly, Bertsch (1982) affirms about economic revitalization of urban areas, “... many local corporations worked to rebuild and to revitalize the urban economies of Watts, Newark and Detroit after the 1960s race riots: managers argued that their corporations could not maintain low costs or attract customers to burning cities (Bertsch, 1982)” (cited in Haley 1991, p. 489).

P5: Use of civic partnership practices is positively related to the calculation mechanism.

### *B. Public-private partnerships*

Public-private partnerships are associations between business, government and, often, civil society to address complex social issues. They are arrangements in which “parties who see different aspects of a problem can constructively explore their differences and search for solutions that go beyond their own limited vision of what is possible” (Gray, 1989, p. 5, cited by Smith and Wohlstetter, 2006, p. 250).

On the global level, the United Nations, which is formed by governments of 191 Member States<sup>11</sup>, establishes partnerships with other sectors of society, including business. The United Nations defines partnerships as “a voluntary and collaborative agreements between one or more parts of the United Nations system and non-state actors, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to share risks, responsibilities, resources, competences and benefits” (Nelson, 2002, p. 46). The partnerships between the UN and businesses include participation of the private sector in intra-governmental deliberations, through chambers of commerce and trade associations; participation of the private sector in global governance through global public policy networks (GPPNs); adherence of businesses to the principles for corporate citizenship; public-private investment mechanisms to finance infrastructure projects, ecological services and small-scale enterprises; mobilization of philanthropic funds and volunteers from business to support UN programs; and joint learning and research programs involving the UN, business and other parties (Nelson, 2002).

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<sup>11</sup> <http://www.un.org/Overview/unmember.html>

The African Comprehensive HIV/AIDS partnerships (ACHAP) between the government of Botswana, Merck and Co., and The Bill and Melinda Gates Foundation, are other examples of public-private partnerships on the global level. Both the Merck and the Gates Foundation contributed \$50 million to the partnership, which initiated major HIV/AIDS interventions (Ramiah and Reich, 2006).

On the local community level, public-private partnerships create a network of relationships in the community that involves different social systems and supports community members and institutions in solving problems and enhancing cooperation (Bohem, 2005). They enhance the quality and range of infrastructure (Grimsey and Lewis, 2004) and reduce the number of homeless through housing programs (Eckholm, 2006). Funds for these programs come from federal and local governments, as well as foundations and corporations. In the area of education, partnerships between companies and schools are growing in number and scope due to the difficulties faced by the government to pay for education. Businesses partner with the government to run Local Education Authorities and individual schools (Davies, 2006).

Public-private partnerships are a common form of business involvement in local social and economic development, which reflects firms' long-term enlightened self-interest (Besser, 2002), as business does well when the community does well.

P6: Use of public-private partnership practices is positively related to the calculation mechanism.

P7: Use of public-private partnership practices is positively related to the commitment mechanism.

#### 1.3.4 MOTIVATIONS FOR BUSINESS COMMUNITY INVOLVEMENT

Literature in business and society, marketing, and the nonprofit sector suggests the reasons why companies adopt social practices toward the community range from “altruism,” “purely altruistic corporate philanthropy” or “corporate benevolence” (in which philanthropic actions are motivated by companies’ principles, moral values, ethics, etc.) to “business-motivated philanthropy” or “strategic philanthropy” (motivated by the benefits companies accrue from adopting community social practices) (Campbell et al., 1999; Madden et al., 2006; Saiia et al., 2003).

In this section, I organize selected literature exploring reasons for use of social practices that benefit the community according to the four motivational mechanisms: commitment, calculation, conformance, and caring.

#### 1.3.4.1 Commitment

The literature on stakeholder theory was originally conceived as normative (Freeman, 1984). According to it, responsibility of a business to its stakeholders, including the community, is of a moral nature (Altman, 2000). Many authors justify the drivers of business-community involvement using the normative perspective, based on organizational moral values and principles, and “the right thing to do.” **Table 1.5** compiles examples of this literature.

**Table 1.5** Commitment as a driver of business-community involvement

Campbell et al., 1999	Found that food producers and distributors donate food surplus to charities for altruistic reasons instead of business reasons. However, the research design does not allow for situations in which both reasons exist at the same time.
Whitehouse, 2006	Found in research with 16 large, public-listed companies in the UK that “there was a genuine commitment on the part of those responsible for implementing CSR policies to identify and respond for stakeholder expectations” (p. 293).

#### 1.3.4.2 Calculation

Many authors argue that what motivates companies to contribute to the community is not commitment to values, principles, and beliefs about what is right, but rather self-interest or the ability of companies to benefit from the adoption of such practices.

It is important to note that research results on the relationship between corporate social performance and financial performance are inconsistent (Griffin and Mahon, 1997; Jones and Wood, 1994, Waddock and Graves, 1997; Wokutch and McKinney, 1991). However, Orlitzky et al. (2003), in a recent meta-analysis of 52 studies representing 30 years of

empirical data, showed that there is a greater degree of certainty in the positive relationship than what was found in previous studies.

**Table 1.6** shows selected studies in which calculation is a driver of social practices.

**Table 1.6** Calculation as a driver of business-community involvement

Fry et al., 1982	Proposed that corporate giving is motivated by calculation. In their study of the income from 1946 to 1973 of 36 American industry groups, they compared corporate giving with other business expenses: advertising, employee benefits, pension contributions, distribution to stockholders, and compensation of officers. The study tested the hypothesis that, if giving is a business self-interested action, then it should be correlated with other business expenses, which are also profit-driven. They found strong correlations between giving and advertising and giving and compensation of officers. The first relation can be explained by the benefit of name recognition; the second can be explained by giving being a form of executive benefit or prerequisite – the company contributes to the executive’s beneficiaries of choice – from which contribution the manager will accrue personal benefits of status and social connections. Found that corporate giving is a profit-motivated expense, complementing advertising expenses.
Galaskiewicz, 1997	Mentions empirical findings that exemplify the calculation mechanism: “Ermann (1978) argued that highly profitable oil companies used contributions to the Public Broadcasting System to coopt audiences in the 70s, and Miles (1982) described how tobacco companies, in the wake of the Sloan-Kettering Commission and the surgeon general’s report on health hazards, used their contributions to universities doing cancer research to demonstrate their concern to a skeptical public” (p. 447).
Levy and Shatto, 1978	Corporations’ philanthropy depends on their levels of advertising – the relationship between changes in advertising and changes in corporate gifts exists because “corporations consider philanthropy as a form of public relations or advertising” (p. 21).
Mescon and Tilson, 1987	Arts and sporting event sponsorships, in addition to cause-related marketing, are admittedly used to improve the company’s bottom line. Differentiate between image-oriented philanthropy (contributions have a general objective of enhancing visibility and corporate image – not measurable) and objectives-oriented philanthropy (emphasis in the maximization of the return for the charitable dollar – measurable). “Giving of precious business dollars is being tied not only to those vital community needs severely hit by federal cuts (such as education, health and welfare), but also more closely to corporate strategic plans, goals and objectives. The emphasis is on results, as corporations focus their efforts, become more selective in their giving, reevaluate and consolidate programs, and shift money to charities with greater paybacks to the company as well as to society” (p. 50).
Reder, 1995	Some companies contribute to nonprofits as a way to buy influence.
Saia et al. 2003	There seems to be a trend toward an increasingly strategic approach to corporate philanthropy.

Sigfried et al., 1983	Found that 92% of the companies they analyzed “admitted that contributions were molded by chief executive officers’ relationships with charitable organizations” (mentioned in Haley 1991, p. 491).
Social Edge, 2006	“Many non-profits prefer not to take corporate money. They point at compromises companies demand from grantees, or corporations that use an NPO’s good name to cover some misdeeds. They simply refuse to enter into a world where profit, not social welfare, is the first goal” <sup>12</sup> .
Waddock and Graves, 1995	Although philanthropy is considered as an expenditure that does not go back to investors in the short term, institutional investors do not punish companies that invest in their relationship with stakeholders, including philanthropy.
Coffey and Wang, 1998	Noneconomic benefits may be realized from charitable donations, such as “membership into a social elite, immortality (e.g., having a building dedicated in one’s name), and deflecting criticism or abating guilt (e.g., drawing attention away from some irresponsible activity)” (p. 1598).
Whitehouse, 2006	“... CSR operates in practice, as a shield, designed to fend off accusations of unethical behavior, rather than a sword with which to tackle the adverse impact of corporate behavior. The result is the implementation of, at times, <i>ad hoc</i> policies designed to address particular issues, or enhance the reputation of the firm and a suspicion that, for some companies, CSR serves as a convenient label by which to appease powerful NGOs and investors, rather than a genuine commitment to resolve stakeholder concerns” (p. 294).

#### 1.3.4.3 Calculation and commitment

In many instances, particularly in more recent literature, the merger of two motivations for business-community involvement is described in the literature. These motivations are the willingness to do the right thing and self-interest. The logic behind this merger is that companies can do well by doing good for the community. The concept of “corporate citizenship” is based on this rationale. **Table 1.7** shows examples of this literature.

<sup>12</sup> Electronic Source. URL: <http://www.socialedge.org/Events/Workshops/73>. Retrieved in 06/07/2006.

**Table 1.7** Calculation and commitment as drivers of business-community involvement

Altman, 2000	In a study with executives and managers, found that corporate community involvement was motivated by three categories of forces: (1) an economic rationale; (2) a moral rationale; and (3) a combined values/strategy approach. Interestingly enough, most of the firms that identified the combined approach to CI affirmed that a shift occurred in the five years prior to the research. Before that, the companies adopted a moral/values base for decision-making.
Besser et al., 2004	Discriminate between “shared-fate rationale” and “public relations rationale” for enlightened self-interest motivation for CSR.
Mecon and Tilson, 1987	Explain how companies use philanthropy as part of corporate strategy.
Schwartz, 1968	Analyzes corporate contributions as a form of profit allocation. The author found evidence that corporate giving is not only profit motivated; however, profit incentives are a significant force that motivates corporate giving.
Shaw and Post, 1993	“... we do not regard as ignoble that community and cultural programs financed by corporate revenues reflect positively upon the image, reputation, and good will of the firm. The motivation for such programs seems to us to be an amalgam of altruism, good citizenship, prudence, and sound investment strategy. These are motivations that owners, managers, and the corporate workforce share” (p. 745)
Somaya, 1996	Motivations for companies’ involvement in communities are of two kinds: philanthropy (desire to do good) and business strategy (desire to reach business objectives).
Steiner, 1975	Uses elements of commitment, calculation, and a combination of them (enlightened self-interest) to describe business orientation: “Business decision-making today is a mixture of altruism, self-interest, and good citizenship. Managers do take actions which are in the social interest, even though there is a cost involved and the connection with long term profits is quite remote” (p. 168, cited by Fry et al., p. 99).

Besser and Miller (2004) propose that there are two distinct rationales for enlightened self-interest. First, companies support local communities because they believe that, in the long term, they will benefit from a healthier community. Second, businesses support the local community because there is a public relations value in their contribution. As Oketch (2004) affirms: “No businesses beyond petty trade or back door smuggling would want to operate in broken down communities of failed governments as exemplified by the case of Somalia or Lebanon. On the other hand, businesses are being challenged to engage the communities in which they operate so that the factors that lead to such social, economic and political breakdown can be undermined” (p. 10). The benefit business accrues in the

long term from a healthy community exemplifies how intertwined calculation and commitment motivations can be in practice. Although theoretically distinct elements, in specific situations like the one described above, they are practically indistinct.

#### 1.3.4.4 Conformance

Motivation for corporate community involvement has also been associated with reasons unrelated to commitment or calculation. One of these reasons is conformance to social rules and expectations. **Table 1.8** depicts examples.

**Table 1.8** Conformance as a driver of business community involvement

Galaskiewicz, 1985, 1997	Affirms that managers make philanthropic contributions not to increase profits, but to gain societal approval.
Haley, 1991	Affirms that managers have to take into consideration stakeholders' values and expectations and, thus, "in social systems may use corporate contribution to maintain legitimacy" (p. 493).
Sharfman, 1994	Explains how corporate philanthropy was institutionalized in society.
Lindgreen and Swaen, 2005	Proposes that one of the driving forces for corporate citizenship is the pressure stakeholders put on companies to conform to certain standards of behavior.

Galaskiewicz (1985), in his study of corporate contributions to the community in Minneapolis-St. Paul, found 23 reasons why public companies in the area give money to nonprofit organizations. These reasons were separated into six groups. The first group in Galaskiewicz's table, "corporate strategy," is composed by reasons related to the *calculation mechanism* for use of social practices that benefit the community. Common in all reasons is a focus on the firm – they reflect benefits for the company (improvement in image, employee relationships, and consumer and shareholder relations; appease other

businesses; get more business and stimulate sales; have tax benefits). Two reasons in the sixth group, “miscellaneous,” are also related to calculation: executives directing contributions to their favorite charities, and having people stop soliciting.

The reasons in Galaskiewicz’s third group, “moral obligation/social responsibility,” correspond to the *commitment mechanism* and have a common focus on the community – they reflect benefits for the social group (improve and add value to the community), duty (civic duty, social responsibility, obligation to pay back), and morality (moral obligation and altruism). Religion reasons, in the sixth group, are also related to commitment<sup>13</sup>. The reasons in the second group, “enlightened self-interest,” correspond to a mix of calculation and commitment mechanisms and focus at the same time on the company and on the community (a better community is a better source of employees and is good for all businesses).

Galaskiewicz (1985) also identified reasons that were named “noblesse oblige,” and reflect beliefs (the wealthy should help the less fortunate), habits (tradition), and intention to meet social expectations (participation of the upper class in community affairs). These reasons are associated with the *conformance mechanism*. They refer to actions that aim at inserting the company in the social structure through the adoption of appropriate, commonly accepted practices. Two reasons in the “miscellaneous” group also belong to the conformance mechanism – the belief that it is better and more efficient if the private sector supports the community rather than the public sector. In later work (Galaskiewicz,

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<sup>13</sup> In this study I assume that religious motivations of owners and managers translate into the organizational level as commitment to moral principles and values. This should be subject of future investigation.

1997), the author refers to other empirical findings that support the conformance mechanism: the presence of inner-circle directors on the board (Useem, 1984); the existence of broad business support for the arts (Useem, 1991); the existence of tithing clubs in the city (Navarro, 1988); and the level of contribution of other firms in the city (McElroy and Sigfried, 1986). There are no indications in the reported results that Galaskiewicz (1985) found reasons associated to the *caring mechanism*.

References to the commitment mechanisms can also be found in work by King and Tchepournyhk (2004) who propose that four factors motivate corporate giving (the authors' definition of corporate giving includes donations of money and in-kind gifts, equipment, and managerial expertise; access to influential people, corporate volunteers; cause-related marketing; and sponsorship):

- Economic vitality – corporations are more able to support society when economic conditions are favorable.
- Fiscal mechanisms – donations can be deducted from taxable income.
- Organizational leadership – leadership can promote both the positions that giving is good for the company in the long run, and that companies have a duty to solve social problems. Corporate giving will be stronger in both cases (even more in the second) compared with leadership that does not promote such ideas.
- Cultural orientation – philanthropy in the U.S. has become part of the social fabric: “Americans have been giving voluntarily for charitable causes for several centuries. Through mutual benefit associations, church affiliations and personal

gestures Americans had developed a habit of giving that carried over when they became part of the corporate world” (p. 222).

While the three first factors proposed by King and Tchepournyhk – economic vitality, fiscal mechanisms, and organizational leadership – are considered in the present study “conditions” that influence the motivational mechanisms for social-practice adoption, the fourth factor proposed by the authors – cultural orientation – refers to the conformance mechanism. Philanthropy is seen here as a practice that became a habit for the American citizen, which is extended from the individual level to the organizational level of analysis, keeping its original character. It is done out of tradition, habit, and a common understanding of what should be done by individuals and businesses.

Elements of conformance are also present in Bennet’s (1998) work. The author affirms that important drivers of philanthropic donations among European companies are (a) increasing demands on corporate accountability by consumers, (b) the practices adopted by American companies operating in Europe, which set an example, and (c) the convergence of corporate norms of community involvement, facilitated by the growing exchange among countries. All these factors point to conformance to expectations, or a need to belong and to be accepted, and to the dissemination of common practices – two central elements in the “conformance” motivation mechanism for social practice adoption.

### 1.3.4.5 Caring

A second motivation for organizational community involvement not related to commitment or calculation is caring, or practices driven by emotional decisions. **Table 1.9** illustrates this motivation.

**Table 1.9** Caring as a driver of business-community involvement

Bar-Tel, 1976	“Pro-social behavior and acts of altruism are often based on feelings of sympathy or empathy (Bar-Tel, 1976). This suggests that decisions relative to corporate giving may be result of ‘feeling sorry’ and trying to help others” (Campbell et al. 1999, p. 377, referring to Bar-Tel’s work).
Larco-Murzyn and Bohrer, 2002	Argue that in privately owned, family-run companies, the family values, identity, and beliefs are strongly charged with emotions. These emotions can have a definitive influence on how philanthropy is perceived by the family
Squires, 1998	Suggesting that emotions are an element in the individual decision to give, the author gives the following advice to professionals who advertise for nonprofit organizations: “[W]hen writing a statement for your organization, ask yourself, if I weren’t connected with this organization, is there anything in this piece that might make a potential donor really want to give? Anything here that might draw an emotional response? ... Have I chosen the wisest way, the most effective way, the most imaginative way to reach the emotions and needs that might move a reader to philanthropy?” (p. 32).

Many view philanthropy, or “charity,” as altruistic acts motivated by emotions. A 2004 article by Burgess, describing the trend in the UK of professionalization of philanthropy, depicts the opinions of two corporate donors on the matter. One of them says, “Most philanthropy is about emotion and gratifying the donor ego.” The other, referring to donors’ participation in a seminar on effective philanthropy hosted by the Institute of Philanthropy, affirms, “We see givers who want to be engaged rather than [invest on the basis of] pure emotion. They are applying the intellectual rigor they bring to investing” (p. 23). Bennett (1998) mentions “personal preferences of the individuals making the

decision (e.g., empathy with the victims of a certain disease)” as one of the motivations for corporate giving (p. 458).

An example of an emotional motivation for philanthropy is given by Ben Bradlee in his 1995 book *A Good Life: Newspapering and Other Adventures*. Bradlee mentions that his motivation for philanthropic practices changed during his lifetime. Early in his career his donations were anonymous, even when he endowed a chair at the Kennedy School at Harvard. The reason he did so was that he wanted to “pay back” his employer, *The Washington Post*, which made his donation possible, and to thank President Kennedy, with whom Bradlee shared ideals. Later in life, when he agreed to chair and donate to a campaign for an IC Unit at Children’s Hospital where his son had been, his reasons were very emotional. Bradlee mentioned his trips to the hospital with prospective donors when he, in tears, couldn’t help running in to the IC unit and to the bed his son stayed (Maude, 1998). As Maude argues, “The difference between these gifts, and between Children’s Hospital and Harvard was emotional – the difference between saving lives and repaying a debt of gratitude – and a matter of conviction” (p. 26). This real-life example unveils the complexity of motivational processes. Not only different reasons motivate action at the same time, but also they change over time. Although Bradlee’s is an example of individual philanthropy, it is significant for this study as it brings light to processes that happen to many owners and top executives of firms. To the extent that these individuals are motivated by emotions and have autonomy to use company resources, they can potentially adopt organizational practices motivated by emotions – either primarily or as a component of the motivation mix.

In the next section, I will discuss environmental conditions and decision-maker orientation factors that affect the motivational mechanisms for organizational action aimed at the community. The factors here presented do not compose an exhaustive list. They are, rather, an initial attempt to explore a limited set of antecedents of the four mechanisms. Future research is needed in order to expand the present list.

### 1.3.5 THE INFLUENCE OF ENVIRONMENTAL CONDITIONS AND DECISION-MAKER ORIENTATION ON THE MOTIVATIONAL MECHANISMS

In this section I will describe the environmental conditions and decision-maker characteristics (or context) that act as antecedents of motivational mechanisms for organizational social-practice adoption. I argue that both environmental conditions and decision-maker orientation influence the mechanisms that motivate the adoption by the organization of social practices aimed at the community.

*In explaining almost any organizational phenomenon, researchers agree that it is necessary to examine at the macro level the institutional order (i.e., values, norms, the law, public opinion) and patterns of inequality (i.e., the distribution of authoritative and allocative resources across social positions), and at the micro level informal social structures (i.e., networks), formal structures (i.e., size and*

*age), and agency (i.e., individual preferences and initiatives)* (Galaskiewicz and Bielefeld, 1998, p. viii).

Macro- and micro-level variables are studied in this work with the objectives of contextualizing business-community involvement practices and understanding the influence of these variables on the motivation for practice adoption. Schwartz (1968) argues, “Donations of corporations can represent both an ordinary business expenditure, and through-the-firm consumption. To an extent, *the nature of the flow can be deduced from the way in which it responds to changes in a set of independent variables*” (p. 480, emphasis added). The present study aims at identifying such variables.

#### *1.3.5.1 Environmental conditions*

Organizational environments are defined by the factors taken into consideration when individuals in organizations make decisions (Duncan, 1972). Environmental components have been categorized according to a variety of criteria, such as the conditions in which organizational structure develops, how companies segment their environment, and types of organizational tasks (Pugh et al., 1969; Lawrence and Lorsch, 1967; and Dill, 1958, respectively; cited in Duncan, 1972). Organizational environments have also been referred to as “contexts.” Rousseau (1978) defines context as “the set of circumstances or facts surrounding an event” (p. 522). “Contextual factors” (Pugh et al., 1969) or environmental conditions refer to the elements that form the organizational environment and that affect organizational actions. Shepard and Hougland (1978) argue that

theoretical models dealing with differing conditions faced by organizations “involve the assumption that, rather than being close, mechanistic systems, organizations are subjected to a variety of environmental and internal influences” (p. 413). Johns (2006) defines context as “situational opportunities and constraints that affect the occurrence and meaning of organizational behavior as well as functional relationships between variables” (p. 386). These opportunities and constraints are located in multiple levels of analysis. It has been argued that it is increasingly important to account for contextual variables and levels of analysis in organizational research (Johns, 2006; Rousseau, 1985; Rousseau and Fried, 2001). Thus, *environmental conditions* can be defined as a set of factors in multiple levels of analysis that influence organizational decision-making processes and, consequently, organizational outcomes.

Conditions affecting the adoption of social practices by organizations exist in three distinct levels of analysis – the *societal*, the *organizational*, and the *individual* levels. Although the present study explores the relationship between each of these factors and the motivational mechanisms, not taking into account how the factors, combined, affect the motivation for social practice use or the mediating effects that might be attributed to some of the factors, it is important to discriminate among levels of analysis. The consideration of distinct levels in the studies of the relationship between the organization and the social environment has helped clarify a variety of phenomena. For example, Wood (1991a) proposed a widely used corporate social-performance model – that is, in great part, a reconstruction of elements of previous literature that went as far back as 1973 – in light of three levels of analysis: the institutional, organizational, and individual

levels. Wood's model accounts for the complexity of the phenomenon, simultaneously maintaining face validity, as the elements are sorted through the levels with perfect fit. Kang and Wood (1995) analyzed the variation of corporate social identity at each of the institutional, organizational, and individual levels of analysis and reached a new understanding of the hierarchy of corporate responsibilities. Logsdon and Wood (2005) developed a theoretical framework in which individual and institutional-level variables (managerial moral maturity and political economy efficiency, respectively) predict a firm's orientation to stakeholders' interests (organizational level of analysis).

#### *1.3.5.2 Decision-maker orientation*

Decision-maker orientation is a set of personal characteristics that can be grouped into two major classes: psychological factors and observable experiences (Filkenstein and Hambrick, 1996). *Psychological factors* are intrinsic characteristics of the individual, such as her/his values, aptitudes, and needs. *Observable experiences* are extrinsic characteristics such as professional background, age, and tenure in the organization. Orientation of the manager has a strong influence on the motivations of his/her decisions.

#### *1.3.5.3 Social practices aimed the community in the context of environmental conditions and decision-maker orientation*

When companies approach social issues in the environment, they use a more or less explicit, complex, rational, and efficient system to address the issues. Management of

social issues is part of an organization's response to environmental stimuli. This process can be as simple as the owner of a small company evaluating community requests for support and deciding to which organizations she or he will make philanthropic donations, or as complex as a multinational organization managing social issues arising from its interaction with worldwide suppliers. In the latter case, there is a need for a more structured approach, or social policy, which directs the firm toward the achievement of its social goals.

Elements of a social policy can be used to analyze both simple and complex processes. Epstein (1987)<sup>14</sup> argues that "policy" involves both principles – the rationales that guide action and the actions themselves. He offers a theoretical model that integrates the following elements of the social policy process:

- Relationships and interactions between the company and its stakeholders.
- Issues or policy concerns arising from the company's actions or from its relationships with stakeholders.
- Problems that ask for immediate attention.
- Criteria that support decision-making (norms and values embraced by the company and its decision-makers).
- Goals and operative norms and values established by leaders "in the context of a given issue or problem" (p. 108).
- Decision-making processes leading to decisions as to the solutions for problems or social-policy issues. This element also includes the institutionalization of the

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<sup>14</sup> Wood (1990) complemented Epstein's model with tools available to managers at each stage.

social policy in the company through integration into the strategic management process.

- Implementation of the decisions and policies involve decisions as to what practices will be adopted and how.
- Evaluation of the intentions, the actions, and the achievements.

The adoption of social practices by companies, in the implementation stage of the social-policy process, is part of the organization's response to the issues that arise from its interaction with the social environment. This response is constructed by the top management team, as a result of their perception both of the issues and of the appropriate way to address them, considering the organization's principles, values, resources, and objectives. Thus, social practice use is subject to the influence of the context – the environmental conditions and the orientation of the decision-makers.

Finkelstein and Hambrick (1996) propose a model of the executive's construed reality. They argue that both the strategic situation, or environmental stimuli, and the executive orientation affect strategic choice. In the model, the decision-maker interprets the strategic situation and, through a filtering process, builds a construed reality. From this reality, strategic choices are made and implemented, resulting in organizational performance. In the present study I use two elements of Finkelstein and Hambrick's model from which I extract the factors that influence the motivational mechanisms for social action: environmental stimuli and executive orientation<sup>15</sup>.

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<sup>15</sup> Due to the fact that the main focus of the present study is on the motivations rather than on the process of making decisions, I use these elements not as distinct steps of a process, but as individual clusters of

I define *decision-maker(s)* as the individual(s) who make(s) decisions regarding the adoption of social practices in the organization. *Environmental conditions* are the context in which such choices are made, and *decision-maker orientation* is a set of individual characteristics unique to each person.

**Table 1.10** lists some of the factors that influence the reasons why companies adopt social practices toward the community. This table is not exhaustive – many other factors might play roles in the motivation of social action, and later studies should contribute to the enrichment of this list.

**Table 1.10** Factors that influence the motivational mechanisms – Antecedents of motivations

<b>Environmental Conditions</b>	
<i>Societal level</i>	<ul style="list-style-type: none"> <li>• Level of economic development</li> <li>• Level of social need</li> <li>• Level of political instability</li> <li>• Level of preservation of the natural environment</li> <li>• Level of regulations</li> <li>• Level of technological development</li> <li>• Level of social expectation</li> </ul>
<i>Organizational level</i>	<ul style="list-style-type: none"> <li>• Size</li> <li>• Age</li> <li>• Industry</li> <li>• Local origin</li> <li>• Headquarters or branch</li> <li>• Public or private</li> </ul>

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factors. In addition, the objective is to analyze the relationship between the orientation of each decision-maker and the motivational mechanisms. The analysis of how the dynamics in a group of decision-makers influence the motivational mechanisms should be focus of future studies.

	<ul style="list-style-type: none"> <li>• Level of earnings</li> <li>• Resource slack</li> <li>• Level of support for code of ethics and ethical culture</li> <li>• Tradition of involvement with the community</li> <li>• Social performance measured</li> <li>• Social performance reported</li> <li>• Occurrence of recent events that affect reputation</li> <li>• Level of visibility</li> <li>• Level of competitiveness in the industry</li> <li>• Ability to pollute the natural environment</li> <li>• Degree of structuration of social action within the organization</li> <li>• Degree of normative commitment</li> </ul>
<i>Individual level</i>	<ul style="list-style-type: none"> <li>• Primary responsibility to manage organizational social actions</li> <li>• Influence of social practice management on performance evaluation</li> <li>• Level of managerial discretion</li> </ul>
<b>Decision-maker orientation</b>	
<i>Psychological factors</i>	<ul style="list-style-type: none"> <li>• Behavior driven by moral values</li> <li>• Behavior driven by emotions</li> <li>• Behavior driven by calculation</li> <li>• Need for achievement</li> <li>• Need for social status</li> <li>• Need for legitimacy</li> <li>• Need for peer approval/peer acceptance</li> <li>• Need for conformity</li> </ul>
<i>Observable experiences</i>	<ul style="list-style-type: none"> <li>• Age</li> <li>• Sex</li> <li>• Tenure</li> <li>• Level of formal education</li> <li>• Humanities background</li> <li>• Finance/economics background</li> <li>• Previous position in HR</li> <li>• Previous position in marketing</li> <li>• Previous experience with social practices</li> <li>• Previous exposition to certain social issues</li> <li>• Previous exposition to certain social issues</li> </ul>

#### 1.3.5.4 Environmental conditions

Conditions on the *societal level* (e.g., the regional, national, and international environments) influence how firms prioritize needs and make decisions regarding their social actions. For example, under favorable economic conditions, firms may be more likely to contribute to the local community than in times when the economy is not so good and companies' profit margins are tight. In the previous situation, there might be more room for certain motivational mechanisms for social practice adoption, such as caring and conformance, than in the latter.

Similarly, social conditions influence the reasons why companies contribute to local communities. The level of social need (for example, level of poverty, access to education, health conditions) and the occurrence of tragedies that affect communities may trigger the adoption of social practices motivated by commitment and caring mechanisms<sup>16</sup>.

Regulatory conditions affect the calculation mechanism. Changes in regulations and social expectations can boost social action motivated by calculation. For example, as levels of carbon dioxide increase in the world causing global warming, oil refineries are cutting down their emissions as a long-term survival strategy. In the Netherlands, Shell plans to cut CO<sub>2</sub> emissions 8% by diverting the gas to 500 greenhouses (Mouawad,

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<sup>16</sup> In some contexts it might also be related to conformance and calculation mechanisms.

2005). These companies are not only considering public health and global warming issues in their decision – if they are at all – but also, and mainly, they are responding to increasing social pressures and, (perhaps) hoping to avoid tougher regulatory measures.

Thus, environmental conditions on the societal level affect both business decisions and the reasons why companies adopt specific social practices.

On the *organizational level*, many factors influence the reasons for social practice adoption. Conditions on the *individual level* refer to the characteristics of the decision-makers' position. These factors will be explored in the next section.

#### *1.3.5.5 Decision-maker orientation*

Rousseau (1978) affirms:

*In studies of individual responses in organizations, context can refer to characteristics of the organizational setting, of the individual, of his or her role in the organization, and of any other environmental factor that may shape responses* (p. 522).

The objective of studying the individual orientation of decision-makers is to explore relationships between those orientations and the mechanisms that motivate organizational community involvement practices. Buchholtz (1999) notes the importance of such characteristics: “ ... philanthropic behavior is more a reflection of upper echelon

characteristics than it is of just resources level” (p. 179). Extending this idea to the whole corporation, Votaw and Sethi (1973) affirm, “Corporations have personalities which reflect the conscious and unconscious values of the corporate hierarchy...” (p. 74, cited in Sturdivant and Ginter, 1977, p. 30).

In the next section, I discuss in detail the antecedents of motivations for social practice use.

### **1.3.6 ANTECEDENTS OF MOTIVATIONS**

The four motivations are treated in this study as the dependent variables. Environmental conditions and decision-maker orientation are the independent variables, or antecedents, of the motivations

#### **1.3.6.1 ENVIRONMENTAL CONDITIONS**

##### *Antecedents on the Societal Level*

Variables on the societal level are considered as constant in this study.

##### *Antecedents on the Organizational Level*

### *Size and ownership structure*

Size of the company and its ownership structure are two important organizational characteristics in the discussion of social practices. Literature on corporate social responsibility, corporate social performance, and corporate citizenship – where organizational social practices are usually discussed – focuses mainly on large public companies or “corporations.” Although the definition of “corporation” – persons united in one body – can be applied to both small and medium enterprises (SMEs) and large firms, the term is used in the literature with an implicit meaning of “a large company” (Jenkins, 2004). Studies on social actions in SMEs, although scarce, show that the conditions under which social practices are adopted, as well as the motivations for them, can largely differ from practices in large companies. The ownership structure of the company also affects the adoption of social practices and the motivations for it. Private and public companies may be motivated by different reasons when they adopt social practices. Further, the “degree of publicness,” or the number of stockholders in relation to the number of shares they hold, also influences social practices adoption.

### *Size*

What to consider when estimating the size of a company? Common measures for size are number of employees and total revenue of the company. With respect to social practices, what measure of “size” is important? Is it the size of the company as a whole? Is it the size of the subsidiary or business unit? Is it a combination of both and, if so, how should

they be combined? This section explores how size relates to social practices in the literature and defines a measure of size appropriate for this study.

### Large companies

Most of the literature on business social involvement refers to large companies, more specifically, to corporations. It has been found that both large companies and SMEs are active in community affairs, but large companies are more visible and participate more actively in different aspects of community life (Post et al., 2002). Burke et al. (1986) found in a study on philanthropic contributions by San Francisco Bay-area large public companies that three organizational-level factors relate to philanthropic giving: size, age, and location of the headquarters. Very large firms (revenue exceeding \$1 billion) contribute significantly more than large firms (revenue between \$200 million and \$1 billion). Buchholtz's (1999) research confirms those findings – firm size is positively related to philanthropy. Large companies tend to have more and better resources and, mostly, more resource slack than SMEs.

### Small and medium companies (SMEs)

Literature on corporate social responsibility in medium and small companies is scarce (Besser, 2002; Jones, 1994; Schoenberger-Orgard and McKie, 2005), and much of the thinking in this field is based on assumptions of how SMEs behave (Jenkins, 2004).

Although approximately one-half of the 110 million employees in the U.S. are employed

by companies with less than 500 workers, most of the literature in organizational social practices directed to the community reflects the universe of large corporations (Cohen and Warwick, 2006).

In a study of 52 Australian SMEs, Madden et al. (2006) found three prevalent motives for community involvement. The first motive is a perceived expectation that the company contributes to the betterment of the community. The researched SMEs tend to contribute to the local community rather than to the regional or national communities. The second motive is the perception by SMEs that community involvement brings benefits for the company. These benefits relate to increase in sales or employee morale, but they are not the primary reason for companies to get involved with the community. They are, rather, additional mechanisms used by the SMEs to decide among a series of possibilities for involvement. The third motive is individual willingness to contribute to certain causes. CEOs and owners tend to choose the causes they identify with. Of interest in the latter finding is the role played by emotions – both in the individual and in the group. Madden et al. (2006) mentions a situation in which an owner of three restaurants “provided mentoring and work experience opportunity to disadvantaged individuals within his own cultural network/cultural background” (p. 54), which suggests an emotional connection with those individuals and their disability. The authors also found that a catastrophe worked as a trigger of emotions in groups of individuals in many companies:

*It is interesting to note that a number of informants raised the Asian Tsunami as an unusually tragic situation that made them seriously consider giving a cash donation, in this case, to the agencies involved in disaster relief. Giving*

*was characterized by a strong staff feeling of wanting to do something together, as a group, to help* (p. 54).

Emotions of employees were found to play an important role in SMEs as well. In one case, the company supports an NGO for which one of the employees works as a volunteer because it is a cause that “is believed in by staff” (p. 53). The company prefers to donate to causes that are supported by its employees than to anonymous requests. Thus, findings in the study by Madden et al. (2006) confirm the presence of commitment, calculation, and caring mechanisms in small and medium-sized companies.

Other studies on small and medium companies support the motivational mechanisms as well. Cohen and Warwick (2006) refer to commitment when they argue that most of the values-driven companies are small, private businesses. Commitment, calculation, and conformance in SMEs were observed by Wilson (1980) as well. In a research of small firms (less than 25 employees) in the Los Angeles area, 180 owners or managers mentioned the following categories of responsibility to the community: financial contributions, participation in community activities, payment of taxes and license fees, abiding by the law, being members of the chamber of commerce or Rotary Club, avoiding doing harm to the environment, and not imposing social costs on the community as a result of the firm’s operation. Interviewees attribute the motivation for these practices both to the intention to help build a stronger community in which business will thrive (long-term, enlightened self-interest – commitment and calculation) and to the expectation that these actions will result in more patronage (calculation). Wilson (1980) goes on to propose two ideal types of small-business persons: (1) the profit-oriented

person who sees business social responsibility either as not necessary or as a means to increase business success in the long run; and (2) the person who pursues values related to social responsibility and derives satisfaction from them, in addition to pursuing a reasonable profitability. Using Wilson's classification of social responsibility of small business, Chrisman and Fry (1982) compared businesspeople and citizens' perceptions of small-business social responsibility in a Midwest town. They found that small businesses are in touch with societal expectations (conformance).

It is worth noting that the scarce literature on social responsibility of small business has the individual – the business owner or manager – as the main social actor. Compared to the equivalent literature for large businesses in which the unit of analysis is, most of the time, the business unit or the corporation, the literature on small business has the individual as its unit of analysis. The importance of personal beliefs, traits, and values seems to be central for this category of business, as the small firm is many times an extension of family life. It often uses members of the family as its workforce. These family members use their personal relationships as the firm's main marketing effort. In small firms, the wishes, ideals, and intentions of individuals have the potential to be quickly turned into concrete action due to enlarged managerial discretion and firm flexibility. Depending on the level of resource slack, the small-firm environment allows for a wide range of initiatives toward the community.

According to Besser and Miller (2004), small-business owners and managers believe their companies have a social responsibility that is proportional to their size, and in

smaller towns, small businesses are more visible and more important to the community than in larger cities or towns. In their research with 715 very small (fewer than 20 employees) American business owners and managers, they found that many interviewees supported the local community because they believed it was the right thing to do (commitment) or because they couldn't think of not doing it (conformance). However, more than half of the interviewees affirmed that if they had to convince other businesspeople to support the community, they would use the enlightened self-interest argument (commitment and calculation). The authors also found in this study that small-business owners and managers tend to live in the local community and benefit from schools, public parks, safety, and security. In addition, for them, personal and business spheres of life often overlap. Besser and Miller (2004) found that enlightened self-interest, or the belief that it is good for business to be part of a healthy society, is a strong motivator for community support. They also found that pure calculation, or enhancement of public image, is not a strong motivator for community support among those businesses.

P8: Size of the company is positively related to the calculation mechanism.

P9: Size of the company is negatively related to the caring mechanism.

In the present study, large companies are defined as having more than 500 employees in the business unit. Small and medium companies are defined as having less than 500 employees in the business unit. Although there might exist differences in the motivation

mechanisms between very small (less than 20 employees – criterion used by Besser (2002) and small-medium companies (between 20-499 employees), those differences are not captured in the present work. It is important to note that there might also be differences when comparing two business units of the same size where one is a branch of a larger corporation and the other is the headquarters. These differences are captured in this study by another independent variable named “headquarters.”

### *Ownership structure*

Ability to engage in social practices may be bound by the ownership structure of the company – privately owned companies might be more able to freely decide on community involvement than publicly owned companies. Public companies have to meet stockholders’ expectations and pay major attention to short-term profitability. Sometimes stakeholder pressures are so powerful to define companies’ strategies.

P10: The degree of publicness is positively related to the calculation mechanism.

P11: The degree of publicness is positively related to the conformance mechanism.

Cohen and Warwick (2006) affirm that most of the values-driven companies are privately held. The reason is that owners of privately held companies are not the subject of scrutiny as to their levels of profitability and whether their margins meet Wall Street’s standards. Thus, those companies are “insulated from that tragically narrow conception of business”

(p. xxi). Fry et al (1982), in discussing the argument that owners make philanthropic contributions through the firm to the extent that tax benefits are favorable, affirm that “... in more closely held corporations (i.e., fewer owners) as opposed to large corporations with many owners, one would be more likely to find a controlling interest of philanthropic investors” (p. 1982). As the percentage of investors with a strong preference for corporate philanthropy tends to be small, the smaller the number of stockholders (the limit being one investor) – or the less-public the firm – the more likely the firm is to make philanthropic contributions (Fry et al., 1982). As owners and managers at private firms are not subject to other shareholders’ pressures, they are more likely to make decisions regarding social practices based on their emotions or on personal preferences for particular causes or nonprofits.

P12: The degree of publicness is negatively related to the caring mechanism.

*Other organizational variables*

## **Origin**

Companies with local origins are more likely to be embedded in the community than companies with origins that are not local. The level of social expectation regarding locally originated companies is likely to be higher than the expectation regarding companies that did not originate locally.

P13: Local origin is positively related to the conformance mechanism.

### **Separation between ownership and control**

Privately held companies can be managed by owners or by professional managers. When owners manage the company, they mostly have great autonomy to make decisions. When professional managers manage the company, their autonomy is limited, as they are accountable to the owners. Autonomy is particularly important for decisions to be driven by emotions.

P14: Control by owners is positively related to the caring mechanism.

### **Degree of normative commitment**

To what degree are companies driven by moral values (Cohen Warwick, 2006)? Epstein (1987) affirms: “Value considerations, if they are truly to contribute to the organization’s well-being, must be institutionalized into the organization’s ethos, culture, and operative rules of the game” (p. 111). Mitnick (1995) proposes the concept of “normative commitment” to describe the different levels of institutionalization of moral values in the organizational culture.

In theoretically reconstructing the concepts of corporate social responsibility (CSR1), responsiveness (CSR2), and rectitude (CSR3)<sup>17</sup>, Mitnick defines *normative commitment* as “the degree to which the actor(s) in question formally or informally adopt an explicit statement (ethic, value, normative principle) with normative content sufficient to guide or choose among proposed behaviors of the actor(s)” (Mitnick, 1995, p. 23). Normative commitment varies from *normative placeholding* – “the actor has embraced an normative statement that gives instructions on how to find or devise normative guides of conduct, but no such normative guide is actually identified” (p. 24), to *normative engagement* – “the actor has embraced an explicit normative statement that guides his or her behavior” (p. 24). The previous case refers to general rules, principles, or guidelines for “moral” or ethical behavior. The latter refers to detailed and specific instructions on how to act, such as a clear orientation about how managers should make decisions in cases of bribery, as described in some organizational codes of conduct.

Note that normative commitment exists on both the individual level – the extent to which managers take moral values into consideration in their decisions – and on the organizational level of analysis – the extent to which the company fosters a culture of ethics. The “actor” can be both the individual, who more or less systematically and intensely follows a set of moral norms resulting from the combination of the company’s values and his/her own values, and the company, which advances a culture of ethics through formal and informal artifacts and processes such as codes of ethics, processes of dissemination of values and principles, and examples set by the top management.

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<sup>17</sup> Corporate social rectitude was proposed by Frederick.

P15: The level of normative commitment is positively related to the commitment mechanism.

As guidelines and rules become more formalized in detailed descriptions of how company representatives are expected to act, a need to conform to these rules emerge internally among executives and employees of the company.

P16: The level of normative commitment is positively related to the conformance mechanism.

### **Extent to which stakeholder culture is other-regarding**

Empirical findings suggest that some aspects of organizational culture influence decision-makers in the use of social practices. Maignan et al. (1999) analyzed the relationship of three of the 14 dimensions of culture proposed by Reynolds (1986): market orientation, humanistic orientation, and competitive orientation. They found that market- and humanistic-oriented cultures related to proactive corporate citizenship, and competitive-oriented cultures are not barriers to the achievement of high levels of corporate citizenship.

Jones et al. (2007) define *stakeholder culture* as “the beliefs, values, and practices that have evolved for solving stakeholder-related problems and otherwise managing

relationships with stakeholders” (p. 142). The importance of stakeholder culture – an aspect of organizational culture – is that it conditions managerial thinking regarding the use of social practices. As Jones et al. (2007) argue:

*Stakeholder culture is likely to affect how company employees assess and respond to stakeholder issues in two related ways: 1) by constituting a common interpretive frame on the basis of which information about stakeholder attributes and issues is collected, screened, and evaluated; and 2) by motivating behaviors and practices – and, by extension, organizational routines – that preserve, enhance, or otherwise support the organization’s culture (p. 143).*

Thus, stakeholder culture affects the way managers scan the social environment and collect and process information. Further, it affects the evaluation of information and the mechanisms used by the organization to address social issues, including the choice of social practices. As stated by Jones et al. (in press, p. 143), “ ... the assumptions and values comprising stakeholder culture may influence the nature and sophistication of the organizational practices used to monitor and interact with stakeholders.”

Stakeholder cultures range in a continuum from totally self-regarding to totally other-regarding, in respect to *concern for others*. Within the continuum, cultures are classified by Jones et al. (2007) as amoral, limited moral, and broadly moral. Amoral cultures – or agency cultures – are fully self-regarding, with no concern for

others. Their main characteristic is “the pursuit of self-interest by managers” (p. 144), even in detriment of shareholders’ interests. As Mitnick (2002, p. 1) states about liberal incentives intended to align managers with owners: “Instead, we get a new class of predatory owners who seek private profit rather than true corporate value.”

Limited moral cultures care for the interests of only one stakeholder: the shareholder.

There are two types of limited moral cultures. The corporate egoist culture focuses only on the short-term economic success and, thus, takes into consideration stakeholder needs only to the extent that they affect short-term performance (Jones et al., 2007).

P17: Self-regarding cultures are negatively related to the commitment mechanism.

P18: Self-regarding cultures are positively related to the calculation mechanism.

The second type, the instrumentalist culture, focuses on long-term firm performance and sees company-stakeholder relationships as a means to achieve long-term results. This culture is associated to the concept of enlightened self-interest – it cares for stakeholders to the extent that it benefits the company.

Broadly moral cultures focus on all stakeholders. These cultures are “extensively other regarding” (Jones et al., 2007, p. 148) and take into consideration the needs of all stakeholders, even sometimes in detriment of firm performance. Two types of broadly

moral cultures are the moralist and the altruist cultures. Moralist cultures adhere to the ethical standards and “are not trumped by economic considerations, except under the most dire of circumstances” (p. 149). Moralist cultures are pragmatic – they adhere to the company’s principles, but may compromise them when the survival of the firm is threatened, as the welfare of all stakeholders depends on the existence of the firm.

P19: Other-regarding stakeholder cultures are positively related to the commitment mechanism.

P20: Other-regarding stakeholder cultures are negatively related to the calculation mechanism.

Companies with altruist stakeholder cultures also adhere to their principles, but they will not compromise, even if their survival is threatened. The authors note, though, that this might be an ideal type, as “conditions of economic competition make significant growth or proliferation of fully other-regarding companies improbable” (p. 150).

### **Influence of ethical leadership**

Ethical leadership has proved to positively influence the moral behavior of companies’ managers and employees. I argue that ethical behavior of top management influences the motivations for social practice. In companies with strong ethical leadership, practices are likely to be motivated by organizational adherence to moral values and principles.

P21: Ethical leadership is positively related to the commitment mechanism.

### **Degree of social program professionalization**

Relations of firms with communities are handled through a series of functions (Waddock, 2002). These functions are usually coordinated by a company area, department, or office, such as Community Relations or Corporate Citizenship Departments. Mescon and Tilson (1987) affirm that companies are increasingly embedding philanthropic initiatives in the corporate structure. Similarly, Useem (1991) calls attention to the professionalization of giving programs. He argues that companies with professionalized programs allocate giving budgets in a fashion that is similar to other companies in this group. Following Useem's hypothesis #1 (p. 67):

P22: Social program professionalization is positively related to the conformance mechanism.

### **Level of risk of the practice to the company**

Some social activities have the potential to become risky to the company. For example, if the public associates a cause-related market campaign with a pure marketing strategy and a lack of genuine interest for the community, the company's reputation can be harmed.

P23: Risky social practices are positively related to the commitment mechanism.

P24: Risky social practices are negatively related to the calculation mechanism.

P25: Risky social practices are positively related to the caring mechanism.

### *Antecedents on the Individual Level*

#### **Level of managerial discretion**

Managerial discretion is “the latitude to decide” (Buchholtz et al., 1999, p. 172), or the “amount of leeway” (Finkelstein and Hambrick, 1996, p. 26) that executives have. This condition is important in the study of organizational social practices because it defines the level of freedom that decision-makers have in their adoption. For example, Buchholtz (1999) found that the level of “managerial discretion mediates the relationship between firm resources and corporate philanthropy” (p. 180). A high level of managerial discretion means that the decision-maker does not have to follow strict rules or directions in the use of practices. A low level of managerial discretion implies that the decision-maker has a stricter ability to focus on certain social issues, address specific social expectations, make idiosyncratic choices, and decide on the amount of company resources to be dedicated to social practices. In the present study, I assume that decision-maker discretion is an individual-level environmental condition – a characteristic that is “given” in the organizational environment<sup>18</sup>.

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<sup>18</sup> Finkelstein and Hambrick (1996) propose that three forces affect CEO discretion: the task environment, the internal organization, and managerial characteristics. Considering that the decision-maker in the present study is not only the company’s CEO (with the possible exception of privately owned SMEs), and as an

Commitment mechanisms have moral values as a foundation. Practices motivated by commitment involve the application of organizational values and principles to the analysis of the company's course of action with respect to social issues in the environment. Although arguments for the market value of committed social actions abound, by definition, the commitment mechanism stops short of the analysis of how social practices benefit the company. Rather, it takes place when the company and/or decision-maker's values indicate that a certain action is "the right thing to do." Thus, not necessarily aligned with the company's profit values, social practices motivated by commitment require a clear moral intent<sup>19</sup> on the part of the company and/or the decision-maker, which, in turn, is associated with managerial autonomy to act.

P26: The level of managerial discretion is positively related to the commitment mechanism.

P27: The level of managerial discretion is positively related to the caring mechanism.

Because calculative mechanisms are usually related to the strategic and/or marketing functions of the organization, the decision-maker needs not to have a high level of discretion to adopt social practices motivated by such mechanisms. Similarly, conformance mechanisms relate to acquiring, protecting, and maintaining organizational legitimacy, as well as ensuring that organizational behavior is appropriate and acceptable.

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effort to simplify the scheme, I assume that managerial discretion is defined only by the task environment and the internal organization, not including decision-maker characteristics.

<sup>19</sup> Moral intent is a decision to act on the judgment of what is morally correct (Jones, 1991).

P28: The level of managerial discretion is negatively related to the calculation mechanism.

P29: The level of managerial discretion is negatively related to the conformance mechanism.

### **1.3.6.2 DECISION-MAKER ORIENTATION**

#### *Psychological factors*

##### **Decision-maker need for social status**

Galaskiewicz (1985) found that one of the reasons why CEOs give gifts to nonprofit organizations is because they gain social visibility and become members of network of elite players. Similarly, Atkinson and Galaskiewicz (1988) argue that CEOs who donate to charities can “realize some upward social mobility in local elite circles” (p. 86).

P30: Decision-maker’s need for social status is positively related to the calculation mechanism.

##### **Decision-maker moral agency**

Individuals who make decisions regarding organizational social practices differ in their level of commitment to others. Hemingway (2005) argues that some individuals in an organization use their discretion to behave as social entrepreneurs. These decision-

makers are driven by their social-orientation values. The author affirms that decision-maker moral agency generates actions driven by moral values rather than by economic reasoning.

P31: Decision-maker's moral agency is positively related to the commitment mechanism.

P32: Decision-maker's moral agency is negatively related to the calculation mechanism.

P33: Decision-maker's moral agency is negatively related to the conformance mechanism.

### *Observable Experiences*

#### **Decision-maker's contact with the local philanthropic elite**

DiMaggio and Powell (1983) advance the thesis that organizations are likely to mimic the behavior of other organizations when faced with uncertainty. Galaskiewicz and Wasserman (1989), studying corporate philanthropy in Minneapolis-St. Paul, found that decision-makers are more likely to mimic other companies' philanthropic behavior when they participate in a network of giving officers. Corporate giving involves great uncertainty because the results of the social investments made by the company are observable only in the long term. Thus, argue the authors, organizations mimic other organizations, giving philanthropic gifts to nonprofits that are recognized by other companies. This mimicry process happens through networks of contacts in which decision-makers share information with respected leaders in corporate philanthropy – the

“philanthropy activists” or “elite” (p. 457) – who usually have an intense contact with the nonprofits. Galaskiewicz and Wasserman (1989) also found that by contributing to the same nonprofits that these leaders support, companies gain status and legitimacy.

P34: Decision-maker contact with the philanthropic elite is positively related to the conformance mechanism.

### **Decision-maker’s participation in peer networks**

As Galaskiewicz and Bielefeld (1998) affirm, “Organizations do not function in a vacuum devoid of ties to others, but rather are linked to other organizations and individuals through a myriad of social relationships: friendships between salespersons and purchasing agents, common club memberships among executives, trade association memberships, interlocking directorates, informal exchanges of resources and information, ties to politicians through PAC contributions, and ties to local elites ...” (p. 18). Among the advantages of participation in social networks are increasing the organization’s capacity to leverage favors, giving the organization access to others that one is not tied to, giving the organization credibility, and facilitating learning (Galaskiewicz and Bielefeld, 1998).

If following the steps of philanthropy activists is one explanation for mimicry of philanthropic actions, another form of mimicry occurs through intra-organizational contagion – when peer officers in other organizations influence the opinion of the

philanthropy officer in the focal organization about nonprofits (Galaskiewicz and Burt, 1991). Contagion occurs in two forms. First, in the form of behavioral communication in which the decision-maker exchanges impressions and evaluations of nonprofits with his peers in other companies. His/her final evaluation will be influenced by other opinions. Second, contagion occurs through symbolic communication among philanthropy officers who have similar roles. Decision-makers want to have access to the opinion of other officers (who could be competing for the same job in the market) so they can “evaluate the relative adequacy with which they are performing their current job” (p. 89). They want to understand the adequate role of a professional in their position supporting a specific nonprofit. This is in line with DiMaggio and Powell’s explanation of professionalism as a source of organizational isomorphism (1983). The authors interpret professionalization as “the collective struggle of members of an occupation to define the conditions and methods of their work, to control the “production of producers” ... and to establish a cognitive base and legitimation for their occupational autonomy” (p. 70). They argue, “ ... the growth and elaboration of professional networks that span organizations and across which new models diffuse rapidly” (p. 71) is an aspect of professionalization that generates isomorphism. In 2001, a group of U.S.-based corporations representing more than \$16 billion in corporate giving established the Corporate Giving Standard (CGS) – an online system for “data collection, reporting, and benchmark for corporate philanthropy” (Shah et al., 2006, p. 1). One of the reasons why companies input their giving data into the system is because CGS, a network of giving officers, hosts periodic meetings in which these professionals come to know each other and exchange ideas and information.

P35: Decision-maker participation in peer networks is positively related to the conformance mechanism.

### **Decision-maker background**

Thomas and Simerly (1994) looked at the relationship between corporate social performance (CSP) and CEO background of 97 firms selected from the *Fortune* 1989 survey of America's most admired companies. They found that higher levels of CSP were related to CEOs' background in "output functions" (sales, marketing, research, product development), and lower levels of CSP were related to CEOs with background in throughput functions (accounting, manufacturing, process engineering). They also found that high levels of CSP were related to CEOs who had been with the organization for longer periods of time, with longer tenures than CEOs in companies with lower levels of CSP.

Based on Thomas and Simerly (1994) findings and assuming that the areas of marketing, sales, and public relations look after the image and self-interest of the company:

P36: Decision-maker background in marketing is positively related to the calculation mechanism.

P37: Decision-maker background in public relations is positively related to the calculation mechanism.

Assuming that tenure in the company exposes the decision-maker even more to the common social practices:

P38: Decision-maker tenure in the company is positively related to the conformance mechanism.

The first part of this manuscript presented a theoretical framework explaining the motivational mechanisms for organizations' use of social practices that benefit the local community, as well the antecedents of such practices. The second part presents an empirical study conducted to verify and refine this preliminary theoretical framework.

## **2. *Methods***

This section describes an empirical study conducted to refine the theoretical framework proposed in first part, specifically regarding the company's motivation for social practices used in its relationship with the local community. The objective of this empirical study is to verify the fit between theory and data so that theory can be refined.

### **2.1 Introduction**

#### *2.1.1 Dependent and independent variables*

The dependent variables in this study are the four motivational mechanisms for social practice adoption. The objective is to empirically link the four dependent variables (commitment, calculation, conformance, and caring) to an extensive set of environmental and individual antecedents of the motivational mechanisms (independent variables).

Although contemplated in the theoretical framework developed in the present study, societal-level variables are not measured in the empirical part. Rather than treating societal-level factors as variables, they are treated here as part of the context common to all organizations studied. Goddard (2005) argues that “[e]nvironmental scanning identifies factors influencing corporate adoption of community relation programs, under the descriptors of social, technological, economic, environmental, and political drivers” (p. 281). Rousseau and Fried (2001) argue for the importance of contextualization in academic research and provide a rich description of the external environment, including

location, economic, social and legal/political conditions, and culture. In order to control for societal-level environmental factors in the present study, a single geographical region was chosen for data collection – the Quad Cities region in Iowa-Illinois.<sup>20</sup>.

**Table 2.1** shows dependent and independent variables used in this empirical study.

**Table 2.1** List of dependent and independent variables

<p><b>Dependent Variables</b></p> <ul style="list-style-type: none"> <li>Commitment</li> <li>Calculation</li> <li>Conformance</li> <li>Caring</li> </ul>
<p><b>Independent variables</b></p> <p><i>A. Environmental factors</i></p> <p><i>Organizational level</i></p> <ul style="list-style-type: none"> <li>Size</li> <li>Industry</li> <li>Origin (local or nonlocal)</li> <li>Headquarters or branch?</li> <li>Privately or publicly owned?</li> <li>Level of resource slack</li> <li>Level of social investment</li> <li>Existence of code of ethics or conduct</li> <li>Employees trained on the code of ethics?</li> <li>Level of embeddedness in the local community</li> <li>Tradition of involvement with the local community</li> <li>Level of visibility</li> <li>Level of competitiveness in the industry</li> <li>Potential to harm the natural environment</li> <li>Extent to which organizational culture is other-regarding (stakeholder culture)</li> <li>Measurement of social performance</li> <li>Degree of disclosure of social performance</li> <li>Occurrence of recent events that affect reputation</li> <li>Important stakeholders</li> <li>Degree of program professionalization</li> <li>Level of dependence on local customers</li> </ul> <p><i>Individual level</i></p> <ul style="list-style-type: none"> <li>Level of managerial discretion regarding social practices</li> <li>Inclusion of contribution to social performance in managers' evaluation</li> <li>Level of managerial incentives for adoption of social practices</li> </ul> <p><i>B.1. Decision-maker: Observable characteristics</i></p>

<sup>20</sup> Note that this is a simplification of the theoretical model, as the same societal level factors may affect different companies in distinct ways.

Age
Gender
Tenure at the company
Level of formal education
Background (humanities? finance/economics?)
Previous positions held (human resources? public relations? marketing?)
Level of experience with organizational social practices
Previous involvement with social issues
B.2. <i>Decision-maker: Psychological characteristics</i>
Compassion
Other-orientation
Self-orientation
Idealism
Need to please

### 2.1.2 *Levels of analyses*

The dependent variables exist at the organizational level of analysis – motivational mechanisms for use of organizational social practices refer to processes that exist at the level of the firm. Some of the independent variables are also at the organizational level (e.g., organization-level environmental factors). However, other dependent variables exist at the individual level of analysis (e.g., individual level environmental factors and decision-maker characteristics). The use of different levels characterizes this study as a cross-level research. Rousseau (1985) argues that “[c]ross-level theories specify causal models of the effects phenomena at one level have on those at another” (p.14). In the present work, generalizations are appropriate at the organizational level. Constructs here developed do not generalize across levels. The four motivational mechanisms are organizational-level constructs and should not be applied to individuals. For example, social practices are motivated by calculation; individuals are motivated by self-interest.

### *2.1.3 The Quad Cities Region*

The Quad Cities region includes five major cities: Davenport and Bettendorf on the Iowa side, and Moline, East Moline, and Rock Island on the Illinois side. Located on the banks of the Mississippi River, three hours west of Chicago, IL, and three hours east of Des Moines, Iowa, the Quad Cities region has a population of 376,309<sup>21</sup>.

#### *2.1.3.1 The social and economic environment*

The total labor force in the Quad Cities in April 2006 was 205,359, with 187,600 non-agricultural employment. The unemployment rate was 4.3%<sup>22</sup>. The cost of living in the Quad Cities is comparable to St. Louis, Miss., 7.41% lower than Chicago and 1.13% lower than Atlanta<sup>23</sup>. Until the 1880s, the Quad Cities economy was largely based on agricultural manufacturers. With the nationwide crisis in the sector in the early 1980s, many manufacturers in the region closed operations or reduced the number of employees, causing a devastating effect on the local economy. Among companies that closed factories in that period were International Harvester, Case IH, and Caterpillar. John Deere, until now the major employer in the region, cut production by 50% in those days.

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<sup>21</sup> According to the U.S. Census Bureau, Census 2000; 2005 Population Estimates; Woods and Poole Projections 2005. Electronic Source. URL: <http://www.quadcities.org/FastFacts.asp>.

<sup>22</sup> According to the Illinois Department of Employment Security. Electronic source. URL: <http://www.quadcities.org/FastFacts.asp>.

<sup>23</sup> According to ACCRA Survey, Second Quarter 2005. Electronic Source: URL: <http://www.quadcities.org/FastFacts.asp>.

Economic recovery started in the 1990s with the creation of DavenportOne, a business-sponsored NGO that functions as a chamber of commerce, as a promoter of economic development, and as a manager of the Downtown Davenport project, a partnership to revive the downtown business district<sup>24</sup>. Another important development in the region in the 1990s was the start of riverboat casino gambling, which cost tens of millions to investors and attracted a large public. In June 2005, employment by industry in the region was as shown in **Table 2.2**.

**Table 2.2** Employment by Industry

Industry	%
Manufacturing	17.5
Health Care and Social Services	13.2
Wholesale and Retail Trade	12.3
Education	10.7
Professional Services	10.0
Government and Public Administration	7.0
Entertainment, Recreation & Personal Services	7.0
Transportation, Communications & Utilities	6.3
Construction	6.1
Financial, Insurance & Real Estate	5.8
Agriculture, Forestry & Mining	3.1

Source: Adapted from Iowa Workforce Development, June 2005<sup>25</sup>

### *2.1.3.2 The philanthropic environment*

Although a region of more than 350,000 inhabitants, the Quad Cities have the atmosphere of smaller towns in the Midwest. Each of the towns has a life of its own, and people tend to organize daily activities close to where they live. Due to strong community ties and work ethics, there is a mindset of giving and supporting others in the region. It starts with

<sup>24</sup> DavenportOne has currently 1,200 members.

<sup>25</sup> Electronic Source. URL: <http://www.quadcities.org/FastFacts.asp>.

families and neighbors helping each other, and grows into church communities, nonprofit organizations, and a general understanding of the meaning and importance of individual volunteering.

The network of charities in the Quad Cities is healthy and wealthy. Citizens “adopt” causes or nonprofit organizations and stay with them for decades. The major nonprofits, such as the United Way and Junior Achievement, are strongly supported and funded both by individuals and companies that operate in the region.

The philanthropic network is very active, reuniting the social and philanthropic elites formed by both traditional families in town and a number of professional managers of mid-sized and large companies. Events promoted by this network, in addition to promoting and funding the nonprofits, serve as opportunities for social gatherings, legitimized by their official objective.

The region offers a rich context for the present study, as the object of study – organizational social practices – is prevalent. In the next sections, the research design of this study will be presented.

## 2.2 Research Design

In this section, I contextualize this empirical study within institutional analysis, describe the objectives of the study, and describe the research strategy used to achieve these objectives.

### 2.2.1 Introduction

Scott and Meyer (1994) make three distinctions among contemporary studies that use institutional analysis, according to the type of theoretical model employed, objective of inquiry, and level of unit. In agreement with Zucker (1977), Scott and Meyer (1994) argue that institutionalization is, at the same time, “a process and a property variable” (Zucker, 1977, p. 728). Variance theories examine the causal relations among abstract variables, “attempting to determine what factors influence the outcomes observed” (p. 83), while process theories analyze occurrences of events, “rather than a set of relations among variables” (p. 83). Variance theories aim at answering the question “Why did this happen?” while process theories search for answers to the question “How did this happen?” (Scott, 1994, p. 83). The present study is in line with the property variable attribute of institutionalization – the questions it aims at answering refer to “why” companies use social practices. However, this study stops short of establishing causal relationships among variables. Its objective is rather to explore relationships between independent and dependent variables.

Scott and Meyer (1994) also propose that variance theories should be operationalized by “asking simply whether institutional factors are treated as independent or dependent variables” (p. 83). The institutional factors commitment, calculation, conformance, and caring are treated as dependent variables. The conditions that affect the dependent variables (contingencies, or context) are specific characteristics of the institutional environment (for example, managerial autonomy and stakeholder pressure, among others). According to Scott and Meyer’s (1994) typology of institutional research, which cross-classifies the three sets of distinctions described above, the present study is located in category 2 in which institutionalization factors are treated as dependent variables. Studies in this category “emphasize factors giving rise to institutionalization” (p. 85) – the effects of environmental conditions on the institutional motivational mechanisms for use of social practices.

Regarding the locus of the unit of analysis, Scott and Meyer (1994) make a distinction between units located at the intra-organizational level (micro level), organizational field level (meso level), and societal level (macro level) of analysis. This study uses two units of analysis, in a “multiple-embedded case study design” (Yin, 1994, p. 51). The company is the **unit of analysis**, and the organizational social practice is a **subunit** of the unity company. Both units exist at the meso level. The reason why the organizational social practice is used as a subunit is that organizations are often complex entities that, analyzed as a whole, offer contradictory answers to questions such as “What does motivate this company to adopt social practices?” or “Why does a company that supports so many community initiatives get involved in ethical scandals?” For the first question, answers

often vary from pure altruism to enlightened self-interest to pure self-interest. No answer, however, explains the phenomenon properly, as there are multiple reasons that vary from practice to practice. In the second question, the paradox of good companies involved in ethical scandals – which were surprising until incorporated in daily vocabulary – is intriguing. Coherence is expected from companies, but not likely to exist all the time, particularly in large public firms<sup>26</sup>. Thus, if looked at as a consistent whole, organizations do not offer a reasonable explanation of the reasons for their social action. However, if the focus of inquiry is transferred from the company to its individual social practices, then consistent evaluation of motivations for each of these practices becomes possible. There exists variation in the motivation mix for practices within a company, which might explain part of the overall lack of coherence discussed above. The composition of all motivations for social practice within a company (unit of analysis), might give the researcher richer insights on the topography this irregular terrain.

### 2.2.2 Objectives

The overall goals of this empirical study are:

- a) To refine the theoretical framework developed in the first part of this manuscript, specifically in its application to social practices used by companies in their relationship with the local community.

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<sup>26</sup> See, for example, the recent ethical scandal involving HP, considered as an icon of ethical behavior. The chairwoman of the board and four other employees were charged for illegal gathering of phone records of board members and other individuals in an investigation of news leaks (Darlin, 2006).

- b) To understand the motivational mechanisms for use of social practices with the community and their antecedents, both within organizations, and across different organizations.
- c) To develop a methodology to discriminate among the four motivation mechanisms.
- d) To develop tools that can be used by organizations to identify the motivation mix for each social practice they adopt.

The *first objective* of this empirical study is to answer the following descriptive questions:

1. How can each of the motivational mechanisms (commitment, calculation, conformance, and caring) be described?
2. How can the mechanisms be identified and differentiated empirically?
3. What is the motivation mix for each selected social practice aimed at the community in each company?
4. Is there consistency in the motivation mix for all community social practices in each selected organization?
5. Is there consistency in the mix of motivations for a specific practice across different companies?

The *second objective* of this study is to answer the following questions:

6. How do environmental conditions relate to the motivational mechanisms?
7. How do decision-maker characteristics relate to the motivational mechanisms?

### 2.2.3 Framework for the collection and analysis of data

Adapting a methodology developed for the project “Good Practices of Stakeholder View”<sup>27</sup> (GPSHV), I make use of a multimethod approach<sup>28</sup> to test the theory logic deductively in the proposed theoretical framework. Then, I work inductively to refine and alter the theory as the data suggest, using comparative case studies and surveys as a research strategy.

#### 2.2.3.1 Comparative case studies

Case study research is an appropriate approach to answer “how” questions and to build a framework for asking “why” questions, when the research focuses on contemporary events and the researcher has no control over the real behavioral events (Yin, 1994).

Miles and Huberman (1994) argue that the use of multiple cases:

*... adds confidence to findings. By looking at a range of similar and contrasting cases, we can understand a single-case finding, grounding it by specifying how and where and, if possible, why it carries on as it does. We can strengthen the precision, the validity, and the stability of the findings (p. 29).*

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<sup>27</sup> This project is headed by Dr. Sybille Sachs at the Center for Strategic Management – “Stakeholder View” at the University of Applied Sciences in Business and Administration, Zurich. Source:

<http://www.eabis.org/research/StakeholderView/>.

<sup>28</sup> Multimethod research is the “application of different research methods to the same research problem in a single project” (Brewer and Hunter, 2006, p. 14).

Case studies in this project address the research objectives 1-4 and 6. Approximately 25 individuals that make decisions regarding social practices aimed at the community are interviewed for the case studies. Motivational mechanisms, motivational mixes, and the relationships between decision-maker characteristics and the mechanisms are assessed. Motivations for each social practice in different companies are compared through (a) the study of **each company as a case** and (b) the **comparison of different cases**. The selection of cases is such that each of them “either (a) predicts similar results (*a literal replication*) or (b) produces contrasting results but for predictable reasons (*a theoretical replication*)” (Yin, p. 46). A set of two cases predicting similar results will be studied within each of four categories. Across distinct categories, the cases will predict contrasting results.

#### *Sample selection rationale for the case studies*

Companies are selected from a list of best corporate citizens appointed by a panel of experts. In the theoretical sample, the criteria for inclusion are based on two variables described in the literature as to influence corporate social responsibility and citizenship: company size and ownership structure (see **Figure 2.1**). It is assumed in this study a priori that size and ownership structure influence motivation for social practice use by companies as well. Thus, there are four categories of companies: small/medium private, small/medium public, large private, and large public. Small and medium companies are defined as firms that have less than 500 employees. Large companies are defined as firms

that have more than 500 employees. The choice of the two companies in each cell of the table was based on one criterion: the most similar companies within their category in the universe of 30 best corporate citizens in the Quad Cities.

**Figure 2.1** Theoretical sample for the case studies

<i>Size</i>	<i>Ownership structure</i>	
	<b>Privately owned</b>	<b>Publicly owned</b>
<b>Small and Medium Companies</b>	Cell 1: Company 1 Cell 1: Company 2	Cell 2: Company 3 Cell 2: Company 4
<b>Large Companies</b>	Cell 3: Company 5 Cell 3: Company 6	Cell 4: Company 7 Cell 4: Company 8

### 2.2.3.2 Surveys

The multiple case studies investigate motivations and individual characteristics. However, the number of cases (eight) is too small to capture variation in organization level variables (e.g., environmental conditions). An exploratory survey is conducted with companies in the region with the objective of assessing the relationships between environmental conditions and the motivational mechanisms (the survey addresses research objective #5). Survey questions are selected to reflect the variables that measure environmental conditions on the organizational level of analysis.

It is important to note that the nature of the survey is exploratory. Rather than offering results that can be generalized to other populations, this survey aims at capturing

relationships between certain characteristics of companies and of decision-makers and the motivational mechanisms. It makes use of a sample size (N=50 observations) that is small relative to the analytic tool employed (PLS Software). Although the use of the survey's results is limited because data are triangulated (with data obtained in the case studies), the results offer a rich understanding of relationships between dependent and independent variables.

*Sample selection rationale for the survey*

- The survey population is composed of all companies in the Quad Cities region listed on Dun & Bradstreet's Hoover's database. The objective of the sample is to fairly represent four subgroups in the population: private SMEs, public SMEs, private large companies, and public large companies (See **Figure 2.2**).

**Figure 2.2** Random sample for the surveys

<i>Size</i>	<i>Ownership structure</i>	
	<b>Privately owned</b>	<b>Publicly owned</b>
<b>Small and Medium Companies</b>	Cell 1: random sample of the small/medium private companies in the population*	Cell 2: all small/medium public companies in the population*
<b>Large Companies</b>	Cell 3: all large private companies in the population*	Cell 4: all small/medium private companies in the population*

\*With the exception of companies already included in the case studies

**Table 2.3** summarizes the design of interview and survey samples.

**Table 2.3** Summary table – Case studies and survey samples

	<b>Case Studies</b>	<b>Survey</b>
Population	List of 30 best corporate citizens in the Quad Cities	All companies in the Quad Cities region Sub-populations: Cell 1: Private SMEs Cell 2: Public SMEs Cell 3: Private large Cell 4: Public large
Sampling method	Theoretical sampling	Random sampling: cell 1 total subpopulation: cells 2, 3, 4
Sample size	8	Cell 1: 40 Cell 2: 12 Cell 3: 16 Cell 4: 3
Sampling frame	List of 30 best corporate citizens in the Quad Cities	List of companies in the QC region listed on Hoover's database <sup>29</sup> .
Selection of sample elements	Two similar privately held SMEs Two similar publicly held SMEs Two similar privately held large companies Two similar publicly held large companies	Cell 1: Random sample of the subpopulation obtained using a list of random numbers (Glass and Hopkins, 2001) Cell 2, 3, and 4: all companies in the respective subpopulations

Source: based on Thiétart et al., 2001, p. 167, Figure 8.3.

### 2.2.2.3 *Quality of research design and method*

Some researchers argue that case studies lack precision, objectivity and rigor (Yin, 1994). In order to ensure the presence of these attributes to the case studies presented here, I use tactics for research quality tests described in the literature (Thiétart et al., 2001; Yin, 1994). Similarly, quality of quantitative design is achieved through tactics and tests also described in the literature (Glass and Hopkins, 1996). **Table 2.4** displays tests and tactics for case study and survey design and methods. A discussion of the tests follows.

<sup>29</sup> The definition of the “Quad Cities region” in this study includes following counties: Scott and Muscatine (IA), and Rock Island (IL).

**Table 2.4** Design and Method Tests

<b>Tests</b>	<b>Case study tactics</b>	<b>Phase of research</b>	<b>Survey Tests</b>	<b>Phase of research</b>
<b>Construct validity</b>	<ul style="list-style-type: none"> <li>• Use of multiple sources of evidence</li> <li>• Establishment of chain of evidence</li> <li>• Have key informants review the draft case study report</li> </ul>	Data collection Data collection Composition	PLS loadings	Data Analysis
<b>Internal validity</b>	<ul style="list-style-type: none"> <li>• Pattern matching</li> <li>• Explanation-building</li> </ul>	Data analysis Data analysis	N/A	
<b>External validity</b>	<ul style="list-style-type: none"> <li>• Use of replication logic</li> </ul>	Research design	Sample that represents the population	Research Design
<b>Reliability</b>	<ul style="list-style-type: none"> <li>• Use of a case study protocol<sup>30</sup></li> <li>• Development of case study data base<sup>31</sup></li> <li>• Description of the process of condensing and analyzing data<sup>32</sup></li> </ul>	Data collection Data Analysis	Documentation of the research process	Data collection Data Analysis
<b>Reliability of the measuring instrument</b>	Random recoding of interviews and documents	Data analysis	PLS loadings	Data analysis
<b>Validity of the measuring instrument</b>	N/A		<ul style="list-style-type: none"> <li>• Instrument check with the research community</li> <li>• Instrument measures various dimensions of the phenomenon</li> </ul>	Research Design

Sources: Based on Yin (1994, p. 33); Thiétart et al. (2001) and Glass and Hopkins (1996)

Following Yin's (1994) orientation regarding quality of case study research, this study adopts the above-described tactics and respective operationalization strategies.

<sup>30</sup> See APPENDIX B

<sup>31</sup> See APPENDIX C

<sup>32</sup> See APPENDIX C

Construct validity is the extent to which the measure taps the quality we want it to measure (Babbie, 2001). In qualitative research, the researcher needs to “establish that the variables used to operationalize the studied concepts are appropriate ... and to evaluate the degree to which the research methodology ... enable us to answer the research question” (Thiétart et al., p. 199). The present work uses *multiple sources of evidence* (interviews, surveys, and secondary data) “in a manner encouraging convergent lines of inquiry” in a process of data triangulation (Yin, 1994, p. 34). It also establishes a *chain of evidence* that allows the reader, if starting from the conclusion, to trace the research process backwards. The objective is not to have any loss of data, and that the final report of each case be consistent with all data collected. This is achieved in this study by a number of relevant citations in the final report, by the quality of the database (which includes actual evidence), by following the procedures described in the protocol for data collection, and by the use of a protocol that clearly shows “the link between the content of the protocol and the initial study questions” (Yin, 1994, p. 99). Subjects from each company will conduct a *revision of case reports*. These subjects should agree with the facts described. If not, the case will need further investigation. In quantitative research, in order to obtain construct validity, the researcher needs to “ensure that different variables used to measure the same phenomenon correlate strongly with each other (“convergent validity”) and variables used to measure different phenomena are not perfect correlated (“discriminant validity”)” (Thiétart et al., 2001, p. 198-199). The degree of construct validity can be measured using factor analysis (Thiétart et al., 2001).

Internal validity applies to the research process, whether it uses qualitative or quantitative approaches. It refers to “the pertinence and internal coherence of the results produced by a study; researchers must ask to what degree their inferences are correct and whether or not rival explanations are possible” (Thiéart et al., 2001, p. 207). Yin (1994) argues that the concept of internal validity is a concern in studies in which the researcher wants to establish that event A causes event B, and is not applicable to exploratory studies, as they don’t aim at establishing causality. The present study aims at exploring relationships among variables, without exploring whether A causes B or vice-versa. Thus, the tactics for internal validity are used here with parsimony. *Pattern-matching* is used to compare predicted patterns of variables with empirical patterns shown in the data. If data patterns are in line with theoretical propositions and alternative patterns are not existent, then relational inferences can be made (Yin, 1994). An *explanation-building* process of each case is used to “develop ideas for future study” (Yin, 1994, p. 110).

External validity in general refers to generalization of research results to other sites (Thiéart et al., 2001). In quantitative research, which makes use of a sample representative of the universe, the researcher looks for statistical generalization. However, in case studies, which logic is not to represent the universe but rather focus on idiosyncratic characteristics in a case, the researcher looks for analytical generalization, or the ability to generalize the results to the theoretical framework (Yin, 1994). In the present study, external validity is ensured in the case study results through the use of replication logic in the research design – a choice of cases for which the same results are predicted, and other cases for which different results are predicted. Validity of the survey

results, or the ability to generalize the results to the population of social practices used by companies operating in the Quad Cities region, is achieved through the use of an independent random sample with at least 50 elements.

Reliability of research “consists in establishing and verifying that the various processes involved will be able to be repeated with the same results being obtained by different researchers and/or in different periods” (Thiétart et al., 2001, p. 210). In the case studies, reliability will be obtained by (a) *appropriate documentation* of the procedures followed in the case studies through the use of a case study protocol, (b) the development of a *case study database*, and (c) *description of the process of condensing and analyzing data*. In the surveys, reliability is ensured through documentation of the research process. The objective is that each and all steps are traceable and possible to be followed.

Reliability of the measuring instrument refers to the quality of allowing different researchers to achieve the same results with the same subject, or to allow the same researcher to achieve the same results with the same subject in different moments in time. In quantitative research, reliability of the instrument can be assessed by measurement of the internal cohesion of a measurement scale (the degree of correlation between the items that measure the same variable) (Thiétart et al. 2001). The Cronbach’s Alpha coefficient is a widely used method to test internal consistency in quantitative research and is calculated for the data obtained from surveys in this study. If in the case studies research the stability of the instrument reflects reliability, in qualitative research the instrument needs to be constantly revised. Reliability of the instrument in qualitative research is thus

obtained in the coding of raw data. One strategy is to code the same data twice, in different moments in time (Thiétart et al. 2001). In this study, case study data are coded both right after the each interview is conducted, and after all interviews are done.

Validity of the measuring instrument refers to whether it measures “what it is supposed to measure, rather than a different phenomenon” (Thiétart et al., 2001, p. 205). In qualitative research, the assessment of validity of the instrument is problematic, as interviews usually deal with opinions. In quantitative research, content validity increases if there is an external consensus in the research community regarding the instrument, and if the instrument permits the measurement of multiple dimensions of the phenomenon. The survey instrument in this study was submitted to four scholars in the field for evaluation.

### **2.3 Research Method**

This study follows the necessary steps carefully articulated by Sachs (2005) to conduct research that uses multiple methods. The process, depicted in **Table 2.5**, involves: analysis and coding of key documents; interviews and coding of interviews; interpretation of the interview database; surveys and analysis of surveys; interpretation of the survey database; consolidation of the three sources of data; and incorporation of results into the initial theoretical framework.

**Table 2.5** Procedure of the project (Adapted from Sachs, 2005)

<b>Objectives</b>	Analysis and coding of key documents of each company	Interviews and coding of interviews at each company	Interpretation of the interview database Elaboration of individual case results Elaboration of cross-case results	Surveys and analysis of surveys	Interpretation of the survey database Consolidation of documents, case, and survey results
<b>Method</b>	Qualitative content analysis	Semi-structured interviews Qualitative content analysis of interviews	Interpretation in an institutional framework Comparative analysis	Phone surveys Quantitative analysis of Survey results	Interpretation in an institutional framework Consolidation of case study and survey results
<b>Results</b> Starting point: <u>Preliminary Theoretical Framework</u>	Database Topics for interviews at each company	Enlarged database	Individual case studies verified by the companies Cross-case analysis Refined propositions re to motivational mechanisms Tools	Enlarged Database	Refined propositions re relationships between variables Tools Suggestions for future research

### 2.3.1 Data Collection

Data for this exploratory study were obtained through individual face-to-face qualitative interviews (Babbie, 2001), phone surveys, and archival data. The objective of the multimethod approach to data collection is the triangulation of data, which allows for more accuracy in the values of a phenomenon by “sighting in on it from different

methodological viewpoints” (Brewer and Hunter, 2006, p. 5). This section describes these three sources of data.

#### *2.3.1.1 Archival data*

Archival data related to the companies included in the interview sample were collected and coded. Relevant documents were obtained from companies, newspapers, and the Internet. A database of archival data was constructed for each company. Results were analyzed along with interview data analysis.

#### *2.3.1.2 Qualitative interviews*

Interviews were conducted in order to capture the dependent variables (commitment, calculation, conformance, and caring), and the decision-maker characteristics and organizational conditions. Companies were selected from a list of the best corporate citizens in the Quad Cities region. In a previous study conducted in the spring of 2006, a panel of 22 local experts including business leaders, local NGOs, educators, community activists, union leaders, business associations, educators, politicians, and consultants, identified 30 companies in the region considered as the best business citizens, or the most socially responsible companies. From that list, eight companies were selected, and their social practices aimed at the stakeholder “community” were identified. Through semi-structured interviews, the motivations for use of such practices and the relationships between those motivations, environmental conditions, and decision-maker orientation were explored.

### *Selection of companies for the interviews*

The objective of the selection process was to identify the most appropriate two companies for each of four categories formed by the combination of the variables size (small/medium and large) and degree of publicness (private and public). The criterion for selection was similarity between companies within each category. The process to choose each pair of companies was such that the population was divided into four groups corresponding to the four categories and within each group pair of companies were analyzed as to their similarities and differences. Then the best matching pair was chosen for each category. Due to the fact that the population of best corporate citizens was small (30 companies), some of the pairs are the best match, rather than a “perfect match.” The sample with the best matches is for each cell is composed as follows:

#### **I. Small-medium private companies**

Company 1: 389 employees, retail, headquarters, regional

Company 2: 200 employees, manufacturing and retail, headquarters, regional

Similarities: Both companies are private, have less than 500 employees, were locally originated, are managed by owners, and have their main consumer market located in the Quad Cities. Both companies have a long tradition in their respective markets, are well known by the general public, and their owners are known as great philanthropists.

Differences: One company is a family business managed by the third and fourth generation of owners. The other, also managed by the four owners, is not a family business and was bought by the current owners in the mature stage of its life cycle a

decade ago. One company is in the retail industry and the other manufactures and sells its own products.

## **II. Small-medium public companies**

Company 3: 130 employees, communications, branch, national

Company 4: 375 employees, manufacturing, branch, multinational

Similarities: Both companies have less than 500 employees, are branches of larger corporations whose headquarters are not located in the region, are not family businesses, and are publicly owned. Both were originated in the Quad Cities and later bought by larger companies. Both are managed by professionals who are very involved with the local community.

Differences: One company is in the services industry and the other is in manufacturing. One company is more subject to both regulations and public expectations than the other. Their level of visibility in the region is very different – one is very visible and the other is moderately visible. One company is owned by a national corporation with headquarters in New York and the other is owned by a very large multinational corporation whose headquarters are not located in the United States.

## **III. Large private companies**

Company 5: 585 employees, manufacturing, headquarters, international

Company 6: 1,200 employees, services, headquarters, national

Similarities: The two companies were originated locally; are private, large-family businesses managed by owners; are moderately visible in the local community; and have other businesses as customers (business-to-business).

Differences: One company is managed by the first and second generations and the other by the fifth generation of family owners. Ages of the companies are very different – 150 and 33 years old. The founder of one of the companies is still managing the business. One company is in manufacturing and the other is in the services industry. The older company is in its mature stage and has most of the market share in its niche, while the other is constantly expanding its operations and market share.

#### **IV. Large public companies**

Company 7: 2,300 employees, manufacturing, branch, multinational

Company 8: 1,580 employees, manufacturing, branch, multinational

Similarities: Both companies are large branches of American corporations with headquarters not located in the Quad Cities. They are among the larger employees in the region, are highly visible to the general public, and are in the mature stage of their life cycles. Both are highly regulated externally through laws and regulations, and internally, through bureaucratized and hierarchical systems.

Differences: One company sells its industrial products to other businesses throughout the world and their products are not consumed in the local market. The other sells consumer products to distributors nationwide and its products are consumed and branded locally.

#### *Procedure*

A representative of each company was contacted (CEO, owner, general manager, or individual responsible for social practices) and asked to participate in the research. A formal invitation followed by mail. The locus of decision-making regarding social

practices varies across companies. In small and medium companies, such decisions are usually made by the owner(s) or by the top management team. In large companies, these decisions are likely to be made by the Marketing, Human Resources, Communications, or other specialized departments in the organization, such as Corporate Responsibility or Citizenship departments. In branches of large companies, they may be made by the general manager. In addition, decisions regarding social practices may also be made by the top management team or CEO. From the perspective of the locus of decision-making, this is a “mixed-echelon” study (Rousseau, 1985, p.32). Both during the first contact and through the invitation letter, representatives of companies were told that their identities, the identities of the other participants in their companies, and the identity of the firm would be kept confidential. The mechanism used to keep data and identities confidential was such that interviews were recorded and transcribed without any names. Interviewees were asked not to mention names of individuals or the name of the company in the interviews. Nowhere else were names recorded either. Interviews and other materials related to a certain company received a code referring to the size of the company and the ownership structure, plus whether they were Company One or Company Two in each cell (see APPENDIX M: IRB Protocol).

Upon agreement of participation, in person-to-person meetings, these representatives were asked to list all the social practices adopted by their companies toward the local community in the year 2005. Those practices included donation of money, donation of products or services, volunteering programs for employees, direct participation in community projects, and support to NGOs, among others. They were given a few days to

list the practices before the interview. The choice of ‘year 2005’ was due to the fact that that was the last fiscal year at the time of data collection, and because of that, closer to the managers’ recollection (Buchholtz, 1999). Company representatives were also asked to indicate the names of other individuals responsible for making decisions regarding social practices in the company.

Three to five individuals were then contacted by phone in each company and asked whether they would agree to be interviewed. Upon agreement, they were sent the Informational Script for Interviews (See **APPENDIX E**: Recruitment Script for Interviews) and the interviews were scheduled. Individual face-to-face qualitative interviews were conducted with these representatives (23 interviews total). The recruitment script explains the confidentiality of data. In addition, interviewees were told how confidentiality would be kept by the author. Interviews were semi-structured – they followed a script, but left room for interviewees’ comments. On the occasion of the interview, the respondent was shown a list of practices in use in his/her company in the year 2005, and was asked to choose the most important and least important practices in his/her opinion and to justify the choice. The participant was also asked about his/her personal background and experience, as well as for information about the company (See **APPENDIX F**: Interview Protocol). The length of the interviews was 45-70 minutes. Interviews were tape-recorded. Each participant received a thank you letter after all the interviews were conducted in all companies. The interviews were conducted from November 2006 through May 2007.

### 2.3.1.3 *Survey*

Surveys were conducted in order to capture the dependent variables (commitment, calculation, conformance, and caring) and independent variables on the organizational level (environmental conditions/organizational characteristics). The unit of analysis of the survey is the individual social practice. Each company generates two observations.

#### *Selection of companies for the survey*

The universe was formed by all the companies operating in the Quad Cities region. A list of companies was obtained from Dun & Bradstreet's Hoover's database. Companies in that list were classified according to size and ownership structure (see table in **Figure 2.1**), and a few classes of organizations were excluded from the database, including nonprofits, public schools, associations, churches, and governmental agencies.

Companies that participated in the case studies were also filtered out of the database, as well as companies that were listed twice.

The number of companies in each cell of the table in **Figure 2.2** in the filtered database was as follows:

- Cell 1: 677
- Cell 2: 12
- Cell 3: 14
- Cell 4: 3

Due to the reduced number of companies in cells 2, 3, and 4, in those three cells the whole subpopulation was included in the sample for the survey. A random sample of 40 companies was drawn from the subpopulation in cell 1 (see **Table K**). A table of random numbers was used for this purpose (Babbie, 2001).

### *Procedure*

In each company to be surveyed, the name of the highest rank individual responsible for social practices was identified through the researcher's network of contacts in the region. An invitation letter was sent to these individuals by mail (see **APPENDIX G: Recruitment Letter for the Survey**). In the cases where that identification was not possible, letters were sent to the CEO, president, or administrative vice-presidents and directors, following a "best-guess" rule. The letters were followed by phone calls within the following week to verify whether company representatives agreed to participate in the survey. Date and time of the phone surveys were scheduled on that occasion.

Surveys were conducted by phone in May and June 2007. Compared to self-administered questionnaires, return rates of phone surveys are usually higher (Besser, 2006; Rousseau, 2006) and costs are lower (Babbie, 2001). The expected length of the phone survey was 30-40 minutes. Participants received a thank you letter within four weeks of the date of the phone survey.

## 2.4 Measures

This section presents the operational definitions and measures for each of the dependent and independent variables considered in this study.

### *2.4.1 Independent Variables Definition and Measures*

Independent variables are the environmental and individual factors that influence the motivational mechanisms for use of social practices. Some of them were described in the first part of this study and their relationships with the mechanisms translated into propositions. In addition to the described variables originated in the literature review, other variables that might also influence the mechanisms were included in the empirical study. All variables are depicted in Table N, Table O, Table P, and Table Q. The original variables are underlined in the tables.

#### *2.4.1.1 Environmental conditions*

Environmental conditions refer to the context in which social practice adoption occurs. The context is composed by societal-, organizational-, and individual-level factors.

*A.1 Societal-level environmental conditions*

Environmental conditions on the societal level, such as economic and social conditions, were not measured in this study.

*A.2 Organizational-level environmental conditions*

Organizational-level conditions definition and measurement are depicted in **Table 2.6**.

**Table 2.6** Organizational-level independent variables, definitions, and measurement

<i>Variable</i>	<i>Definition</i>	<i>Measurement</i>
<b>Company age</b>	Age of the company	2006 – (Date the company was founded)
<b>Local size</b>	Size of the local operation	# of employees in the local operation
<b>Total size</b>	Size of the whole company	Total # of employees
<b>Local revenue</b>	Revenues generated by the local operation	\$ 2005 revenues
<b>Industry</b>	Industry(ies) where the company operates	Selection among: Agriculture, forestry & fishing Mining Construction Manufacturing Transportation, communications, electric, gas & sanitary services Wholesale trade Retail trade Finance, insurance & real state Services
<b>Origin</b>	Whether the company's origin is local	Is the origin of the company local? Y/N
<b>Location of the headquarters</b>	Whether the local operation is the company headquarters or a branch	Headquarters located in the Quad Cities? Y/N
<b>Ownership structure</b>	Ownership structure	Is the company private (1) or public (2)?
<b>Separation between ownership and control</b>	Whether the owners or majority shareholders manage the firm	Do the owners manage the company? Y/N

<b>Level of resource slack</b>	Local resource slack compared to the industry and to the company's needs	Respondent's perception of : a) Company's retained income relative to other companies in the industry Less than others - Similar to others - More than others b) Company's retained income relative to its needs Less than adequate - Adequate - More than adequate
<b>Degree of dependence on the local market</b>	Percentage of the company's sales generated in the Quad Cities region	% of local operation sales generated in the local market
<b>Level of visibility</b>	The degree to which the company is easily observed or known by the general public	Respondent's perception of whether the company is: not visible, moderately visible, or very visible
<b>Ability to pollute the natural environment</b>	Extent to which the company operations pollute the natural environment	Respondent's perception of ability: no/small influence, moderate influence, large influence
<b>Level of competitiveness in the industry</b>	Intensity of market competition among companies in the industry	Respondent's perception of industry competitiveness (not very competitive, moderately competitive, very competitive)
<b>Tradition of involvement with the community</b>	Number of years the company has adopted social practices aimed at the local community	# of years the company has adopted social practices/company age
<b>Degree of normative commitment</b>	Level of support within the company for the code of conduct/ethics	Existence of a code? Y/N Employees are trained? Y/N % of employees trained: Hours of individual training in 2005:
<b>Existence of a rule of thumb</b>	Existence of clear guidelines on how and/or how much the company should invest in the local community	Does your company have a rule of thumb for the scale of philanthropy or for the kinds of philanthropic activities?
<b>Investment in the local community</b>	Amount of equivalent U.S. \$ invested in the community	How much did your company invest in the local community in the year 2005?
<b>Changes in the level of money investment in the local community</b>	Whether the level of money investment in the local community has changed in the last five years	Level of philanthropy in the local community in the last five years has: diminished, been the same, increased
<b>Level of incentives for employee involvement with the community</b>	Whether organizational culture stimulates employee involvement with the community	The level of incentives for employee volunteering with the community is: low-average-high
<b>Measurement of social performance</b>	Whether the performance of the firm in its	Is social performance measured in your company? Y/N

	relationships with all stakeholders is measured	
<b>Internal disclosure of social performance</b>	Whether organizational social performance is reported to the internal public	Is social performance disclosed to the internal public? Y/N
<b>External disclosure of social performance</b>	Whether organizational social performance is reported to the External public	Is social performance disclosed to the internal public? Y/N
<b>Occurrence of recent events that affect reputation</b>	Whether the company has been involved in any events that tarnished its reputation	Were there any events that adversely affected the company's reputation in the last five years? Y/N Severity of harm (low, medium, severe)
<b>Degree to which stakeholder culture is other-regarding</b>	The extent to which the company takes into consideration the needs of stakeholders other than owners and managers	Answer to item c) of: Respondent's distribution of 10 points among the importance the company gives to the needs of: a) managers, b) stockholders/owners and c) other stakeholders
<b>Existence of anonymous contributions</b>	Whether company makes anonymous contributions to the community	<b>Interviews only</b>
<b>Influence of ethical leadership</b>	Whether the CEO and/or top management team's behavior influence decisions regarding the use of social practices	To what extent does the ethical behavior of top management in your company positively influence the company's social practices? No or small/moderate/large influence
<b>Degree of social program professionalization</b>	The extent to which decisions regarding social practices are made by a structured system	Existence of a department, or one or more individuals dedicated to social practices? Y/N If a department, # of individuals in the department If individuals, formal role of the individuals in the company

### A.3 Individual level environmental conditions

Individual level environmental conditions refer to the specific attributes of the job held by the individuals that make decisions regarding social practices in the company. **Table 2.7** depicts such conditions.

**Table 2.7** Individual level independent variables, definitions, and measurement

<i>Variable</i>	<i>Definition</i>	<i>Measurement</i>
<b>Importance of social practices management in the decision maker function in the company</b>	Extent to which social practice management is important in the decision-maker overall function in the company	How would you classify the importance of decisions regarding social practices in your own overall function in the company? Not very important, important, very important
<b>Influence of social practices on decision-maker performance evaluation</b>	Whether decision-maker involvement with social practices is taken in consideration in his/her performance evaluation	Does contribution to social performance influence the evaluation of managers in your company? Y/N
<b>Social practices-related incentives to decision-maker</b>	Whether there exist incentives related to decision-maker involvement with social practices	Are there incentives for managers that contribute to corporate social performance? Y/N
<b>Level of managerial autonomy</b>	Extent to which decision-makers have autonomy to take initiatives and to authorize money expenditures regarding social practices	How much autonomy do you have to authorize or initiate social practices in your company? no autonomy, some autonomy, total autonomy How much autonomy do you have to authorize money expenditures related to social practices? no autonomy, some autonomy, total autonomy

#### 2.4.1.2 Decision-maker Orientation

Decision-maker orientation refers to psychological characteristics and observable experiences of individuals that make decisions regarding social practices in the company.

**Tables 2.8** and **2.9** depict these factors.

*B.1 Psychological characteristics*

**Table 2.8** Psychological characteristics, definitions, and measurement

<i>Variable</i>	<i>Definition</i>	<i>Indicators: some words and terms used by the decision-maker during the interview (interviews only)</i>
<b>Presence of moral values</b>	Decision-maker behavior is driven by moral values and beliefs	Right thing to do, I believe, values, (follow or be a) moral example, want to see (social objective)
<b>Presence of emotions</b>	Decision-maker behavior is driven by emotions	Compassion, passionate about it, comes from the heart, get next to the beneficiaries
<b>Presence of self-interest</b>	Decision-maker behavior is driven by self-interest	My own interest, benefit(s) me, makes me feel better
<b>Presence of spirituality</b>	Decision-maker behavior is driven by spirituality or faith	Church, faith, religion, service
<b>Search for meaning</b>	Desire to lead a meaningful life	Meaning, worthy
<b>Maturity</b>	Decision-maker is fully developed as a person	Maturity, mature
<b>Need of social status</b>	Desire to have access to the philanthropic and social elite	More than just an employee, contact with people of higher social status, social networking, contacts
<b>Need for visibility</b>	Desire to be noticed within a social group	Differentiate(s) me, get known for charitable activities, meet people, be in the loop
<b>Need of approval/acceptance</b>	Desire to be approved by other individuals or groups	(Someone would be) proud of me, weird if I would not engage in social practices, be recognized
<b>Need to conform</b>	Desire to fit in a social group	Everybody does it; part of my role, pressure, peer pressure
<b>Need to please others</b>	Desire to meet external expectations	I am expected to do; other would be disappointed; (someone) encourages me, (someone) will feel proud of me
<b>Need to please self</b>	Desire to meet internal expectations	Moral obligation, feel good (about volunteering), satisfaction
<b>Need to reciprocate</b>	Desire to engage in an ongoing exchange	Reciprocity, (I have to) reciprocate, obligation to reciprocate

## B.2 Observable Experiences

**Table 2.9** Observable experiences, definitions, and measurement

<i>Variable</i>	<i>Definition</i>	<i>Measurement</i>
<b>Individual ownership</b>	Whether the interviewee owns the company	Are you owner? Y/N
<b>Age</b>		Age group
<b>Gender</b>		Gender
<b>Tenure</b>	Tenure at the company	For how many years have you been working for the company?
<b>Level of formal education</b>	Highest level of formal education	Highest level of formal education: high school, college, master's, doctorate
<b>Parents' moral example</b>	Whether DM acquired moral values from parents and family	<b>Interviews only</b>
<b>Humanities background</b>	Whether the decision-maker has a background in humanities (languages, literature, philosophy, religion, communications, cultural studies, history)	Do you have a humanities background? Y/N
<b>Finance/economics background</b>	Whether the decision-maker has a background in finance or economics	Do you have a finance or economics background? Y/N
<b>Experience in human resource management</b>	Whether the decision-maker has ever held a position in HR	Have you ever held a position in human resources?: Y/N
<b>Experience in public relations</b>	Whether the decision-maker has ever held a position in PR	Have you ever held a position in public relations? Y/N
<b>Experience in marketing</b>	Whether the decision-maker has ever held a position in marketing	Have you ever held a position in marketing? Y/N
<b>Level of experience with organizational social practices</b>	Extent to which decision-maker has experience with organizational social practices	How many years of experience do you have with social practices in organizations?
<b>Exposition to social issues</b>	Whether the decision-maker had had exposition to social issues before he/she assumed responsibility for social practices at the company	Have you had direct involvement with social issues before you started making decisions regarding social practices in organizations? Y/N
<b>Exposition to solutions to social issues</b>	Whether the decision-maker has witnessed the implementation of solutions for social issues	<b>Interviews only</b>

<b>Contact with the philanthropic elite</b>	Whether the decision-maker has contact with the local donors	<b>Interviews only</b>
<b>Participation in peer networks</b>	Whether the decision-maker has contact with decision-makers in other companies	<b>Interviews only</b>

Independent variables were measured through archival, interview, and survey data, as shown in **Table 2.10**.

**Table 2.10** Sources of data for measurement of independent variables

	<b>Archival Data</b>	<b>Interview Data</b>	<b>Survey Data</b>
<i>Organizational-level characteristics</i>	<b>X</b>	<b>X</b>	<b>X</b>
<i>Individual-level organizational characteristics</i>		<b>X</b>	<b>X</b>
<i>Decision-maker psychological characteristics</i>		<b>X</b>	
<i>Decision-maker observable experiences</i>		<b>X</b>	<b>X</b>

Note that the list of independent variables covers a wide range of company and individual characteristics. Psychological characteristics of decision-maker are not measured in the survey. However, measures were developed for all for use in future investigations. From the variables measured in the survey, 14 were used in this study: local size, location of the headquarters, ownership structure, degree of dependence on the local market, degree to which stakeholder culture is other-regarding, visibility, incentives for volunteering, existence of code of conduct, existence of rule-of-thumb for philanthropy, influence of ethical leadership, level of managerial autonomy, decision-maker ownership, decision-maker background in marketing, decision-maker gender.

## 2.4.2 *Dependent variables measurement*

The four dependent variables are: commitment, calculation, conformance, and caring. They reflect the organizational motivations for social practice adoption. Distinct strategies are used to measure the dependent variables in interviews and in surveys.

### 2.4.2.1 *Interviews*

In the analysis of interviews, measurement of dependent variables is made through the presence of key words and expressions that relate with each motivation mechanism. Specific terms are expected to be used by the interviewees in the explanation of the reasons why the most important and the least important social practices were adopted by their companies (interviewees were asked to identify both groups of practices). Examples of key words and terms are depicted in **Table 2.11**.

**Table 2.11** A sample of indicators of motivational mechanisms in interviews

<i>Motivational mechanisms</i>	<i>Indicators</i>
<b>Commitment</b>	Right thing to do Moral obligation If we don't do it, who will? We believe we should help We have always dedicated part of our funds.... References to community needs, social issues, or problems References to the disparity of resources References to business role in the community
<b>Calculation</b>	It is good for our image The employees appreciate it It helps our sales It helps attract and keep employees It is good for the company It helps the reputation

<b>Conformance</b>	We have incorporated this practice Every year we contribute I was asked by (a peer, another company representative) We contributed once, and every year they come back
<b>Caring</b>	We like this cause An employee of the company started this campaign I prefer a certain cause I went through the same problems in my childhood Some of my family members used their services

#### 2.4.2.2 Surveys

Measurement of **dependent variables** in the surveys is made through the use of 12 statements reflecting the motivations. For each practice the interviewee is asked to rate each of the 12 statements according to the level of truth on each (0 means “not true at all” and 4 means “absolutely true”). The statements reflecting the motivational mechanisms are depicted in **Table 2.12**.

**Table 2.12** Indicators of the motivational mechanisms used in the surveys

<i>Motivational mechanism</i>	<i>Indicators</i>
Commitment	<ul style="list-style-type: none"> <li>• This practice is used because it is required by the company’s principles and values</li> <li>• This practice is used because the company has a moral obligation to do so</li> <li>• This practice is used because the company believes that it is the right thing to do, morally</li> </ul>
Calculation	<ul style="list-style-type: none"> <li>• This practice is used because it benefits the company</li> <li>• This practice is used because it is good for the company</li> <li>• This practice is used because it results in positive outcomes for the company</li> </ul>
Conformance	<ul style="list-style-type: none"> <li>• This practice is used because it follows a tradition in the company and/or in the local community</li> <li>• This practice is used because it became a habit</li> <li>• This practice is used because the company is expected to do so</li> </ul>
Caring	<ul style="list-style-type: none"> <li>• This practice is used because one or more of the decision-makers has an emotional attachment to this cause</li> <li>• This practice is used because one or more of the decision-makers has a passion for this cause</li> <li>• This practice is used because it speaks to the heart of some decision-makers</li> </ul>

## 2.5 Instruments

### 2.5.1 *Semi-structured interviews*

Interviews aim at verifying whether the data reflected the propositions about the phenomenon under study. Interviews are structured in three parts: (1) questions about the organization; (2) questions about the practices; and (3) questions about the decision-maker. The interview protocol serves as a guide to remind the interviewee of the questions that need to be answered. However, one of the objectives of the interviews is to let the interviewee reveal his/her thoughts on the motivation for use of social practices by the company. This can only be achieved if the interviewee expresses perceptions and can freely move from one theme to another. Thus, questions about the practices and the interviewee are open ended. At the end of each interview, decision-makers were given a list of questions to be answered and sent back to the researcher by mail. The content of the questions is the same content of the survey questionnaire (see **APPENDIX I: Survey Instrument**).

### 2.5.2 *Surveys*

Similar to the interview script, the survey questionnaire is based on the propositions presented in the first part of this work, as the objective of the empirical study is to check

the fit between propositions and data in order to refine the theoretical framework. Prior to  
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application, the questionnaire was validated with eight scholars and executives. The questions were adjusted when they were not clear to the respondents or when they did not reflect the underlying theoretical proposition. Two decision-makers who were interviewed for the case studies were asked to evaluate the same social practices answering the survey questions referring to the dependent variables. The questions were then adjusted.

The questionnaire has three parts. The first part has questions about the organizational characteristics (independent variables; organizational level). In the second part of the survey, dependent variables are measured: commitment, calculation, conformance, and caring. The motivations for use of social practices are measured in the survey through the decision-makers' rating of the level of truth in 12 statements related to the motivation for each of two social practices: one practice that the respondent considers being among the most important for the company or one that he/she personally likes and one he/she considers being among the least important. The reason for framing the two practices in this manner was to obtain variability in the underlying motivations for the practices. Each company generated two observations (see the survey instrument in **APPENDIX I**). The third part of the questionnaire has questions about the decision-maker observable experiences.

## 2.6 Analysis

This study adopts a multimethod approach to data collection and analysis. Distinct methods are used to gather data and to analyze the results of interviews and surveys. Then, results are consolidated in a coherent report. These procedures are described in the sections that follow.

### 2.6.1 Interviews

Individual interviews are content-analyzed following a template (see **APPENDIX J**: Coding Interviews Template). All interview data at each company are consolidated (see **APPENDIX K** : Consolidated Data Template for Case Studies). Results are reported in the form of short case studies, written according to a template (see **APPENDIX L**: Case Study Template). Cases are then compared two by two (all pairs in each category). Results should be similar. Then, cases are compared four by four, according to size and ownership structure. Final conclusions about similarities and differences are drawn from the case studies. Dependent and independent variables are verified. Variables in the original framework are classified as to whether they should be kept in or eliminated. Variables that emerge in the interviews are classified as to whether they should be added to the original theoretical framework.

### 2.6.2 Surveys

Answers to each of the survey questions are registered into a database. Data are analyzed with help of PLS – Software. The objective of survey data analysis is twofold. First, to verify construct validity and reliability of the measuring instrument (dependent variables). Second, to verify relationships between dependent and independent variables. Variables are classified as to whether they should be kept in or eliminated from the original theoretical framework.

### *2.6.3 Final Analysis*

Analysis of surveys and interviews are compared. Variables in the original framework are evaluated based on their classification in previous analysis of interview and survey results. New variables that emerged in the interviews are considered. A refined theoretical framework is proposed.

### ***3. Results and Discussion***

Results of case studies and surveys are reported in this session. Case studies based on interviews and archival data are the result of the qualitative approach. Relationships between variables and reliability of measurement of dependent variables are the result of the case study approach. A short discussion follows each step of the analytic process. A final discussion and a revised model are presented in the next session – “Conclusions.”

#### ***3.1 Case Studies – Results and Discussion***

Eight case studies are presented in this session<sup>33</sup>.

##### ***3.1.1 Company One***

###### *Description of the company*

Company One is a medium-sized retailer founded in 1954 and very well known in the Quad Cities. Its headquarters is located in the region and the company has approximately 400 employees.

The owner and two of his kids manage the firm in an energetic and participative style.

They are personally involved in the social initiatives and disseminate the culture-

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<sup>33</sup> Names of the companies and individuals, as well as other characteristics of the firms, were omitted in order to maintain confidentiality. This was a necessary condition for the companies to participate in this project.

community support throughout the company. Employees are highly encouraged to volunteer in any area that pleases them. In virtually all cases, the company supports employee social initiatives both morally and financially. The owner and his daughter are very involved with the local philanthropic elite and often assume roles as board members or chairs. With the same enthusiasm, top and middle managers market their products and services in the local community and often are personally involved in initiatives involving the public, such as in an event in which they exercise for two hours in front of those who are willing to pay to see them. The funds are donated to a local charity.

Around 80% of the company's sales are generated in the local market. It is the regional leader of a competitive industry. The company's before-tax profits were over \$ 3 million in 2005. In the same year the company donated more than \$200,000 to the local community, or 6.7% of the before-tax profits. There is a Declaration of Principles, which is expected to be kept in the wallet of all employees who are trained on the company's principles and values. Although the company does not formally measure corporate social performance, top management monitors social practices and discloses their progress to the internal public. External disclosure also exists, and social campaigns are widely advertised in the local media.

More than 20 years ago, the company started its own movement to gather food for the hungry in the Quad Cities. The initiative was so successful that a family member founded a charity following the movement and remained for many years as the charity president. This charity is still the major target of the company's social investment.

Decisions regarding social practices are made by three individuals – the owner, his daughter, and the marketing director, who has been with the firm more than 20 years. Although there is not a formal department dedicated to the company’s social activities, the CEO, his daughter, and the marketing director oversee the practices. Both regard management of social practices as “important” in their overall function in the company.

Four decision-makers were interviewed at Company One – two family members (the CEO and owner, his daughter, and two managers (one of whom makes decisions regarding only one social practice). The CEO is personally involved with local charities. He participates on the boards of many organizations and serves as chair in other nonprofits. He personally raises funds for the local chapter of the United Way, and, along with other business owners, is involved with a major inner-city development effort in one of the cities, among other philanthropic initiatives. The CEO’s example is followed by managers:

*...[B]eing as long as I have been here, you see how much, as a company [CEO’s name] has gotten us involved with, and it just ... gets us into that frame of mind too. When you see how much outside activities he does, still, you know, running this huge facility, and he still makes the time to do all those things, so, that rubs off. It does.*

Following the steps of the CEO and father, the Corporate Counsel is also involved with charitable initiatives in the Quad Cities. She is the main articulator of the company’s

social practices and looks for opportunities of social investment. Expecting that employees participate in the company's social initiatives, this decision-maker sells the idea of community involvement internally. The third decision-maker is responsible for the marketing area of the company and is also a volunteer on boards and in nonprofits. With a preference for educational initiatives, she has a long history of involvement with the local public schools. She feels fully supported by the company in her initiatives, even when they are not in the portfolio of practices used by the company. On one occasion, the company donated a generous amount to a charity that she supported, just because the cause was important to her. The other manager, the fourth decision-maker, describes his sensibility to social causes and search for meaning, which is supported by the company's culture:

*[Y]ou don't have to look very far to see somebody that doesn't have what you have – healthy children, living conditions. I don't want to take that for granted, so I guess to make me feel better and to feel like I'm helping, I wanted to do something to say, "I'm not just here working to make a paycheck. I'm here working also to give back to the community." We, as a corporation, give a lot back to the community and I want to do my part individually too.*

The two managers' social sensibility evolved with their tenure at the company. None of them had strong examples of volunteering or giving to the community in their upbringing. There seems to be a culture of generosity and giving in the company, which involves all employees in a joyful way:

*They'll come up with creative ideas like that. And sometimes we would have cookouts. We used to break down a couple of months where, OK, these two months is ... Make-A-Wish Foundation. So, then we'd come up with some ideas on how to raise some money, either do like a hamburger, some bratwurst, cookout, or we go out and around and sell ice cream during the hot months with cups of ice cream. Just different things like that. Lots of times we'll have bake sales, we raise money that way. So, it's not just always going, "Hey, give me some money." You're gettin' something for the money too. You try to come up with some creative ways to do it, and that's very creative of [name of decision-maker] and who else, whoever else is part of it, rather than writing check for \$220, from what I understand.*

Individual employees are supported in their initiatives and allowed to announce their fund-raising efforts to the other employees. As one of the interviewees put it:

*... [I]f I wanted to put a flyer together for the Make-A-Wish, then I just get with human resources and we put a little something together and it goes into the stuffers .... [O]nce a year or every couple years I usually get up at our breakfast meetings and talk about Make-A-Wish and, sometimes, well, we've brought kids that we've sponsored [and they] will come and thank everybody and tell them what they did on their wish, things like that. Gets everybody's blood going to donate more money, that type of thing.*

*Analysis of motivations*

Interviewees were asked to talk about their choice of social practices in the list of practices in use by the firm in 2005. Using the words, terms, and expressions listed in **Table 2.11**, the motivations for each practice were coded as shown below:

**Table 3.1** Analysis of motivations at Company One

Practices	Decision-maker			
	DM 1	DM 2	DM 3	DM 4
Make-A-Wish				
Commitment	X		X	
Calculation			X	
Conformance				
Caring	X		X	
Student Hunger Drive				
Commitment		X	X	X
Calculation			X	
Conformance			X	
Caring		X	X	X
Junior Achievement				
Commitment		X		
Calculation				
Conformance				
Caring		X		
United Way				
Commitment		X	X	X
Calculation			X	
Conformance			X	
Caring			X	
Three-on-Three				
Commitment				
Calculation		X		
Conformance				
Caring				
Historical Museum				
Commitment		X		
Calculation		X	X	
Conformance		X		
Caring				
Red Cross				
Commitment		X		
Calculation		X		
Conformance		X		
Caring				
Bix				
Commitment				
Calculation		X	X	
Conformance				
Caring				
Extreme Clean-Up				
Commitment				

Calculation				
Conformance		X	X	
Caring				
Catholic Schools				
Commitment				
Calculation				
Conformance				
Caring		X	X	X

The table above shows that the four motivational mechanisms are identified in the practices at Company One – commitment, calculation, conformance, and caring. Practices such as Three-on-Three, Bix, Extreme Clean-up, and Catholic Schools are motivated mainly by one mechanism – calculation (Three-on-Three and Bix), conformance (Extreme Clean-up), or caring (Catholic Schools). Other practices are motivated by a mix of commitment and caring (Make-A-Wish, Student Hunger Drive, and Junior Achievement). These practices are considered by the decision-makers as the most important. United Way, Historical Museum, and Red Cross are driven by three or more motivational mechanisms. Interestingly, decision-makers have distinct views on the motivations for each practice.

A. Examples of the commitment mechanism at Company One:

*It's not just about the food that's going to the food bank. It's about teaching these kids the value of volunteering. And that's the core of it. That's really neat.*

*I think it's critical to any community to have a very strong United Way.*

*That's what it really came down to – the reason. You wouldn't be putting the time in if you didn't think it was important.*

B. Examples of the calculation mechanism:

*We did a Three-on-Three Soccer Tournament, and this was done purely for a marketing standpoint. Yes, it was purely, completely, 100% done on a marketing standpoint.*

*The Bix, its pure marketing, that's all it is. It's important to have this huge presence and [Company One] is right there. You find things all over town.*

C. Examples of the conformance mechanism:

*...[A]nd so he kinda got into it originally because of her. I think he would have felt like we should do something.*

*It's really a good one, it doesn't offend anybody; there is nobody that can say that's not a good cause.*

D. Examples of the Caring mechanism:

*...[I]t goes back to [CEO's] soft spot, and that's to give back to the kids.*

*Because I feel really passionate about it.*

*For the kids and their stories, and that his parents were crying and we were crying, and that's just the emotional one that gets me.*

Overall, decision-makers feel they have to be always doing something for the community (a combination of values, strategy, and tradition). Then, they choose practices that are: (a) significant (values), and/or (b) good for the company. Mostly, they want to meet expectations and/or raise the bar in the community, with the exception of practices motivated by emotions, such as donations to the Catholic schools and other private initiatives by the owner. In the latter case, emotions are the main motivator, along with commitment; calculation and conformance are not present at all.

The owners of the company have firm beliefs about the “right” or “appropriate” individual involvement with the community, and they feel entitled to judge other company owners on the basis of whether those other owners follow their belief:

*You know, we got people who we have as customers that we know how much they spend on their cars, estimate how much they make, and because we know where they work and we know how much they make, but we see they don't give to the United Way. You know, we think “Isn't that strange?” ... [W]e see all these people in our community that have the high dollar amount and we see the people in our community who make enough money that should be giving. ... So we know*

*what people give to United Way, what those numbers are, so because of that, we would never partner with [Company X] because of it.*

*Because he is still giving to something that he believes in, and that's OK. So we would look at that person and say he is not a bad guy.*

The owners of Company One also feel entitled to “sell” or “encourage” their employees to follow their beliefs:

*Even if it's I think of our employees that don't make a lot of money, but they should give some back.*

*And let's just say I should give more money back than, let's say, like a car washer. I make a lot more than he does, but he should still give something. To the best that he can.*

*You know, he needs to take care of his own family first and his needs first and those obligations. And pay for his children to go to school and that kinda thing. But if he has some left, he should give some. And it just goes right up the ladder and, you know what I mean? The more you have left over the more you should give.*

*Discussion and conclusions*

Data collected at Company One suggest that stakeholder culture is other-regarding and top management positively influences volunteering and giving behaviors of employees. There is a process whereby: (a) employees are encouraged to take initiatives, (b) the company supports those initiatives, (c) employees inspire others, and (d) small (or large) projects have a life of their own. Employees reinforce and support each other's initiatives in a virtuous cycle. It all seems to stem from the CEO's moral leadership and example, which are institutionalized in the organization:

*[CEO's name] has definitely had an influence on me and my personal beliefs. I see how generous he is and what a big difference he can make. Because the size of checks he can write, he can make a huge difference .... I wish I had the kinda of money to do that, but I like being able to give it all that I can give.*

Generally speaking, company and owners' values and principles are the same thing. There is only one owner, and his strong influence and values permeate the whole organization. Due in part to personal charisma, his example is followed both within and outside the company. However, the owner needs not publicize his giving. On the contrary, most people are not aware of his personal support to a series of charity organizations. About those contributions, he would not speak.

The four mechanisms were identified in the practices used by Company One. Interestingly enough, not only the practices have distinct motivation mixes, but also each decision-maker has a unique perception of the reasons why the company uses each

practice. The motivation mixes show that, although moral values and principles are highly considered and disseminated in the organization, commitment appears along with other motivations for social practices.

Reputation is boosted by practices with a long history of use by the company:

*Reputation-wise, I'll go back to the ones that started a long time ago. One would be the Practice C, which [the owners] basically started, so I think that's really big because they started it. Junior Achievement has also been around this company for a long time, [so has] United Way.*

Apparently, the enlightened self-interest ethic at Company One allows for doing good and doing well at the same time. Although the owner is genuinely involved with the community, the benefits from social practices are welcome by the company. Employees are strongly encouraged to participate as well:

*The company encourages us and gives us the time to go out and get involved in those types of things, for really it helps us, it gets you outside the building meeting more people, which in turn will help the company too.*

It is worth noting that most of the company's social practices include employee involvement, to some extent. More than being supported in their social initiatives, employees seem to be expected to get involved with the community through the company. As one manager describes, summarizing the situation:

*... [I]t starts with our order, it starts with (owner) casting that right image for all us out there too. I mean, he does it the right way out there in the community, he really does. And he doesn't do it just to increase business, but again, that's part of it. It's always got to be that part of it, but that's not the whole reason. And frankly, as many people that are here, if we get half the people involved with different activities out in the world, out in our community, we've got 380-some employees here, so if you get that many people out, it spreads a good word for the company.*

In such an environment, limits between personal and professional spheres of life are blurred as individual initiatives are systematically supported by the company. For example, one of the practices initiated by one decision-maker and supported by the company belongs to both the personal and the professional spheres of his life. It was initiated by the employee, with “approval” from the company. Although he does not count on company contributions, he uses the infrastructure and his position to promote the practice and receive contributions from other employees. He uses only a few work hours, and of much of his own time in meetings, at galas, etc. The company includes this practice in its relation of social actions. The decision-maker, in turn, gains personal benefits from the practice, such as participation in social networks that he would not have access to otherwise, and self-promotion.

This case also illustrates the issue of levels of analysis in the study of motivations for social practices. Some practices are supported not because the decision-maker believes in

the causes, but because of his position as a manager: “Well, some member of our staff brought it to the table, so, I respect that.” This is “conformance” if we consider that the practice was adopted by the company, although the primary and initial reason was the need of an employee to support the cause of another employee. This suggests that conformance on the organizational level may be explained at least partially by the individual need to conform, to belong to the group, to meet peer expectations.

It is interesting to note that the founder of Company One does not attribute calculation as a motivation for social practices. However, the two other decision-makers acknowledge that many practices have calculation in their motivation mix and that some of them are motivated exclusively by calculation. One explanation for these distinct views of the founder and of the other decision-makers may be that he, who initiated the company’s approach to social practices, indeed sees them most of all as committed and caring practices, and the next generation has a different understanding of their reason to exist. A second explanation, which does not exclude the first, may be that the founder wants to deliver an image of a company that has an involvement with the community based on moral values rather than on business self-interest (which most likely was the original motivation of the practices). If this is the case, the owner may or may not understand the calculative and conforming functions of the practices. If he does, however, it is a convenient arrangement to have the other decision-makers deal with the self-interest aspect of the practices and to reserve for himself the right to look at and describe them as practices motivated by commitment.

### ***3.1.2 Company Two***

#### *Description of the company*

Company Two, a small, private firm founded in the 1950s, is a manufacturer, has 200 employees, and sells 80% of its product in the Quad Cities. Originated locally and highly visible in the region, the traditional company was bought in 1995 by the current owners – three partners who were looking for a business opportunity. It is managed by the owners, who are currently working on strategies to guarantee the firm’s survival in the long term in the face of declining growth.

The level of investment in the community in the last five years has been the same. The company is legally structured as a limited liability company (LLC), a partnership where there is only one tax that goes to the individual. Due to the legal structure of the organization, the resources for social practices come directly from the individuals, proportionally to their shares in the company. One of them owns 51% of the company and is limited in his ability to initiate social practices. Decisions are carefully crafted and decision-makers have limited autonomy, as the three owners have to agree on which causes they want to support:

*... [W]hen the company gives, it is really a giving decision on a pro-rata basis for each one of us. We're giving in proportion to the amount of shares or the percentage of the business that we own. So if I make a decision, for example, that the company is going to give to something, 51% of that comes out of my pocket, but the rest of it comes out of their pocket, so they have a good deal of say as to what we do, and from an income tax standpoint, those contributions in a partnership are treated as individual contributions for us as individuals.*

Due to the fact that funds for social practices come from the owners' pockets proportionate to their shares in the company, the owners do most of the investment in the community on a personal level, rather than through the company:

*... [T]his [contribution through the company] is a very small part of my philanthropy. My wife and I have a couple of charitable organizations and that's really where the philanthropy takes place. One of them was created when my youngest son died and the other was created when we bought this other company.*

Two of the owners are very involved with social causes on a personal level. One of them is a major philanthropist in the region: The decision-maker that owns the majority of the firm was raised in a family that valued and practiced volunteering and philanthropy. He is sensitive to social issues and has strong ideas about his role in the community:

*I just feel very strongly, when I look at my life and as I travel the world, a lot of people who are good, solid people, probably better-enabled people than I am, are living in terrible conditions and struggling, etc. It strikes me that I don't*

*deserve what I have. I happen to be fortunate and blessed enough to be in this position, but I need to be a good steward.*

Company Two benefits from the majority owner’s reputation as a great philanthropist:

*[The company] does a lot but it’s also associated with what [wife’s name] and I do individually. So between the two of us and the two foundations, we give about \$400,000 a year away ..., but [company name] gets the halo effect from that.*

Employee volunteering is supported by the company through the offer of flexible schedules. Although the scope of employee volunteering activities is small, this practice is motivated by caring: “We would encourage people to get involved with organizations that are close to their hearts.” Decision-makers acknowledge that employee volunteering is also motivated by calculation, as the practice pleases the employees.

**Table 3.2** Analysis of motivations at Company Two

Practices	Decision-maker		
	DM 1	DM 2	DM 3
Race for the Cure			
Commitment	X		
Calculation	X	X	X
Conformance	X		X
Caring		X	
Festival of Trees			
Commitment			
Calculation	X		
Conformance	X		X
Caring			
QC Arts			
Commitment			
Calculation	X		
Conformance	X		
Caring			
Red Cross			
Commitment			
Calculation			
Conformance			

Caring	X	X	
Niabi Zoo			
Commitment			
Calculation	X	X	
Conformance			
Caring			
United Way			
Commitment			X
Calculation			
Conformance			
Caring			
Junior Achievement			
Commitment			X
Calculation			
Conformance			
Caring			X

Calculation and conformance are prevalent among the practices used by Company Two.

The commitment-caring mix is also present as motivators of practices. The only observation of practice motivated only by caring is the company's supporting the Red Cross, which was used in 2005 to please one of the owners. Apparently, the owners take turns in the use of preferred practices.

#### A. Examples of Commitment

*... [W]e donate resources to support that cause because we believe in it. We're pretty selective. On a small scale, we give to virtually anybody who wants to use our product to raise funds for anything. On a large scale, on a Race for the Cure-type scale, we're very selective and we really centered in on health and human services-type issues, which have the broadest-base applications, and look for things here in the Quad Cities, for example, that benefit both sides of the river as opposed to an Iowa deal or an Illinois deal, but we all really like the feel of the health and human services.*

*It's not that we don't like those, but with our limited resources we would rather support health and human services activities.*

### *B. Examples of Calculation*

*Now, another reason we believe in it is because our employees are such that we are 80 to 85% female, and that's where breast cancer starts more frequently, although men are not excluded from that; so our employees embrace that cause as well. So selfishly, it helps us when we support a cause that our employees would agree with and want to promote.*

*If we stopped supporting the QC Arts with our participation of their fundraising events, that would be noticed, and there are a lot of volunteers that work on that particular project each year, and just the word of mouth alone, if "I wonder why [name of the company] is no longer supporting this?", then you get the gossip and the bad words and you're suspect, so yeah, there's an obligation we have to protect ourselves by continuing.*

*All of these organizations have boards of influential people, so if you get into the selfish side of it, that is why we occasionally throw in an organization like Niabi Zoo to support.*

### *C. Example of Conformance*

*A lot of the programs are a continuation of the tradition and are accepted by the community.*

#### *D. Examples of Caring*

*We would encourage people to get involved with organizations that are close to their hearts.*

*[Name of owner] is very involved with the Red Cross, so we did that piece for him last year, but I'm sure he gives a great deal individually, and I give some to the Red Cross, but it's not as important in our scheme of things as it is in his.*

*The three of us vary as owners of the business to what extent or degree [we give], whether by virtue of the amount of resources we have personally or just emotionally, our interests.*

*I participate in nonprofits. One that I'm more passionate or more emotionally driven to support is the Red Cross local chapter.*

*It makes me feel good. There's a selfishness to it, if you want to get into the personal and emotional part of it; makes me feel good to be a part of it. I think a lot of people, if they were to be honest about it, would say that's why they are involved.*

*E. Example of commitment and calculation (enlightened self-interest)*

*Race for the Cure is very important because it affects a lot of our customer base, which is primarily female, plus it's the right thing to do and it's a great marketing tie-in for us.*

*F. Example of Commitment, Calculation and Caring*

*I feel very good about what we're doing with Children and Families of Iowa, with the abused women who are in Des Moines, and we're raising funds for a sponsorship there, and really, that's a very needy organization, and again, it affects women, which is our customer base.*

*Discussion and Conclusions*

In part consequence of the legal structure, social practices at Company Two are primarily motivated by the mix calculation-conformance. Benefits to the company are expected from all the practices. The owners have to unanimously agree on expenditures on social practices. Because the money that finances social practices comes from their personal income, it is likely that the owners will look at them instrumentally, as one more investment of the company. Their individual preferences regarding social causes or charities are reserved to their personal philanthropy. As an owner affirms:

*We want to be noticed, we want the publicity, we want people to recognize the [name of the company]. There's lots of people in Des Moines who don't know who we are, and by doing something good, we are also getting some brand recognition. And we're getting our [company products] out there to people who might not otherwise see them or buy them.*

There seems to be a “layer of calculation” underlying all social practices used by the company, although conformance, commitment, and caring are also present. Social practices are looked at as business decisions – they are part of the marketing plan:

*We were looking for a charity to support in Des Moines where we have a store, and our advertising agency, which is in Des Moines, had an association with Children and Families of Iowa.*

It is worth noting that, at Company Two, each motivation added to the motivation mix for a specific practice apparently adds value to the practice in the eyes of the decision-makers. “Worthy practices” are those that can be justified by a broad range of motivations.

The company is in retail, where close contact with customers and efficient marketing strategies are central. Most of the production is sold in the local market, where the brand is traditional and very visible. Moreover, the company was founded more than 45 years ago and has a tradition of contributing to the local community. Bought by the current owners in 1995, the firm has a tradition of and is expected by the community to contribute to certain causes. These contributions captivate its largely feminine clientele.

In this context of high visibility, close, affective contact with customers, and tradition of giving, the use of (appropriated) social practices, more than an expression of the company's moral values, is part of the core strategy of the firm.

In a company owned by a great philanthropist, employee volunteering is not a major social practice. The organizational culture does not see employee involvement with the community as a company asset. On the contrary, the firm signals pride for respecting the employees' free will.

Decision-makers' emotional ties to social causes and vocation to help others are translated into actions through personal philanthropy rather than through organizational social practices. The individual dimension that transcends into the organizational level relates to the values and principles of the owners. Commitment is present in the motivation mixes of many social practices.

Of interest in this company is the fact that its reputation as good citizens seems to be due to two distinct factors:

1. Tradition of contributing to the local community, built by the previous owners;
2. The fact that one of the current owners is a well-known philanthropist in town.

The company currently uses a very limited set of social practices, and its donations are the only kind of involvement with the community. For example, they don't actively encourage employee volunteerism, although they allow employees to use company time

to volunteer. One of the owners does not participate on any boards, and another director participates only on boards of organizations he was affiliated with before he bought the company. It seems that social practices are in use just to keep up with the inherited reputation of the company, thus, mainly motivated by calculation.

It is worth noting that although the majority owner is personally involved in numerous initiatives within the local community and has a history of being a great philanthropist, he does that all as a citizen, not as a businessman. He is personally motivated to help others, but he does not do so through the company, possibly due to the firm's legal structure.

This case illustrates the influence of the individual owner or manager's preferences and characteristics on the motivations for social practices in a small, private company. It also illustrates the distinct views that each owner/decision-maker may have on the motivations for social practices in the organization. In this case, it is clear that each owner has an idiosyncratic view related to his own principles, objectives, and previous experiences. The partners have to make sense of these distinct orientations in order to decide collegially.

### ***3.1.3 Comparing Companies One and Two***

The two companies are similar in a series of organizational and individual characteristics: relative size, ownership structure, no separation between ownership and control, industry

(retail), major customer base located in the Quad Cities, high visibility, tradition, ethical leadership, philanthropist owners.

These two small, private companies managed by owners have idiosyncratic portfolios of social practices, as there are no rigid rules for the amount of resources invested or types of practices adopted. Data suggest that within the portfolios the caring mechanism is present in many practices, as decisions by owners of private companies are generally not scrutinized by the public. Commitment is also a motivation for the practices and manifests itself closer to the individual than to the organizational level of analysis.

Decision-makers – in these two cases, the owners – nurture the moral principles that drive the commitment-motivational element. Owners are the ones who disseminate these principles throughout the culture of the organization and, thus, create an environment that fosters organizational commitment. Conformance was observed as a motivation for practices at Company One but not as much for practices at Company Two. Apparently, differences in the owners' preferences account for this discrepancy. The owners of Company One enjoy their personal involvement with large nonprofits and with philanthropic elite in the region. They participate in philanthropic events, help nonprofits improve their image with the general public, are very active in asking peers for funding and reciprocating, and lend their personal and business names to major philanthropic initiatives. At Company Two, although two owners are involved personally in social initiatives, they do so in a quieter manner. Apparently, they don't value participating personally in the publicity of their social initiatives and are not as much embedded in the local philanthropy network as the owners of Company One. Similarly, on the

organizational level, social practices are not as much a response to external expectations as they are conscious decisions to promote the image and reputation of the firm on the bases of principles and moral values.

Both companies use practices motivated by calculation as both the main motivator and as part of the motivation mixes. However, this mechanism has different characteristics at the two companies. Regarding employee volunteering, for example, Company One has a warm, participative, and paternalistic culture, where employees are catered to with benefits that range from a coffee shop to a gym to end-of-year parties and are encouraged and expected to be involved in extra-work company initiatives. At Company Two, employees are treated fairly but with more distance, and supported in their own voluntary activities. However, they are not expected or “actively encouraged” to adhere to the company’s social orientation. The owners of Company Two see the firm as the actor responsible for social practices, which are not necessarily supported by the employees. In addition, Company Two does not capitalize on social practices internally as much as Company One does. Employees are free to get involved with the community in their own manner. In that sense, practices are less motivated by calculation than at Company One. The fact that Company One is managed by family members, each with total discretion to decide on social practices, while Company Two is managed by partners who collegially make decisions, may play a role in the difference regarding the calculation mechanism. Individual decision-makers’ autonomy to express preferences and styles are limited by the legal structure at Company Two, whereas at Company One,

the owners have total autonomy to infuse the organization with their own personal philanthropic style.

Another aspect of calculation at Company One relates to the use of practices that improve the company's reputation in the local market (for example, Bix) and practices that help the company sell its products. At Company Two, calculation is present in all cause-related marketing, which accounts for the majority of social practices in use by the firm. Companies One and Two have distinct views of the "locus" of social practices in the firm – Company One sees them as assets built in partnership with employees, while Company Two sees them as assets of the firm.

### ***3.1.4 Company Three***

#### *Description of the company*

Company Three is a public SME in the communications industry. Located in a competitive environment, Company Three has 130 employees and is the leader in its market. It was founded in the 1940s and has had many generations of professional managers. There is a code of ethics in the company, and codes of professional conduct are observed. However, the company does not offer ethical training to employees. Due to the nature of the business, the company is extremely visible and the majority of its customers live in the Quad Cities.

This highly competitive industry with tradition of community service is witnessing a change – new entrants are more and more focusing on profitability at the expense of supporting nonprofit organizations. With 130 employees, Company Three keeps its tradition of caring for the community. The firm’s level of social investment in the community has been the same in the last five years, and the retained income, although more than that of competitors, is only adequate for the company’s needs. Social practices are an important marketing tool for the company and are decided by four individuals – the president, the station manager, the marketing director, and the promotions manager.

The culture of the corporation with headquarters in New York welcomes social practices as long as they do not interfere with the profitability of the branch: “As long as we make the numbers for corporate, they are happy with us doing community things.” The immediate criterion for use of a practice is whether someone at the business unit is personally involved with it. Decision-makers have strong moral values and are personally involved in volunteering activities in the community. One of them is the director of one of the largest nonprofit annual campaigns in the region and, together with his family, is active in many other initiatives in the Quad Cities. All decision-makers serve on boards of nonprofits and are active members of the local network of philanthropists. Requests for company support to nonprofits are often originated by peers in this network. In addition, all the decision-makers are well known individuals in the Quad Cities.

Individual characteristics play an important role in this company’s motivation for social practices. For example, Decision-maker One describes his social sensibility and his need

to give back: “When I see the Race for the Cure survivors, I am so glad I have not been inflicted with that and the pain. So I volunteer to help out. I always did anything throughout high school. ... [I]f you are given a lot of gifts and have earned and worked hard, you are urged to give back to those who are less fortunate.”

Decision-maker Two describes her willingness to help others and her satisfaction when she does so: “When I volunteer, I was gone for two hours but I will make up the work at home or on the weekends, and I don’t care about doing that. I will give above what is required.”

“My favorite thing is the Skip-along. I sit on the board. It is a subsidized daycare. They have four locations and are a wonderful organization. I love them. It makes me feel like I am helping someone’s grandchildren. Junior Achievement, Race for the Cure. I think it’s important. It makes me feel good.”

It is noticeable in Decision-maker One the influence of her marketing background on her view of the motivations for social practices at Company Three:

*I have a degree in marketing and business, and we talked about it in marketing. Feeling that you can divide people into demographics, yet there are people who react differently and they want to be a part of the group. And if we can touch someone and they see we have helped, then they will become a customer. You have to have the four Ps in place and you need to remember the people. If you forget the people, you have nothing.*

**Table 3.3** Analysis of motivations at Company Three

Practices	Decision-maker		
	DM 1	DM 2	DM 3
Race for the Cure			
Commitment	X		
Calculation		X	
Conformance	X		
Caring	X		
United Way			
Commitment	X	X	
Calculation	X	X	
Conformance		X	
Caring			
Bix Run			
Commitment			
Calculation			
Conformance		X	
Caring			

The four motivational mechanisms are present in the practices used by Company Three.

Decision-makers have distinct views of the motivations behind each practice.

*A. Example of Commitment*

*Health issues, economic, environmental issues, we choose to run them to the extent that we can. We can go through that it is a lot of health- and children-related. Addresses social issues such as United Way. Early child development and like that. So maybe we can pass on the info and the need for awareness, and it's pretty powerful what we do for the public and community. In any TV. With it comes the license, also comes the corporate responsibility. I know everyone feels pretty strongly that way.*

*B. Examples of Calculation*

*When our license is up for renewal, we have to run commercials that say to the public, “[name of the company] serves the public interest and the public or people like you can call us and ask us about our public service,” but we know they don’t. And there are companies who don’t give back and are not good to the public, and they should not be granted a renewal of license.*

*When we are involved in all of these organizations, we get to know those people and we sit on a board. Like I get to know the owner of [well-known company in town]. There is a trust built. I think it helps our bottom line. There are companies who like to be involved with us because we are community-oriented. We have companies tell us so. They do business with us, so I like to help them out.*

*Social responsibility to holding a license is our main concern, keep the public safe, public responsibility. Up to local managers to uphold the license given to us by the federal government.*

#### *C. Examples of Conformance*

*The Bix Run doesn’t benefit any cause but it’s a family event and community. It’s not a charity, it’s a good community event; we just do it.*

#### *D. Examples of Caring*

*What happens is, [what] we try to do is if anyone in the station is involved personally with a group, we try to back it up with the station. We will make PSAs and back up our employees, or if they are on a board. Then the community will ask for help.*

*Yes, it is personal relationships and we try to be approachable. We will take the employees' groups first. (Bottom-up caring.)*

### *Enlightened self-interest*

*That's not why we do it, but we are just trying to make this community a better community. Because we all live here too.*

*Its just good business, good practice, we help the community economic-wise, help kids grow up to be better citizens and to stay here in the community. They will like our company and will want to help and make a difference in the community.*

### *Analysis and Conclusions*

Extremely visible to the public, Company Three's use of social practices meets two business requirements. First, it responds to regulatory demands; second, it pleases customers in a region where moral principles are highly valued:

*People still want their people and community taken care of. So I think in the Midwest we are more open. I think it's a common bond. Here you can be nice to people and they are nice back.*

A player in the communications industry, Company C is highly regulated by the government. For example, the FCC requires companies to annually show that they are good servants to the public. This is an important incentive for Company Three to adopt practices that benefit the local community. In-kind donations are a convenient way to do so. It seems that at Company Three, there is a “layer of calculation-conformance” that permeates most social practices. This layer is formed by the need to be seen as a good citizen for the sake of the company’s own survival, combined with a habit to use certain social practices to meet that need. Because a great part of the portfolio of social practices has been institutionalized in the organization, there is no longer much need to think every practice through. They became traditional in the company.

On top of calculation-conformance, a general presence of commitment arises from the company’s principles in tandem with decision-makers’ moral values: “Oh, yes, the United Way is a given. Success by six is one aspect of the UW, and we help them, and if it benefits family; we do it because it benefits the community and it targets women 25 to 54.” Another factor that supports commitment as a motivator is the fact that, among alternative business orientations in its industry, Company Three leans more toward focusing on the community than on the bottom line, with the support of the parent corporation:

*Our first manager and owners have been community-minded. There are managers who are not in for the community, and they sit around the table two times a week and are in for the community. Tomorrow? Things can change. But right now the owners who are in NY are very happy at how our 10 [business units] are still making money and giving back to the community. If the economics change then we will have to change. But I hope not.*

Caring is also an important motivator of practices. Decision-makers' social sensibility and emotional ties with certain social causes find a way of expression in the use of practices. The fact that Company Three wants to please the public through the use of practices creates an appropriate environment for decision-makers' emotions to influence the choice of practices. For example, support for Race for the Cure is given by the company mainly because one of the managers has a special attachment to and has embraced the cause as an individual – she is the person in town responsible for the race.

Apparently, Company Three adopts a philanthropic strategy that works very well in this region. Beginning with its motto, the company is very committed to the local community, providing support mainly through in-kind donations to nonprofits and governmental agencies that benefit the public. The company has more than twice as much market share than its next competitor, and all interviewees attribute this deed in great part to the company's good reputation as a business citizen. In this region of strong community ties and work ethic, this strategy for this industry fits the environment much better than competitive strategies based more on the bottom line. Focus on community differentiates the company in the eyes of its viewers and advertisers. Perhaps the same philanthropic

positioning would work differently in a similar town in a region with different cultural values in which the sense of community or ethics was not as strong. Thus, there seems to exist a relationship between cultural and religious values in the environment and the philanthropic positioning of a firm. In this case, even the commitment element might find more or less support to manifest itself in each practice in use by companies in a certain region.

This case illustrates how social practices are decided on and executed by the “individual in the organization.” Consequently, the company’s motivation for use of practices is channeled through the individual, in the context of the organization:

*... [T]he volunteers give so much and the employees help and encourage that. Your employees are your best ambassadors. ‘We care for you’ is our motto. We get challenged all the time and asked, ‘Well, how do you do that?’ We show them our employees are the Boy Scouts leader or the JA person or the PTO president. We show how we give to the community on a daily basis.*

In a context where social practices are required for the survival of the firm, highly motivated decision-makers find the appropriate conditions to support the local community and disseminate a culture of giving throughout the organization. Along the decades, this culture has selected employees and managers who are willing to contribute their share to the company’s social mission in a virtuous cycle.

### ***3.1.5 Company Four***

#### *Description of the company*

Founded more than 100 years ago, Company Four has 375 employees in the Quad Cities and is fully owned by a very large multinational, public corporation with headquarters outside the United States. Originated elsewhere, the already-traditional company was acquired by the corporation in the year 2000. The manufacturing company is the leader in a very competitive industry. Its sales in the local market are insignificant, and although its brand is well known to the American public, the company is only moderately visible in the region. Its level of retained income is more than adequate, and money invested by the company in the local community has increased in the last five years.

Institutionalized in the corporation, a code of ethics is used by Company Four, which trains all its employees on the content of the code. The merger in 2000 was smooth in respect to cultural differences, as the original company and the corporation had very similar values and principles. There is a strong ethical culture in the corporation, which is disseminated throughout the branch as well:

[Name of corporation] *is very strong to make sure those who visit other countries are culturally in tune, strong position to perform business at a high ethical level. Ivory Coast ... what we consider slave labor etc ... caste system.*

[Name of corporation] *says we cannot do that and will not treat people that way. [Name of corporation] will have and give wages, benefits, and treat people with respect. We tend to be on the high end of wages in every company.*

The concept of helping others was deeply institutionalized in Company Four since before it merged with the corporation. The organizational culture encourages and provides conditions for managers and employees to volunteer with the community both in their own terms and through the company's social initiatives:

*What is important is the employee outreach program. It is a program where the employees have contributed to this and there is no company money that they contribute to. They do that together. As a company, we match dollar for dollar. In addition, they ask employees to go teach out in the community. They contribute their dollars, and it is really employees' contributions .... The outreach community helps organize the volunteers to help with these events.*

The company pays more attention to the needs of other stakeholders than to the needs of managers or stockholders. The level of retained income is high, and the company's investment in the local community has increased in the past five years. The general manager has total autonomy to initiate and to authorize money expenditures in social

practices within the scope of the budget for social investment, which is negotiated with the corporation on a yearly basis.

The general manager, the most influential decision-maker, has a strong connection with social causes and with nonprofits in the region. She is an active member of the philanthropist network and participates on many boards of nonprofit organizations. Her example of intense charisma unites managers and employees around the company's moral values and social practices:

*It is a corporate philosophy. It is the companies' goal and ideals to project to help the communities. It is driven by this plant and by my personal ideals. It is my passions ... well, my passions are the children and youth, and the children from 0-5, the very critical time, the learning time, and the youth, the very at-risk youth. All children are important from 0-20, but the children as they are getting through middle school to high school. There is a lot of at-risk behavior. I think as a society that we need to step up to the plate for them. More and more families, mainly mothers, are facing hardships being a single mom raising these kids. We need to be good role models.*

Social sensibility and willingness to help others is an informal criterion for hiring employees. Two other decision-makers are the HR manager and the controller of the firm. Both are also personally involved on boards and support the company's social practices. The HR manager's involvement with the local community goes beyond what

she does as a company representative. As an individual, she helps numerous nonprofits and individuals that need support and assistance.

The general manager has autonomy to initiate and to authorize social practices.

Interestingly, she shares this autonomy with employees to some extent:

*We have certain, it is called corporate giving. There are certain dollars that I have authority over and I have the decision over, as well as the employees have the decision over their funds and the organizations they help in the community. I have the final say over all of it, but the employees do well. We will make a challenge to each other. The employees will challenge me to raise \$1,000 and will the employees match this? It's a corporate effort. We make more impact and we help as many as we can.*

Individual characteristics of the leader influence the motivations for social practices:

Upbringing:

*I came from a very poor family. Caring, responsibility, character, honesty, respect [were the values I learned from my family]. It's not about being rich or poor. I don't think it has anything to do with money. It has to do with who you are and what your character is and the choices you make. I believe my father got it from his father, and it is about honor and respect.*

Religion: "Just the way they're brought up, it's important to do things for others, probably part of religion, it's just something that you do".

Need of rewards and recognition:

*I am a regular-attending board member to whatever board I do sit on. I give my time to give to the community. I like doing it; it's a must. Ten years ago I was a little less confident in offering my time and money, and now today, I step up and I give where I can. My family is proud of me for the time and giving. The Volunteer of the Year to me is a passionate thing to me. I am not a sports star. Is my family proud of my giving to the community? You bet.*

Need to serve as a moral example: “It was time to show them that when you get to a point, you should give time back, even if you don’t have the money, you could still give your time, doing things for the community.”

**Table 3.4** Analysis of motivations at Company Four

Practices	Decision-maker		
	DM 1	DM 2	DM 3
MDA			
Commitment			X
Calculation			
Conformance			
Caring			
United Way			
Commitment	X		X
Calculation			
Conformance			
Caring	X		
Junior Achievement			
Commitment	X		X
Calculation			
Conformance		X	
Caring	X		X
Vera French			
Commitment		X	
Calculation			
Conformance			
Caring		X	

Social practices at Company Four are motivated mainly by commitment, or by a mix of commitment-caring. This is in line with the organizational culture – a strong orientation to help others. Decision-makers at Company Four have a similar perception of the reasons why the company uses each social practice.

### *A. Examples of Commitment*

Employee volunteering is part of the job description: “Absolutely, as part of their job description they are to be involved [in] working and volunteering in the community.”

Organizational culture fosters employee involvement with the community:

*I think there is a very good program here where the individual has the potential already to be involved in the community. We do have a great program for community involvement and allow opportunity. People are trained and developed here, and Davenport is the largest training and recruiting center for development here in North America. From the beginning and selection of candidates. How much are the traits there? Learned or taught, community involvement is a culture rather than an expectation, rather than a set of rules. Your experience is what trains them. Some are predisposed to that, some need to experience that, and others are just like that.*

*I also have true experience. Have found organizations that have done a very good job and translating this into a good program. With experience, some organizations are better at delivering. You see this and you become more*

*passionate for these groups and help them deliver their messages and help educate the youth. And help them become more successful.*

*We have had many organizations come to us and ask for help. They have asked if we help, they will give us marketing. That's not our purpose. If it is advantageous to the organization, then we let them use our name. We don't need a public display of our helping organizations.*

Peer pressure:

*There is peer pressure in giving amongst corporations. There is more of a chance I would not give if the organization has not lived up to their purpose .... We can't support everyone. You need to say no to your peer groups if they don't meet your level of expectations. The best bet is to be honest and just say no.*

### *B. Examples of Calculation*

There are no examples of calculation in the interviews.

### *C. Examples of Caring*

“My son is involved in Boys and Girls Club, and how do you repay this? I give my time.

It is my personal accounts and my personal drive.”

### *Analysis and Conclusions*

All decision-makers at Company Four have a high level of social sensibility and are personally involved with the local community. They participate in the network of philanthropists in the region, and the general manager is a well-known corporate representative in the nonprofit métier in the region. She actively participates on many boards and is a very influential voice in the community.

The general manager instills her beliefs, values, and ideals into the organization through her formal power, personal charisma, and great ability to connect with people and lead. To a certain extent, her involvement with the community through social practices is as important to her as her role as plant manager.

At Company Four, corporate culture, local conditions, and individual decision-maker orientation converge to compose a portfolio of social practices whose main motivation is an underlying layer of commitment-caring. Use of practices based on the adherence to the company's principles and values is not only legitimized by the culture but is expected from decision-makers. This context creates appropriate conditions for individual preferences and emotional attachments to manifest in the selection and maintenance of practices.

Organizational culture at Company Four strongly values the use of social practices, particularly employee engagement with the local community. This value is so institutionalized in the organization that employees see volunteering as “the way we do things here.” It is possible that this institutionalization also represents a source of pressure

for employees, especially new hires, as “one more thing the company requires from us.” The general manager feels entitled to use her strong voice to communicate to the employees the cultural value of community support.

Moral values of the leader guide the whole organization toward a giving attitude. The presence of an excellent ethical climate indicates that use of social practices benefits the company internally. They are a characteristic that attracts and retains employees.

### ***3.1.6 Companies Three and Four: Similarities and Differences***

Organizational cultures at both companies are very supportive of the use of social practices with the local community. In both cultures, adherence to principles and moral values is a strong driver for the use of social practices. Those values, now institutionalized in both cultures, originated from the founders’ values and beliefs at each company. Thus, commitment permeates the two companies’ approach to social practices.

Decision-makers have a relatively high level of autonomy to initiate social practices at both companies and are similar in respect to their personal commitment to the local community: all six decision-makers embrace social causes as individuals as well as company representatives. Some of them are philanthropy leaders well known in the region and highly involved in the philanthropic network. At both companies, decision-makers’ moral values and beliefs related to one’s role and to the organization’s role in the community are very influential in the motivation for social practices. Added together,

motivations for practices are strongly influenced by the individual orientation of decision-makers at the two companies.

Possibly due to the distinct nature of the two businesses, social practices at companies Three and Four are motivated by different levels of calculation, conformance, and caring. At Company Three, there is an underlying layer of commitment-calculation in all practices. Calculation is present because the company is required to be involved with the local community, both by regulations and by public expectations. Company Three sells its products directly to clients and consumers, and the business unit has an active marketing and sales department. One of the functions of social practices in the firm is to serve as an additional value added to the products. In addition, regulations in the communications industry require firms to serve the local community in order to keep their license with the FCC. Thus, another function of social practices is to warrant the very survival of the firm. At Company Four, there is no calculation in the practices mentioned by the interviewees. The company produces goods that are marketed and sold by a corporate marketing department located elsewhere. Although social practices contribute to the reputation of the branch in the local community, they are not directly linked to the sale of the company's products. Of course, social practices contribute to the acceptance of the firm by the community. However, decision-makers never mentioned this consequence as a motivation factor.

Conformance is present in different degrees at companies Three and Four. Company Three tends to conform to social expectations more than Company Four. It is possible

that the styles of giving in the two organizations are different. Data suggest that decision-makers as a group in each organization adopt a particular style in their decisions regarding social practices, perhaps due to the processes of sensemaking. However, there are not enough data to draw conclusions about the processes that lead to conformance in these two companies.

The caring mechanism is present in most social practices in use by Company Four. Institutionalization of social practices in the culture and the inexistence of need to use practices as marketing tools create favorable conditions for caring to manifest in the motivation of practices. The factor that defines the presence of caring at Company Four is the decision-maker sensibility to social causes and willingness to support the local community, under appropriate conditions. At Company Three, decision-makers are also very involved personally with the local community, and practices are institutionalized in the culture. However, because practices need also serve as marketing tools, conditions for caring are less appropriate than at Company Four.

### ***3.1.7 Companies One, Two, Three, and Four: Motivations for social practices at small-medium companies***

**Table 3.5** summarizes the findings in the four small companies.

**Table 3.5** Small Companies

	<i>Similarities</i>	<i>Differences</i>
<i>Commitment</i>	Motivates most practices at all four small/medium-sized companies	More prevalent when values of decision-makers are aligned with values of the company Positively related to internal and external levels of social expectation Varies with levels of visibility, and existence of a local sales department
<i>Calculation</i>	Prevalent in practices at three out of four companies	Prevalence positively related to the level of visibility of the company in the local community
<i>Conformance</i>	Present in practices at all four companies	Less prevalent in practices at the youngest company (2). This suggests that conformance results from institutionalization processes, which take time to complete.
<i>Caring</i>	Present in practices at all four companies	Prevalence varies across the four companies and is positively related to the level of autonomy of decision-makers

*Motivations*

Commitment is a motivator of most practices when values of decision-makers and values of the company are aligned. Decision-maker orientation, in particular moral values, social sensibility, and the need to help others plays an important role in practices motivated by commitment among the small companies in the sample.

Conformance varies among the four companies. Data indicate that conformance is less prevalent at the youngest company. It is possible that the younger the company, the less prevalent conformance in the motivation mix. The reason is that conformance results from institutionalization of social practices in the culture of the organization, and the younger the company, the less institutionalized practices will be.

Calculation is present in practices at three of the companies. At C1, a mix commitment-calculation or enlightened self-interest is present in some practices, but calculation is not present in the motivation-mix of many other practices. Differently, at C2 and C3, the benefits of social practices for the company are openly recognized and the ethic of enlightened self-interest drives the two firms' social action. At C4, calculation was not captured in the interviews.

There is room for practices motivated by caring in all four companies in different degrees, a possible explanation being the combination of a culture of giving with decision-makers' social sensibility and autonomy.

*Processes*

### *Idiosyncratic portfolio of practices*

Decision-makers at all four companies are not bounded by any rules regarding the type of social practices they use. As a consequence, portfolios of practices either don't follow an underlying logic or follow the logic imposed by one or more decision-makers. In addition, portfolios are flexible and may change from one year to the next.

### *Autonomy of decision-makers*

At all companies, the main decision-maker of the group as a whole have high levels of autonomy on the choice of practices and on the allocation of resources for practices.

### *Decision-makers are personally involved with the local community*

At all four companies, decision-makers (with the exception of one at Company Two) are personally involved with the local community. They work as teachers for junior achievement, as volunteers, or as members of the boards of other nonprofit organizations. In most cases they have done this for more than five years, and in many cases, for more than 20 years.

### *Entitlement*

Entitlement was observed at companies One and Four. At Company One it relates to individual owners, and at Company Four it relates to the general manager (both actors on the individual level of analysis) telling employees what is right and what is wrong in terms of supporting the community. At both companies the organizational culture's value

of supporting the local community is signaled to all employees (organizational level of analysis). At Company One, the owner creates and maintains the organizational culture as a reflex of his own moral values and principles. At Company Four, the general manager enacts the values of the culture as they resonate with her own – she is the main voice of such cultural values. In the latter case, individual entitlement legitimated by values institutionalized in the organizational culture comes to play in the communication of appropriate behavior for employees:

*It starts out when you get here. Most of the kids, as trainees, are almost expected, because they see everyone else volunteering. Junior Achievement's probably one of the first steps you get when you've just graduated college and you're a trainee, and so many people here volunteer by teaching Junior Achievement classes. You just do it.*

In both examples of entitlement, personal power of leaders is accessed. In name of a noble cause (meeting community needs), individuals (decision-makers) willingly use their personal power to coerce other individuals (employees) to follow their directions (to volunteer). The difference lies in the source of legitimation – at Company One, the leader's entitlement is legitimated by ownership; at Company Four, entitlement is legitimated by values institutionalized in the culture. Of importance in this process is the fact that conditions for commitment – the motivation derived from organizational moral values and principles – depends on the personal choice of the decision-makers to put forward the values of the culture. Once more in this study, results indicate that the processes through which motivational mechanisms occur are located on level of the “individual in the organization.”

### ***3.1.8 Company Five***

#### *Description of the company*

The one-and-a-half-century-old large, private company is headquartered in the Quad Cities region. Four family members form the top management team, which makes all decisions regarding social practices. The manufacturing firm operates in a moderate to competitive industry and sells approximately 15% of its production to other companies in the Quad Cities. The CEO sees the company as moderately visible in the local community, to which the firm donated more than 10% of its pre-tax profits in the year 2006. Levels of retained income are appropriate for the firm and similar to the levels of competitors. Money donations and top management participation in nonprofit boards are the major forms of social practices used by this company.

All the company's employees are trained on the code of ethics. Employees are supported in their individual volunteering initiatives, but the company does not have a policy of stimulating or giving incentives to such practices. As in other companies in the sample, there is a trend of younger employees not to be as much involved with the local

community as the older ones. Social performance is not measured at Company Five. However, the leadership informally reports the company's social actions to the internal public occasionally, during meetings with all employees.

Only one decision-maker agreed to be interviewed for this study (the CEO and president). The family avoids publicity in general, including that related to the company's social actions.

Company Five uses well-defined criteria for giving and has strong beliefs regarding the nonprofit beneficiary's quality of management and performance: "We believe these organizations have a responsibility to run themselves in an efficient and effective manner, so our funds tend to be driven toward outcome where the money coming in can easily be seen in the outcome coming out the other end." The scope of social practices is also pre-determined: "We look at targeting where our resources and our energies are focused, and we have four main targets." These targets are: education (particularly Catholic), children's welfare, aging population, and quality of life in the Quad Cities.

Participation on boards is based on the major areas of social investment defined by the company. Family members participate most, and when other managers do, the family coaches and monitors them. Apparently there is strict control by the family on charitable initiatives, and some room for employee volunteering. Support for volunteering is given in the form of work time. Although the company does not actively disseminate the

culture of employee involvement with the community, this policy is being considered for revision:

*I think it's up to us as employers if they're not going to come to us requesting [support for volunteering], it may be we need to do a better job of engaging them. That's something I think we all need to think about. I would say that, unfortunately, the way that our organization is – we believe we are a very sociable organization – hasn't changed to basically address the issue of the younger employees not participating, and that is something we need to continue to look at.*

When requested, employees do respond to the company's call for involvement with the community. For example, a little before Hurricane Katrina hit New Orleans, the company had planned to give a party to celebrate its anniversary. After the disaster, the CEO invited the employees to decide on how to use the funds for the party:

*So we went to the employees and really said we'd like to give this money away but we'd like you to be participants in that, and in fact, 90% of our employees said, "We completely agree, let's channel these funds to the American Red Cross." We had a matching drive, then that drove the total check to the Red Cross to about \$105,000, so that was a great event and something that all of our employees participated in.*

Among the characteristics of the decision-maker, family orientation and religious beliefs seem to be the most influential factors; formal education does not play an important role

in the motivations for social practices: “I would say first and foremost, just exposure through the generations of family and examples in living, it is probably the single biggest impact ... I’d say it’s more the Christian foundation of values and the fact that they existed in the academic environment with the path we chose was an enhancement, but it wasn’t the educational system specifically.”

**Table 3.6** Analysis of motivators at Company Five

Practices:

	DM 1
Red Cross	
Commitment	X
Calculation	X
Conformance	X
Caring	
Assumption High School	
Commitment	X
Calculation	
Conformance	X
Caring	
Bethany Homes	
Commitment	X
Calculation	
Conformance	
Caring	
Camp Shalom	
Commitment	X
Calculation	
Conformance	X
Caring	
CASI	
Commitment	X
Calculation	
Conformance	
Caring	X
Child Abuse Council, National Guard, Family Resources	
Commitment	X
Calculation	
Conformance	X
Caring	
Junior Achievement	
Commitment	X
Calculation	
Conformance	X
Caring	
St. Ambrose University	
Commitment	X
Calculation	
Conformance	X
Caring	

The motivation mix commitment-conformance is present in the majority of practices. All of them are motivated by commitment. Caring is also a motivator and, although not

captured when the CEO described each practice (and, thus, not marked in the table above), emotional attachment to certain causes is described by the decision-maker: “Absolutely, I think that’s true, and you find it in a lot of these charities on this list. I would say most of them, for one reason or the other, are a personal emotional interest to us.”

#### *A. Examples of Commitment*

Regarding the benefits for the company, the CEO argues, “I think that are we going to somehow exploit what we do in the community, we allow the charities to use our name as an example to get more contributions, which is exactly what we want it to be used for.”

*Really, not even expect, the reason we do this is because we think it is right and I guess that’s the prime purpose. We tend to shy away from acknowledgement, we try to keep our name off of these broad, sweeping broadcasts for the reason we discussed.”*

Commitment to the family’s Catholic faith:

“(Camp Shalom) is a nondenominational Christian camp that, again, we do support our faith.”

“National Guard, Family Resources, supporting those is very much a Christian alignment. as well as it is alignment for families in need in the area.”

## *Faith*

In this family business, faith seems to be an important factor influencing the use of social practices. The company supports many Catholic nonprofit organizations and schools. Note that JA, a non-faith-based nonprofit heavily supported by most companies in this sample, was barely mentioned by Company Five. The interviewee spent more time explaining faith-based initiatives than other social practices not related to the Catholic faith. In his words, “I would say faith, we are all pretty devout practicing Christians and Catholics, and I think that certainly influences the values portion of it.”

Faith may influence the motivation for practices that both create organizational values and create the need to conform to norms of behavior. In both cases, faith induces commitment.

### *B. Examples of Calculation*

There are no examples of calculation as a motivator for social practices at Company Five. Regarding sponsorships, the company affirms, “We don’t see that as a civic responsibility.” The company sees sponsorships as marketing tools and not as social practices.

### *C. Examples of Conformance*

“[Social practices] all started when my great-great-grandfather opened the first loan community bank – which also brought a lot of development to the region, and it never stopped.”

#### *D. Examples of Caring*

The CEO affirms that emotions are motivators of most of the company’s social practices. Individual feelings and attachment to certain social causes are an important influence on the decisions of funding. For example, sensibility to individuals affected by mental health issues, which occur in the family and among employees, prompts the company to support a local charity dedicated to this cause: “... [T]here’s definitely been a history of some mental illness [in the family]. I will also say that we have employees here that I’ve become knowledgeable about their struggles, and that also helps to kind of make it an organization of interest to me.” This charity has a program that brings mental health specialists into K-12 classrooms. The objective of the program is early identification of mental health issues among kids, whether they are severe cases or simply stress-related, temporary imbalances.

Another example is the responsibility the company assumed with the local community throughout the region where most of the family members live (which is not the neighborhood where the company is located). In that neighborhood, kids were more and

more going to the streets after school, unattended. The family started supporting a local parish initiative to offer after school programs to those children to address the lack of parental support during those hours.

The CEO of Company Five has a clear understanding of the degree to which each social practice is motivated by emotions:

*[T]here are many different levels of emotion. I mean, an experience of a hardship is an extreme, but I also think there is an emotional attachment to this community. We've all lived here, and this business, for 102 years, has existed in this community. Our entire family lives in this community, all of our employees, and I think that leads to almost an emotional responsibility to support it; so I think there's different very personal emotional levels in these longer-term emotional responsibilities that we feel.*

### *Conclusions*

It seems that at Company Five, the basic “underlying layer” of motivations is a mix of commitment-conformance influenced by the family’s Catholic faith. Faith creates and reinforces cultural values and the need for the company to behave by them. Faith also serves as a guide always present in the decisions regarding social practices, although not rationalized. It is as if conformance to Catholic principles is a precondition for the practice to exist. Another aspect of conformance is the fact that the company’s involvement with the community is taken for granted – it is just part of “who they are.”

Social practices have been used for so long that they have been institutionalized in the company's culture.

Commitment is a motivator in all the social practices used by the company. However, social deeds are not publicized:

*... [A]bout the marketing benefit of the company, we really don't look at it that way at all. We don't look at our contributions to be in any way recognitions of [name of the company]. We see it as our responsibility, we don't try to leverage it, we don't even, oftentimes, try to promote that [name of the company] is involved in these things. It happens because it's more in the charity's interest, so we allow them to use the name, we don't try to conceal it, but we don't have an active marketing angle on it, we just don't do that at all.*

Among the reasons is the fact that this is the way the decision-maker's grandfather and father led their lives and business. The business has always given a great amount of support to the charities in the region, but the family has never wanted to publicize its contributions. For family members, it is enough that the community sees the company as a responsible actor. The attitude of the fifth generation of owners is possibly "inherited" – they learned modesty from the family, and genuine understanding of their role in the community is the major drive of their decisions regarding social practices:

*Where does [generosity] come from? I don't know. Again, I think we could go back through this family through the generations, as far back as my grandfather, and it's the way he carried himself, it's the way my father carried himself.*

*Certainly seen as a generous man but not one to get up and tell the world about all the wonderful things he has done. I think that it's just our makeup and the way of the family.*

Practices motivated by calculation as defined in this study are not considered by the company as “charity.” This again indicates that commitment has been institutionalized in the company as a motivator for social practices. Another indicator of commitment is the way social practices are carefully crafted – the company evaluates the effectiveness of the programs and their particularities.

At Company Five, emotions of family members (on the individual level) translate into the organizational level as social practices motivated by caring. Such practices are initially motivated by decision-makers’ affective ties with certain causes. Then, as these practices are in line with the values of the firm, commitment is integrated into the motivation mix. For example, an emotional tie with a social cause might have motivated the company to start using a social practice: supporting a mental health institution that served a family member or an employee (caring). Because serving the community is a strong principle at Company Five, the practice is aligned with the company’s moral values and also motivated by commitment.

It is important to note that, due to the fact that the analysis of motivations and antecedents is based on self-reports of perceptions of social practices by decision-makers, their individual characteristics and experiences, as well as agenda, may bias the report of

motivations for practices<sup>34</sup>. In this particular case, it is possible that the decision-maker had an agenda that included communicating an overall image of the company's motivations (commitment). Previous to the interview, the decision-maker requested details of the questions and prepared answers accordingly. After reading the scope of the questions, the other family members who make decisions decided not to give interviews and were represented by the contact person.

### ***3.1.9 Company Six***

#### *Description of the company*

Company Six is a privately held holding of firms that operate in the services industry. It was founded in the 1970s and expanded into a 1,200-employee company over more than 30 years. Originated in the region, the firm has its headquarters in the Quad Cities.

With a strong focus on diversity and a culture of caring and service, Company Six encourages employee involvement with the community. Use of working hours and financial support are granted to employees willing to volunteer:

*Yes, you just tell your boss you'll be gone for two or three hours, and then you return. It's very fun, very fulfilling.*

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<sup>34</sup> For more on limitations of this method, refer to the Conclusions section.

The company is managed by the first and second generation of owners. The founder has very strong values regarding individual and organizational “giving back” to the community and has been extremely successful in disseminating these values among managers and employees. Employee tenure is long – it is common to find employees who have been with the company for more than 20 years. Decision-makers attribute long tenures to the fact that employees know that they and their communities are well taken care of by the company. In addition, all employees engage in community support.

Three decision-makers were interviewed in this study: the founder (family member), the president of one of the business units (family member), and the HR director (professional manager). There is one more decision-maker, the CEO, who was not formally interviewed for this project. All interviewees have deep connections with the local community and are very committed to the betterment of living conditions in the region, particularly regarding minority groups. Individual foci of social interest vary among decision-makers, but all regard education and kids’ well-being as the most important target of the company’s informal social policy. Interestingly enough, all the owners have a wide range of autonomy to invest in the community and to authorize expenditures. In informal meetings, they communicate their social investments to each other. When investment in social practices requires more than \$20,000, decision-makers bring the issue to the board meeting. As one manager says, “We rarely say no to solicitors, even if we are only able to give a small amount”.

**Table 3.7** Analysis of motivations at Company Six

Practices:

	DM 1	DM 2	DM 3
Junior Achievement			
Commitment	X	X	
Calculation			
Conformance			
Caring			
Festival of Trees			
Commitment			
Calculation			
Conformance	X		
Caring			
Boys and Girls Clubs			
Commitment		X	X
Calculation			
Conformance			
Caring		X	X
Girl Scouts			
Commitment			
Calculation			
Conformance		X	
Caring			
Salvation Army			
Commitment			X
Calculation			
Conformance			
Caring			X

A mix of commitment-caring motivations is present in most social practices used by the company. Conformance is often present as well, as social practices have become institutionalized in the company's culture.

*A. Examples of Commitment*

*Yes, the Boys and Girls Club is a big thing for us. It is downtown in Moline, downtown Davenport and [our company was] instrumental in building these from the ground up. They support 100 kids a day. In one club it is probably 80% Hispanic [kids] and the other is probably 80% African American [kids] and we support both clubs financially to the tune of about \$100,000 a year, and this is something we believe in.*

(Does the company benefit from social practices?)

*No, it's just the right thing to do. I don't know that we benefit from Junior Achievement or the Boys and Girls Clubs – it's just something that we do. I don't know that it makes people buy our products, but it does help getting accepted by the community. I will say yes, but that is not the reason. We have the money so let's give it away. It's something we believe and we'll do it together.*

### *B. Examples of Calculation*

There were no examples of practices motivated only by calculation at this company. However, responses to peer pressure are motivated by a mix of commitment and calculation:

*Other businesses come to us all the time asking for contributions, and I'm very receptive to that because then they can contribute to one of our causes. I just had that happen last week when one of our suppliers wanted us to contribute and I said, "Well, I will if you'll contribute to mine" and he said, "Well, of course." That's good, so now instead of having just one charity we have two, and he*

*improved his bottom line and we improved ours, and that happens a lot. A lot of giving is through relationships. Business people are respectful of each other, they know who is a mover and who is a shaker and who does what, and I can ask 25 or 30 people here in the community and they will give me money.*

#### *C. Example of Conformance*

*I like the Nike philosophy of “Just Do It.” We’ve been always one that’s just done it, and that’s what has gotten us involved to work with young people through Junior Achievement, The Boys and Girls Club, my old grade school, which is now 73% Hispanic in the Floreciente neighborhood in Moline.*

#### *D. Examples of Caring*

Individual passion for a cause that resonates with the company’s principles sustains the practice on the portfolio and warrants its continuity. With time, practices motivated in such a way become institutionalized in the organizational culture. To the extent that these practices are aligned with cultural principles and values, their motivation mechanisms transform from caring into commitment:

*JA is one of my favorites because it focuses on children, and we try to look at your community, society, and the world in general. The things that you see that need fixing or help are so overwhelming – where do you start, where do you put your effort, where do you put your money? I guess my logic is that if you start with the*

*kids and we give them a good basis and a good education and teach them about volunteerism and community service and being good people, then as they grow and become the leaders, maybe things will be better. That's always been my thought process and that's why I like the things that involve the children. We start there and we do something positive there, then maybe when they are adults, things will be better.*

### *Analysis and Conclusions*

The founder's commitment to social causes comes mainly from his willingness to help individuals not to go through all he experienced as a poor child. His high aims include, most of all, the betterment of the lives of minority groups in the Quad Cities and in the country. At Company Six, all social practices are driven by commitment to the company's principles, which originated in the founder's moral values and in the company's social sensibility. Another aspect of commitment at Company Six relates to the expectations of employees and the general public that the company support social initiatives.

Mostly, social practices at Company Six are driven by commitment. However, peer pressure is often present, as the exchange of contributions to community causes among business people and among the social elite is a fact in this region (as well as in other regions – see work by Galaskiewicz (1995, 1997) on philanthropy in the Minneapolis-St. Paul region). The founder of Company Six sees the phenomenon of peer pressure as an

opportunity to increase the amount of gifts given to the community through reciprocity, but also an opportunity to strengthen business relationships (a mix of commitment and calculation). This is exemplified in the following story:

*We had a customer here from [name of town] who is a very religious guy and belongs to all of these different groups, Youth for Christ, and he was looking for some help in sponsoring something at the Mark and I was [position with a nonprofit] and he called me up and said, “[Founder’s name], I see that you’re always helping out, blah, blah, so we helped him out and we did it and we do business together, kind of like I scratch your back and you’ll scratch mine and that’s what the Chamber of Commerce is like. Get business people together and it improves your community and improves your bottom line too, and if your business is growing and we are attracting employment instead of losing employees.*

A characteristic often associated with the company’s brands, social responsibility is an important influence in the firm’s reputation. Company Six does benefit from its social practices. Employee loyalty and low levels of turnover, excellent reputation, and preferential treatment received by customers are among the beneficial results of the company’s social actions. As the founder affirms:

*We are respected in the community, so a lot of times, in looking at employees or out recruiting, they say, “Oh, yeah, we’ve heard of [name of the company],” and that helps us a lot. They like to work for a company that’s done well. It’s just one of the fringe benefits of being a caring community company, because then other people will want to be a part of that.*

However, the only situation in which the company publicizes its social practices is when nonprofits ask to link the company's name with their organization. In these cases, Company Six authorizes the use of its name because it benefits the nonprofit organizations. The benefits of social practices for the company are but consequences of its committed attitude and not an objective, per se – practices described by all interviewees are not motivated mainly by calculation.

Caring is present in the majority of practices as well. The organization's culture allows for individuals' emotions to drive the use of social practices. Each of the three owners has autonomy to "adopt" the causes with which their feelings align. The two owners that were interviewed have a deep understanding of social issues and a strong intention to contribute to their solution. The founder's emotional ties with certain social problems were the driver of his initiatives to help other individuals and groups, and this pattern was followed by the other decision-makers. As the company matured, a portfolio of social practices initially motivated by caring became part of the firm's routines. Because the use of such practices was in perfect alignment with Company Six's principles, their use became also motivated by commitment. One of the second-generation owners, as well as the HR director – a professional manager who has been with the company for 26 years, developed as executives were shaped by the founder so that they internalized the commitment-caring mix approach to social practices at the company.

This case indicates that the processes through which mechanisms are used, evolve, and transform into new motivation mixes through merger and institutionalization are of great importance in the understanding of the reasons why companies use social practices. This particular case illustrates the possibility that there be a “motivation lifecycle” in privately held companies managed by owners. Initially, practices are motivated by an emotional attachment of the owner with a social cause or group (caring). If the moral values of the founder and company include supporting the community, this practice is also motivated by commitment. With time, if the practice is kept in the portfolio of the company, it becomes institutionalized and is used also because it is a habit (conformance). Under certain circumstances, such as in the occurrence of an event that hurts the company’s reputation, the motivation for use of the practice may also include self-interest of the company in protecting its reputation (calculation). Among other factors, the founder’s values and vision regarding the company’s role in the community and how this vision is shared and absorbed into the organizational culture determines how this lifecycle unfolds.

### ***3.1.10 Companies Five and Six: Similarities and Differences***

The two large private companies are very similar in their general approach to social practices. Underlying layers of commitment as well as caring are present in most practices at both companies, complemented by conformance in some cases.

Both families are very dedicated to social causes and to the betterment of the community, and both companies give quite a large amount of money to nonprofit organizations in the

region annually. In both cases family members volunteer at local nonprofits and participate in partnerships with the local government and with the civil society to address social problems. One of the companies is more open regarding their activities than the other, but calculation does not appear to have been the primary motivation for social practices.

At the two companies decision-makers have high levels of autonomy to initiate and authorize expenditures for social practices. This factor, in the presence of individual decision-makers' moral values and willingness to help others, and organizational principles, creates appropriate conditions for commitment to be the major motivation mechanism for use of social practices.

### ***3.1.11 Company Seven***

#### *Description of the company*

Company Seven is the local branch of a publicly held multinational American manufacturer. The company's clients are other very-large business located in markets other than the Quad Cities. The branch has its own sales force. Located in a competitive industry, the company is very visible, and has a high potential to pollute the natural environment in the Quad Cities and downstream in the Mississippi River.

A major employer in the region, Company Seven has a tradition of involvement with the local community. General motivation for social practices relates to the company's adherence to its values and principles together with the need to meet public expectations. In order to keep its license to operate, and to protect its reputation in case of future issues with employees or with the natural environment, the company adopts a "good neighbor" or "good corporate citizen" policy (enlightened self-interest).

The corporation has a foundation that directs resources to the local branch in the use of some social practices. However, the local operation has its own portfolio of practices that follows guidelines established by the corporation. The department of external communications is responsible for the practices used at the branch. Local decision-makers have only some autonomy to implement new practices. There is a limited discretionary budget for social practices, but its use requires approval from the corporation. The main decision-maker is the external communications manager, in whose job description social practices are part of his functions in the company. His background is journalism. Other decision-makers interviewed for this study are the internal communications manager, who has a background in communication, and one plant manager, who has an engineering background. The general manager of the plant is also an important decision-maker in the local branch, but he was not available for interviews.

Some social practices originate in the operation of the plant. For example, in an internal study, managers found that one of the factors that could boost productivity was the offer of employee incentives in the form of company contributions to the local community –

when the plant performs well, the community benefits. A social practice was then designed to give employees an incentive to produce more (enlightened self-interest).

The local branch adopts the code of ethics of the corporation, and all employees receive 24 hours of training per year on the content of the code. Social performance is measured and communicated both externally through the annual report and community meetings, and internally through the weekly news and the HR video network. Managers and employees are not evaluated in terms of their contribution to corporate social performance, but there are grants given by the company's foundation for employees who volunteer. The company does not give time off.

**Table 3.8** Analysis of motivations at Company 7

	DM 1	DM 2	DM 3
Bix			
Commitment			
Calculation	X	X	
Conformance			
Caring			
Reading program			
Commitment			
Calculation	X		
Conformance			
Caring			
Junior Achievement			
Commitment	X	X	
Calculation		X	
Conformance	X	X	
Caring			
United Way			
Commitment	X	X	
Calculation		X	
Conformance	X	X	
Caring			
Donations for productivity			
Commitment			X
Calculation			X
Conformance			
Caring			

Although some practices are motivated only by calculation at Company Seven, the mix commitment-calculation is prevalent.

*A. Examples of Commitment*

“... [T]here are some organizations we’ve funded for a long time; United Way, Junior Achievement, those are probably two we’ve funded for a long time at a pretty healthy level, but I think both of those kind of fit the core values of our organization.

*Even from the standpoint of the grant I talked about a year ago to train people in the 40 developmental assets. I was the one that really initiated, a lot of times an organization like United Way would come and say, “Hey, we would like to get \$30,000 for this project.” I was on their board and wanted to do the training so I actually said to them, “Hey, this would be a good fit for [name of the company] and the foundation. Why don’t you write up a grant and get it to us?” So I think the fact that we’re involved in the loop of what they are doing links us a little more closely to try to help direct what they can get done and be part of that solution.*

*You’ve seen the areas of excellence that the Foundation works with ..., so when we talk about donations, one thing I don’t want you to think is that for the most part people don’t just show up at the door and say, “Can we have \$1,000 or*

*\$2,000” and we say, “Oh, yeah, go ahead.” It really needs to fit in these areas that we’ve identified as being the Foundation’s areas of excellence.*

“I feel pretty good that we’re at a level [of donations] that general management feels good about, and I think they recognize in general that a company of this size, with the visibility that we have, we have to do some of these things.”

#### *B. Examples of Calculation*

About an event sponsored by the company: “... [A]nd that one is in excess of \$20,000 but that event has our name all over it and is really associated with us on one of the biggest weekends of the year.”

“ ... [W]e certainly, through the sponsorships, get our logo out there and try to get our image as a corporate citizen, but as far as something that sells, like our product, we don’t make at this location”

#### *Enlightened self-interest:*

*Some of the sponsorships we do are a lot of fun because there are a lot of great events in the community, and I think some of them you can look at as partnership*

*type of things as well because some of them help improve what I call the quality of life in the community, and that's good for our employees, which, hopefully, in turn, is good for the company.*

*So, hopefully, some of the things we help with, whether it be sponsor or donations we make, will help improve the quality of life in the community. I'd like to think that they all kind of tie in.*

### *C. Examples of Conformance*

“Well, [company's name] and its employees have a history of being supporters of the United Way and we have a workplace campaign; our employees choose to have payroll deductions to United Way.”

### *D. Examples of Caring*

There are no examples of practices motivated by caring in the interviews at this company.

### *Analysis and Conclusions*

A mix of commitment and calculation is the main motivator of all practices at Company Seven. Conformance is not a major motivator, although it is present in most of the motivation mixes.

In general, decision-makers see social practices as tools used by the company to improve its relationship with the community. Because the value of social practices is institutionalized in the corporation as well as in the local branch, the most important practices have been in place for quite some time and are taken for granted. In those cases, the beneficiary organizations are efficient and broadly accepted by the internal and external publics (meet social expectations), in addition to being in line with corporate guidelines (follow norms and rules).

At Company Seven, social practices are used as tools to promote stakeholder dialog and involvement. Interaction with the community occurs at meetings with the Community Advisory Board:

*The process we have right now, for the second year, we have a Community Advisory Board made up of about 17 people from the community, different walks of life – bankers, environmentalists, some elected officials – who actually review the original proposals we get for Foundation grants and help us rank them. We still make the final decision on which ones we fund, but we use that Community Advisory Board to help us identify what are the needs in our community.*

The rationale for use of social practices at Company Seven is based on the company's principles, interests, and tradition. The mix commitment-calculation-conformance is a motivator of most of them.

Interviewees showed no personal involvement with the practices. They practice their own personal philanthropy separated from the company's social practices. Decision-makers look at social practices as something that belongs to the level of the impersonal entity of the company. Thus, no practices motivated by caring were identified in the interviews. Because there is no emotional attachment to the practices and the main decision-maker does his job from the perspective of a public relations spokesperson, he did not prioritize the present research project in his schedule, unlike all but one of the other seven participant companies. His is a boundary-spanning job in the company; his role is to protect and defend the company's image and reputation.

One of the largest employers in the region, Company Seven's approach to social practices is bureaucratized and impersonal. Well-established processes guide the way of decision-makers in the management of social practices from year to year. The culture of the company is one of high moral values and principles, and high levels of professionalism and emotional distance. In addition, as a public firm, Company Seven is closely monitored by investors and analysts, which forces the firm to have an overall focus on short-term results. Social practices are investments with long-term returns, which many times are not financial. These conditions foster the use of practices motivated by commitment and calculation (enlightened self-interest). In order to be used by Company

Seven, social practices have to be at the same time good for the community and beneficial for the company (e.g., improve reputation, improve employee satisfaction, make “social hedges,” and meet internal and external expectations – the community expects the company to behave as a good neighbor; employees expect the company to support the community).

Apparently there is no room at Company Seven for practices motivated by decision-makers’ attachment to social causes. Even if they have preferences or emotional ties with nonprofits, those cannot be expressed through their supporting certain organizational practices, but have to be channeled through decision-makers’ personal philanthropy or volunteering. However, there is a system in place at the company whereby a fund for the community is built by company contributions “earned” by employees that help find solutions for specific problems. Employees manage this fund, including the selection of beneficiary nonprofits or causes. Thus, emotional ties can be expressed by employees through this fund. The fund itself is considered as an organizational social practice. However, from the perspective of the company, this practice is motivated by calculation and commitment, as it was designed to benefit the company, and benefits for the community are a just a consequence of this strategy. The company found that employees are more motivated to contribute ideas to solve problems when the community receives the dollars than when they, as individuals, receive the money.

### **3.1.12      *Company Eight***

### *Description of the company*

Company Eight, a large manufacturer, was founded more than 100 years ago. Traditional in its industry, the company has a bureaucratic hierarchical structure with rules, routines, and policies well defined. It is a large publicly held organization headquartered elsewhere in the Midwest. An important employer in the region, it employs a low-qualified workforce.

Managers' autonomy related to social practices is bounded by clear guidelines. The main decision-maker – the plant manager – has a low level of autonomy to initiate and authorize social practices; he follows corporate guidelines. Contributions depend on (1) the size of the location; (2) the number of families/employees that would benefit from the programs; and (3) the social need in the area.

Social performance is measured at Company Eight and disclosed both to the internal public through the newsletters, and to the external public through advertising and on the company webpage. Contribution to corporate social performance is not considered in the evaluation of employees. The company has adequate levels of resource slack.

Decision-makers at Company Eight are the general manager, her assistant, and an HR manager, all of whom were interviewed. The general manager started her involvement with the community on the rational premise that it should be part of her activities: "I felt that if you wanted to be noticed and wanted to make a difference you had to be involved

in something different than your day-to-day job.” Although her involvement started from a self-interested perspective, the decision-maker has a sensibility to social causes:

*Most of our [salaried] jobs are very well-compensated jobs and they give the managers, plant managers, along with the staff, an opportunity to give back to the community, and that's very important ... those kids who don't feel the importance of education and the ethics and values, stealing and everything else that is going on, they need parents or guardians to share those values with them to hopefully steer them in the right direction.*

The general manager is starting to connect to the local philanthropic network: “I get to know a lot of other leads, and just knowing [name of company] is a leader, [meeting] some of the lawyers and bankers and just to get a friendship with them is always helpful.” She does not attribute her formal education as an influencing factor in her view of social practices:

*I don't know that my education background made a difference. I think it was more my bringing up, my parents' values, and making sure that if you can help other people, then do it. I would say that's more so than my education.*

The HR manager is also sensible to social needs:

*I volunteered a lot in college. I volunteered when I had my own business, I gave a lot. I made sure there were scholarship programs.*

Incentives for employee volunteering stem from the culture and from the general manager’s ideals: “I encourage all of my staff to get involved, and I don’t really care what organization it may be; whether it be Big Brothers and Big Sisters, the United Way, working at the shelters, its just a way to get a feel of what the deprived and those with less have to deal with and have to work with.” She attributes her social sensibility to her upbringing:

*I would say some of it is my upbringing. I lived on a farm ... we never went hungry, if we were at somebody’s house they always gave us food, and the part of helping people was part of my upbringing. I could tell you I spent more time helping people than spending time by myself. I enjoyed doing it.*

Support for volunteering is offered by the company:

*How we support JA is the fact we allow the employees, the salaried employees, to take work time, to readjust their schedule to be able to volunteer in either their own child’s classroom or any child’s classroom. And that we actually solicit volunteers three or four times a year. And we have about 30 to 40 people every year that go into the classrooms in Davenport.*

**Table 3.9** Analysis of motivations at Company Eight

	DM 1	DM 2	DM 3
Junior Achievement			
Commitment	X		X
Calculation	X	X	X
Conformance	X	X	X
Caring			X
JA Board Participation			
Commitment	X		
Calculation	X		
Conformance	X		
Caring			
Churches United			
Commitment	X	X	
Calculation			
Conformance			

Caring	X	X	
Employee Volunteering			
Commitment	X	X	
Calculation			
Conformance			
Caring		X	
Matching Funds			
Commitment			X
Calculation			X
Conformance			X
Caring			
Boys and Girls Club			
Commitment	X		
Calculation	X		
Conformance	X		
Caring	X		
Bix			
Commitment			
Calculation			
Conformance	X		
Caring			

There is a presence of all motivational mechanisms in the practices used by Company Eight. Conformance to employees' expectations and practices that became habits abound in this organization. Along with conformance, commitment to the company's principles is also an important motivator. Calculation is most often expressed through long-term self-interest, or the understanding that fostering the idea of a healthy community is good for the business. Caring is present in practices that touch decision-makers' emotions, such as Churches United, Boys and Girls Club, and Junior Achievement, but never as the main motivator.

*A. Examples of Commitment*

Individual values that resonate with the company's moral values, along with social sensibility create conditions for commitment:

*I would say ethics, morals, trust, are pretty much all the same, and that's probably why I've worked here for 24 years, because they have matched up. Honesty, trustworthy, involved in giving, and making sure there is respect – those are all my values, and the top three or four match up with the company's very well. One of our visions is to help each individual around the country eat and live better everyday. That is provided through being involved in the community, providing nutritious meals for them, and giving back to the community as well.*

*I feel very strongly that it is a very good program and its one the kids really enjoy. We allow them to take the time off work either to come in later, or leave early and comeback, and they have the latitude to do that because I feel it is important to the community.*

*You have people who live in very low-income and poverty situations; it's very difficult for them to ever get out of it. I think this is a way to shed some light on it to me and shed light on some important things, and this is one way to do that, and we should do as much as we can.*

Consideration of the level of need in the community (a societal-level characteristic) in decisions about social practices as an indicator of commitment:

*Opportunity to give back to the community, and that's very important. Probably more so, as there is more of the lower income.*

*There are a lot of kids that don't have parents, who don't have mentors, who are looking for people to share.*

Consideration of the quality and efficiency of the beneficiaries' programs as an indicator of commitment:

*We also, as a corporation, as a plant, we financially contribute and help those with solid programs that allow the kids to be involved in different activities, whether it be culture, music, whether it be financial institution similar to what JA does, whether it be after school programs or whatever, which are all very good programs to get people and young kids a fresh start and a good start as well.*

#### *B. Examples of Calculation*

Commitment-calculation mix motivates social practices (long-term self-interest):

*There are a lot of kids that don't have parents who don't have mentors who are looking for people to share, like the Big Brothers and Big Sisters, for those who don't have family, and I think that is important knowing there is a future generation of leaders.*

*Kids growing up today, 10 years from now, they will be sitting in my seat and running our corporations and being our leaders and may be in business in*

*Davenport. If they don't have the ethics and morals that I would think they would as business leaders, for us it's going to make a big difference, and I think it is very important. Granted, not all of them are going to be, but those kids who don't feel the importance of education and the ethics and values, stealing and everything else that is going on, they need parents or guardians to share those values with them to hopefully steer them in the right direction.*

### *C. Examples of Conformance*

*I would say the program that we have here was created because we had a lot of people that were involved in JA. I would say that would be the case, and some of it was the contributions we made when they had their sessions there ....*

#### *Calculation and Conformance:*

*[Donation of food] is good for the company, and JA doesn't have to go out and purchase that as well. After that, it just grew.*

Practices motivated by conformance based on “tradition” are sustained while they add value to the community:

*Even though it has been tradition, the leader or the plant manager really feels there is a value in what we do or what the employees do, giving back to the*

*community, that you can justify the time, the equipment, and/or the resources to give back to those organizations, then I would say, yes, that tradition is going to be carried on, but if there isn't the value, the organization doesn't have very sound programs and practices that returns and you see a value there, then those would be the first ones to be dropped.*

#### *D. Examples of Caring*

“My primary focus on giving happens to be in JA, and that’s my passion.”

“If [name of company] gave me \$50,000, I guess I would take some of the lower-income areas and spend the money on painting, upgrading the houses and/or the communities they live in, maybe adding a few more parks and doing some things that make the kids and/or the people in those areas feel better.”

*[Volunteering at the food bank] just takes a couple hours of your day, and just knowing the satisfaction and appreciation of those people is something that is very difficult to explain, because its something that, most of us have never gone hungry for a day. Just to walk in their shoes and see their smiles that they have to offer is very rewarding*

*Enlightened self-interest (commitment-calculation)*

*I think employee-pleaser is the matching funds. If you gave a donation \$25 or more, [name of company] will match that dollar for dollar. For example, I wanted to give to American Heart Walk or Cancer Society or the Cancer Walk they do in July, or maybe I want to give Boy Scouts or Girl Scouts or Children's House or the Food Bank. They have to be a charity under the true charity sense, but I can give, I send in the form and they'll match my contribution. We go through a lot of forms like that.*

*But we do a lot of things like that, United Way, we solicit all of our employees here. We do other things. Some of the other things I think are interesting is how we do small projects, sometimes like pack tags for Christmas gifts. We're going to do a Christmas gift tree for the needy children in the area. We are going to put out. If you want to adopt a child, here's the tree. And they used to do 50 or 60 [children] every year. Up to \$5,000 per year per employee.*

*Analysis and Conclusions*

As at other companies, efficiency of the beneficiaries' programs is an important factor in the consideration of a social practice. This might be an indicator that the practice is motivated by commitment – adherence to the company's principles and moral values

demands quality in the support it extends to the community. Or else, it may simply indicate that the company sees social practices as any other investment, where the firm looks for the highest return on their resources.

Individual and organizational levels of analysis of motivations are very intertwined, with leader's feelings, perceptions, and previous experiences influencing the organization's approach to social practices. The following excerpt of an interview exemplifies: "I think that it is important knowing there is a future generation of leaders. I encourage all of my staff to get involved, and I don't really care what organization it may be." In this example, the values of the leader find their way into the motivation for the practice of employee volunteering. Because the leader's values are aligned with the values of the company, other employees naturally understand her intention, as it resonates with the company's culture. The use of this practice is then motivated by organizational commitment.

Through managerial discretion, leaders infuse organizational social action with their own views of the role of the individual in the community. What the decision-maker experiences as a citizen influences the choices of social practices or the importance given to them: "I know my children went through the [JA] program as well, and they really enjoyed that."

Individual willingness to help under conditions of managerial autonomy and strong organizational moral values generate organizational commitment: "We have 20 extra of

our staff and others that teach these programs in schools, and we allow them to take the time off work either to come in later or leave early and come back, and they have the latitude to do that because I feel it is important to the community.”

Within the company’s culture, social practices are intrinsically considered as organizational tools that potentially benefit the business. Managers are expected to justify all activities in terms of costs and benefits in large public companies. At the same time, there are strong moral values in the culture and, thus, social practices are legitimate forms of interaction with the community.

Five years prior to the interviews, there used to be a sales department at the local branch, and the number of and investment in social practices at Company Eight was higher than on the occasion of the interviews. With the move of the sales force, social practices lost their strength:

*We used to be involved more. Some five or six years ago we used to have a sales force for [name of company] out of the Davenport office, so we probably used to have more traditional type of things, maybe more so when we had sales here in the area. When sales moved away and went to our corporate headquarters, then some of those went away as well.*

This fact shows that social practices were mainly motivated by calculation prior to the move of the sales force – they probably helped establish a good reputation for the company locally. After the change, some practices from the old portfolio continued to be

used by habit. Although practices need to be aligned with corporate guidelines, there is not an overall project or strategy for the portfolio of practices at the company. They are, rather, used on an ad hoc basis. To a great extent, social practices used in the year 2005 followed the tradition of practices habitually used by the firm, the ones that are expected to be in the portfolio – these practices are mostly motivated by conformance. Thus, there is an underlying layer commitment-calculation-conformance in the motivation for practices at Company Eight.

The caring mechanism is present as a motivator, along with others in the motivation mix, mainly because the general manager has emotional ties with certain social causes.

In general, during the interviews, decision-makers described practices as activities that have only marginal importance in their roles at the company. Social practices at this plant are no longer seen as an important part of organizational life.

### ***3.1.13 Companies Seven and Eight: Similarities and differences***

These two large branches of public corporations are different in respect to the relative size of the operations. Company Seven is a whole division of a corporation, including production, sales, marketing, and logistics. Company Eight is a production site of a division of a corporation. The sales and marketing departments are located at the headquarters. The scope of the decision-makers' responsibility is different at each company. Company Seven has a department of external communications that manages

social practices, among other functions. At Company Seven, social practices are one of the many responsibilities of the general manager.

The underlying layer of motivation for social practices at the two companies is a mix of commitment-calculation-conformance. At both companies: (a) strong moral values in the culture motivate the use of social practices; (b) social practices are intentionally used as business tools and expected to benefit the firm (but at Company Seven, this process is more intense than at Company Eight); and (c) social practices are motivated by conformance to public expectations (commitment) and by tradition (conformance), but this process is more intense at Company Eight than at Company Seven. In sum, calculation is more prevalent among Company Seven's practices and conformance is more prevalent among Company Eight's practices. Possible explanations for this are (a) the fact that Company Seven has a local sales force (calculation) and (b) the fact that Company Eight inherited a portfolio of social practices from the era when there was a sales force, and now it just keeps this traditional portfolio.

A difference between the companies is the weight of social practices in the organizational life. Practices are important for Company Seven, as they are used as public relations tools. Practices are less important for Company Eight, as the local branch does not sell a significant amount of products in the Quad Cities. This fact indicates that social practices at large corporations and branches have an instrumental use. As the founder of Company Six affirms on whether his company's social actions make a difference when negotiating with large public companies:

*Big business ... no; all they care about is bottom line, unless we're in certain channels where certain companies have goals for diversity. [In those cases] that [characteristic of our company] helps, it really does; like AT&T and Pepsi, they like that.*

The levels of emotional involvement of decision-makers with social practices are different at companies Seven and Eight. At the previous, even though interviewees have personal attachments to social causes and nonprofit organizations, they approach the company's social practices from a rational and instrumental perspective. This may be attributed to the fact that social practices, corporate social responsibility, and citizenship are under the responsibility of the public relations department at Company Seven. As such, social practices are not seen as activities involving personal feelings or preferences. At Company Eight, like at Company Four, social practices are under the responsibility of the general manager, who oversees the whole operation, being public relations but a small part of her overall role at the company.

While Company Eight illustrates the positive influence of decision-makers' moral values, preferences, and emotions on the commitment and caring motivations for social practices, Company Seven illustrates how individual characteristics and experience of decision-makers influence the calculation mechanism. In both cases, use of practices is decided on the level of "the individual in the organization."

### 3.1.14 *Companies Five, Six, Seven, and Eight: Motivations for social practices at large companies*

**Table 3.10** summarizes the findings at the four large companies.

**Table 3.10** Large Companies

	<i>Similarities</i>	<i>Differences</i>
<i>Commitment</i>	Motivates most practices at three out of four companies (exception of Company 7)	At the two large, private companies, C5 and C6, and at the public large company, C8, commitment relates to the adherence to the companies' moral values and principles. At C5 and C6, commitment is constantly reinforced by the presence of family members in managerial roles. At Company Eight, commitment is reinforced by strict organizational guidelines and norms.
<i>Calculation</i>	All large companies sponsor events, which are motivated mainly by calculation	Not described by the interviewee at C5 and not prevalent in practices at C6. C5 does not include sponsorships in its social practice portfolio, but rather as a marketing tool. Motivates all practices at C7 and C8
<i>Conformance</i>	Motivates most practices at all	Conformance to: societal

	four companies. Based on tradition and inertia.	expectation, peer pressure, faith
<i>Caring</i>	Prevalence of caring is positively related to the personal involvement of decision-makers with organizational social practices.	Not present in practices at C7. Levels of caring vary at C5, C6, and C8.

*Motivations*

With the exception of Company Seven, social practices at the other companies have commitment as an important motivation mechanism. At Company Five, there is an underlying mix of commitment-conformance; at Company Six, of commitment-caring; and at Company Eight, of commitment-calculation-conformance. At Company Seven, practices have to be in line with the company's principles, but this is not the main reason why they are used.

At the private, large companies One and Two, there are no indications of the calculation mechanism in the practices described in the interviews. At the public large companies Seven and Eight, all practices are motivated by calculation, as if there must be a business case for their use by the company. The pursuit of short-term profitability characteristic of large corporations demands all business activities to be justified in terms of their benefiting the company. In addition, public companies have less flexibility in their expenditures, as they are pressured by shareholders for profits and dividends. The amount of social investment by Company Seven is considerably larger than the investment by

Company Eight; so is the presence of calculation as a motivation for social practices. The instances in which practices are decided are different at the two companies as well – a public relations department at Company Seven versus the general manager of the plant.

Conformance motivates practices at all companies in different ways. At Company Five, most practices are motivated by tradition of participation in the portfolio. At Company Six, some practices are motivated by their embeddedness in the organization's cultural values, and others by the fact that they are commonly used by businesses in the region; at companies Seven and Eight, prevalence of conformance is explained by the latter reason.

At companies Five and Six, caring motivates most practices, along with commitment. At Company Eight, caring motivates some of the practices. However, at Company Seven, practices are not motivated by individual emotions. Social practices are managed by the public relations department and seen as business tools. The main decision-maker approaches practices as something that the company has to do rather than something it chooses to do. His role as manager is strategic – he guards the boundaries of the company against possible threats and advances an agenda that boosts the company's reputation. This is a context where individual emotions are not appropriate and rationality defines the use of practices.

### *Processes*

#### *Commitment-caring mix*

At the large, private, family business, a mix of commitment and caring motivations are present in most practices. Commitment comes from connection with organizational principles originated in the founders' moral values. Caring comes from the organizational cultures that allow for individuals' social sensibility and affect to drive the firms' activities.

*Commitment-calculation-conformance mix*

At the two large public companies, most practices are motivated by a mix of commitment, calculation, and conformance. Practices need to be aligned with the companies' values and principles; practices need to benefit the company in some way; inertial forces keep practices in the portfolio.

*The calculation dichotomy*

At these large businesses, calculation is present in different degrees. At the private companies, practices are not motivated mainly by calculation. At the public companies, all practices are mainly calculative.

*Individual willingness to help*

Organizational cultures create more or less appropriate conditions for individuals to express themselves. Cultures that value employee-community involvement offer the individual employee who desires to help others an opportunity to take initiatives in this direction. Employee volunteering and funding campaigns are among the most common forms of employee involvement at these four companies. Cultures that do not value

involvement of the employees with the community do not create those opportunities. Employees of these companies exercise their willingness to help others solely within the personal sphere of their lives; they are not able to contribute their ability to the company's social practices (see, for example, Company Seven).

#### *High and low levels of autonomy*

Among the large companies, decision-makers have different levels of autonomy. At private companies, most decision-makers are owners who have high levels of autonomy. At public companies, decision-makers have limited levels of autonomy. The difference in the level of discretion is responsible for differences in the companies' approach to social practices. Generally speaking, at private companies, more practices are motivated by the decision-makers' emotions; at public companies, more social practices are motivated by calculative reasons. At private companies, social practices follow a "program" defined naturally by the decision-makers' preferences and abilities; at public companies, practices follow a program defined by the interests of the corporation. At private companies, the individual, to a large extent, has a voice regarding social practices; at public companies, individual voices are overridden by corporate rules.

#### *Social practices as business tools*

At the two public large companies, social practices are seen as tools to be used for the company benefit. They are legitimate as long as they make business sense. Under these conditions, practices are used to keep the company's license to exist, to improve its

reputation, to please employees, to protect the company from future issues with the community. Depending on the circumstances, the portfolio of practices can be manipulated to meet specific goals. For example, when the sales force at Company Eight moved from the Quad Cities, the number of social practices diminished. At Company Seven, practices were cut off the portfolio when the budget was narrowed. Although the community still benefits from the remaining practices, the ones finished by companies are missed by some social group. Nonprofit organizations usually intermediate organizational resources and needs, being the recipients of social practices. Historically, these entities' fragility lies in the instability of funding sources. Every time a company eliminates a practice of its portfolio or reduces its support to a nonprofit, the entity's budget suffers and the social group assisted by the nonprofit receives less services. In this sense, long-term partnerships between companies and nonprofits are healthier for the community. When social practices are used instrumentally, nonprofit organizations are in positions of higher risk than when partnerships are established.

*Efficiency of the beneficiaries' programs*

All large companies evaluate the efficiency of nonprofit organizations as a criterion for use of social practices. Independent of the motivation mix for the practice, data indicate that decision-makers look at social investments in a similar way that they look at other kinds of investments by the company.

**3.1.15 Companies One, Two, Five, and Six: Motivations for social practices at private companies**

**Table 3.11** summarizes the findings in the four private companies.

**Table 3.11** Private Companies

	<i>Similarities</i>	<i>Differences</i>
<i>Commitment</i>	Motivates most practices Institutionalized in the culture Maintained through constant reinforcement by owner managers	At small companies, commitment is closer to the individual level At large companies, commitment is institutionalized in the culture of the organization
<i>Calculation</i>	Similar in both large, private companies Similar in both small companies	More prevalent at the small than at the large, private companies
<i>Conformance</i>	Is present in the motivation mix of most practices in all four companies Relates to both tradition and inertia in all four companies	Prevalence apparently varies randomly across the four companies
<i>Caring</i>	Motivates most practices	More prevalent at companies where managerial control is more personalistic

Caring is present in most and commitment in all practices at the four private companies.

In the small companies, commitment is closer to the individual, driven by the owners' moral values. In the large companies, commitment is more institutionalized in the culture of the organization, and owners reinforce such values.

The prevalence of the conforming mechanism varies among companies. One large and one small, private company use a number of practices motivated mainly by conformance. At the other two companies, conformance is not as important a motivator.

### **3.1.16 Companies Three, Four, Seven and Eight: Motivations for social practices at public companies**

**Table 3.12** summarizes the findings at the four public companies.

**Table 3.12** Public Companies

	<i>Similarities</i>	<i>Differences</i>
<i>Commitment</i>	Motivates most practices	Stronger at Company Four – motivates all practices
<i>Calculation</i>		Degrees of intensity vary. More significant at Company Seven than at Company Eight. Less significant at Company Three. Not present at Company Four.
<i>Conformance</i>	Motivates most practices	Degrees of intensity vary
<i>Caring</i>		Motivates a larger number of practices at small than at large companies

Motivation mix underlying practices at large, public companies is commitment-calculation-conformance. At small, public companies, it is commitment-caring.

There seems to be a continuum of emotional involvement with social practices (caring): the four public companies present different levels of decision-maker emotional involvement with social practices. At companies Three and Four, there is a high level of emotional involvement. Decision-makers use the company's practices to channel their

own desire to help others, and often they do use practices motivated by their personal preferences. At Company Eight, decision-makers have some opportunity to express their emotional ties to social causes in the use of practices. At Company Seven, there is no room for personal emotions to play a role in the use of practices.

### 3.1.17 Comparing all companies: Findings and analysis

It was easier to access decision-makers in higher positions at large companies than middle management and owners of mid-sized companies. Still, at large companies, it was easier to access top management than middle management.

**Table 3.13** summarizes selected characteristics of the eight companies.

**Table 3.13** Companies

<i>Characteristics</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
<i>Age</i>	<i>51</i>		<i>58</i>	<i>Over 100</i>	<i>Over 150</i>	<i>33</i>		<i>Over 200</i>
<i>Local size</i>	<i>398</i>	<i>200</i>	<i>130</i>	<i>375</i>	<i>590</i>	<i>1,200</i>	<i>2,300</i>	<i>1,800</i>
<i>Headquarters in the QC?</i>	<i>Y</i>	<i>Y</i>	<i>N</i>	<i>N</i>	<i>Y</i>	<i>Y</i>	<i>N</i>	<i>N</i>
<i>Private or Public?</i>	<i>Private</i>	<i>Private</i>	<i>Public</i>	<i>Public</i>	<i>Private</i>	<i>Private</i>	<i>Public</i>	<i>Public</i>
<i>% of local sales</i>	<i>80%</i>	<i>80%</i>	<i>100%</i>	<i>1%</i>	<i>15%</i>		<i>0%</i>	<i>1%</i>
<i>Visibility (1-5)</i>	<i>5</i>	<i>5</i>	<i>5</i>	<i>4</i>	<i>3</i>	<i>3</i>	<i>5</i>	<i>4</i>
<i>Competitiveness (1-5)</i>	<i>5</i>	<i>3</i>	<i>5</i>	<i>5</i>	<i>4</i>	<i>5</i>	<i>5</i>	<i>4</i>
<i>Attention to other stakeholders</i>	<i>20%</i>	<i>40%</i>	<i>20%</i>	<i>40%</i>	<i>50%</i>	<i>30%</i>	<i>40%</i>	<i>20%</i>
<i>Main decision-maker autonomy</i>	<i>Total</i>	<i>Some</i>	<i>Total to initiate; some to spend \$</i>	<i>Total</i>	<i>Total</i>	<i>Total</i>	<i>None</i>	<i>Some</i>

Comparing all findings described in the session above, some patterns in the motivations for social practices are noticed:

1. Commitment motivates most practices in SMEs.
2. Commitment is more prevalent when values of decision-makers are aligned with values of the company in SMEs.
3. Commitment motivates most practices in large companies (with the exception of one company).
4. Commitment motivates most practices in private companies: In small companies, commitment is closer to the individual level; in large companies, commitment is institutionalized in the culture of the organization.
5. Commitment motivates most practices in publicly held companies.
6. Calculation motivates all practices in large, public companies.
7. The prevalence of calculation in the motivation mix varies across the eight companies.
8. Practices are not motivated mainly by calculation in large, private companies.
9. Conformance motivates all practices in large companies.
10. Conformance motivates most practices in publicly held companies.
11. Caring motivates most practices in private companies.

The major findings in the case studies regarding the processes of philanthropy indicate that:

- Other-regarding stakeholder cultures stem from the leaders' moral example, in a process whereby employees reinforce and support each other's social initiatives,

in a virtuous cycle. In these cultures, decision-makers willing to help others find the appropriate ground to use social practices motivated by commitment and by caring. With time, practices are likely to become institutionalized in such cultures and their use be motivated by conformance.

- The study of motivations requires the consideration of processes that exist in the intersection of at least two levels of analysis – the level of the individual decision-makers and the level of the organization. Although not part of the scope of the present study, a third level of analysis may be of importance in the understanding of this phenomenon: the societal level, where other contextual factors are located. The level of social need in the region and the level of economic development are two examples of factors that influence motivation for use of social practices. At the same time, the organizational level is influenced and influences the societal level of analysis. For example, the culture of supporting the local community may disseminate among companies in a particular region, demanding organizational conformance. With respect to the individual and the organizational levels of analysis, this research should be seen from the perspective of what House, Rousseau, and Thomas-Hunt (1995) define the “meso paradigm.” According to the authors, “Meso theory and research concerns the simultaneous study of at least two levels of analysis” (p. 73). The individual decision-maker in this study has to be looked at as the “individual in the organization” – one that, at the time, changes and is changed by the organization. This paradigm addresses, for example, the owner of small, private companies whose moral values *are* the moral values of the company. It is particularly suitable in the case of the caring

mechanism, where decision-makers' emotions define the organizational motivation.

- Commitment is originated in a process whereby the owner/decision-maker's values are in line with the company's values, and the decision-maker uses his voice to communicate the need to support others.
- Decision-makers' willingness to help others is an important drive for use of social practices by the organization.
- Decision-makers' personal involvement with the local community catalyzes organizational commitment.
- Personal charisma influences how the decision-makers disseminate a culture of helping.
- Caring motivation manifests when individuals express their emotions through the use of social practices. Certain circumstances enable emotions to be expressed – the organizational culture has to be accommodating. Mentioning Weick (1976), House et al. (1995) affirm, “Tight coupling constrains the behavioral expression of individual personality and loose coupling permits such expression” (p. 83).
- Size of the company matters – For example, at very small companies (less than 25 employees) in small towns (e.g., the case of the community Bank Orion in Cambridge, IL – a 2,000-inhabitants town), the motivation for social practice is very different from that at medium and large companies. Managers and owners interact so closely with all employees and with the local community that their roles as citizens and as representatives of the company overlap.

- Ownership structure matters for large companies – Social practices at large, private, family business are frequently motivated by commitment-conformance-caring, while practices at large public firms are frequently motivated by a commitment-calculation-conformance mix.
- Ownership structure does not matter for small-medium companies when decision-makers have autonomy, establish communal relationships with the community, and the organizational culture is other-regarding.

The results of the case studies should only be generalized to the population of eight participant companies. The value of case studies lies in the fact that they allow for investigation of processes and relationships that would not be grasped otherwise; however, results should only be generalized into theoretical propositions and not to other populations (Yin, 1994).

## **3.2 Case Studies – Conclusions I**

### *3.2.1 Description and differentiation of motivations*

One of the objectives of the present study was to describe and differentiate the motivation mechanisms. The case studies helped define and identify the mechanisms empirically.

The case studies confirmed the existence of the four mechanisms, detailed their characteristics empirically, and provided real-life examples of how they work in practice.

### *3.2.2 Motivation mixes*

Another objective of this study was to identify the different motivation mixes for each social practice at the interviewed companies. Results indicate that different practices are motivated by different sets of reasons. At some companies, there is some consistence in the motivations for all or most of the practices in the portfolio. For example, at Company Two, most of the practices are motivated mainly by calculation and conformance. At other companies, there is no consistence in the motivation mix across all the practices. At Company One, for example, a number of practices are motivated by a commitment-caring mix, and all the other practices are motivated by various combinations of motivations. Further, at some organizations, there is consistence in the motivation mixes for each practice attributed by different decision-makers (companies Five and Six). At other companies, there is some consistence (companies One, Two, and Eight), and there are companies where there is no consistency (see companies Three and Four).

One practice – support to the United Way Campaign – was observed across five organizations in order to verify if there is consistency in the mix of motivations for a specific practice across different companies. Results show that the motivation mixes are distinct (respectively, Company One: C1+C2+C3+C4; Company Two: C1; Company Three: C1+C2+C3; Company Four: C1+C4; Company Seven: C1+C2+C3). This result is important because it shows that each company represents a distinct context in which the United Way campaign takes place. Characteristics of the company and of individuals vary, as do the motivations for the United Way campaign.

### 3.2.3 *Decision-makers' characteristics*

One more research question was answered by the case studies – “How do decision-makers’ characteristics relate to the motivational mechanisms?” It is important to go back to the argument advanced in this work that the individual who makes decisions has a great influence on the motivations for social practices used by the company. A notable characteristic is the individual willingness to support others. In the presence of social sensibility and managerial autonomy, decision-makers who have this characteristic are able to go to great lengths to promote the use by the company of practices that benefit the community. At seven out of eight companies studied, there was at least one decision-maker very committed to supporting others without expecting to accrue benefits from his/her actions. Clark, Mills, and colleagues (Clark and Mills 1989, 1993; Clark, Powell and Mills, 1986; Mills and Clark, 1982) name these relationships “communal relationships” in which “members assume that each is concerned about the welfare of the other” (Mills and Clark, 1982, p. 123) (versus “exchange relationships” in which “members assume that a benefit is given with the expectation of receiving a benefit in return” [p. 123]).

Another important individual characteristic is involvement with the community. Behind the companies with the most other-regarding stakeholder cultures, there is at least one individual deeply involved with the local community on a personal level. Usually these

individuals are passionate about social issues and have the ability to express themselves to other members of the organization, giving sense to specific aspects of the relationship company-community. The environment conducive for this to happen is one that is loosely coupled, allowing for initiative and social innovation. These conditions make the bridge between individual commitment to one's principles and values, and organizational commitment to the company's principles and values (House et al., 1995).

### *3.2.4 Organizational philanthropy life cycle*

#### *3.2.4.1 Calculation and caring*

Insights generated by the case studies show that the level of calculation and caring motivations in organizational social practices vary with the level of personalistic control and the nature of the relationship between the company and the community. **Figure 3.1** shows a canonical model of how philanthropy works in organizations. The model is a general explanation of how the prevalence of calculation and caring varies from companies with highly personalistic control and long-term relationships with the community, through companies with no personalistic control and short-term relationships with the community. As a canonical model, it provides a general explanation of the phenomenon. However, under particular conditions, behaviors that are not predicted by the model may be observed.



the community are likely to lead the process of including and maintaining social practices in the company's portfolio.

Decision-makers can be the owners of the company or their representatives. Private companies are often managed by owners; this is even truer in the case of family business. Companies One, Two, Five, and Six in this study are examples of extreme personalistic control. As companies grow and mature, possibly they become managed by professionals who may or may not work side by side with the owners of the companies. Up until this point, the control of the companies is likely to be personalistic – it is kept in the hands of one or a small number of individuals. SMEs that go public start seeing this control being shared with other representatives of the owners, which now includes shareholders. Companies Three and Four are examples of this situation. In this stage, there may be majority shareholders, following a model where control is still relatively centralized. However, it is also in this transition period that shareholders start being represented by a number of professional managers necessary to administer increasingly complex structures. Large public corporations are in the end of this continuum, with widespread, rather than personalistic, control. Companies Seven and Eight are examples of this category.

#### *3.2.4.3 Relationship between company and community*

Another important aspect of organizational philanthropy that emerged from the case studies is the nature of the relationships between the company and its stakeholders, other than the shareholders. The level of attention that the company pays to the needs of those

stakeholders reflects its level of involvement with them. High levels of attention are characteristic of other-regarding stakeholder cultures (Jones and Phelps, 2007). The local community is an important stakeholder in this group. Generally speaking, companies that build long and stable relationships with the community have their reputation improved, are protected from future issues, and are seen as good neighbors. This kind of relationship involves at least a long-term view of returns and, on occasion, a great deal of “business consciousness” (Goodpaster, 2007). Companies One, Three, Four, Six, and Eight have established long-term relationships with the community. Companies with low levels of involvement with the local community tend to use social practices that benefit the business. This focus on the short term creates ad hoc relationships rather than stakeholder involvement. Companies Two, Five, and Seven relate to the community on a more ad hoc basis.

Calculation and caring as motivations for social practices vary according to the two organizational characteristics described above. From the top left to bottom right of **Figure 3.1**, there is decreasing caring and increasing calculation. This means that the more the company has personalistic control and establishes long, stable relationships with the community, the more its social practices are motivated by caring and the less they are motivated by calculation. Thus, social practices at a small family business managed by owners who establish close relationships with the community are likely to be motivated by caring and not likely to be motivated by calculation. This is the case of Company One. At the other extreme, social practices at large, public corporations managed by professionals who establish short-term, arms-length relationships with the community are

likely to be motivated by calculation and not likely to be motivated by caring. This is the case of Company Seven.

#### *3.2.4.4 Commitment and conformance*

While the prevalence of calculation and caring in social practices at a particular company seem to vary as described above, the prevalence of commitment and conformance in the motivation mix depends on contingencies that vary with the context, the organizational culture, and the structure of the company. For example, Company Five is a publicly held, medium-sized organization whose social practices are largely motivated by commitment. The alignment of strong moral values of the leader with corporate values and the leader's willingness to help others through the organization create an appropriate environment for commitment to flourish. Commitment is also a major motivator of practices at Company Eight, a large, private company managed by the fifth generation of owners. However, the context and the organizational and ownership structures are different. The owners' values both shaped and were shaped by the organization, which has been a central part of family life for many generations. Decision-makers have comparatively much more autonomy than the manager of Company Five. On the other hand, the other-regarding stakeholder culture, which has institutionalized moral principles, values, and social practices, is a strong factor that explains commitment being the major motivator for social practices.

Similarly, a combination of factors defines the presence of conformance in the motivation mix. Taking as an example Company Eight, most practices are taken for granted and

maintained in the portfolio for many years in a row, if not for decades. In contrast, at Company Seven, another large, private company managed by the owners of the organization, a number of practices are used on an ad hoc basis, as the philosophy of the owners is to “try not to say no” to solicitors. Thus, while part of the portfolio at Company Seven is formed by taken-for-granted practices, a number of other practices are added to the growing portfolio every year.

### *3.2.5 Overall prevalence of commitment*

The explanation of the wide prevalence of commitment among practices at the companies that participated in the case studies is twofold. First, all companies were selected from a list of the best corporate citizens in the Quad Cities, which should include organizations that are most involved with the community. It is likely that many of those organizations use a number of practices motivated basically by their alignment with the companies’ principles and moral values. The second explanation relates to the culture in the region – a societal-level contextual variable. The Quad Cities, similarly to other cities of the same size in the Midwest, is characterized by a strong culture of individual and business involvement with the local community. The community social fabric is very tight, and citizens typically undertake active roles in most social groups to which they belong – from family to church to school to community to local government. It is from within this environment that individuals go off to become managers of small to large companies, where their values find resonance with values of others and of the social organization. Commitment to moral values on the individual and on the organizational levels is most of the time taken for granted. Companies are likely to use practices that support the

community because these practices are in line with their principles and, occasionally, because these practices became habits<sup>35</sup>.

It is likely that some of the practices motivated by commitment were initially motivated by caring, following a process described earlier in this study. Other practices used by companies are mainly motivated by caring all along. Under certain circumstances, companies need to (re)frame practices so that they meet certain demands of the internal or external environment, which involve legitimation and/or survival strategies – thus, the prevalence of calculation in the motivation mix of certain practices.

### 3.3 *Survey – Results and Discussion*

This section presents the results and analyses of data obtained in the exploratory survey.

#### 3.3.1 *Surveys – Results*

Using the sample of companies for the survey described in **Figure 2.2** and in **Table K** in section 2.1, the number of positive responses in each of the four subpopulations was as follows:

Cell	# of companies	response rate
• Cell 1 (SME private):	9	1%
• Cell 2 (SME public):	7	58%

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<sup>35</sup> This is a generalization for the studied companies. To be more precise, there are different scenarios for companies operating in the region. Companies that move to the region originated elsewhere in the country or in other countries might present organizational cultures that do not resonate with the local culture and values. In such cases, other interesting aspects of the motivational mechanisms might be observed, such as the influence of cultural adjustment on motivation for practices.

- Cell 3 (Large private):           6                           43%
- Cell 4 (Large public):           3                           100%

The survey questionnaire depicted in **APPENDIX I** was used as the instrument for data collection. The instrument measures the four dependent variables and 39 independent variables. One representative of each of 25 companies answered the telephone survey. Each survey generated two data points, as each representative answered questions referring to the motivations of two social practices. Each data point represents one social practice.

Data were analyzed with SPSS and PLS software<sup>36</sup>. PLS (Partial Least Squares) is a causal modeling approach alternative to LISREL and more appropriate to analyze small data samples (Hulland, 1999). The use of PLS in the present student was decided on the basis of the size of the sample (50 data points), the exploratory approach to data analysis, and the fact that new measures developed for the dependent variables and for some of the dependent variables (such as “degree to which stakeholder culture is other-regarding”) in this study had not been previously tested. The approach to data analysis is exploratory in that its objective is to refine the originally proposed theoretical framework.

PLS was initially used with the 39 independent variables in the original model. However, the software was not able to process the amount of data. Variables were reduced one by one until the results came out consistent. The criterion used to prioritize variables was

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<sup>36</sup> PLS is a beta software developed by Soft Modeling, Inc.

based on their relevance in extant theory discussed in the first part of this study.

Consistency in PLS results was achieved with 18 constructs – four dependent and 14 independent variables (see **Figure 3.1**).

With the use of PLS, the adequacy of the measures of dependent variables was assessed using the loadings of the measures with each dependent variable. The objective was to verify whether there were “reliable and valid measures of constructs before attempting to draw conclusions about the nature of the construct relationships” (Hulland, 1999, p. 198). Loadings of 0.7 or higher were accepted as a rule of thumb. These loadings mean that there is “more shared variance between the construct and its measure than error variance” (Hulland, 1999, p. 198). Significance tests could have been used, but results would not be reasonable, considering the exploratory nature of the analysis. Results are depicted in

**Table 3.14.**

**Table 3.14** Outer Model

Variable	Weight	Loading	Location	ResidVar	Communal	Redundan
=====						
COMMITME	outward					
dp_right	0.3981	0.8221	0.0000	0.3241	0.6759	0.2245
dp_moral	0.4252	0.8107	0.0000	0.3428	0.6572	0.2183
dp_princ	0.4162	0.7880	0.0000	0.3790	0.6210	0.2063
-----						
CALCULAT	outward					
dp+_out	0.3932	0.9105	0.0000	0.1710	0.8290	0.3777
dp_benef	0.3837	0.8803	0.0000	0.2251	0.7749	0.3531
dp_good_	0.3355	0.9067	0.0000	0.1779	0.8221	0.3746
-----						
CONFORMA	outward					
dp_co_ex	0.2959	0.6835	0.0000	0.5328	0.4672	0.1259
dp_habit	0.7013	0.8723	0.0000	0.2391	0.7609	0.2050
dp_tradi	0.3346	0.5558	0.0000	0.6910	0.3090	0.0832
-----						
CARING	outward					
dp_passi	0.3809	0.8602	0.0000	0.2600	0.7400	0.2853
dp_attac	0.4161	0.8500	0.0000	0.2776	0.7224	0.2786
dp_heart	0.3997	0.7974	0.0000	0.3641	0.6359	0.2452

-----

With the exception of the measure dp\_tradition, all other measures of the dependent variables loaded above 0.7, implying that the measures appropriately reflect the variables. Hulland (1999) advises that items that load below 0.4 or 0.5 should be dropped. The measure dp\_tradition can be kept in the model.

The objective of survey data analysis was to verify relationships between antecedents and motivational mechanisms. Path coefficients in PLS indicate whether or not there is a relationship and, if so, whether it is positive or negative (see **Figure 3.1**). As a general rule, path coefficients lower than -0.15 or higher than 0.15 are significant, indicating that there is a relationship between the two variables. **Table 3.15** depicts the results.

**Table 3.15** Path coefficients between independent and dependent variables

Path coefficients

	HQ	SIZE	PUPRIV	SALES	STAKEHOL	LEADER	OWNERSHI
HQ	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SIZE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PUPRIV	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SALES	0.000	0.000	0.000	0.000	0.000	0.000	0.000
STAKEHOL	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LEADER	0.000	0.000	0.000	0.000	0.000	0.000	0.000
OWNERSHI	0.000	0.000	0.000	0.000	0.000	0.000	0.000
MARKETIN	0.000	0.000	0.000	0.000	0.000	0.000	0.000
VISIBILI	0.000	0.000	0.000	0.000	0.000	0.000	0.000
VOLUNTEE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
COMMITME	-0.090	-0.060	-0.075	-0.076	-0.063	0.242	0.160
CALCULAT	0.357	-0.155	0.130	0.359	-0.160	0.313	-0.193
CONFORMA	-0.026	0.028	-0.144	0.077	-0.008	0.198	0.340
CARING	-0.330	0.470	-0.489	-0.117	-0.025	0.096	0.058
CODE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
AUTONOMY	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GENDER	0.000	0.000	0.000	0.000	0.000	0.000	0.000
RULE	0.000	0.000	0.000	0.000	0.000	0.000	0.000

=====

0B .. Path coefficients

```

=====
                MARKETIN  VISIBILI  VOLUNTEE  COMMITME  CALCULAT  CONFORMA  CARING
-----
HQ              0.000      0.000      0.000      0.000      0.000      0.000      0.000
SIZE            0.000      0.000      0.000      0.000      0.000      0.000      0.000
PUPRIV         0.000      0.000      0.000      0.000      0.000      0.000      0.000
SALES          0.000      0.000      0.000      0.000      0.000      0.000      0.000
STAKEHOL       0.000      0.000      0.000      0.000      0.000      0.000      0.000
LEADER         0.000      0.000      0.000      0.000      0.000      0.000      0.000
OWNERSHI       0.000      0.000      0.000      0.000      0.000      0.000      0.000
MARKETIN       0.000      0.000      0.000      0.000      0.000      0.000      0.000
VISIBILI       0.000      0.000      0.000      0.000      0.000      0.000      0.000
VOLUNTEE       0.000      0.000      0.000      0.000      0.000      0.000      0.000
COMMITME      -0.007      -0.397      0.331      0.000      0.000      0.000      0.000
CALCULAT     -0.335      0.272     -0.375      0.000      0.000      0.000      0.000
CONFORMA      0.002      -0.049      0.252      0.000      0.000      0.000      0.000
CARING        -0.024     -0.382      0.498      0.000      0.000      0.000      0.000
CODE           0.000      0.000      0.000      0.000      0.000      0.000      0.000
AUTONOMY      0.000      0.000      0.000      0.000      0.000      0.000      0.000
GENDER        0.000      0.000      0.000      0.000      0.000      0.000      0.000
RULE           0.000      0.000      0.000      0.000      0.000      0.000      0.000
=====

```

0B .. Path coefficients

```

=====
                CODE      AUTONOMY  GENDER    RULE
-----
HQ              0.000      0.000      0.000      0.000
SIZE            0.000      0.000      0.000      0.000
PUPRIV         0.000      0.000      0.000      0.000
SALES          0.000      0.000      0.000      0.000
STAKEHOL       0.000      0.000      0.000      0.000
LEADER         0.000      0.000      0.000      0.000
OWNERSHI       0.000      0.000      0.000      0.000
MARKETIN       0.000      0.000      0.000      0.000
VISIBILI       0.000      0.000      0.000      0.000
VOLUNTEE       0.000      0.000      0.000      0.000
COMMITME      -0.085     -0.111     -0.087      0.130
CALCULAT      0.063     -0.141      0.309      0.039
CONFORMA     -0.123      0.026      0.000      0.019
CARING        -0.094      0.119      0.201     -0.151
CODE           0.000      0.000      0.000      0.000
AUTONOMY      0.000      0.000      0.000      0.000
GENDER        0.000      0.000      0.000      0.000
RULE           0.000      0.000      0.000      0.000
=====

```

Correlations of latent variables (antecedents) are reported in **Table 3.16**

**Table 3.16** Correlations of latent variables

```
OR .. Correlations of latent variables
=====
              HQ          SIZE          PUPRIV          SALES          STAKEHOL          LEADER          OWNERSHI
-----
HQ              1.000
SIZE            0.205          1.000
PUPRIV         -0.400          0.168          1.000
SALES          -0.255         -0.083          0.099          1.000
STAKEHOL       0.028         -0.078          0.024          0.323          1.000
LEADER         0.239          0.253          0.118          0.310          0.467          1.000
OWNERSHI      -0.428          0.186          0.210          0.026         -0.275         -0.068          1.000
MARKETIN       0.036         -0.330          0.000         -0.281          0.004         -0.449         -0.385
VISIBILI       0.004          0.292         -0.171          0.270          0.152          0.276         -0.025
VOLUNTEE       0.214          0.223          0.062          0.433          0.279          0.601         -0.140
COMMITME       0.041          0.065          0.066          0.014          0.001          0.256          0.161
CALCULAT       0.192          0.080         -0.064          0.285          0.102          0.454         -0.060
CONFORMA       0.004          0.147         -0.025          0.195          0.045          0.312          0.271
CARING         0.076          0.246         -0.180         -0.022         -0.046          0.191          0.097
CODE          -0.184          0.042          0.241          0.290          0.210          0.037          0.114
AUTONOMY       0.156         -0.190          0.169          0.086         -0.040         -0.108         -0.094
GENDER        -0.089         -0.134          0.068         -0.187         -0.097          0.018          0.157
RULE           0.237          0.493          0.140         -0.069         -0.058          0.184          0.287
=====
```

```
OR .. Correlations of latent variables
=====
          MARKETIN  VISIBILI  VOLUNTEE  COMMITME  CALCULAT  CONFORMA  CARING
-----
MARKETIN          1.000
VISIBILI         -0.181          1.000
VOLUNTEE         -0.375          0.306          1.000
COMMITME         -0.224         -0.242          0.313          1.000
CALCULAT        -0.298          0.335          0.182          0.113          1.000
CONFORMA        -0.306          0.133          0.339          0.194          0.258          1.000
CARING          -0.231         -0.024          0.306          0.537          0.199          0.231          1.000
CODE            -0.241         -0.102         -0.060         -0.040          0.052         -0.101         -0.225
AUTONOMY         0.100         -0.180         -0.124         -0.147          0.034         -0.057         -0.061
GENDER           0.272          0.002         -0.166         -0.056          0.144          0.173          0.121
RULE            -0.140         -0.027          0.249          0.249          0.045          0.215          0.173
=====
```

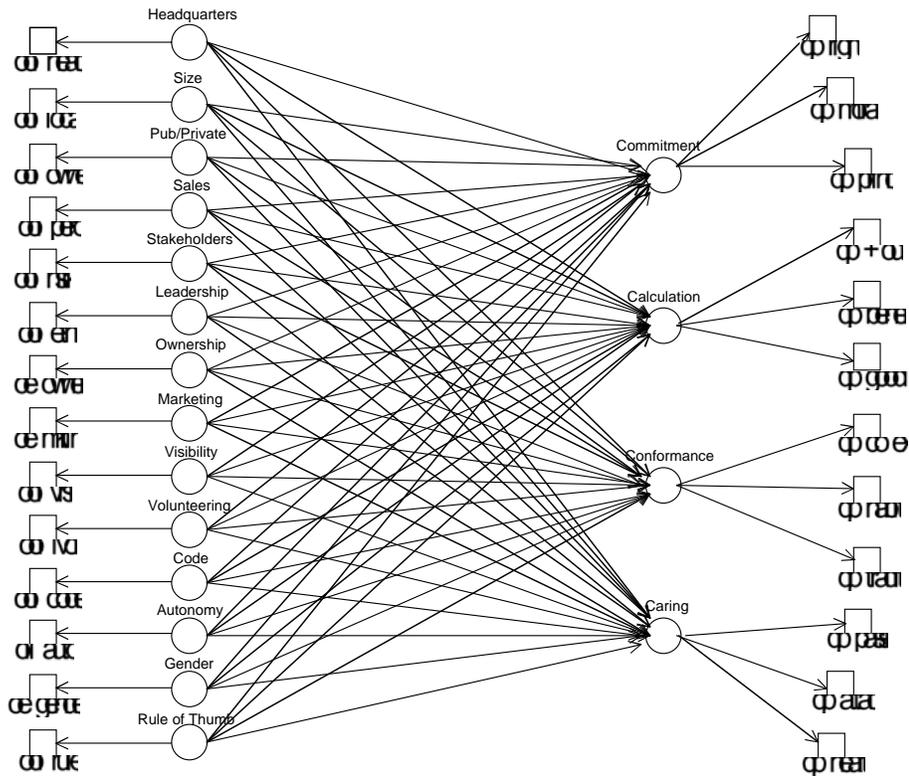
```
OR .. Correlations of latent variables
=====
              CODE          AUTONOMY          GENDER          RULE
-----
CODE              1.000
AUTONOMY         -0.144          1.000
GENDER          -0.393          0.289          1.000
RULE            -0.114          0.053          0.200          1.000
=====
```

Path coefficients indicate that:

- A. Commitment is positively related to influence of the leader (0.242), decision-maker ownership of the company (0.160), and incentive of employee volunteering (0.331). Commitment is negatively related to visibility (-0.397).
- B. Calculation is positively related to the presence of the headquarters in the Quad Cities (0.357), local sales (0.359), influence of the leader (0.313), visibility (0.272), and feminine gender (0.309). Calculation is negatively related to size of the company (-0.155), attention to needs of other stakeholders (-0.16), decision-maker ownership (-0.193), marketing background (-0.335), incentive for employee volunteering (-0.375), and decision-maker autonomy (-0.141).
- C. Conformance is positively related to influence of the leader (0.198), decision-maker ownership (0.340), and incentive to employee volunteering (0.252). Conformance is negatively related to public ownership (-0.144).
- D. Caring is positively related to size (0.470), incentives for employee volunteering (0.498), and feminine gender (0.201). Caring is negatively related to presence of the headquarters in the Quad Cities (-0.330), public ownership (-0.489), visibility (-0.382), and existence of a rule of thumb (-0.151).

Path coefficients of 0.130 were found in the relationships between calculation and public ownership, and commitment and existence of a rule of thumb. Although smaller than 0.15, considering the exploratory nature of the data analysis, these path coefficients signalize that there these relationships may exist.

**Figure 3.2** PLS Graph – Paths between antecedents and motivations



### 3.3.2 Survey – Discussion

The initial framework was refined with the results of the survey data analysis. The refined framework is presented and described in this section.

Path coefficients of significant relationships between 14 selected antecedents and motivational mechanisms are summarized in **Table AK**.

**Table 3.17** Summary of significant relationships between antecedents and motivations (path coefficients)

	<i>Commitment</i>	<i>Calculation</i>	<i>Conformance</i>	<i>Caring</i>
Size	-	-0.155	-	0.470
Headquarters	-	0.357	-	-0.330
Stakeholders	-	-0.160	-	-
Pri/Pu	-	0.130*	-0.144*	-0.489
Sales	-	0.359	-	-
Leader	0.242	0.313	0.198	-
Ownership	0.160	-0.193	0.340	-
Marketing	-	-0.335	-	-
Visibility	-0.397	0.272	-	-0.382
Volunteering	0.331	-0.375	0.252	0.498
Code	-	-	-	-
Autonomy	-	-0.141*	-	-
Gender	-	0.309	-	0.201
Rule	0.130*	-	-	-0.151

\* Path coefficients smaller than 0.150

### 3.3.2.1 *Commitment*

Survey results indicate that commitment is positively related to the moral behavior of top management, decision-maker ownership of the company, and incentives for employee volunteering; that it is negatively related to the company's level of visibility (See **Figure 3.2**). A lower than 0.150 path coefficient was found for the relationship between the existence of a rule of thumb for philanthropy and commitment ( $pc=0.130$ ).

Companies in which decision-makers are owners are more likely to use practices motivated by commitment than companies in which decision-makers are not owners.

Values and principles of the owners are likely to be in line with organizational values and principles, if they are not the same. However, ownership per se is not enough – discretion to authorize social practices is a necessary condition for owners to put in practice their willingness to help other people with the help of the organization and thus, to transform their individual commitment into organizational level commitment.. Similarly, the

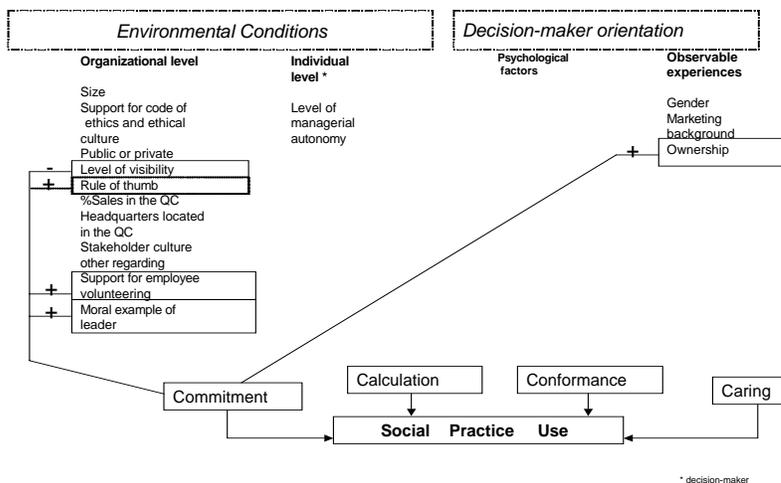
finding that ethical leadership is positively related to commitment is due to the fact that ethical leaders, in the context of other-regarding stakeholder cultures, are likely to support social practices motivated by adherence to organizational values and principles. This is noticeable in family-managed companies. Ethical leaders build and maintain organizational cultures that see the community as the origin and extension of the company. The leader's moral values serve as guidelines in the understanding of the role of the company in society. Individual commitment translates into organizational commitment in the context of loosely coupled environments, leader's willingness to help others, and managerial autonomy.

Social practices are more likely to be motivated by commitment at companies that have a rule of thumb for philanthropy than at companies that do not have a rule of thumb. The existence of rules for the scope and types of social practices indicates that such initiatives are not taken ad hoc. Rather, they are well thought through and incorporated by the company as routines in line with the company's principles. A recurrent practice at the interviewed companies, incentives for employee inter-organizational volunteering is positively related to and commitment. Different from imposing certain volunteering practices, supporting employees in their own social initiatives (the definition of inter-organizational commitment) comes from adherence to principles and values of the company and, thus, relates to commitment.

The level of visibility of companies in the Quad Cities is negatively related to commitment. Very visible companies may need to look at social practices from a

legitimizing perspective – self-protection and publicity. More than a lack of adherence to moral values, this may be a survival strategy. The risks for legitimacy involved with use of social practices, such as companies being misinterpreted and criticized, might also be a reason why very visible companies see social practices from a more instrumental and conformative, rather than committed perspective. It is important to note, however, that C1 – a very visible, medium-sized, private company in retail – uses practices that are, in their majority, motivated by commitment. This might indicate that this finding does not apply to companies with cultures that are less risk-averse. **Figure 3.3** depicts the antecedents of commitment.

**Figure 3.3** Antecedents of commitment



### 3.3.2.2 Calculation

Survey results indicate that calculation is positively related to location of the company's headquarters in the Quad Cities, percent of sales in the local market, ethical behavior of the leadership, visibility of the company, and gender of the decision-maker. They also indicate that calculation is negatively related to size of the company, whether the stakeholder culture is other-regarding, the level of incentives for volunteering, decision-maker ownership, and decision-maker marketing background (significant relationships). Other relationships with path coefficients 0.130 and 0.150 are: calculation is positively related to public ownership and negatively related to decision-maker autonomy.

The finding that size of the firm is inversely related to calculation is confirmed in some of the case studies. Although not supported by references in the literature, and not generalizable due the nature of the investigation, this result uncovers the possibility that contextual factors other than size play a major role in the prevalence of calculation as a motivator of social practices. For example, individual decision-maker social entrepreneurship and disposition to support others, in the context of managerial discretion, create appropriate opportunities for motivations other than calculation to prevail, even more so in privately held companies managed by owners in the case study samples where levels of discretion and social entrepreneurship are high.

The more the company pays attention to the needs of stakeholders other than owners and managers, the less its social practices are motivated by calculation. Firms that value the

needs of stakeholders other than shareholders focus on long-term survival and are not pressured by the need to achieve short-term results. Thus, at those firms, practices need not generate immediate benefits for the company. On the other hand, firms that pay more attention to the needs of shareholders than those of other stakeholders are more likely to use social practices motivated by calculation. The higher the level of incentives for inter-organizational employee volunteering, the less the company's social practices are motivated by calculation. The assumption is that this form of volunteering, in which companies support employees in their choice of volunteering form rather than imposing certain kinds of programs, is the expression of the company's values and principles rather than of its self-interest.

Companies in which decision-makers are owners are less likely to use practices motivated by calculation than companies in which decision-makers are not owners. Owners of the studied companies are typically local citizens and have high levels of autonomy. It is likely that they bring into the company the strong ethical values of their community and see practices as taken-for-granted and principled activities, rather than sources of benefit for the company. On the other hand, at companies managed by executives, where management is distant from control, are enacted by decision-makers as entities whose major objective is profitability. In such companies, decision-makers are more likely to construe practices as tools that (at least) should help the organization achieve its objectives.

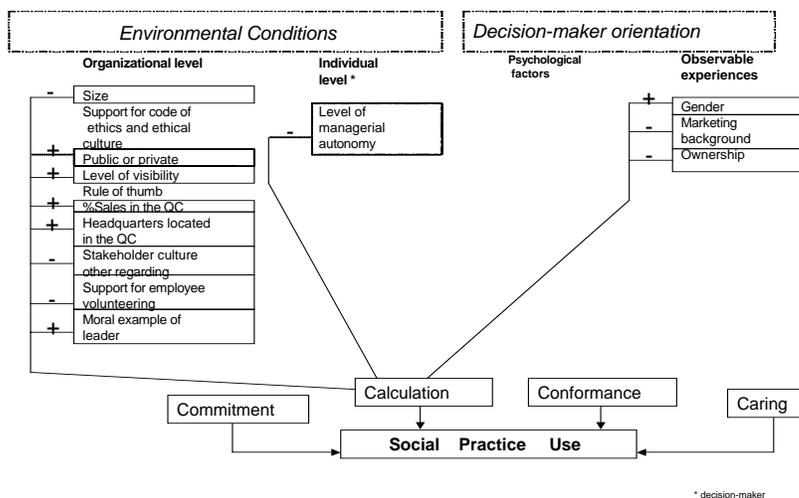
At companies whose headquarters are located in the region, all social practices in all locations are handled from the Quad Cities. Most likely, the strategic implications of practices for the headquarters are larger than the implications for branches, for headquarters' social practices may serve as their showing society as a whole that the company reciprocates its license to operate. In this sense, social practices are more symbolic to the headquarters than they are to the local operations, as the general public's perception of a company's reputation is shaped by the firm's institutional image. Similarly, the percentage of a company's sales in the region positively relates to calculation motivation. This is possibly due to the fact that sales also depend on the public's perception of the company image. Close contact with the company's clients or customer base demands the use of marketing strategies, social branding being one of them. A similar rationale can be applied to the relationship between visibility and calculation. High levels of visibility create a need for the company to self-protect and make social hedges – social investments in the present time to protect the company from possible future issues with the community.

The finding that the more ethical the company's leaders are the more the firm's social practices will be motivated by calculation is counter-intuitive, so are the findings that companies in which decision-makers have a marketing background are less likely to use practices motivated by calculation than companies in which decision-makers do not have a marketing background, and that companies with female decision-makers are more likely to use social practices motivated by calculation than companies without female decision-makers. A possible explanation for the first finding is that it refers to fiduciary

duties of top management to owners and/or shareholders. The second and third findings may be due to the small sample size and the exploratory approach to data analysis. Future studies are needed to shed light on these findings.

**Figure 3.4** depicts the antecedents of calculation.

**Figure 3.4** Antecedents of calculation



### 3.3.2.3 Conformance

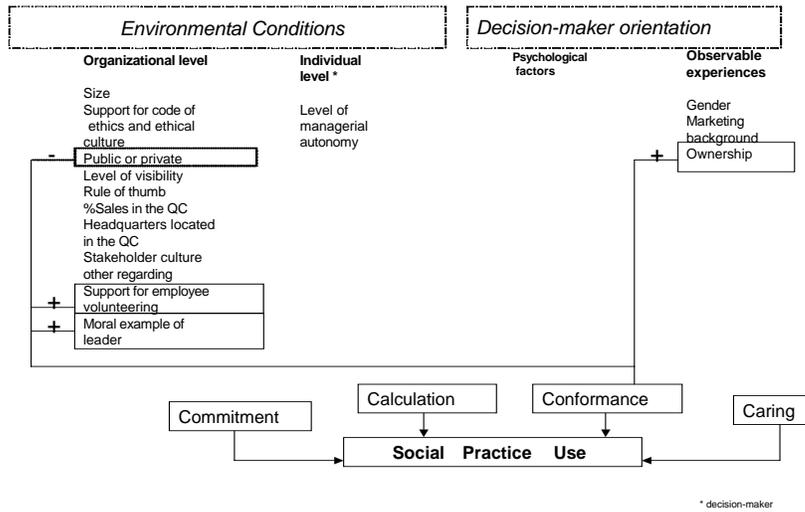
Survey results indicate that conformance is positively related to ethical leadership, decision-maker ownership, and incentives to inter-organizational volunteering. Results also suggest that conformance is negatively related to public ownership structure ( $p < 0.150$ ).

Ethical leaders create and foster ethical organizational cultures, in which social practices become institutionalized, or “taken for granted.” They are kept in the company’s portfolio

because at a certain point in the company's history, they were meaningful to one or more family members and, thus, they became part of the company's history and tradition. The extent to which this will be kept as such depends on how the newer generations of owners interpret, revisit, and reconstruct the organizational culture as they assume managerial positions at the company.

When decision-makers are owners – where there is no separation between ownership and control – companies are more likely to use practices motivated by conformance than when decision-makers are not owners. Owners have more autonomy to keep practices in the portfolio by habit than executives, who need to be accountable for returns. Small-medium private businesses in the region, which are the majority of companies, are likely to be managed by owners, due to the structure of the economy. In general, at these companies, idiosyncrasies are accepted as long as they don't hurt the financial health of the organization. At public companies, decision-makers are more likely to follow rules and norms of the corporation, which are usually driven by the vocabulary of efficiency, and less acceptable of reasons of habit or tradition, unless they imply in some kind of present or future benefit.

**Figure 3.5** Antecedents of conformance



### 3.3.2.4 Caring

Results indicate that caring is positively related to size of the company, incentives for volunteering, and gender of the decision-maker. Caring is negatively related to location of the headquarters, public ownership, visibility of the company, and existence of a rule of thumb for philanthropy.

Results indicate that the larger the number of employees in the company, the more the company's social practices are motivated by caring. It is possible that this result is due to the small number of large companies in the population. However, it is in part supported by the case studies' results – there is a positive relationship between size and caring in private companies in the sample. One explanation is that large, private companies are more likely to have resources available to invest in practices motivated by individual (in general, owners') emotions than private SMEs. Further, the majority of businesses in the region are private concerns. At public companies, though, this is not so. Case study

results indicate that size is inversely related to caring. Public companies' decision-makers feel obligated to act by rules and guidelines, which restrict the possibility of individual expression of emotions. According to Weick (1976), this situation is characteristic of tightly coupled environments. For this reason, social practices are less likely to be motivated by caring at companies that have a rule of thumb for philanthropy than at companies that do not have a rule of thumb.

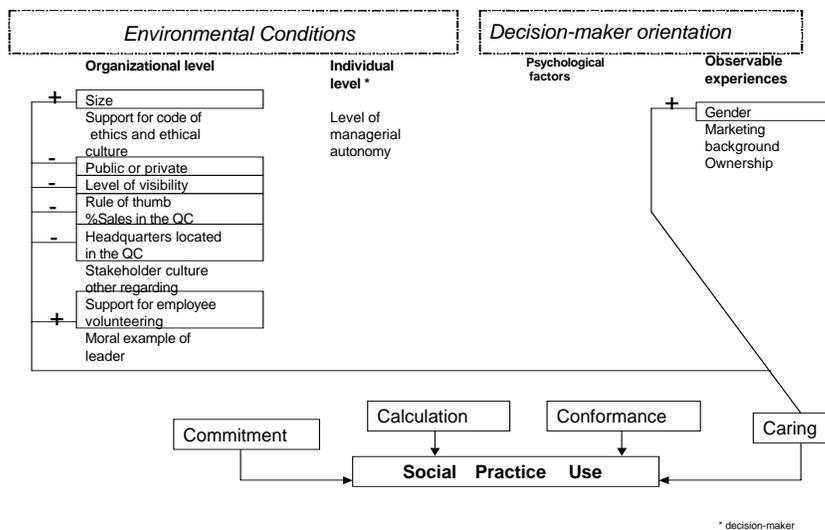
Social practices used by companies operating in the Quad Cities whose headquarters are located in that region are less likely to be motivated by caring than practices used by companies operating in the Quad Cities whose headquarters are not located in the region. Presence of the headquarters in the region implies in the existence of distinct levels of managers responsible for decisions, when compared to branches of other organizations. Thus, it is possible that the higher the position of the decision-maker in the company, the smaller the prevalence of caring. On the other hand, companies with female decision-makers are more likely to use social practices motivated by caring than companies without female decision-makers. This indicates the possibility that, when comparing motivation for practices at headquarters with and without female decision-makers, the combination of independent variables influences the prevalence of caring in one or the other way.

Another finding is that the more visible the company, the less its social practices are motivated by caring. This finding is supported by the results of the case studies in respect

to large, public companies, but not to private or small-medium public companies. Further investigation should explain this result.

**Figure 3.6** depicts the antecedents of caring.

**Figure 3.6** Antecedents of caring



One of the objectives of the present study was to investigate how environmental conditions and decision-maker characteristics relate to the motivational mechanisms. The set of relationships between 14 antecedents and motivational mechanisms discussed above represents a theoretical framework that predicts behavior under certain conditions. **Table 3.18** depicts all initial propositions, indicating which ones are supported by case study and survey results, respectively.

**Table 3.18 Comparing propositions and findings**

<i>Propositions</i>	<i>Findings</i>	
	<i>Cases</i>	<i>Survey</i>
P1: The use of inter-organizational volunteerism practices is positively related to commitment	S	S
P2: The use of intra-organizational volunteerism practices is positively related to calculation		NS
P3: The use of sponsorship practices is positively related to calculation	S	
P4: The use of cause-related marketing practices is positively related to calculation	S	
P5: Use of civic partnership practices is positively related to calculation		
P6: Use of public-private partnership practices is positively related to calculation		
P7: Use of public-private partnership practices is positively related to commitment		
P8: Size of the company is positively related to calculation	NS	NS
P9: Size of the company is negatively related to caring	NS	NS
P10: The degree of publicness is positively related to calculation	S	S
P11: The degree of publicness is positively related to conformance	NS	NS
P12: The degree of publicness is negatively related to caring	S *	S
P13: Local origin is positively related to conformance	S	
P14: Control by owners is positively related to caring	NS	NS
P15: The level of normative commitment is positively related to commitment		
P16: The level of normative commitment is positively related to conformance		
P17: Self-regarding stakeholder cultures are negatively related to commitment		
P18: Self-regarding stakeholder cultures are positively related to calculation		
P19: Other-regarding stakeholder cultures are positively related to commitment		
P20: Other-regarding stakeholder cultures are negatively related to calculation		S
P21: Ethical leadership is positively related to commitment	S	S
P22: Social program professionalization is positively related to conformance		
P23: Risky social practices are positively related to commitment		
P24: Risky social practices are negatively related to calculation		
P25: Risky social practices are positively related to caring		
P26: The level of managerial discretion is positively related to commitment	NS	NS
P27: The level of managerial discretion is positively related to caring	S	NS
P28: The level of managerial discretion is negatively related to calculation	S	S
P29: The level of managerial discretion is negatively related to conformance	NS	NS
P30: Decision-maker's need for social status is positively related to calculation		
P31: Decision-maker's moral agency is positively related to commitment	S	
P32: Decision-maker's moral agency is negatively related to calculation		
P33: Decision-maker's moral agency is negatively related to conformance		
P34: Decision-maker contact with the philanthropic elite is positively related to conformance	S	
P35: Decision-maker participation in peer networks is positively related to conformance	S	
P36: Decision-maker background in Marketing is positively related to calculation		NS
P37: Decision-maker background in Public Relations is positively related to calculation	S	
P38: Decision-maker tenure in the company is positively related to conformance		

S – Support

NS – No support

\* Depends on the size of the company

Results of qualitative and quantitative data analysis coincide in the case of all propositions verified, with the exception of P27. Case studies verified 19 propositions, 13 of which were confirmed. Surveys verified 15 propositions, six of which were confirmed. Five propositions were confirmed by both case studies and surveys; six were disconfirmed by both methods. The triangulation of data approach used in this study – the

use of diverse sources of data in the evaluation of a social phenomenon – adds rigor to the analysis of data.

## **4. *Conclusions: A refined framework***

### **4.1 Motivations and antecedents**

#### *4.1.1 Major Findings*

In search of a deeper understanding of the reasons why companies use social practices, results of the present study indicate that the motivational mechanisms of commitment, calculation, conformance, and caring exist in some degree for each social practice. The mechanisms need to be looked at from the perspective of the meso paradigm – they exist in the intersection of the individual and the organizational levels of analysis. The use of practices starts with decisions made by individuals who have their own motivations, characteristics, schemes, and agenda. Different decision-makers at the same company may have different views of a particular social practice in a specific context. Results also indicate that there is a lifecycle of motivation mixes through which reasons for use of practices evolve with time, depending on the context in which they occur and on the individuals that decide on their use.

The majority of the studied practices are mainly motivated by commitment, alone or in combination with other motivators. As noted earlier, this may be due to regional cultural values and the choice of companies for the study. If this finding can be replicated in

future studies, it may suggest that the ‘common wisdom’ about corporate social practices is false: that is, companies do not engage in social practices primarily to build up their images with constituencies.

It is important to note at this point that companies had various reasons why they did not participate. Only one large, private company declined the invitation to participate in the case studies. An executive representing the company argued that the family does not publicize its social practices and has a policy of no participation in research projects. In the case of the survey sample, reasons for nonparticipation varied from lack of availability to no interest in this particular project to having a policy not to participate in research projects. Only a few small companies related their refusal to participate to a lack of experience with social practices.

#### *4.1.2 Antecedents*

The context in which social practices are used influences the motivation mixes that are observed. As Mannheim (1940) affirms, “Both motives and actions very often originate not from within, but from the situation in which individuals find themselves” (p. 249, cited in Mills, 1940, p. 906). Context in this study was taken into consideration through the analysis of the antecedents of the motivational mechanisms.

Previous sections of this study made predictions about the influence of antecedents on motivations, and 13 of them were confirmed. Two relationships are worth noting at this

point. An important finding in this study refers to the relationship between the size of the company and the motivations. Larger companies are not more calculative and neither are they less caring than smaller companies. This finding challenges the common understanding that as the company grows, it becomes more self-interested and less caring about the community. What the results show is that, with regard to social practices, size of company is overridden by the characteristics of the person in charge and by other contextual variables. Even in large, public companies, if leaders are exposed to social problems, they will become aware of community issues, which may trigger their caring about certain social groups (institutional argument). This individual social sensibility (and perhaps emotions) is brought into the organization and, given the leader's power to make decisions, will translate into social practices motivated by caring.

Results also strongly indicate that the role of the decision-maker is extremely important to the motivation for social practices. The type of control that the decision-maker exerts on the company influences the caring and the calculation mechanisms. A philanthropy lifecycle is proposed to explain the variation in caring and calculation in the motivation mixes of social practices, according to the level of personalistic control as well as the nature of the relationship between the company and the community. Personalistic control is more likely to exist in privately than in publicly held companies.

#### **4.2 Social construction of motivations**

Results indicate that there is a process of institutionalization of moral values and social practices in the organizational culture. Taking companies One and Six as examples, this process of institutionalization begins with the founders' and/or current owners' instillation of their own moral values in the company. In the cases studied, this was achieved through action (example) and through communication. To a certain extent, these companies are an extension of family life (Litz and Stewart, 2000) – individual values not only prevail, but shape the very fabric of the emerging organization. By example, owners transmit the objectives of the firm, which include its social role. For example, the owners of Company One are personally involved in most of the major philanthropic initiatives by the company – they attend tournaments, personally hand out donated products, host the kids that have a dream realized, and work out for hours to raise money for a nonprofit organization. More than a substantive contribution to these social practices, their actions are charged with symbols and meaning. They communicate to all the employees and to the community the firm's intention to be a participative and supportive member of that social group.

In another process that can exist concomitantly with or without action, the owners develop a discourse that gives meaning to the actions of the company for other stakeholders. When owners communicate social practices to the rest of the organization, they use language that justifies the use of such practices based on the company's values and principles and, less often, on emotions. This usage of language shapes understanding and influences cognitive schemas of other organizational members. At these two

companies, the owners use a common vocabulary of “social obligation,” “our role in the community,” and “the right thing to do,” giving sense to social practices.

Owners of these two companies never state in the interviews that self-interest or habit motivate the use of practices. Rather, they use social accounts to justify calculative and conformative motivations. Building on previous work by Scott and Lyman (1968), Sitkin and Bies (1993) define a social account as “an explanation attempting to influence a person’s perception of (a) *responsibility* for an incident or action; (b) *motives* for an action; or (c) the *unfavorability* of an incident or action” (p. 353, emphasis in the original). In many instances, managers use social accounts to explain the motives for use of social practices, creating discourses that indicate which motivations are desirable and legitimate at each company. **Figure 4.1** depicts variations in the discourse of motivations for social practices.

**Figure 4.1** The discourse of motivations for social practices

	<i>SME Private Family Managed</i>	<i>Large Private Family Managed</i>	<i>SME Private not Family Managed</i>	<i>SME Public</i>	<i>Large Public</i>
<b>Commitment</b>	Originated in and maintained by family values.  Supersedes other motivations.		Originated in the owners’ values and maintained by the organization’s values, which result from compromising/consensus.	Originated in the organization’s values and maintained by decision-makers’ values and social entrepreneurship.	Originated in the organization’s values and maintained by institutional rules and guidelines.
<b>Calculation</b>	Not legitimate in leaders’ accounts. Legitimate within boundaries in other actors’ accounts.		Legitimate	Legitimate	Legitimate
<b>Conformance</b>	Due to tradition originated in the family’s standing in the community and in the company’s activities.		Due to tradition originated in the company’s activities.	Due to tradition originated in the company’s activities.	Due to tradition originated in the

					company's activities.
<b>Caring</b>	Legitimate	Legitimate within boundaries. Justified as commitment.	Legitimate within boundaries.	Legitimate within boundaries. 'Social account' is given as justification (Scott and Lyman, 1968).	Not legitimate.' Social account' is given as justification (Scott and Lyman, 1968).

According to Maitlin (1997), the concept of sensegiving in organizations has been used to describe the process through which a stakeholder group shapes the understanding of issues by other stakeholders. The author affirms: “[t]hrough evocative language and the construction of narrative, symbols and other sensegiving devices, leaders help shape the sensemaking processes of organization members toward some intended definition of reality” (p. 58).

The results of the present study indicate that some motivators of social practices might be more “socially desirable” than others. As Mills (1940) affirms:

*As over against the inferential conception of motives as subjective “springs” of action, motives may be considered as typical vocabularies having ascertainable functions in delimited societal situations. Human actors do vocalize and input motives to themselves and to others. To explain behavior by referring it to an inferred and abstract “motive” is one thing. To analyze the observable ligual mechanisms of motive inputation and avowal as they function in conduct is quite another. Rather than fixed elements “in” an individual, motives are the terms*

*with which interpretation of conduct by social actors proceeds. This inputation and avowal of motives by actors are social phenomena to be explained. The differing reasons men give for their actions are not themselves without reasons (p. 904).*

Interview data reveals that owners of the two organizations mentioned above communicate an image of social practices as initiatives motivated by commitment. When asked about caring, the owners realized that emotions might be a motivator of some of the practices, along with commitment. The response to conformance was similar, although two owners affirmed habit or tradition did not play an important role in the motivations. However, when asked about the benefits accrued by their companies from the use of social practices, they emphasized the fact that benefits do exist, but are not the reason why practices are used. This indicates that, in the context of the narrative created by the company to justify social practices (Scott and Lyman, 1968; Sitkin and Bies, 1993), self-interest has no fit.

Interestingly, accounts by organizational members other than the older generation of owners show different perceptions of the motivations for use of social practices at those two companies. These members describe motivation mixes composed by calculation and conformance alone or in addition to commitment and caring. These accounts are not homogeneous within each company, however. At C1, for example, one non-family-member decision-maker sees the motivation for practices in general the exact same way it is communicated by the owner – based on commitment and caring, with no signals of

calculation. The other non family-member decision-maker sees many of the motivation mixes composed by calculation and conformance, at least partially. The professional and educational backgrounds of these individuals, as well as aspirations, the role they occupy in the community, access to the top management of the company, and tenure, among other characteristics, are very different. A longer tenure at the company made the earlier decision-maker more acquainted with the culture and with the owners who support her individual philanthropic initiatives. The latter decision-maker was explicit in his desire to be more visible in the organization and in the community, which motivated his initiative to become involved with social practices. However, in other aspects, the two decision-makers are similar. Both became involved with the community after they started working at the company; both are very satisfied with their work, both identify with the company's culture and type of activity. This comparison shows that decision-makers use different lenses to construe social reality, and these constructions are contingent on a series of factors, including individual characteristics and characteristics of the situation at hand. Cognitive schemas combine with individual agendas to shape individual understanding of the motivation for each social practice.

Cognitive schemas are influenced by processes of sensegiving in organizations. However, according to Maitlis (2007), “[s]ensegiving is triggered by the perception or anticipation of a gap in organizational sensemaking processes” (p. 58). Weick (1995, 2001) first proposed the term sensemaking to refer to individual and collective processes of making sense of particular situations, especially when order is severely disrupted. Weick affirms, “It is the job of the sensemaker to convert a world of experience into an intelligible

world” (2001, p. 9). Sensegiving is defined by Maitlis and Lawrence (2007) as “an interpretive process in which actors influence each other through persuasive or evocative language” (p. 57). Thus, individually, each of our two decision-makers engages in making sense of specific situations regarding the use of practices, which include the understanding of motivations. In their process of interaction with each other and with other decision-makers, a collective understanding emerges (or it does not, as in Weick’s (2001) interpretation of the tragedy at Mann Gulch). Gaps in this sensemaking process are “filled” by the leader’s discourse, which gives meaning to the practices, influencing schemas and understandings of others in the group.

Thus, in most of the companies studied, through collective construction, the group reaches common understandings of the motivations for practices. In the process of convincing others, they convince themselves as well (Weick, 2001). However, not all companies present this cohesive process. In early stages of institutionalization, perceptions and understandings of motivation are disparate among members of the decision-making group. In those situations, reported motivation mixes are likely to be heterogeneous.

The institutionalization of social practices is *maintained* by successive generations of company managers through action and language. Examples and actions by these managers change as responses to changes in the environment. Increasing levels of social pressure on the researched companies triggered distinct reactions by their leaders. Companies One and Six for example, are increasingly making public their social

practices as the general public demands “testaments” (see Mitnick 1999, 2000) of social responsibility.

Social construction of motivations is a dynamic and evolving process. Results suggest that sensemaking of use of practices may occur through top-down, bottom-up, or diffuse processes. Meaning may be provided by the main decision-maker – typically the most senior member of the decision-making group, the owner, or the founder – or it may come from other individuals’ interpretation of the practice. For example, at C8, one of the decision-makers other than the general manager gives meaning to practices that goes beyond her formal definition. Her understandings are carefully taken into account by the other members, including the leader. In the case of C2, meaning is clearly given by one of the owners. At C1, a loosely coupled environment, lower-level employees take social initiatives and construe meaning that permeates the whole organization, influencing understandings of other employees and of owners.

## ***5. Limitations and Future Studies***

### *5.1 Limitations*

The case studies presented here were composed with secondary data in addition to data obtained from company representatives’ self-reports of practices and motivations. Case study reports reflect individual perceptions of facts and processes rather than the facts

and processes themselves. This limits the study in that individual interpretations of reality vary and human beings have biases and personal agendas. It is likely that some of the interviewees were willing to express a favorable image of their organization. The techniques used in the interviews, such as probes and approaching the subject from different perspectives may have diminished some of these biases. However, in interpreting the results here presented, it is important to keep this limitation in mind.

The sample selection process may have discarded firms that don't have a reputation as good citizens. The sample bias may result in more commitment and less calculation than a random sample would reflect. Privately held companies that are not family businesses might have generated very different results. Similarly, if headquarters of public companies were part of the sample, there might be significant changes in the analysis. Empirically, the results can only be generalized to the eight companies studied; however, theoretically, the characteristics of the four mechanisms should not vary if a different sample is used. The assumption that societal variables are kept constant in this study is fragile. Future studies should develop measures and controls for these variables.

Limitations of the survey relate to the fact that the instrument measures decision-makers' perceptions rather than facts and, as such, is subject to biased responses. However, one of the outcomes of this study is the understanding that there exists a process through which decision-makers reach an agreement in order to use a social practice. This process is a social construction and involves perceptions rather than objective reality. In a study of this kind, it might be said that perceptions are the 'facts' of interest.

Another limitation refers to the size of the universe and, consequently, the size of the stratified sample of companies. There are only so many large public and private companies in the Quad Cities. Similarly, there are just a few public SMEs. The lack of ability of PLS software to process all the 39 independent variables is another limitation of this study.

It is possible that companies that refused to participate, as a group, are not representative of the population. There are at least two subgroups within that larger group. One is formed by companies that potentially tend not to pay as much attention to social practices as do companies that participated in the survey. Representatives of this first group of companies used phrases such as, “I don’t have time for this now, thank you, bye,” and hung up the phone. Another group is formed by small/medium private companies, whose owners argue they don’t want to make their philanthropic activities public. They use this argument despite the fact that the invitation letter explains the confidentiality of the information. There are two possibilities here: (a) most social practices by those companies are motivated by commitment or caring and owners want to keep them anonymous, as if they were personal decisions (this behavior was identified in the interviews); and/or (b) the owners don’t regard the testimonials I present them with as valid or sufficient (Mitnick, 2000).

This might result in poorer representation of the population in the sample. However, because the objective of the survey’s results was to help refine the theoretical model,

representation is less important in this case than variation in the motivations and antecedents. Future empirical research should take in consideration this limitation of the methodology.

In the process of conducting the phone survey, the author found that the measures used for commitment were “too strict” in the sense that the statements mentioned terms such as “moral obligation,” “morally right,” and “required by values and principles.” These terms proved not to be efficient measures of commitment in practice. Still, during the process, the author also found that terms focusing on the beneficiaries’ social practices outcomes, as well as the omission of “moral” terminology, might be more appropriate to capture the commitment mechanism.

Finally, only 14 independent variables were selected from a set of 39 to compose the theoretical framework. Had all 39 variables been used, the results might be slightly different, as PLS calculates the path coefficients for the whole set of variables. A richer set of results might produce a richer final framework.

## 5.2 *Future studies*

Future studies should investigate the process through which social practices are institutionalized in the organizational culture and whether there are *styles of social practice management*. If measures of performance of social practices are associated to motivations in future studies, it will be possible to understand how benefits are created

and distributed among stakeholders through the use of practices, and whether certain motivation mixes for each practice produce the most effective results. This approach might inform research and theory in sustainable business practices.

There is a key process in the use of social practices by organizations – the moment when two or more decision-makers with distinct views, backgrounds, and interests have to make a decision as a group. Processes of sensemaking and sensegiving that take place in this moment and which are decisive to the social practices need to be further investigated.

Relationships between ownership and calculation, size and caring, and presence of headquarters in the region need to be further investigated. These standard organizational demographics are known to have powerful relationships with many features of organizational life.

Questions related to the interaction of variables remain to be answered. Would the presence of female decision-makers in the headquarters change the motivation mix of practices? Do changes in two or more independent variables under certain conditions change the motivation mix? If so, how?

Replication and extension of this study in other cultural environments in the United States and abroad would produce information on how (and how intensely) features in social culture influence the prevalence of motivations. This approach to the study of

motivations for social practices would also contribute to the understanding of how businesses in each region enact their roles in the local communities.

### 5.3 *Conclusion*

The exploratory research in this dissertation has developed a new way to classify and empirically study the motivations for use of social practices by companies. I expect that the ‘Four Cs’ – commitment, calculation, conformance, and caring<sup>37</sup>, and adaptation of the terminology and methodology developed here can spawn a number of new studies that will add significantly to our understanding of the very basic processes by which firms serve their communities.

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<sup>37</sup> I thank Donna Wood for suggesting this terminology.

## **APPENDIX A**

### **CHALLENGES IN A GLOBALIZED WORLD**

#### *A globalized world*

Globalization and the evolution of technology have transformed the business community into a highly interconnected web of companies throughout the world, which operate in synchrony. In the recent years, developing countries such as China, India, and others have gone through intensive changes in the way they participate in the global economy (Friedman 2005). The global supply chain is incorporating businesses in those countries, and this process is leading to deep social and economic changes. The growing middle class in those countries represents, at the same time, a source of workers and a consumer market for multinational companies. As those economies grow, based on the activities of

multinational corporations, peripheral, smaller businesses flourish, bringing opportunities and economic development to lower levels of those societies.

It is reasonable to think that, in these days, globalization forces affect all businesses worldwide in one way or another. Not only the multinational companies operating in different countries and local companies that either export products and services or support the multinationals' operations are subject to the new rules of a globalized economy, but also local companies that operate locally are affected by the new *modus operandi*. For example, now days consumers demand much more information from companies than they did in the past (Post and Berman, 2001). This movement is driven in part by large corporations that do provide a great amount of information to consumers and customers, for diverse reasons. The need has been created, and consumers and customers expect all companies to provide them with the same level of information. Thus, there exist external pressures on local companies to provide services that are shaped by multinational companies operating in other markets. Market competition is another arena in which local companies are affected by globalization. For example, as the market for shoes is inundated by Chinese goods, the shoe industry in Brazil, which was a well-established exporter, faces its worse crisis. Not only exporter companies are struggling, but also local, smaller companies that produce only for the internal shoe market are closing their operations. Even in undeveloped, poor regions, globalization has its effects on local ventures. In Bangladesh, for example, after people in small villages without any infrastructure started having access to cell phones (through a development initiative by the Grameen Bank), small business startups were made possible due to

individuals' access to short- and long-distance communication. In addition, the Internet has been made available to education and research institutions in Bangladesh with a future perspective to be extended to the rural areas so that poor youngsters might in the future have access to international jobs (Yunnus and Jolis, 1997). The profile of such employees and small businesses is being shaped by global business models. Thus, in this highly interconnected business world, all businesses (and perhaps individuals) can be considered global players.

### *A challenged social environment*

Those companies worldwide operate in an environment that presents many social challenges. Stiglitz (2002) argues that neither markets or governments are perfect, suggesting that consequences of market and government failures affect diverse societal groups.

The concept of a perfectly competitive economy involves the existence of a large number of firms and a large number of consumers in the market. The behavior of these economic actors leads to efficient patterns of production and consumption (efficiency meaning that it is not possible for one individual be better off without making another individual worse off). However, there are circumstances that violate the assumptions of the competitive framework and influence market efficiency. Market failures refer to public goods, externalities, natural monopolies, and information asymmetries. In addition to market failures, there are other limitations in the competitive framework, such as markets with

few sellers and buyers, preference problems, uncertainty problems, inter-temporal problems, and adjustment costs. The limitations in the competitive framework lead to unsatisfactory social conditions. The value that drives the competitive framework is efficiency. However, other social values, such as human dignity, distributional equity, economic opportunity, and political participation, are important in the construction of the “good society.” Governmental policies address the limitations of the competitive framework, both aiming at correcting market failures to improve efficiency and to allocate opportunity and goods to achieve other values. Nevertheless, governments also fail to promote the social good due to problems inherent in direct democracy, in representative government, in bureaucratic supply, and in decentralization (Weimer and Vining, 1992).

Unsatisfactory social conditions affect individuals worldwide. The existence of so-called “sweatshops” in Asia is often mentioned as a complex social problem (Hartman et al., 2003). Similar working conditions can be found in many developing countries, and they exemplify the consequences of the social gap characteristic of those societies. Under such conditions, there is a lack of opportunities for individuals to have access to the job market, education, political participation, etc., which paves the road for economic exploitation. Although the lack of opportunities is often associated with social groups living in undeveloped and developing countries, the phenomenon is also depicted in developed countries. For example, in the state of Iowa, U.S.A., there is a large contingent of Spanish-speaking immigrants. These families are often in their third or fourth generation in the state. For a series of reasons, those individuals – including kids and

youngsters – don't have the same access to education and economic opportunities in the region as other citizens. Similarly, immigrants in many European countries also represent social groups that do not have access to social benefits that other groups in those societies have. Another example of the social gap existent in developed countries came to the public's attention recently, after Hurricane Katrina destroyed part of New Orleans in August 2005. The neighborhoods that were most affected by the flood that followed the hurricane were poor, and most of the individuals who lost their houses and goods were living on or below the poverty line. Interestingly, the most affluent neighborhoods were untouched by the flood.

Businesses operate in this challenged social environment. Particular social issues affect businesses more or less directly, as consequences of globalization spread worldwide. Depending on a series of nation- and organization-related factors, individual companies interact with a more or less challenging social environment. Some industries are more affected than others; some nations provide companies with advantages or disadvantages of globalization. One thing does not change, though: the general public is increasingly aware of global social issues and pays close attention to how companies respond to them. As information technology challenges the concept of "distance," levels of expectation regarding companies' responsiveness to social problems raise exponentially.



## APPENDIX B

### CASE STUDY PROTOCOL

(Adapted from Yin, 1994, p. 64-65)

#### Purpose

The overall goals of this empirical study are:

- e) To refine the theoretical framework developed in the previous sections in this manuscript.
- f) To understand the motivational mechanisms of social practice adoption and their antecedents, both within organizations and across different organizations.
- g) To develop a methodology to discriminate among the four motivation mechanisms.
- h) To develop tools that organizations can use to identify the motivation mix for each social practice they adopt.
- i) To make a list of companies in the Quad Cities (IL-IA) perceived as good corporate citizens by representatives of diverse sectors of society.

#### I. Field Procedures

##### *Gaining Access to organizations and interviewees*

##### 1. Interviews

Selected companies' representatives will be contacted by email, after my being introduced to them by a colleague or friend, and asked if their companies would consider participating in this study. I will attach the *Informational Script for Interviews* to the email message. I will follow-up with phone calls until I reach them. In case they consider participating, I will try to schedule a short visit to talk about the project and bring the invitation letter. Upon agreement, companies will indicate names of employees who agree to give an interview. I will then contact these employees by phone and discuss the informational script. In case a company does not agree to participate, I will look for the backup company/pair of companies for that cell in the research design, as the design follows a replication logic.

##### *Informational Script for Interviews*

The purpose of this research study is to determine the reasons why companies adopt social practices aimed at the local community. For that reason, I will be interviewing managers who make decisions regarding such practices at companies in the Quad Cities. The interviews will be 45-60 minutes long. If you are willing to participate, in the interview you will be asked to identify your company's most and least

important social practices toward the local community from your perspective, and explain why. In addition, you will be asked about your educational background and work experience. There are no foreseeable risks associated with this project nor any direct benefits to you. This is an entirely anonymous interview, and so your responses will not be identifiable in any way. All responses are confidential, and results will be kept under lock and key. Your participation is voluntary, and you may withdraw from this project at any time. This study is being conducted by Adele Queiroz, who can be reached at (563) 355-5159, or [adqueiroz@katz.pitt.edu](mailto:adqueiroz@katz.pitt.edu), if you have any questions.

## II. Surveys

I will identify one individual who is responsible for social practices in each company in the survey sample. I will then send these individuals an invitation letter by mail, which will contain the *Informational Script for Surveys*. I will follow-up with a phone call within a week to confirm or disconfirm their participation, discuss the informational script, and schedule the phone survey. In the case of individuals who do not confirm participation, I will look for the next one on my backup list of subjects.

### Informational Script for Surveys

The purpose of this research study is to determine the reasons why companies adopt social practices aimed at the local community. For that reason, I will survey managers who make decisions regarding such practices at companies in the Quad Cities. The surveys will be conducted over the phone and should be 25-30 minutes long. If you are willing to participate in the survey, you will be asked to identify the most important and the least important social practices toward the community that were in use in your company in 2005. You will also be asked to choose, from a pool of statements, the reasons that relate to the adoption of those practices. In addition, I will ask you about characteristics of your company and information related to your background.

There are neither foreseeable risks associated with this project nor any direct benefits to you. This is an entirely anonymous survey, and your responses will not be identifiable in any way. All responses are confidential, and results will be kept under lock and key. Your participation is voluntary, and you may withdraw from this project at any time. This study is being conducted by Adele Queiroz, who can be reached at (563) 355-5159, or [adqueiroz@katz.pitt.edu](mailto:adqueiroz@katz.pitt.edu), if you have any questions.

### *Schedule of data collection and data analysis activities*

Week

Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	NOV				DEC					JAN				FEB	
Contact organizations in the interview sample	X	X													
Contact employees in those organizations and schedule interviews	X	X	X	X											
Conduct interviews	X	X	X	X	X										
Send letter to representatives of companies in the survey sample		X													
Follow-up with phone calls and schedule phone surveys			X	X	X	X	X								

Phone surveys			X	X	X	X	X	X							
Transcribe interviews	X	X	X	X	X	X	X								
Code interviews	X	X	X	X	X	X	X	X							
Analyze interviews	X	X	X	X	X	X	X	X							
Analyze surveys									X	X					
Compose individual case studies									X	X	X				
Compose cross-case analysis									X	X	X	X	X		
Consolidate qualitative and quantitative analyses									X	X	X	X	X		
Conclusions												X	X	X	
Polish writings														X	X

## II. Case study questions

<i>Questions</i>	<i>Sources of evidence</i>
1. How can each of the motivational mechanisms (commitment, calculation, conformance, and caring) be described?	Interviews Archival data
2. What is the motivation mix for each social practice aimed at the community in each selected company?	Interviews
3. Is there consistency in the motivation mix for all community social practices in each selected organization?	Within case interviews
4. Is there consistency in the mix of motivations for a specific practice across the different companies selected?	Cross case interviews
5. How do environmental conditions relate to the motivational mechanisms?	Surveys
6. How do decision-maker characteristics relate to the motivational mechanisms?	Interviews

## III. Guidelines for the case study report

1. Write short reports for the individual cases. Check with the companies.
2. Compose a cross-case analysis.
3. Write conclusions, limitations, and future research.

## APPENDIX C

### DESCRIPTION OF PROCEDURES: CONDENSING AND ANALYZING DATA

#### A. Condensing Data

##### I. First Step

Each transcribed interview is coded according to the following categories:

- A. Individual characteristics
- B. Company's characteristics
- C. Local environment characteristics
- D. Processes
- E. Mechanisms and indicators

Practice	<i>Commitment</i>	<i>Calculation</i>	<i>Conformance</i>	<i>Caring</i>
1				
2				
3				
...				
N				

Note: The same segment, phrase, or paragraph may be coded more than once. For example, a phrase may refer to a specific motivational mechanism and may contain, at the same time, one or two words that refer to an indicator of the mechanism, or a characteristic or another category. In that case, the same words are coded more than one time.

## II. Second Step

Categorized data from all interviews within the same company are consolidated according to indicators of dependent and independent variables, processes, and social practices.

Company:

Organization/Organizational-level indicators

<i>Variable</i>	<i>DM #</i>	<i>DM #</i>	<i>DM #</i>
<b>Company age</b>			
<b>Local size</b>			
<b>Total size</b>			
<b>Local revenue</b>			
<b>Industry</b>			
<b>Local operation location within the company</b>			
<b>Ownership structure</b>			
<b>Separation between ownership and control</b>			
<b>Local level of resource slack</b>			
<b>Level of money investment in the local community</b>			
<b>Changes in the level of money investment in the local community</b>			
<b>Degree of normative commitment</b>			
<b>Tradition of involvement with the community</b>			
<b>Measurement of social performance</b>			
<b>Internal disclosure of social performance</b>			
<b>External disclosure of social performance</b>			
<b>Degree to which stakeholder culture is other-regarding</b>			
<b>Level of incentives for employee involvement with the community</b>			
<b>Influence of ethical leadership</b>			
<b>Degree of dependence on the local market</b>			
<b>Occurrence of recent events that affect reputation</b>			
<b>Level of visibility</b>			
<b>Level of competitiveness in the industry</b>			
<b>Ability to influence the natural environment</b>			
<b>Degree of social program professionalization</b>			

Organization/Individual-level indicators

<i>Variable</i>	<i>DM #</i>	<i>DM #</i>	<i>DM #</i>
<b>Priority of social practices management in individual function at the company</b>			
<b>Influence of social practices on decision-maker performance evaluation</b>			
<b>Social practices – related incentives to DM</b>			
<b>Level of managerial autonomy</b>			

Psychological characteristics

<i>Variable</i>	<i>DM #</i>	<i>DM #</i>	<i>DM #</i>
<b>Presence of moral values</b>			
<b>Presence of emotions</b>			
<b>Presence of self-interest</b>			
<b>Presence of spirituality</b>			
<b>Maturity</b>			
<b>Need of social status</b>			
<b>Need for visibility</b>			
<b>Need of approval/acceptance</b>			
<b>Need of conformity</b>			
<b>Need to please others</b>			
<b>Need to please self</b>			
<b>Need to reciprocate</b>			

Observable experiences

<i>Variable</i>	<i>DM #</i>	<i>DM #</i>	<i>DM #</i>
<b>Individual ownership of the company</b>			
<b>Age</b>			
<b>Sex</b>			
<b>Tenure</b>			
<b>Level of formal education</b>			
<b>Economic status in childhood</b>			
<b>Parents' moral example</b>			
<b>Humanities background</b>			
<b>Finance/economics background</b>			
<b>Experience in human resource management</b>			
<b>Experience in public relations</b>			
<b>Experience in marketing</b>			
<b>Level of experience with organizational social practices</b>			
<b>Exposition to social issues</b>			
<b>Exposition to solutions to social issues</b>			

Processes:

- |   |
|---|
| <p>A. General processes<br/>         B. Processes within the mechanisms<br/>         C. Processes within the intersection of two or more mechanisms</p> |
|---|

Practices:

	DM 1	DM 2	DM 3
Practice 1:			
Commitment			
Calculation			
Conformance			
Caring			
Practice 2:			
Commitment			
Calculation			
Conformance			
Caring			
Practice 3:			
Commitment			
Calculation			
Conformance			
Caring			
....			
Practice n			

### III. Third Step

Motivation mix for each practice:

	DM 1	DM 2	DM 3
Practice 1:			
Practice 2:			
Practice 3:			
.....			
Practice n:			

### B. Analyzing data

Write up each case study

Compare pairs of cases

Compare cases by size

Compare cases by ownership structure

Write conclusions for the case studies

## APPENDIX D

### A NOTE ON THE LIST OF BEST CORPORATE CITIZENS

In order to identify the most socially responsible companies (best corporate citizens) in the Quad Cities, I invited a panel of experts. The panel consisted of representatives of diverse business stakeholders:

- Business associations
- Business leaders
- Community activists
- Consultants
- Educators
- Local NGOs
- Politicians
- Union leaders

Each participant in the panel made a list of all the companies that he/she considers good corporate citizens in the region. The companies were listed in order of importance.

All the lists were consolidated into one list, from which I extracted eight companies to be the sample of my study.

The identity of the participants in the panel, as well as the information provided by them, was not connected with the lists themselves – I used a code, whose key only I have access to. Evidence with the names of the participants was destroyed.

In the end, all the participants received a copy of the consolidated list of “Best Corporate Citizens in the Quad Cities.”

## APPENDIX E

### RECRUITMENT SCRIPT FOR INTERVIEWS

(Recruitment over the phone)

Hello (Subject),

My name is Adele Queiroz. I am a doctoral candidate at the University of Pittsburgh. I am writing my Ph.D. thesis on social practices adopted by companies, and I am currently conducting research in the Quad Cities.

Your firm is participating in my research project, which investigates why companies in the Quad City region support the local community. I am looking at social practices such as corporate giving, employee volunteerism, sponsorships, cause-related marketing, donation of equipment, and civic and public-private partnerships.

(Name of the contact person at the company) indicated you as a possible candidate to be interviewed for this project, as you make decisions regarding the adoption of social practices that support the local community. The objective of this study is to understand the reasons that motivate business involvement with the community, as well as the conditions associated with each reason. In order to achieve this objective, I will interview managers who are responsible for decisions regarding such practices in each selected company.

The interviews will be 45-60 minutes long. If you decide to participate in the interview, you will be asked to identify your company's most and least important social practices toward the local community from your perspective, and explain why. In addition, you will be asked about your educational background and work experience. There are no foreseeable risks associated with this project nor any direct benefits to you. This is an entirely anonymous interview, and your responses will not be identifiable in any way. All responses are confidential, and results will be kept under lock and key. Your participation is voluntary, and you may withdraw from this project at any time. Your refusal to participate in this research will have no consequences for you or your company.

Do you have any questions?

Are you willing to participate?

I can be reached at (563) 355-5159, or [adqueiroz@katz.pitt.edu](mailto:adqueiroz@katz.pitt.edu), if you have any questions.

Thank you.

## APPENDIX F

### INTERVIEW PROTOCOL

Information that should be obtained during the interview:

***PART I: Information about the company:***

1. Date of founding:
2. # of employees:
3. Interviewee is owner or manager?
4. Total sales (branch):
5. Industry:
6. Origin of the company local?
7. Company headquarters located in the Quad Cities?
8. For public companies: % of insider stock ownership?
9. Resource level of the company compared to others in the industry: less than others, similar, or more than others?
10. Resource level of the company compared to the company's needs: less than adequate, adequate, or more than adequate?
11. % of social investment by the company, relative to before-tax profits:
12. Existence of a code of ethics?
  - If YES, are employees trained in the code of ethics/conduct?
  - If YES, % of the employees trained:
  - # of hours of training per employee:
13. # of community organizations/NGOs the company is involved with in the local community:
14. # of years the company has adopted social practices:
15. Has the level of social activities in the last five decreased, maintained stable, or increased?
16. Degree of visibility of the company in the local community: Not visible, moderately visible, very visible?
17. Level of competitiveness in the industry: not very competitive, moderately competitive, very competitive?
18. Company's influence on the natural environment: low, moderate, high?
19. Social performance measured? Social performance disclosed to the external and internal public?
20. Social action organized? How?
21. Level of managerial discretion:
22. Level of dependence on local customers:
23. Organizational social performance influence on the evaluation of managers:
24. Incentives for managers that contribute to organizational social performance:

***PART II: Information about the company's social practices***

I will show the interviewee the list of practices and ask the following open-ended questions:

1. Among all the social practices your company adopts with the local community, which ones do you consider the most important? Can you talk about each of them?

*Probes:*

Why is this practice important?

How did it originate?

Who was responsible for the adoption of this practice?

How does this practice benefit the company?

Do other companies in the region also adopt this practice?

What are your feelings about this practice?

2. Among all the social practices your company adopts with the local community, which ones do you consider the least important? Can you talk about each of them?

*Probes:*

Why was this practice adopted?

What would happen if the company decided to stop this practice?

Who started this practice?

Does this practice benefit the company in any way?

What are your feelings about this practice?

3. If you could implement a new practice in the company, what would it be? Why? Would you have support for it?

***PART III: Information about the decision-maker's experience***

1. Age:

2. Male or female

3. Tenure in the company

4. Level of education

5. Humanities, finance, and/or economics background?

7. Held position in human resources, public relations, marketing?

10. # of years of experience with social practices in organizations

11. Direct involvement with social issues, such as community development, poverty, inequality, access to education and health services, or others?

***Additional Comments:***

## APPENDIX G

### RECRUITMENT LETTER FOR THE SURVEY

June 2, 2007

(name)  
(company)  
(address)

Dear (name),

I am a Ph.D. Candidate at the University of Pittsburgh Katz Graduate School of Business, currently collecting empirical data in the Quad Cities for my dissertation. I have lived in the region for two years and I study the reasons why companies support the local community through social practices, such as donations, employee volunteering, managers' participation on boards of nonprofit organizations, sponsorships, partnerships with government and non-profit organizations to address social problems, and others.

In the first part of my data collection I interviewed 23 managers in eight companies operating in the Quad Cities (two small/medium private and two small/medium public companies; two large private and two large public companies). In the second part of my data collection I will conduct telephone surveys with individuals who make decisions regarding social practices in approximately 50 companies operating in the Quad Cities.

Your firm has been selected as part of my survey sample, which includes small-medium private and public companies, and large private and public companies. I would like to invite you to answer a 10-15 minute-long telephone survey. If you are willing to participate in the survey, you will be asked to think of two social practices that your company used to support the local community in 2006, and to answer a few questions about those practices, about your company (such as number of employees, industry, etc.), and about your background (such as age group, tenure in the firm, etc.). I will contact you in a few days, by phone, to learn whether you decided to participate, and to schedule a date and time at your convenience to conduct the telephone survey, if you agree.

There are no foreseeable risks associated with this project nor any direct benefits to you, besides your contribution to the understanding of the processes through which companies engage with the community. I believe that this understanding helps companies evaluate and enlarge their awareness of their own social actions, and nonprofit organizations to more efficiently design their interaction with companies. This is an anonymous survey, and your responses will not be identifiable in any way. Your name and the name of your company will not be recorded in the answer sheet. All responses are confidential, and results will be

kept under lock and key, as the Internal Review Board of the University of Pittsburgh requires. Your participation is voluntary, and your refusal to participate in this survey will not have any consequences for you or for your company.

I appreciate your taking time to consider this invitation and will call you in a few days. I can be reached at (563) 355-5159, or [adqueiroz@katz.pitt.edu](mailto:adqueiroz@katz.pitt.edu), if you have any questions.

My best regards,

Adele Queiroz  
Ph.D. Candidate  
Katz Graduate School of Business  
University of Pittsburgh

## APPENDIX H

### DEFINITIONS OF TERMS USED IN THE INTERVIEWS AND SURVEYS

*Inventory of social practices directed at the community:* All the company initiatives that benefited the community in the period of January to December 2005.

*Community:* Any community in the Quad Cities area.

*Categories of social practice in use in 2005:*

1. **Corporate giving:** Gifts of money, goods, services, or advertising for nonprofit, civil society, or public organizations (such as schools). These gifts can be made through a corporate foundation or can be ad hoc.
2. **Employee volunteerism:** Activities performed by employees and retirees for nonprofit and civil society organizations, schools, city offices, individuals, etc., with the support of the company.
3. **Sponsorships:** Company's contributions to social agencies' events or programs. Usually, in return, the agency uses the company's name or logo in its advertising.
4. **Cause-related marketing:** Similar to sponsorships, but in this case, the advertising is related specifically to the promotion of the company's products or services.
5. **Donation of equipment:** Donation of equipment such as computers, furniture, refrigerators, games, etc.
6. **Civic partnerships:** When many organizations unite to address social problems that are not sufficiently well taken care of by the government (for example, revitalization of urban areas and economic development, especially in undeveloped countries).

**7. Public-private partnerships:** Arrangements between government, companies (and possibly NGOs) to address complex social issues (such as HIV/AIDS in Africa, or government-business partnerships in education).

**8. Others:** Any activity or practice adopted by a company that benefits the community and does not fit into any of the above categories.

***Amount invested in 2005 (US\$):*** The amount of money invested in each activity, or an estimate of the equivalent amount in dollars (in the case of in-kind gifts, employee volunteering, managerial time, etc.).



9. What is the percentage of local-operation **sales generated in the local market**, approximately? %:

*In the next five questions I will ask you to rate a few characteristics of your company.*

10. **Retained income** is the accumulated net income retained for reinvestment in a business, rather than being paid out in dividends to stockholders or owners.

In terms of *retained income*, how would you rate your firm's position relative to others in the industry?

1	2	3	4	5
less than others		similar to others		more than others

11. In terms of *retained income*, how would you rate your firm's position in relation to your firm's needs?

1	2	3	4	5
less than adequate		adequate		more than adequate

12. To what extent is your company name known by the general public in the Quad Cities region (or "**visible**")?

1	2	3	4	5
not visible		moderately visible		very visible

13. How do you rate the level of **competitiveness** in your company's industry?

1	2	3	4	5
not very competitive		moderately competitive		very competitive

14. How do you rate your company's potential to **pollute** the natural environment in the QC region?

1	2	3	4	5
no or small potential		moderate potential		large potential

15. Is there a **code of ethics** or a code of conduct in your company? YES/NO

15.a. If YES, are employees trained in the code of ethics/conduct? YES/NO

15.a.i. If YES, what percentage of the employees are trained? %:

15.a.ii. How many hours of training per employee per year? # of hours:

***Social practices** are the initiatives undertaken by the company in order to support the local community. These practices include in-kind or monetary donations to charities or community organizations; support for employee volunteering initiatives; sponsorship of community, arts, or sports events; cause-related marketing; donation of equipment; and partnerships with the local government or community organizations aiming at solving specific social problems. Individuals who make decisions regarding the company's social practices are here called **decision-makers**.*

16. When did your company **first adopt a social practice** aimed at the local community? Year:

17. Does your company have a **rule of thumb** for the scale of philanthropy or for the kinds of philanthropy they do?

18. **How much** did the company invest in the community in the year 2006?

19. The **level of philanthropy** in the local community in the last five years has:

( ) diminished                      ( ) been the same                      ( ) increased

20. The level of incentives for **employee volunteering** with the community is:

( ) low                                      ( ) average                                      ( ) high

***Corporate social performance** refers to the outcomes of all social action undertaken by your company in the year 2006.*

21. Is social performance **measured** in your company? Y/N.  
 21.a. If YES, is social performance **disclosed to the external public**? Y/N  
 21.a.i. If YES, how? Answer:  
 21.b. If YES, is social performance **disclosed to the internal public**? Y/N  
 21.b.i. If YES, how? Answer:
22. Was there an occurrence of events that adversely **affected the company's reputation** in the last five years? Y/N  
 22.1. If YES, when? Date:  
 22.2. Severity of harm: low ( ) medium ( ) severe ( )

23. If you had 10 points to distribute among the **attention** paid by your company to the needs of the following stakeholders, how would you distribute them?
- Needs of managers points: \_\_\_\_\_
  - Needs of stockholders or owners points: \_\_\_\_\_
  - Needs of other stakeholders (employees, consumers, community, etc) points: \_\_\_\_\_
- Total Points: 10

24. To what extent does the **ethical behavior of the top management** at your company positively influence the company's social practices?

1	2	3	4	5
no/small influence		moderate influence		large influence

25. Are there **formal mechanisms** to organize social action at your company, such as an individual or a department dedicated to corporate social responsibility, citizenship, or community relations? Y/N

25.a. If yes, how many individuals work in this department? #: \_\_\_\_\_ Position of the head of the department: \_\_\_\_\_

25.b. If no, who is responsible for making decisions regarding social actions?

	Individual 1	Individual 2	Individual 3	Individual 4	Individual 5
Position					
Department					

26. How much **autonomy do you have to authorize or initiate social practices** in your company?

1	2	3	4	5
no autonomy You follow clear directions		Some autonomy There is room for your initiative		total autonomy to decide on social practices

27. How much **autonomy do you have to authorize money expenditures** related to social practices?

1	2	3	4	5
no autonomy		some autonomy		total autonomy

*Corporate social performance refers to the outcomes of all social action undertaken by your company in the year 2006.*

28. Does contribution to corporate social performance influence the **evaluation of managers** at your company? Y/N

29. Are there **incentives for managers** who contribute to corporate social performance? Y/N

29.a. If YES, what kind of incentives? Answer: \_\_\_\_\_

*Social practices are the initiatives that the company undertakes in order to support the local community. These practices can be in-kind or monetary donations to charities or community organizations; support for employee volunteering initiatives; sponsorship of community, arts, or sports events; cause-related*

marketing; donation of equipment; and partnerships with the local government or community organizations aiming at solving specific social problems in the community.

30. How do you classify the **importance of decisions regarding social practices** in your overall function in the company? ( ) not very important ( ) important ( ) very important

**(PART II Selection of practices)**

Now I would like you to name one of the most important social practices in use in your company in the year 2006. Practice A: \_\_\_\_\_

I will read for you 12 statements about the reasons why your company used (or still uses) this practice. I would like you to tell me whether these statements are true. You may attribute each statement a number from 0 to 4 regarding the level of truth. Zero (0) means not true at all; one (1) means a bit true; two (2) means reasonably true; three (3) means substantially true; and four (4) means absolutely true.

Practice A:	0	1	2	3	4
1. This practice is used because it is good for the company					
2. This practice is used because it follows a tradition in the company and/or in the local community					
3. This practice is used because it speaks to the heart of decision-makers					
4. This practice is used because it is required by our values and principles					
5. This practice is used because it benefits the company					
6. This practice is used because one or more decision-makers have an emotional attachment to it					
7. This practice is used because the company has a moral obligation to do so					
8. This practice is used because it became a habit					
9. This practice is used because it results in positive outcomes for the company					
10. This practice is used because we believe that, morally, it is the right thing to do					
11. This practice is used because one or more decision-makers have a passion for this cause					
12. This practice is used because the company is expected to do so					

Now I will ask you to name one of the least important social practices your company used in 2006. Practice B: \_\_\_\_\_

I will read for you 12 statements about the reasons why your company used (or still uses) this practice. I would like you to tell me whether these statements are true. You may attribute each statement a number from 0 to 4 regarding the level of truth. Zero (0) means not true at all; one (1) means a bit true; two (2) means reasonably true; three (3) means substantially true; and four (4) means absolutely true.

Practice B:	0	1	2	3	4
1. This practice is used because it is good for the company					
2. This practice is used because it follows a tradition in the company and/or in the local community					
3. This practice is used because it speaks to the heart of decision-makers					
4. This practice is used because it is required by our values and principles					
5. This practice is used because it benefits the company					
6. This practice is used because one or more decision-makers have an emotional attachment to it					
7. This practice is used because the company has a moral obligation to do so					
8. This practice is used because it became a habit					

9. This practice is used because it results in positive outcomes for the company					
10. This practice is used because we believe that, morally, it is the right thing to do					
11. This practice is used because one or more decision-makers have a passion for this cause					
12. This practice is used because the company is expected to do so					

**PART II** *Questions about your background:*

31. Are you an owner or a manager?                      Owner ( )            Manager ( )

32. Your age group:  
 ( ) <20    ( ) 20-29    ( ) 30-39    ( ) 40-49    ( ) 50-59    ( ) 60-69    ( ) 70-79    ( ) 80-89

33. Gender:                      ( ) male ( ) female

34. For how many years have you been working for this company? # of years:

35. What is your highest level of education:

High school	Y	N		
College	Y	N		
Master's degree	Y	N	If yes, in what?	Where:
Doctorate	Y	N	If yes, in what?	Where:

36. Do you have a humanities background?                      Y            N  
 If yes, in what? Answer:

37. Do you have a finance and/or economics background?                      Y            N

38. Have you ever held a position in human resources?                      Y            N

39. Have you ever held a position in public relations?                      Y            N

40. Have you ever held a position in marketing?                      Y            N

41. How many years of experience do you have with social practices in organizations? # of years:

42. Before you got involved with decisions regarding social practices in your company, had you had direct involvement with social issues, such as community development, poverty, inequality, access to education and health services, or others?                      Y            N

**Additional Comments:**

*Thank you for participating in this survey!*

## APPENDIX J

### CODING INTERVIEWS TEMPLATE

Company: #  
Decision-maker: #  
Current Position:

#### A. Individual characteristics

##### i. Psychological characteristics

<b>Presence of moral values</b>	
<b>Presence of emotions</b>	
<b>Presence of self-interest</b>	
<b>Presence of spirituality</b>	
<b>Search for meaning</b>	
<b>Maturity</b>	
<b>Need of social status</b>	
<b>Need for visibility</b>	
<b>Need of approval/acceptance</b>	
<b>Need to conform</b>	
<b>Need to please others</b>	
<b>Need to please self</b>	
<b>Need to reciprocate</b>	
<b>'social sensibility'</b>	

##### ii. Observable experiences

<b>Individual ownership of the company?</b>	
<b>Age group</b>	
<b>Gender</b>	
<b>Tenure</b>	
<b>Level of formal education</b>	
<b>Economic status in childhood</b>	
<b>Parents' moral example</b>	
<b>Humanities background</b>	
<b>Finance/economics background</b>	
<b>Experience in human resource management</b>	
<b>Experience in public relations</b>	

<b>Experience in marketing</b>	
<b>Level of experience with organizational social practices</b>	
<b>Previous exposition to social issues</b>	

**iii. Other individual characteristics**

Generosity:

Idealism:

B. Company's characteristics

Centralization:

Support of individual passions:

C. Local environment characteristics

On the Midwest:

D. Processes

D1 Social Practices:

Conformance:

Commitment:

Calculation:

*Analysis*

E. Mechanisms and indicators

Practice	<i>Commitment</i>	<i>Calculation</i>	<i>Conformance</i>	<i>Caring</i>


**Commitment**

General

*Comments:*

## APPENDIX K

### CONSOLIDATED DATA TEMPLATE FOR CASE STUDIES

#### 1. Description of the company

History: Origin, main facts, current industry and ownership structure and control, culture, sales and % in the local market, slack, visibility, competitiveness in the industry.

Other facts – organizational level: Code of ethics/mission statement/principles and training of employees; influence of ethical leadership, influence on the natural environment, degree of program professionalization, social performance measurement, internal and external disclosure of CSP, events affecting reputation, stakeholder culture.

Other facts – individual level: Autonomy to take initiatives and to authorize money expenditures; CSP influence on DM evaluation, importance of social practices management.

The antecedents of social practices are summarized in the following two tables.

#### Organization/Organizational level indicators

Company age	
Local size (# employees)	
Total size	
Total revenue (corporation)	
Local revenue (branch)	
Industry	
Local operation location within the company	
Origin of the company local?	
Ownership structure	
Separation between ownership and control	
Private: do owners manage the firm?	
Public: who owns the shares?	
Degree of dependence on the local market	
% of (local) operation sales generated in the local market?	
Local level of resource slack	
<ul style="list-style-type: none"> <li>• position relative to others in the industry (1-5)</li> <li>• position in relation to firm's needs (1-5)</li> </ul>	
Level of corporate investment in all communities in 2005	
Level of investment in the Quad Cities community in 2005	
Before-tax profits of the Quad Cities' operation in 2005	

Degree of normative commitment: Is there a code of conduct in the company? If YES, % of employees trained: # of hours/employee/year:	
Tradition of involvement with the community: When did the company first adopt a social practice aimed at the local community?	
Level of money investment in the local community in the last five years:	
Level of incentives for employee involvement with the community	
Level of visibility (1-5)	
Level of competitiveness in the industry	
Ability to influence the natural environment	
Measurement of social performance	
External disclosure of social performance	
Internal disclosure of social performance	
Occurrence of recent events that affect reputation? When Severity of harm	
Degree to which stakeholder culture is other-regarding Attention paid by the company to: <ul style="list-style-type: none"> <li>• Needs of managers</li> <li>• Needs of stockholders/owners</li> <li>• Needs of other stakeholders</li> </ul>	
Influence of ethical leadership	
Degree of social program professionalization Individual or department dedicated to CSR? # of individuals position of the head? If not, who is responsible for decisions regarding social actions?	

Organization/Individual-level indicators

Level of managerial autonomy <ul style="list-style-type: none"> <li>• To take initiatives:</li> <li>• To authorize money expenditures:</li> </ul>	
Influence of social practices on decision-maker performance evaluation	
Social performance-related incentives to DM	
Importance of social practices management in individual function at the company	

2. Supporting the local community

Levels of social investment in 2005: local and total; trends; \$  
Tradition of involvement, employee volunteering

3. Characteristics of Decision-Makers

<i>Decision-maker</i>	<i>Psychological characteristics</i>	<i>Observable Experiences</i>
DM 1		
DM 2		
DM 3		
DM 4		

4. Social practices

<i>Social practices in use in 2005</i>
1. Corporate Giving Activities:
2. Employee Volunteerism Activities:
3. Sponsorships Activities:
4. Cause-related Marketing Activities:
5. Donation of Equipment Activities:
6. Civic Partnerships Activities:
7. Public-Private Partnerships Activities:
8. Others Activities:

4. Motivations for social practices – consolidated data and analysis

Practices:

	DM 1	DM 2	DM 3
Practice 1:			
Commitment			
Calculation			
Conformance			
Caring			
Practice 2:			
Commitment			
Calculation			
Conformance			

Caring			
Practice 3:			
Commitment			
Calculation			
Conformance			
Caring			
....			
Practice n			

5. Analysis of processes

6. Conclusions

## APPENDIX L

### CASE STUDY TEMPLATE

#### Case Study Guidelines

#### 1. Description of the company

History: Origin, main facts, current industry and ownership structure and control, culture, sales and % in the local market, slack, visibility, competitiveness in the industry.

Other facts – organizational level: Code of ethics/mission statement/principles and training of employees; influence of ethical leadership, influence on the natural environment, degree of program professionalization, social performance measurement, internal and external disclosure of CSP, events affecting reputation, stkh culture,

Other facts – individual level: Autonomy to take initiatives and to authorize money expenditures; CSP influence on DM evaluation, importance of social practices management.

Antecedents of social practices are summarized in the following two tables.

#### Organization/Organizational-level indicators

Company age	
Local size (# employees)	
Total size	
Total revenue (corporation)	
Local revenue (branch)	
Industry	
Local operation location within the company	
Origin of the company local?	
Ownership structure	
Separation between ownership and control Private: do owners manage the firm? Public, who owns the shares?	
Degree of dependence on the local market % of (local) operation sales generated in the local market?	
Local level of resource slack <ul style="list-style-type: none"> <li>• position relative to others in the industry (1-5)</li> <li>• position in relation to firm's needs (1-5)</li> </ul>	
Level of corporate investment in all communities in 2005	

Level of investment in the Quad Cities community in 2005	
Before-tax profits of the Quad Cities' operation in 2005	
Degree of normative commitment: Is there a code of conduct in the company? If YES, % of employees trained: # of hours/employee/year:	
Tradition of involvement with the community: When did the company first adopt a social practice aimed at the local community?	
Level of money investment in the local community in the last five years:	
Level of incentives for employee involvement with the community	
Level of visibility (1-5)	
Level of competitiveness in the industry	
Ability to influence the natural environment	
Measurement of social performance	
External disclosure of social performance	
Internal disclosure of social performance	
Occurrence of recent events that affect reputation? When Severity of harm	
Degree to which stakeholder culture is other-regarding Attention paid by the company to: • Needs of managers • Needs of stockholders/owners • Needs of other stakeholders	
Influence of ethical leadership	
Degree of social program professionalization Individual or department dedicated to CSR? # of individuals position of the head? If not, who is responsible for decisions regarding social actions?	

Organization/Individual level indicators

Level of managerial autonomy • To take initiatives: • To authorize money expenditures:	DM 1	DM 2	...	DM n
Influence of social practices on decision-maker performance evaluation				
Social performance-related incentives to DM				
Importance of social practices management in individual function at the company				

2. Supporting the local community

Levels of social investment in 2005: local and total; trends; \$  
Tradition of involvement, employee volunteering

3. Characteristics of Decision-Makers

<i>Decision-maker</i>	<i>Psychological characteristics</i>	<i>Observable Experiences</i>
DM 1		
DM 2		
....		
DM n		

4. Social practices

<i>Social practices in use in 2005</i>
1. Corporate Giving Activities:
2. Employee Volunteerism Activities:
3. Sponsorships Activities:
4. Cause-related Marketing Activities:
5. Donation of Equipment Activities:
6. Civic Partnerships Activities:
7. Public-Private Partnerships Activities:
8. Others Activities:

4. Motivations for social practices – consolidated data and analysis

Practices:

	DM 1	DM 2	DM 3
Practice 1:			
Commitment			
Calculation			
Conformance			
Caring			
Practice 2:			
Commitment			
Calculation			
Conformance			
Caring			
Practice 3:			
Commitment			
Calculation			
Conformance			
Caring			
....			
Practice n			

5. Analysis of processes

6. Conclusions

## APPENDIX M

### IRB PROTOCOL

**OSIRIS Request for Exempt Determination:  
*Tests, Surveys, Interviews, or Observations of Public Behavior***

<b>Title of Study:</b>
<b>Principal Investigator:</b> Last name: _____ First name: _____
<b>Note:</b> This exemption is limited to individuals 18 years of age or older. Subjects under 18 can be evaluated with educational tests <u>only</u> (no surveys or interviews). They can also be observed in public places, but only so long as researchers do not participate in the activities being observed.
A. Check type(s) of measures to be used:  <input type="checkbox"/> <b>Passive Observation of Public Behavior;</b> <input type="checkbox"/> <b>Educational Tests (cognitive, diagnostic, aptitude);</b>  <input checked="" type="checkbox"/> <b>Survey;</b> <input checked="" type="checkbox"/> <b>Interview;</b> <input type="checkbox"/> <b>Other (Describe)</b>  * <b>Have copies of all measures or questions been attached?</b> No <input type="checkbox"/> Yes <input type="checkbox"/> . <b>If no, why not?</b>
B. Is a script attached ( <b>or inserted in question 5a</b> ) that describes the study to the subject and includes basic elements of consent (e.g., risks and benefits, confidentiality of data, right to withdraw; for model, see <a href="http://www.irb.pitt.edu/Exempt/script-1.pdf">http://www.irb.pitt.edu/Exempt/script-1.pdf</a> )? No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> NA <input type="checkbox"/> .  <b>If no, why not?</b>
C. <i>If applicable</i> , have recruitment materials been attached and uploaded ( <b>or inserted in question 4b</b> )? No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> NA <input type="checkbox"/> . <b>If no, why not?</b>

<p>D. Will subjects under 18 years of age be studied? No <input type="checkbox"/> Yes <input type="checkbox"/>; <b>If yes, to what extent will researchers interact with subjects?</b></p>
<p>E. Will information be recorded anonymously (i.e., no subject identifiers recorded)?</p> <p>No <input type="checkbox"/> Yes <input type="checkbox"/>; <b>If identifiers are recorded, provide justification:</b></p>
<p>F. Will “sensitive information” be recorded that could damage subjects’ reputation, employability or financial standing, or place them at risk for criminal or civil liability? No <input type="checkbox"/> Yes <input checked="" type="checkbox"/>.</p> <p><b>If yes, explain:</b></p>
<p>G. Will any information from this project be submitted to the FDA? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/></p>

**IRB Protocol**

**1. Study Aims**

(a) **What is this research intended to accomplish?**

**2. Background and Significance**

(a) **What observations or prior scientific findings serve as the basis for this study?**

(b) **Why is it important to conduct this research?**

**3. Subjects**

(a) **Who will be studied?**

(b) **If children are included...**  Not Applicable

(i) **Provide a rationale for the specific age ranges of children to be included.**

(ii) **Describe the expertise of the investigative team for dealing with children of that age range.**

(iii) **Describe the adequacy of the research facilities to accommodate children of that age range.**

(iv) **Will sufficient numbers of children be studied to answer the scientific questions? Please elaborate.**

(v) **Will the investigators interact directly with the child subject?** No ; Yes

(vi) **Is the research limited to educational tests or observations of behavior?**  
No ; Yes

**4. Recruitment**

- (a) **How will potential subjects be identified and how and where will they be approached for participation?**
  - (b) **Describe recruitment materials (*ads, letters, recruitment script, etc.*) to be used and if applicable, upload 1 copy.**
5. **Methods**
- (a) **Attach a script that provides participants with information about this research project as well as about their rights as a research subject.**
  - (b) **How will subjects be evaluated?**
  - (c) **List the measures to be used, and upload 1 copy of each** (unless measure does not require submission – see listing of Standard Instruments in APPENDIX G of IRB Manual).
  - (d) **How will information be obtained (e.g., face to face, phone, mail, Internet)?**
  - (e) **Where will study be conducted, and who will collect data?**
  - (f) **How often will subjects be contacted, and why?**
  - (g) **How will confidentiality of data be maintained?**
  - (h) **If subjects will be paid or otherwise compensated or ‘incentivized’, indicate how much they will receive, and how they will be compensated (e.g., check, gift card / voucher, etc.).**
6. **Analysis**
- (a) **How will results be analyzed to determine that study aims have been met?**
7. **Summarize the qualifications and experience of the Principal Investigator that are relevant to the conduct this research study:**
7. **Additional Information, Clarification, or Comments for the IRB Reviewer:**

\*\*\*\*\*

**CERTIFICATION OF INVESTIGATOR RESPONSIBILITIES**

***By submitting this form to the IRB via OSIRIS, I agree/certify that:***

1. I am cognizant of, and will comply with, current federal regulations and IRB requirements governing human subject research including adverse event reporting requirements.
2. I have reviewed this protocol submission in its entirety and that I am fully aware of, and in agreement with, all submitted statements.
3. I will conduct this research study in strict accordance with all submitted statements except where a change may be necessary to eliminate an apparent immediate hazard to a given research subject. If such a change is made – only to ensure the immediate safety of a research subject – I will subsequently report that protocol deviation to the IRB as soon as possible.
4. I will request and obtain IRB approval of any proposed modification to the research protocol that may affect its exempt status prior to implementing such modification.

5. I will ensure that all co-investigators, and other personnel assisting in the conduct of this research study have been provided a copy of the entire current version of the research protocol.
6. I will ensure that all members of the research team have satisfactorily completed the Research Integrity (module 1) and Human Subjects Research (module 2a or 2b) web-based training programs.
7. I will not enroll any individual into this research study until the exempt status of this application has been determined by the IRB and I have been informed in writing.
8. I will respond promptly to all requests for information or materials solicited by the IRB.
9. I will maintain adequate, current, and accurate records of research data.
10. I will not knowingly include prisoners.

**End of Application (Form: EXESUR 041707) Please Save File and Upload Into OSIRIS**

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