31st Annual Meeting
Lisbon, Portugal
July 6-7; 13-17, 2020

Exploration | Known + Unknown

Conference Chair and
Proceedings Co-Editor Harry Van Buren

Proceedings Co-Editor Craig V. VanSandt
Proceedings Assistant Co-Editor Ryan Van Maanen
Message from the 2020 Conference Chair

2020 was the first year of the COVID-19 pandemic, which turned the world upside down. IABS 2020 was meant to be held in Lisbon, Portugal in June, a city that many people have long dreamed of visiting. As the implications of the pandemic for global travel became clearer, the IABS board and executive committee decided in February to cancel the conference as an in-person event and to hold it virtually instead. Like every academic society, IABS had to adapt its conference planning quickly to adjust to the pandemic. An unanticipated change in conference chair leadership then necessitated a different approach to organizing and holding the conference.

The IABS board wanted to hold some sort of event to (1) allow early-career scholars to present their work and get feedback, (2) provide for interactions among IABS members, and (3) facilitate the creation of a conference proceedings. IABS 2020, therefore, became a conference in which sessions unfolded from July to September, session chairs used their institutions’ Zoom accounts to organize the sessions to which they were assigned, and sessions often spanned multiple time zones. (One session included participants from Asia, South America, and Europe, and required the U.S.-based chair to set an alarm for 2:00 am.) The conference required flexibility and kindness from everyone involved to succeed in any way, and all who were part of it exhibited both. More than anything else, we did not want 2020 to be a blank space in the history of IABS.

This program therefore includes all of the sessions that were created from the accepted proposals for papers and discussions, whether or not the authors chose to present their work in one of the virtual sessions. A majority of the proposals submitted were presented by authors, and for that I am grateful to the many, many people who helped in some way:

- Tara Ceranic Salinas, who helped keep the online program organized and on track, and who ensured that the members who wanted to participate in sessions had the information needed to do so.
- The other members of the 2019-2020 executive committee: Nikolay Dentchev, Heather Elms, Barrie Litzky (who joined the executive committee over the summer), and Karen Maas, for their steadfastness in helping IABS navigate the challenges associated with the 2020 conference.
- Kim Rodela, who as IABS administrator dealt with the problems associated with cancelling an in-person conference and managing a virtual one.
- Craig Vansandt, who once again edited the conference proceedings.
- And everyone who participated in the virtual conference, whether as an author, reviewer, or session participant. All of you made the conference what it was.
The pandemic has had profound implications for the world, including the world of academia. These implications will be with us for decades to come. My hope is that International Association for Business & Society members will be at the forefront of scholarship and teaching of the relationship between business and society as that relationship continues to change in response not just to the pandemic, but also to other emerging social and political forces.

Harry Van Buren
IABS President, 2019-2020

Barbara and David A. Koch Endowed Chair of Business Ethics
Opus College of Business
University of St. Thomas
COPYRIGHT
INTERNATIONAL ASSOCIATION FOR
BUSINESS AND SOCIETY
2020

The papers presented here comprise the Proceedings of the Thirty-First Annual Conference of the International Association for Business and Society (IABS), scheduled to be in Lisbon, Portugal, held virtually on July 6-10 and 13-17, 2020. They reflect the authors’ opinions. Their inclusion in this publication does not necessarily constitute an endorsement by the co-editors or IABS.

While these papers may be reprinted for use in the classroom without permission, proper credit must be given to the individual authors and to IABS. Reproduction of these papers for any other purpose requires the consent of the individual authors.

ISBN: 978-0-9910867-5-7
# TABLE OF CONTENTS

About These Proceedings ........................................................................................................................................... vi

Democracy, Legitimacy, and the Standing of the Corporation in Corporate Global Governance ................................................................. 1

Rob Barlow

Banking for a Low Carbon Future: Explaining Variation in Corporate Climate Change Responses in a Low-Salience Industry ..................................................... 14

Anna Eckardt, Diana D. Mazutis

Governance of Voice in Digital Platforms .............................................................................................................. 24

Hussein Fadlallah, Robert A. Phillips

Communities in Management: A Literature Review and a Typology .............................................................................. 37

Andreas Georgiou, Daniel Arenas

A Theory of Entrepreneurship and Peacebuilding ............................................................................................................. 50

Jay Joseph, Harry Van Buren III

Assessment of Ibn Haldun's Model for Sustainability using Structural Equation Modelling ................................................. 64

Sümeyle Küşakçı

The Benefits of Benefit Forms: Legal, Peer, and Stakeholder Benefits .............................................................................. 77

Caddie Putnam Rankin

Inventing Regenerative Sustainability: Theoretically, Empirically, Practically ........................................................................ 89

Saeed Rahman, Stefano Pogutz, Monika Winn

Corporate Social Responsibility as Legitimacy in the Oil and Gas Industry in Sub-Saharan Africa: A Longitudinal Analysis of CSR Initiatives and Stock Prices ........................................................................ 100

Kimberly Reeve, Dami Kabiawu

Sustaining Cameroon’s Exotic Wood Species: A Case Study on Transmogrifying Suboptimal Product Aesthetics into Desired Aesthetics .................................................................................. 112

Bryan M. Robinson, Bennett Cherry, Catalin Ratiu

Mezcal: When Culture and Consumption Collide ............................................................................................................ 120

Tara Ceranic Salinas

Corporate Social Responsibility and Stigma Management: Normalization Strategies for Dirty Work ........................................................................... 129

Natalie M. Schneider

The End of Corporate Political Activity: A Call to Update CPA Theory ............................................................................. 139

Tyler K. Wasson

Conflict as Business: The Moral Implications of the Privatisation of War .............................................................................. 152

Steven van Klooster

IABS Leadership 2020 ......................................................................................................................................................... 160

IABS Past Presidents, Conference Chairs, and Proceedings Editors .................................................................................... 161

2020 Conference Program ...................................................................................................................................................... 165
ABOUT THESE PROCEEDINGS

The IABS 2020 Proceedings contains 14 papers and other materials that were presented at the Thirty-First Annual Conference of the International Association for Business and Society, scheduled to be in Lisbon, Portugal, held virtually on July 6-10 and 13-17, 2020.

To assist you in using and advancing the research included in these Proceedings, published pieces are organized in the following categories:

- Business Ethics and Ethical Leadership (including property rights, social justice, and values)
- Corporate Social Responsibility and Performance (including corporate citizenship, corporate philanthropy, and social responsiveness)
- Environmental Management and Regulation (including environmental quality, pollution control, environmental stewardship)
- Sustainability and Sustainable Development
- Social Entrepreneurship and Social Enterprise (including social investing)
- Governance Issues (including international governance regimes, legal standards, and comparative governance)
- Stakeholder Issues and Theory (including perceptions of reputation)
- Teaching and Learning

The category appears at the top of the first page of each published piece. Similarly, articles focused on the conference theme “EXPLORATION | KNOWN + UNKNOWN” are indicated as such on the first page of each article.

Information on Conference participants and on the IABS leadership is located in the final pages of the document; in this way, we assure that published manuscripts contained herein will appear first on database listings. Databases facilitate searching by keywords, author names, dates of publication, and so forth.

Below is an example of how to cite papers from these Proceedings when you reference them in your research. Of course, the specific format may vary, but this is the information IABS would like to see included:

Democracy, Legitimacy, and the Standing of the Corporation in Corporate Global Governance

Rob Barlow
Rob Barlow: robert.barlow@faculty.hult.edu * +1-415-869-2900 * Hult International Business School, San Francisco, CA 94111 USA

Category: CSR & Performance
Focused on theme: Yes

Abstract: Political CSR scholars have sought to apply the concept of deliberative democracy to the practice of global corporate engagement with stakeholders. Recently, much of this work has focused on the conditions under which the decisions made within multi-stakeholder initiatives (MSI’s) should be considered democratically legitimate while relatively less attention has been paid to the practical benefits that such engagements can bring for their effectiveness when properly structured. The arguments in this essay support a shift in focus away from the former and towards the latter.

Keywords: political CSR; deliberative democracy; multi-stakeholder initiatives

In recent years, political CSR scholars have sought to apply the concept of deliberative democracy to the practice of global corporate engagement with stakeholders. Corporations today have joined national governments and international governmental organizations to play an increasingly politicized role as global governance actors involved in the process of establishing international rules and standards for the conduct of business (Hahn & Weidtmann, 2016; Matten & Crane, 2005; Mena & Palazzo, 2012; Scherer, Palazzo, & Baumann, 2006). In light of these changes and with the declining ability of the nation state to police corporate action in a globalized world, these scholars argue that corporations must seek to understand their increasingly state-like role in the terms of democratic political legitimacy typically reserved for formally representative institutions (Scherer & Palazzo, 2009). Therefore, they propose different ways that the standards of deliberative democracy can be applied to so-called multi-stakeholder initiatives (MSI’s) to secure their democratic legitimacy through procedures that will facilitate socially responsible corporate behavior and promote respect for stakeholder rights (Hahn & Weidtmann, 2016; Martens, van der Linden, & Wörsdörfer, 2017; Mena & Palazzo, 2012; Scherer & Palazzo, 2009; Scherer et al., 2006). Drawing in particular on Jurgen Habermas’s deliberative democratic framework to structure their ideas about the legitimation of these activities, they argue that MSI’s grounded on a deliberative democratic “institutionalization of accountability” can “provide a substitute, or at least a complement, for problems that have a non-territorial nature and cannot be solved by national governments” (Scherer et al., 2006).

Most of this work focuses on the conditions under which the decisions made within MSI’s should be considered democratically legitimate while relatively less attention has been paid to the practical benefits that such engagements can bring for their effectiveness when properly structured. The arguments in this essay support a shift in focus away from the former and towards the latter. Those who are governed by the decisions reached within MSI’s may be more likely to view them as legitimate due to the fact they are a product of deliberation, and this is an important benefit in its own right (Cutler, Johnston, Carty, Blais, & Fournier, 2008; Fung & Wright, 2006). However, MSI’s
are not currently structured to fully realize the normative standards of moral legitimacy described in prominent deliberative democratic theories.

The proponents of prominent deliberative democratic theories generally deny that corporations hold “self-authenticating claims” to see their own interests directly addressed in the process of such deliberations. Instead, they hold that, like other associations in a democracy, corporate interests only deserve consideration to the extent they will impact the rights and welfare of those human individuals who do hold such claims. Therefore, decision-making procedures that treat corporate interests as having fundamental importance equivalent to that of individual stakeholders are not consistent with deliberative democracy’s moral foundation, which treats the rights-bearing individual as its exclusive locus of concern. Moreover, their inclusion in deliberation will have a range of distorting effects, which I discuss in detail below. Unless and until corporations are willing to concede their standing in this way and to act accordingly – which seems unlikely at present given the incentives at play – MSI’s will not fully satisfy the normative requirements of deliberative democratic legitimacy.

This distinction marks a recognition among deliberative democratic theorists that, while public organizations and associations are not only valuable but necessary for organizing our social and political lives, deliberative public decision-making practices must ultimately place primacy on the interests of rights-bearing individuals. Provided their influence within such deliberations is suitably constrained to reason-giving, it is potentially valuable for corporations to participate in public deliberation in complex modern democratic contexts as information-providers and advocates on behalf of those whose interests are potentially at stake. But to grant them any more fundamental standing corrupts the ideal of democratic self-governance at the core of deliberative democratic theories.

Nonetheless, though it is important to be realistic about the limited current viability of MSI’s and related institutional innovations as vehicles for deliberative democracy, there are some concrete social benefits to be gained from grounding a practice of stakeholder engagement around an ideal of deliberation. In addition to their intrinsic value, I explore several ways in which these benefits may help to eventually facilitate a form of deliberative engagement within MSI’s that better approximates the ideal (though I acknowledge it is unlikely to be fully achieved). I turn to empirical findings from political science, economics, and social psychology to illustrate these ideas.

THE TERMS OF CORPORATE MORAL LEGITIMACY

MSI’s have taken on an increasingly prominent role in setting corporate responsibility regulations, standards, and targets over the past two decades, with varying degrees of success. These self-governing organizations are composed in different ways with a range of participants that includes some combination of representatives from corporations, government, NGOs, trade unions and academia (Mena & Palazzo, 2012). Among these, the participation of corporations is a virtual constant. Political CSR scholars generally take this state of affairs as their starting point in prescribing a new approach to understanding the social responsibilities of business. They offer a pair of related arguments for doing so.
First, they suggest that the politicized role of corporations who are already engaged in a deliberative process of designing these rules and institutions presents an opportunity to “(re)establish a political order where economic rationality is circumscribed by democratic institutions and procedures” (Scherer & Palazzo, 2007, p. 1097). The need for this transformation arises due in part, they claim, to the complexity and variability of modern conditions, which mean that “law and the state apparatus are insufficient means for the integration of business activities with societal concerns” (Scherer & Palazzo, 2007, p. 1101). This is compounded by the nearly complete absence of regulation at a global level. In fact, they argue that “the global expansion of the corporation can be regarded as the driving force of such a political CSR. The globalizing society erodes established ideas about the division of labor between political and economic actors and calls for a fresh view on the role of business in society. These phenomena need to be embedded in a new concept of the business firm as an economic and political actor in market societies” (Scherer & Palazzo, 2007, p. 1115). However, Scherer and Palazzo’s appeal to deliberative democratic ideals is not only about expanding the scope of democratic control with respect to corporate conduct. They are also motivated by a belief that engaging with stakeholders in public deliberations is the best means by which corporations can secure moral legitimacy that will ensure their survival (Palazzo & Scherer, 2006). In the absence of such engagement, they argue that corporations will face growing challenges to their legitimacy that will threaten their very existence.

Scherer and Palazzo build their claims around Mark Suchman’s influential tripartite typology of organizational legitimacy, which includes pragmatic, cognitive, and moral forms. Suchman offers a general definition of legitimacy as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, p. 574).

Pragmatic legitimacy relies on “self-interested calculations of an organization’s most immediate audiences” which can involve direct exchanges between organization and audience or other “broader political, economic, or social interdependencies in which organizational action” tangibly affects the audience’s well-being (Suchman, 1995, p. 578). For example, if the presence of a corporation within a community is clearly beneficial for the members of that community, it will achieve a degree of pragmatic legitimacy among them.

Cognitive legitimacy is not achieved through the self-conscious actions of an organization. Rather, it is the product of unified background conditions that hold a “taken-for-granted” character, against which the organization’s role is deemed proper or desirable. For example, the system of banking and investment enjoys a high degree of cognitive legitimacy against the backdrop of capitalist society, where its basic principles go unquestioned.

Finally, moral legitimacy “reflects a positive normative evaluation of the organization and its activities.” However, moral legitimacy is “sociotropic”, meaning “it rests not on judgments about whether a given activity benefits the evaluator, but rather on judgments about whether the activity is ‘the right thing to do’” (Aldrich & Fiol, 1994; Parsons, 1960; Suchman, 1995, p. 579).

Drawing on Habermas’s social theory, Scherer and Palazzo argue that the complexity of modern pluralist societies coupled with pressures wrought by globalization combine to undermine the background conditions from which the corporation once took cognitive legitimacy. “Globalization
not only macerates the cultural background of the nation state, it furthermore leads to a vivid debate on the interplay of state, economy, and civil society.” As a result, they claim, “the once more or less homogenous cultural life-world background becomes fragmented… Values, interests, goals, and lifestyles are pluralizing and societies struggle with growing complexity and heterogeneity” (Palazzo & Scherer, 2006, p. 77). In the face of this breakdown of conventional forms of social meaning, they claim that corporate legitimacy cannot be maintained by recourse to pragmatic sources alone and moral legitimacy is essential to secure the corporation’s global standing. Yet, corporate strategy is generally detached from these realities, as most corporations take an instrumental approach to CSR that does not adequately reflect these changing social conditions.

For such theorists, MSI’s pose a crucial opportunity through which to mobilize corporate moral legitimacy at the same time that they close the governance gap created by globalization and the diminishing capacity of the nation state to police corporate activities. The vehicle through which they propose to see this aim achieved is public deliberation structured according to the standards of deliberative democratic political theories. But can MSI’s really be designed and operate to fulfill the requirements of democratic legitimacy these theories prescribe?

MORAL LEGITIMACY IN DELIBERATIVE DEMOCRACY

Deliberative democratic theorists advocate organizing democracy around an ideal of deliberation in order to secure the moral legitimacy of public decision-making processes. By this, they typically mean at least two things: (1) that members of the public will see the authority of those decisions as morally justified and therefore binding and (2) that the procedure by which they arrive at such decisions actually is justified according to moral standards inherent to the practice of democracy.

The first meaning of moral legitimacy described above is descriptive or sociological and accords with Suchman’s definition: it describes a condition under which authority is seen as being morally justified by those over whom it is exercised, thereby preserving a stable social order (Beetham, 1991; Lipset, 1959; Suchman, 1995; Weber, 1958). Historically this function has often been performed by the binding authority of tradition or religion but deliberative democrats like Habermas (and those who take inspiration from his work, like Scherer and Palazzo) believe that these sources are inadequate for the purpose of legitimating law in modern pluralistic societies, where their authority has been eroded (Habermas, 1985, 1996). Therefore, they argue that the challenges posed by pluralism in “post-traditional societies” may be overcome and social order and stability preserved if public-decisions are decided through procedures of collective decision-making in which the ultimate aim is to secure consensus among all those affected by public laws (Benhabib, 1996; Habermas, 1996; Palazzo & Scherer, 2006; Rawls, 2005).

---

1 The terms I use here to differentiate the two senses of moral legitimacy are drawn from an article by Alex Levitov, who argues that “A set of political institutions is legitimate in the descriptive or sociological sense if those subject to its directives widely believe it to enjoy the moral right to rule. By contrast, a set of institutions is legitimate in the prescriptive or normative sense if it in fact enjoys the moral right to rule over those it claims the authority to govern” (Levitov, 2016, p. 1).
The second meaning of moral legitimacy described above is prescriptive or normative. In this context, it describes the terms under which the exercise of political authority is morally justified according to the moral standards of democracy, connected with a particular understanding of the individual rights democracy is intended to protect. Order and stability are important social goods for any society as are a range of other virtues associated with deliberative democracy. However, the reasons theorists offer for thinking deliberative democracy is justified generally go beyond its capacity to bring such benefits, referring at a more fundamental level to the ways that deliberative democracy preserves the democratic freedom and equality of rights-bearing individuals who face conditions of complex interdependence requiring the use of authority to preserve order and stability (Benhabib, 1996; Cohen, 1997; Gutmann & Thompson, 1996; Habermas, 1996; Rawls, 2005).

As Alex Levitov notes, “it is important that the two notions be kept conceptually distinct, and that legitimacy in one sense of the term is not taken automatically to imply legitimacy in the other sense” (Levitov, 2016, pp. 1–2). The risk in doing so in this case is to conflate the appearance of justification or the conviction among members of the population that an arrangement is justified with its actual justification. It is plausible to think that structuring the decision-making process of MSI’s around an ideal of deliberation may increase the perception of its moral legitimacy by those subject to and affected by the rules and requirements it specifies. This is ultimately an empirical question, but research indicates that outsiders are generally favorably disposed towards rulemaking exercises in which decisions are reached through a process of inclusive deliberation (Cutler et al., 2008; Fishkin, 1991).

However, finding out whether such arrangements are justified on moral grounds and therefore satisfy standards of prescriptive or normative moral legitimacy is not merely an empirical question, but one that concerns their conceptual fidelity to moral principle. For our present purposes, the answer to this question depends on how well such institutional innovations correspond with the terms of democratic legitimacy spelled out in prominent theories of deliberative democracy, particularly given the prominent role corporations currently occupy within them.

THE TERMS OF DELIBERATIVE DEMOCRACY

Deliberative democratic theories are primarily concerned with defining the democratic terms of collective association for a society that will be consistent with the freedom and equality of all its members. They offer a particular normative interpretation or refinement of the idea of democracy itself, which is founded on the basic idea that a society should be governed collectively by all of its members. Deliberative democrats believe that the normative force of the laws and policies enacted by the state comes, not from the counting of votes (alone), but from the fact that they are the product of reasoned deliberation among free and equal citizens or their representatives who aim to establish shared terms of association that all similarly motivated citizens will find mutually acceptable. Participants in such processes of collective deliberation should aim to ensure that public laws and policies will express the common good of a society’s members, which can only be determined through a process of public reasoning.

Traditionally, theorists have drawn a hard distinction between this orientation towards advancing the common good through deliberation and expressions of self-interest. The distinction has roots going back to the work of Rousseau, who drew a similar distinction, arguing that “There is often a great
deal of difference between the will of all and the general will; the latter considers only the common interest, while the former takes private interest into account, and is no more than a sum of particular wills” (Rousseau, II.3.2).

By contrast, Jane Mansbridge and a collection of co-authors have recently provided a defense of the necessary role for expressions of self-interest as part of reasoned deliberation in deliberative democracy. They argue that “any idea of the political, of legitimate democracy, and of deliberative democracy must include self-interest and conflicts among interests in order to recognize and celebrate in the ideal itself the diversity of free and equal human beings” (Mansbridge et al., 2010, p. 68). Despite its general absence from earlier work, this is actually a common sense interpretation of the deliberative process. Presumably, identifying the common good requires forms of mutual understanding that cannot be achieved without recourse to storytelling and descriptions of self-interest.2 If the goal of deliberation is mutual understanding, then individuals may need to regularly describe and defend their own interests as part of the general discussion. Provided they are not unreasonably attached to these interests or unwilling to grant the interests of others equal weight, identifying the common good will depend in part on the exchange of such reasons. Furthermore, citizens will have the right to see their interests taken seriously as part of these deliberations. This is not to say they must be fulfilled in any deliberative agreement, but that the failure to do so should be explainable to those who hold them in terms they have good reason to accept.

Consider a hypothetical example from the health care sector, where the allocation of funds can mean the difference between life and death for many citizens. In such debates, citizens on all sides may appeal to self-interest as part of their broader defense of policy options. For example, those requiring a form of cancer treatment may deploy personal stories and reasons based on the needs identified from their own experiences to support a piece of legislation. Perhaps insufficient funds have been invested in local services to facilitate access by individuals in the area to a particular form of chemotherapy. The issue will only be treated with the seriousness it deserves if those affected by the policy explain in explicit detail how this deficiency affects them and what interests of their own are at stake. These individuals are likely to encounter a reasoned response from others whose interests will be affected by devoting funds to the chemotherapy treatments rather than some other purpose such as prenatal care or specialized screening or treatments for another disease. The cancer patients who will need to pay to go elsewhere for their treatments or accept less than ideal treatment conditions may in the end need to accept that the common good requires these funds to be devoted to some other purpose, such as prenatal care or specialized screening or treatments for another disease.

This is an artificial example contrived for purposes of illustration. But notice two ways that self-interested appeals enhance the quality of deliberation. In the first place, though they are granted equal weight in deliberation, identifying the common good in such cases may require declining to fully satisfy the interests of specific individuals or even groups. Our confidence in such decisions

---

2 Mansbridge and her co-authors advocate further reforms to our understanding of deliberative democracy, including an expansion of the concept to include non-coercive forms of negotiation based on mutual justification, which can lead to mutually beneficial results and promote mutual understanding and toleration among participants, and I will return to these ideas in the concluding section of the paper.
should depend on having weighed a thorough explanation of the specific interests at issue in the case, which are often best uncovered and explored through first-personal advocacy. Second, not only do deliberators require access to as much information as possible in such cases in order to explore potential compromises and innovative solutions that may be available to them, but they will be more driven to do so when the case is grounded in passionate expressions of self-interest.

But whose interests should be granted weight in such deliberation? Throughout the literature on deliberative democracy, it is assumed that the agents in whose interest deliberation should be conducted are individual citizens. Corporations are excluded from this vision. By contrast, corporations are generally the main drivers of MSI’s and, in contrast with the “traditional” deliberative democratic view, these engagements start from the understanding that corporations are intrinsically, and not merely instrumentally, a part of the process. Typically, they are formally defined as coequal participants with representatives from NGOs, government, labor, and other stakeholder groups within such deliberations (see e.g., Moog, Spicer, & Böhm, 2015). Therefore, they are not only active participants in the decision-making process (and potentially directors of that process) but hold interests that require consideration on the part of stakeholders and others and need to be addressed in any deliberative decision.

However, one interprets its more precise meaning, the broad moral support found for political democracy reflects the perception that it involves respecting individuals’ rights to freedom and equality and ensuring that collective decisions will be consistent with this status. Deliberative democrats offer a particular interpretation of what it means for such individuals to see their rights respected in a legitimate democracy. Whether or not individuals who will be governed by such decisions within a community (however that community is defined) hold such a status is not in question – they hold “self-authenticating claims” grounded on their status as moral persons, and deliberative democrats do not concern themselves with whether or not corporations are treated in kind. In fact, there are powerful reasons to think their inclusion as “coequals” within the deliberative process cannot be justified on deliberative democratic grounds. It is entirely possible that these procedures will afford corporations in affected issue areas (and especially direct participants) a degree of descriptive moral legitimacy and the same is potentially true of the MSI’s themselves. However, the corporation’s status as a direct addressee of deliberations within these engagements means they do not satisfy the standards of prescriptive moral legitimacy settled by deliberative democratic theories.

In the first place, the initial impetus for extending such rights to corporations cannot come from any kind of compelling belief that they hold moral status similar to a human individual. There are many theories about the nature of the corporation ranging from so-called “nexus of contracts” to “state authorization” views. The latter appears to be the more accurate characterization, but it does not matter which view one chooses: the most that can be said for such organizations is that they might be authorized to advocate on behalf of particular interests held by their “members”. However, we conceive of their origins, there is no reason to think they should be treated as rights-bearing persons who have self-authenticating claims to see their interests addressed in a deliberative democracy.

One possible response to this claim is that, while they may not hold such a status themselves, they should be treated as political representatives of those who do hold such self-authenticating claims.
However, this argument is thoroughly debunked in a recent article by Waheed Hussein and Jeffrey Moriarty.

Hussain and Moriarty (2018) argue that Scherer and Palazzo make a crucial mistake by treating corporations as both “supervising authorities” and “functionaries”. They claim that MSI’s, in particular, suffer from a crucial deficit of accountability in their institutionalization, describing the role that corporations will play within them as being akin to that of deliberating political representatives. However, unlike political representatives in a democracy, there are no procedures (such as elections) in place by which to hold corporations accountable for their activities, leaving it to themselves to police their deliberative practices and representational effectiveness. Moreover, they argue that the corporation’s primary orientation, function, and purpose, is not representative in nature and they lack authorization to perform such functions given that their associational “members” do not (primarily) make decisions about joining, remaining in, or leaving based on their social and political commitments. The net result, they claim, is that, by treating the corporation as “a political organization that could take part in social deliberation [within MSI’s and] allowing corporations to shape how we address important issues of common concern, the model effectively reproduces the democratic deficit that it was meant to solve” (Hussain & Moriarty, 2018).

Ultimately, they recommend the complete removal of corporations from participation in any policymaking role within political CSR and limiting participation “to political NGOs and other groups” that better satisfy their standards for politically representative organizations.

Hussain and Moriarty do an excellent job of capturing several fundamental deficiencies of the MSI process. However, their analysis is very idealistic about the potential for MSI-like institutions to develop and to effectively police corporate behavior without being initiated by and/or participated in by corporations. They do ultimately acknowledge that democratic theorists may need to abandon the purity of their ideals out of practical necessity within the current political environment.

However, proponents of deliberative MSI’s may argue that Hussain and Moriarty still do not take the urgency of the demand for any kind of regulation seriously enough given the widespread absence of authoritative international mechanisms for policing corporate behavior. After all, Scherer and Palazzo are aiming to establish legitimacy in an “ungoverned context” where the political functions of corporations are already actively being performed. The difference may parallel that between “ideal” and “nonideal” theory in political philosophy: ideally, we would have cosmopolitan governance structures or internationally enforceable covenants to serve these regulatory purposes. But in their absence and given the world we currently face, their recommendation may be the kind of second-best solution we should accept.

If there are neither grounds on which to treat corporations as democratic rights-bearing members of the community whose consent is required within these engagements, nor any basis on which they might be considered legitimate representatives of those who do hold them, then their inclusion should be recognized for what it is: a practical concession borne of necessity and extracted via coercion. Under “traditional” conditions of nation-state democracy, individuals may freely choose not to participate in deliberation or to advocate for themselves and others as part of the process. In the process, however, they give up their ability to have to a direct say in the eventual decision and they will nonetheless be subject to the laws or regulations that result.
In the absence of an overarching authority with enforcement powers on the global stage, the situation looks very different. If corporate representatives walk away from deliberation under these circumstances, then the social goods that stakeholders seek are not as likely to be realized. By the same token, most stakeholder groups do not hold the same power. In fact, as the case of the Forest Stewardship Council indicates, when corporations are unable to achieve the results they want from MSI deliberations, they are often fully capable of withdrawing and willing to do so to create and market standards of their own that do fulfill their requirements (Moog et al., 2015; compare also Sabadoz & Singer, 2017; Wong, 2015). These sources of domination by corporations over the process virtually ensure that deliberations will favor their interests. Keeping them involved in the deliberations often involves granting concessions from the outset that may not actually be consistent with stakeholders’ longer term interests or aims (Moog et al., 2015).

Even more fundamentally, to treat corporations as legitimate participants in democratic deliberation whose interests deserve equal consideration to those of individual citizens and to refer to this arrangement as a manifestation of legitimate democracy is to grant them a standing in decision making that distorts the very meaning of the concept and its outcomes. It potentially compromises the interests of properly rights-bearing individuals in at least two ways.

First, aside from the leverage they hold over deliberations due to their “walkaway power”, they will also often hold advantages within deliberation that may effectively distort its outcome. For example, in a survey of literature on the subject, Sam Wong identifies several major means through which this may occur. Among other things, he identifies the effects of information asymmetries, resource and capacity differentials, and the capacity to forge and exploit strategic partnerships with government and other key actors, as important reasons that corporations are advantaged within the deliberative format of MSI’s (Wong, 2015). As he rightly points out, modifying the design of these institutions can go some way towards correcting these problems (Wong, 2015, p. 30) as can ensuring the appropriate assignment of competent and empowered interlocutors to moderate and stimulate discussion (Fowler & Biekart, 2017; see also the entire legal literature on alternative dispute resolution).

Second, including corporations introduces a new rights-bearing entity with interests that must be taken into account and, even under the best of possible circumstances, this may have a distorting effect on deliberative outcomes. For example, there is considerable pressure from environmentally and socially aligned stakeholder groups to adopt increasingly resrictive standards of conservation and forest management. However, including the corporations themselves as parties whose interests must be taken into account before arriving at a decision may have a distorting effect on these communications.

Though, as I pointed out above, there is no necessity that every person should see their interests actually realized in an eventual decision, adopting such standards will often not be in the corporate interest and treating them as legitimate addressees in debate will therefore inevitably exert pressure towards “leniency” into whatever restrictions are eventually agreed upon. This effect, unlike the others, does not rely on power differentials to have an impact – it is simply a tendency that will arise when those who are to be regulated are included as rights-bearing participants in such discussions.
Nonetheless, there are many reasons to think it is important for corporations to supply testimony in the deliberation process and to contribute insights concerning their interests to the extent they are connected to the broader interests of society and its members. If properly designed, MSIs may produce significant benefits for the process of developing robust regulatory regimes that surmount collective action problems and provide more effective regulation of global corporate activity. Promoting deliberation within MSIs will help to cultivate the beliefs, skills, and virtues among corporations and stakeholders alike that are necessary to support these increasingly effective arrangements.

**NEXT STEPS**

The empirical literature in political science and social psychology on deliberation and its effects suggests a range of ways that inclusive deliberation can both improve the quality of decisions made within MSIs and help to generate broader changes in the social beliefs, attitudes, and competences of participants. Taken together, these benefits not only help bolster the moral legitimacy of MSIs and their corporate participants but contribute to the broader development of deliberative capacities within democratic citizens.

For example, empirical findings from political science, economics, and social psychology illustrate these ideas. Evidence suggests that, under the right conditions, deliberation among stakeholders can produce a range of social benefits: among other things, it can secure greater public acceptance of policy decisions (Cutler et al., 2008; Fung & Wright, 2006); it can improve the overall quality of decisions (Cohen, 1986; Landemore, 2012; Landemore & Page, 2015; List et al., 2013); as a vehicle for stakeholder participation in civil society, it can educate participants about the issues at stake in the particular case (Blais et al., 2008; Fishkin, 1997; List et al., 2013) and in general civic virtue (Cohen & Rogers, 1993; Diamond, 1999; Skocpol, 1999; Warren, 2001); and even under imperfect circumstances, such participatory exercises can serve to generate increased tolerance for social outgroups among participants (Allport, 1979; Mutz, 2006; Pettigrew, 1998) which benefits society and can have knock-on effects for future stakeholder engagements.

For all of these reasons, it is important for MSI’s to be governed by an ideal of collective deliberation, even if they do not yet fully satisfy the moral legitimacy requirements of deliberative democratic theory. Given the urgent need for some form of governance over corporate conduct in the international domain, it is not only beneficial to continue with implementation along current lines, but imperative to think further about how the implementation of these institutions might be improved to facilitate a future in which they better approximate the ideal. This empirical work suggests, at the very least, that there is considerable potential for corporate representatives to adopt increasingly pro-social attitudes as participants within such organizations, even if they may not fully relinquish their right of address as part of the deliberation process.

These findings are an important resource for political CSR scholars to exploit as they seek to reinforce theoretical arguments for the value of deliberation within MSIs. While far from an exhaustive catalogue of relevant work, these findings provide some indication of the potential contribution deliberation within MSIs can make to the quality of the decisions made within them, the moral legitimacy ascribed to corporate participants, and the broader contribution such exercises
may make to cultivating pro-social beliefs, attitudes, and competences among those involved. This turn away from focusing on the democratic legitimacy of such institutions and towards the role that deliberation can play in enhancing their effectiveness takes the debate about the practical importance of deliberative MSIs in a more pragmatic direction without abandoning the overall commitment to deliberative public engagement.

REFERENCES


Democracy, Legitimacy, and the Standing of the Corporation in Corporate Global Governance


Banking for a Low Carbon Future: Explaining Variation in Corporate Climate Change Responses in a Low-Salience Industry

Anna Eckardt
Anna Eckardt: Anna.Eckardt@mylearningboutique.com * +41789202546 * Lausanne, Switzerland

Daina D. Mazutis
Daina Mazutis: Daina.Mazutis@telfer.uottawa.ca * +1 613562580049 * University of Ottawa, Telfer School of Management, Ottawa; Canada

Category: Sustainability & Sustainable Development
Focused on theme: Yes

Abstract: We present a qualitative comparative case study of four European banks, investigating mechanisms that help or hinder the integration of climate change (CC) considerations in the banks’ corporate strategies. We find that strategic CC responses are dependent on the following factors: the initial interpretation of the CC issue, the language deployed to advocate for CC and the governance structures that are being invoked (or not) to spread attention to CC both within the bank and to external constituents. We contribute to research on corporate CC (in)action by developing a multi-stage process model of CC responses in a low salience industry.

Keywords: corporate strategy, attention-based view, issue selling, climate change, environmental sustainability

INTRODUCTION

Climate change has been described as the biggest challenge humanity has to face; as such, it has been at the heart of research studies from many disciplines (Ferraro et al., 2015; Reinecke & Ansari, 2016). Despite this broad interest, however, the reality is sobering: progress is not fast enough, not in mitigating climate change nor in adapting to environmental changes that we can already observe (Slawinski et al. 2017). Existing research pertaining to corporate responses to climate change are primarily focused on ‘highly salient’ industries, those contributing greatly to rising GHG levels, such as the oil and gas, energy, automotive, agricultural or transportation sectors (Van der Woerd, 2004; Kolk & Levy, 2004; Packardt, 2000; Pinkse & Gasbarro, 2016; Winn et al., 2011). We focus instead on an industry that has not found much attention in this context so far, but that plays an important role in supporting CC mitigation efforts globally: the banking industry. Banks contribute indirectly to growing GHG emissions by financing “dirty industries” (RAN et al., 2019) and have an important role to play in financing our transition to low carbon economy (Guterres, 2019). However, because banks are rarely physically impacted by CC, nor targeted by media as a “dirty industry” themselves, CC may not be a salient strategic issue in this context thus making variances in observed CC policies and practices an interesting theoretical avenue of inquiry (Furrer et al. 2012; Orsato et al., 2019). We therefore ask the following research questions: How are banks interpreting climate change in their organizational context? How does a topic like CC find its way into the corporate strategy in an industry that is not necessarily exposed to it; what contributes to its detection and effective integration?
LITERATURE REVIEW (ABRIDGED)

Within the strategic management literature, corporate climate change (in)action has been explained through various lenses, for example: as an ongoing battle between competing interests (Wright & Nyberg, 2017), as a conflict between different time perspectives (Slawinski et al. 2017), as a response to market demands (Pinkse & Kolk, 2009), as an appropriate response to changes in the institutional, political environment (Delmas & Toffel, 2012; Murillo-Luna et al., 2008; Reid & Toffel, 2009) or as a reaction towards physical threats stemming from first physical impacts caused by CC (Galbreath, 2011). Companies are further described as being “trapped” in path dependency of the predominant market logic, which is more focused on short term gains (Hoffman et al. 2010). This is also the main rationale for criticizing climate relevant action as “green-washing”, in other words as superficial activities or narratives decoupled from actions that mainly serve to legitimize companies’ business interests rather than genuinely embracing a new way of doing business (Banerjee, 2008). In this paper, we use three different theoretical perspectives to understand and explain the variance in CC responses in the banking industry at various levels: the macro, meso, and micro level.

First, the macro lens, grounded in institutional theory, allows us to understand the perception of current institutional pressures influencing corporate responses to CC (Delmas & Toffel, 2008; Hoffman, 2001; Jennings & Zandbergen, 1995). Second, the meso lens, grounded in the Attention Based View of the Firm (Ocasio et al., 2018), serves to analyze how attention structures inside the banks influence the distribution of attention towards the topic and influence the degree of integration of CC across the organization. Finally, the micro lens, based on the concept of moral intensity (Jones, 1991) serves as an alternative interpretation model to explore how managers make sense of CC as individuals (Mazutis & Eckardt, 2017).

In order to address the research questions, an inductive qualitative research approach was taken for this study, as the phenomenon of interest is highly contextual and may be dependent on the interaction between relevant actors (Yin, 2016). We adopted a multi-case study to explore corporate CC strategies in the banking sector and selected four European banks. Europe was considered to be an appropriate research context due to its geographic, legal and cultural proximity, and similarities within the climate change debate. Even though different in size (e.g. number of employees), all of the selected banks were major national players, offering a variety of similar products and services, with headquarters in Europe and active in at least three other European countries. Further the banks were theoretically sampled for their different strategic CC engagement, displaying a wide range of CC responses thus ensuring variation in our ‘dependent variable’ of interest (Eisenhardt, 1989; Yin, 2016). This variation was established through an evaluation tool developed by the first author (available upon request), designed to assess each bank’s CC adaptation and mitigation policies in practices around three main themes: 1) implementation level of CC within corporate functions, 2) implementation level of CC within the business; and 3) the existence and comprehensiveness of CC within governance structures, including risk management.

Data collection began in 2017 with a systematic review of secondary data, such as corporate annual reports, sustainability reports, websites and corporate presentations providing contextual details for
the case studies. In a second stage, the first author conducted 23 semi-structured interviews with senior managers and members of the executive teams in these four banks and six interviews with stakeholders for a total of 29 interviews. Participants included individuals who had played a prominent role in the formulation of corporate policy (i.e., the Head of Group or Corporate Strategies), people who worked on business strategy but also with clients (i.e., Head of Sovereign Fund Strategy, Head of Financial Institutions Group), as well as people who were in charge of Sustainability or Responsibility (e.g. Head of Sustainability). Anonymity was granted to all interviewees and their organizations to encourage candid responses (Hallen & Eisenhardt, 2012). The interviews lasted on average of one hour, were digitally recorded (with a few exceptions) and transcribed, netting over 1,000 pages of textual data the interviews were complemented by a comprehensive analysis of publicly available corporate documents, company-related media releases, but also confidential corporate material that was made available (total of 6635 pages) as well as videos (100min), and further interviews with other relevant stakeholders (35 pages of transcripts), Data analysis began with a detailed reading of all the collected material to establish a timeline for the CC debate and regulatory developments in the banking sector as well as a snapshot of the companies in relation to their CC engagement. The second stage of data analysis was performed using a process of “open coding”, or “the analytic process through which concepts are identified and their properties and dimensions are discovered in the data” (Strauss and Corbin, 1990; p. 101). We returned to the theory in an iterative fashion (Eisenhardt, 1989) to code for empirical themes ‘in vivo’ (Locke, 2001), identifying more than 40 primary nodes (e.g. upcoming regulation’) which were then combined through axial coding into second-order categories (Strauss & Corbin, 1998) such as ‘institutional pressures’ of CC policies. The categories were combined into main themes, aiming to explain how they related to the individual and corporate activities across the four cases.

By means of this analysis, the nodes were arranged that had initially been identified through the in-vivo coding within broader, conceptually informed categories. A range of higher-order concepts were identified related to the different ways of noticing and attending to the climate change phenomenon through external or internal stimulation (extrinsic or intrinsic); developing narratives to sell CC within the organization, but also narratives trying to influence other parts of the organization using their own convictions (“moral urgency”), claiming a fit with corporate role in society (“corporate legitimacy”), or trying to come up with a business rationale for action (“economic rationale”). Finally, themes depicting the use of different governance channels for creating and distributing attention to the issue including or excluding the moral dimension of the topic. Finally, using the aggregate dimensions of the three stages as a foundation and returning to the case studies to link each of the specific corporate climate change journeys to connect them with the organizational “outcomes” demonstrated the variety of the response repertoire found at the four firms. This made it possible to distinguish between which selling and channeling strategies are more effective and which are less so, when it comes to incorporating climate change considerations within the organization. The data coding structure is available from the authors.

FINDINGS AND DISCUSSION (ABRIDGED)

In the full paper, we present detailed supporting data for the second-order themes of the three stages “interpretation”, “issue selling” through “attentional structures” and the “response repertoire” in each of the four case study organizations as well as the noticing, framing, and channeling that could be observed at the individual and firm levels.
In general, we found that at the first stage – and while “noticing” the issue – senior managers came to a realization about the phenomenon of CC and developed an internal narrative, an interpretation, to shape their attitude towards the topic. To get to the second stage, senior and middle managers “framed” CC in different types of language that they believed to be most convincing and customized to sell it to the recipients of the message within their direct communications/attention network. By doing so, their goals were mainly focused on rhetoric and tactics helping them legitimize their own corporate CC responses but eventually also on influencing the recipient to accept and mimic their choice – to sell it. The issue selling happened through the use of communication channels that served as attentional structures. Some of the managers began to involve specific dedicated governance channels. Some of them were internal and already existing, some of them emerged through the process of engagement with the aim to reach decision-makers outside of the direct influence zone of managers “selling” CC – for example from other, not related business lines, corporate functions, or individuals at the highest top management level – and had the purpose to triggering attention and motivating to take further action across the organization. Some of the channels were also directed outside the organization, towards clients, competitors and regulators and served increasing pressure on the organization to act against CC.

The content of the three stages differed for each firm due to differences in individual interpretations, different approaches to framing when attempting to sell the issue, and differences in channels that existed that allowed the effective distribution of attention across the firms. All of this resulted in a variance of the response repertoire in terms of CC integration on company level, on a continuum from a minimalistic approach, as we see with BANK-A, to a transformative approach as observed with BANK-D. Based on the findings of the detailed case studies we have developed a multi-stage process model of corporate climate change integration in a low salience industry.

**Figure 1: A multi-stage model of corporate climate change integration in a low-salience industry**
The model builds on the conceptualization of the theories used as lenses to understand why and how organizations respond to climate change, in particular when they are not directly exposed to its outcomes. Neo-institutional theories demonstrate that corporations may vary in responding to environmental demands depending on external constituents exerting pressure and on available institutionalized response repertoire of the department that is in charge of responding to this constituent (Delmas and Toffel, 2008), thus limiting managerial discretion to existing logics (Kold and Levy, 2004).

Moral psychology literature builds on the motivational power to act upon a moral issue such as climate change (Leiserowitz, 2006; Nilsson et. al., 2004; Vainio and Paloniemi, 2011) as a consequence of moral emotions (Haidt, 2008). Moral emotions not only generate a moral pressure to act, but also motivate individuals to collaborate (Mayer et al., 2019), which in organizational settings allows them reaching beyond institutionalized frames and patterns (Ibid.). Finally, the attention-based view of the firm, or ABV, view explains that companies attend to environmental challenges, in particular CC, and provide strategic responses when they consider the issue to be sufficiently critical to justify managerial attention to the issue, for example because the respective organization was directly impacted by CC outcomes.

Although the concept under scrutiny (CC) and the revelatory four case studies have unique features, it is argued here that the patterns in the model has the potential to inform corporate strategic engagement with other grand challenges with moral undertones and without a direct impact on the organization (low salience).

CONTRIBUTIONS AND CONCLUSIONS

By unpacking the process through which CC becomes noticed, framed and channeled in the context of a low salience industry, this paper makes a theoretical contribution to institutional theory, Attention Based View of the firm and the issue selling literature. In the area of CC mitigation, studies have focused on companies that are particularly exposed to regulatory pressure (Kolk & Pinkse, 2007, Okereke, 2007), shareholder pressure (Reid & Toeffel, 2009) or that can benefit from efficiency gains (Busch & Hoffmann, 2011). None of those reasons to act is truly convincing when applied to an industry such as banking that has low salience in terms of direct exposure to CC impacts, has hardly any efficiency gains to be made through energy savings and has not been targeted by external stakeholders or by regulators as major contributors to GHG emissions. As such the present study contributes the neo-institutional literature by examining an industry where institutional pressures towards conformity appear minimal and by developing a model that explains theoretical variations in CC responses.

Given the absence of major external signals in the scientific, regulatory, political or societal sphere, neo-institutional mechanisms should be strong, since only then the industry can reach legitimacy and stability (Kolk and Levy, 2004). But contrary to this assumption, the present findings suggest, that the neo-institutional case is limited. In fact, inside this organizational field, climate change is not only not univocally translated into one particular institutional pressure by the organizations; one bank does not even recognize any neo-institutional mechanisms being at play at all (BANK-D). We argue
that as there is no “mature” institutional field wide interpretation, the question of legitimacy has to be answered from within the organizational institutional context rather than can be subject to a possible objective assessment. This implies that strategic responses rather depend on managerial perceptions of what constitutes a legitimacy threat, and not so much on some abstract factors, with the result that managers have a relatively high degree of discretion in their interpretation (Oliver, 1991).

Nevertheless, for those who did interpret climate change in line with DiMaggio and Powell’s (1983) categories, the pressure has to be interpreted as “institutionalized”, as long as the organization considers it a potential threat to its legitimacy. Against this backdrop, the characterization of a socially demanded action as institutional pressure is, to a certain degree, “in the eye” of the organization exposed to the demand.

The present study, however, contributes to this theory by delimiting its application to explain strategic responses in the face of ambiguous, global challenges. Even more pertinent is when strategic reactions go beyond the classic neo-institutional “response repertoire” as posited by Oliver (1991). In the current study, BANK-C and BANK-D left Oliver’s (1991) scale and did something quite opposite. Instead of, at best, “complying” with institutional demands or, in the worst case, applying “avoiding” tactics to escape the pressure, those banks proactively contribute to increasing the pressures on themselves and on other organizations in the industry. Instead of being “victims” of pressures, organizations become “activists”, exerting the pressure themselves.

Further, this research answers the call to develop more dynamic attention-based views on strategic change by examining the role of language and vocabularies used in and between communication channels (Ocasio et al., 2018). By analyzing narratives and investigating the language use within and across channels, we provide a more dynamic perspective of communication that highlights the role of communication “in shaping the ways in which organizational actors think and act” (Loewenstein et al. 2012), especially in the context of CC. Language has a central role in communication and influences the way how we attend to issues; for example, specific forms of language tend to steer attention toward particular issues or initiatives (Ocasio et al., 2018).

In this study, one of the four banks (BANK-C) introduced moral language to discuss business-relevant transactions that had not yet been discussed in this way before. This has led to a significant adjustment of how corporate strategy and subsequent business were viewed and evaluated, resulting in the decision to integrate CC-relevant aspects not only in all core business processes but also across all corporate functions. Furthermore, it created a spill-over effect within the organization in the sense that the use of moral language became part of the professional vocabulary, and subsequently more, new communication channels and governance structures were established in order to create platforms to discuss impacts of the moral dimension and allow organizational actors to create a shared understanding of what CC means for them in their specific context. One possible explanation could be that the introduction of a new language, the moral language, itself generated attention, enabling the company to overcome those challenges and to effectively respond to them by creating new platforms for the new language to be used.

Lastly, we contribute to the literature on issue selling having identified that the use of moral language (vs. economic or scientific language) has a significant effect on organizational responses to CC. This
the issue described is also framed as fitting the company’s values and/or mission (Mayer et al. 2019), extending this work from the context of social issues to the domain of CC.

This study is not without its limitations. For example, as with other qualitative case-based research, we concede that our findings may not be generalizable to other contexts or other low-salience industries. However, we believe that our model improves our understanding of the relationship between individual perceptions, issue selling, channel use and organizational outcomes and opens up interesting avenues for future research.

Climate change is, and remains, the defining issue of our time. Being at the heart of economic activity, the financial industry, and in particular banks, must take up their role in financing the transition to a low carbon future. The role of this industry is extremely influential, for it has the power to select and support companies – even entire industries – and steer them in the direction desired, by linking their lending and investment conditions to criteria and standards they choose, or perhaps even impose. While the majority of banks have been slow to reshape their strategies in order to account for CC, there are a few frontrunners who are proactive. Our research sheds light into the internal processes at these banks, explaining the variances in CC response through rich case studies and the multi-stage process model presented.

REFERENCES


Governance of Voice in Digital Platforms

Hussein Fadlallah
Hussein Fadlallah: husseinf@yorku.ca * +16476296097 * York University, Toronto, Ontario, Canada

Robert A. Phillips
Robert Phillips: RPhillips@schulich.yorku.ca * York University, Toronto, Ontario, Canada

Category: Governance Issues
Focused on Theme: Yes

Abstract: We study the governance of voice in digital platforms in light of contestations and struggles over meaning and resources among their stakeholders. In particular, we argue that social media platforms as fields are subject to power imbalances that might constrain the voices of marginalized and under-represented individuals and groups. Consequently, the governance decisions that private firms (i.e. platform owners) undertake are critical in providing users and communities with the capacity to self-present and identify. Through a qualitative longitudinal study of a popular social media platform, we study the means through which a marginalized community leverages the governance tools at its disposal to overcome the contestation within the platform. We present implications for the governance of digital platforms and their evolution.

Keywords: digital platforms; social media platforms; platform governance

INTRODUCTION

Digital technologies have been hailed for their democratizing potential. Commentators have stressed the benefits of digitization in wider areas of social, economic, and political life, in that these technologies enable new forms of participation in the citizenship process and activities (Whelan, Moon, & Grant 2013). Fundamentally, the advent of the digital age has reduced communication costs and provided marginalized citizens around the globe with a “voice” that might have otherwise been constrained (West, 2019; Flyverbom, Deibert, & Matten, 2019; Etter, Fieseler, & Whelan, 2019).

Within this context, digital platforms and social media platforms in particular have been credited with empowering political activists against authoritarian regimes, fostering cultural expressiveness, amplifying phenomenon such as citizen journalism, and providing venues for identification, among many other mundane and non-mundane uses (Gillespie, 2018; Flyverbom et al., 2019). Moreover, they have also been spaces for innovation, economic transactions, and commerce (Gawer, 2014).

While the extent of impact attributed to platforms is subject to debate, they evidently constitute vibrant arenas of citizenship (Whelan et al., 2013). The benefits of platforms in enabling marginalized individuals and communities to express themselves have been detailed by extant literature.

Studies have also highlighted that social media platforms can be similarly inhabited and leveraged by stakeholders who might jeopardize their emancipatory ideal. That is, there are numerous
opportunities for stakeholders to create negative externalities or engage in bad behavior (Gillespie, 2018; Evans, 2012). Examples include the proliferation of hate speech, disinformation, mass political and social influence campaigns, and other offensive content. Within this context, the question of how marginalized individuals and communities create safe spaces for identification and expressiveness becomes more critical; a question that puts at the forefront the governance roles and responsibilities of the private companies that own the platforms.

The question that we study in this paper is how do marginalized and under-represented social groups traverse the governance processes of social media platforms to create safe spaces for identification and expressiveness. To study contestation and struggles within platforms, we posit that digital platforms, as a set of structured yet contested relations between different stakeholders including, constitute institutional fields. Within these fields, central stakeholders (e.g., private firms who own these platforms) act as “governments” and have both the capability (Boudreau, 2010) and responsibility (Phillips, 2010) to influence the governance of platforms, as institutional digital infrastructures (Hinings, Gegenhuber, & Greenwood, 2018; Hinings, Logue, & Zietsma, 2017).

To address the research question, our research context of choice is Reddit, a social media platform with hundreds of millions of users who participate in the communities (i.e., sub-Reddits). In particular, we study the evolution of the “Black People Twitter” sub-reddit, a popular sub-Reddit with over five million users that has been renowned within Reddit and mainstream media for providing a platform for expressiveness and identification for Black users. In the remainder of the paper, we provide an overview of digital platforms, as informed by the conceptual lens of institutional fields. We then discuss our research context and methods. Finally, we discuss our research findings and implications.

**LITERATURE REVIEW**

Digital technologies have facilitated the emergence of infrastructures that may enable, constrain, and coordinate the actions and interactions of stakeholders (Hinings et al., 2018; Hinings et al., 2017; Nambisan, 2017; Yoo et al., 2010). These digital infrastructures, namely platforms, are infused with rules, regulations, and norms (Hinings et al., 2018; Gawer, 2014; Orlikowski & Scott, 2008). Typically, platforms owners and privileged central stakeholders have the technical capacity (Yoo et al., 2012; Boudreau, 2010) and responsibility (Phillips, 2010) to undertake governance decisions within these digital institutional infrastructures. Extant literature has highlighted that the outcomes of the governance decisions are the reproduction of social order, value creation and appropriation balance, and limiting bad behaviour by users that may undermine the value of the platforms (Hinings et al., 2018; Evans, 2012).

Prominent examples of digital institutional infrastructures are social media platforms. Within social media platforms, stakeholders interact, communicate, share content, and deliberate on a multitude of topics, from the very mundane to critical topics that impact broader social, cultural, and political environments. Thus, social media platforms have been credited with enabling uprisings and revolutions through providing politically marginalized and repressed users with voices relative to oppressive governments Gillespie, 2018; Flyverbom et al., 2019. They have been also arenas for social mobilization and self-expression by users, who are able to leverage the low-cost and broad reach of these platforms in a manner that was not readily available with traditional communications.
However, social media platforms have been also leveraged by stakeholders towards “bad behavior” (Evans, 2012) including the spread of hate speech, violent ideologies, racism, and disinformation.

The positive and negative forms of participation in social media platforms are influenced by the governance decisions that platform owners and central stakeholders undertake. Platform owners typically act as de facto “governments” of the platforms (Hinings et al., 2018). Moreover, in adopting an institutional conceptual lens, we argue that digital platforms broadly and social media platforms specifically constitute institutional fields in that they represent digital institutional infrastructures that are infused with rules, norms, and values. These fields are subject to contestations and struggles over meaning and resources (Zietsma, Groenewegen, Logue, & Hinings, 2017). Platform owners thus influence the boundaries of their social media platforms as fields. In accordance with Grodal (2018), the boundaries of fields comprise of social boundaries, the criteria through which stakeholders gain access into the fields and their resources, and symbolic boundaries, i.e. the collective identity and the perceived central and distinctive characteristics. Platform owners also influence the governance of the fields in terms of their rules and regulations (Gawer, 2014).

**RESEARCH METHODOLOGY**

Our broad research context in this study is the Reddit platform, a popular social media platform with hundreds of millions of users in the United States and around the world. Reddit is a community of communities or field of fields. That is while Reddit, as a firm provides the digital institutional infrastructure, its users can form their own communities or fields known as sub-Reddits and moderate them accordingly. Those sub-Reddits are denoted as (“r/field_name”). Examples include “r/politics”, “r/nba”, “r/dataisbeautiful”, “r/python”, “r/covid19” among thousands of other sub-Reddits. Reddit users populate the sub-Reddits that they like under no obligation to disclose any personal information (i.e. real name, email address, photo, etc.) and can post their own topics in a given sub-Reddit or comment on the posts of other users in the sub-Reddits.

In terms of governance, Reddit offers several governance tools and hierarchies. First, Reddit employees or admins have the power to ban sub-Reddits, ban users from Reddit, remove posts and comments, and even remove the moderators of sub-Reddits. Second, Reddit users who volunteer to form or moderate sub-Reddits are known as moderators. Moderators have a great deal of authority within their sub-Reddits: they can ban users from sub-Reddits, remove posts, remove comments, and set their own rules and regulations; Third, Reddit users who post and comment within sub-Reddits have governance tools at their disposal. Users can upvote and downvote posts and comments (upvoted posts and comments are typically featured in the top relative to downvoted posts and comments). Users can also report users/submissions/comments to moderators; they can also report sub-Reddits and their moderators to Reddit admins.

We conduct a qualitative longitudinal study by which we analyze the governance of one of the popular sub-Reddits, the Black People Twitter (BPT) Sub-Reddit, from 2014 to 2020. This period covers the evolution of BPT from its formation in 2014 throughout its growth stage and till its maturation in 2020 which culminated in the sub-Reddit and its moderators being featured in several mainstream media outlets beyond Reddit (e.g. The New York Times). The period also captures several important updates in BPT’s governance.
We analyzed three main sources for the study of BPT: First, mainstream media coverage of BPT. Second, participant observation of the posts and comments that take place within BPT on a daily basis. Third, we collected the posts and comments that have been posted publicly within Reddit for the duration of the study. We managed to retrieve comments that were removed by moderators through accessing Reddit’s Application Programming Interface. Note that in our research findings we present comments issued by BPT moderators and users. The comments are completely sourced from BPT’s public comments. We followed the formatting (i.e. italicized in quotations) of studies that sourced their data from social media platforms (e.g. Toubiana & Zietsma, 2017)

RESEARCH FINDINGS

From the assembled data, the institutional history of the BPT sub-Reddit was captured. Conceptions of the field's social and symbolic boundaries moved through four stages, each differentiated by updates in the governance adopted by BPT moderators. Similar to the conceptualization and research findings presented by Hoffman (1999), the initiation of each stage corresponded to the emergence of disruptive events that led to transformations in the field boundaries and governance. In our research findings we present descriptive accounts for the evolution of BPT relative to changes in its field social and symbolic boundaries and its governance as related to key events that took place within BPT, Reddit, and the United States. We found four distinct stages that characterized the evolution of BPT throughout the study period. We organize the findings in accordance with Hoffman (1999).

Stage 1: 2014 – 2015

During 2014, the creation of sub-Reddits was at a record high rate in-line with the diffusion of digital platforms such as Facebook, Twitter, and Reddit among many others. Within this context, the Black People Twitter (BPT) sub-Reddit emerged among thousands of digital spaces vying for user attention and time. The founders and subsequent moderators of BPT intended for the sub-Reddit to coalesce around light-hearted content that users would share and discuss with other users. The premise of BPT is as follows: BPT users would post snapshots or links of Tweets or other Social Media platforms that were originally Tweeted by Black individuals. Other users would then view, upvote, downvote, and/or comment to these posts as well as the comments of fellow users within the community.

To be clear, the issue around which BPT was created was not unique. Reddit was populated by hundreds of sub-Reddits that revolve around “hilarious” or “insightful” content. There were also several sub-Reddits that assumed specific cultural frames for their content. For example, the Black People Gifs (BPG) sub-Reddit was created two years prior to BPT with a similar premise. Moreover, sub-Reddits such as White People Twitter, Asian People Twitter, and Latin People Twitter were all created within the same timeframe as BPT. With this context as a backdrop, the institutional history of BPT was initiated.

**Institutional Field:** Since user participation and engagement grew gradually through out this stage, BPT may be more accurately described as emergent though not formalized in terms of rules and norms. The limited participation is emblematic of early stages of development of digital institutional infrastructures. Inline with Reddit’s broader conception of social boundaries, BPT founders assumed an expansive social boundary. BPT was open to all users to participate, socialize, accumulate karma,
and engage with other users. In accordance with broader Reddit, BPT users maintained anonymous identities that would conceal personal or background information unless users decide to disclose information on their own. The expansive social boundary was coupled with BPT’s definition of symbolic boundary in terms of permissible forms of participation: “Screenshots of Black people being hilarious or insightful on social media, it doesn’t need to just be twitter but obviously that is best”. The broad criteria for participation (i.e. hilarious or insightful content) as well as the source of content shared (i.e. social media platforms) and the limited restrictions constituted an expansive symbolic boundary.

**Governance.** BPT experienced gradual growth in the first four months; the quality of content posted and subsequently discussed within BPT was high, as evident by the number upvotes that submissions typically received. The governance decisions of BPT moderators did not extend beyond the expansive symbolic boundary. The moderators did set a list of rules and regulations for participation but those primarily followed the rules of Reddit, in general (i.e. users should avoid posting content that was already posted by other users, low-effort participation, attacking other users on a personal level, any forms of hate speech, etc.). However, the number of moderators and moderator intervention were limited, though it was not called for during this stage. The majority of posts and comments during this stage were non-confrontational. BPT users would typically upvote or downvote posts and comments based on their perception of their quality. The norms embraced the emergent community within the sub-Reddit. For example, in several posts users would comment on posts asking other users to explain the meaning of the joke or meme posted since they were not familiar with the nuances of the Black culture and the African American Vernacular English. The questions would be directly answered by users without objections.

**Stage 2: 2015 – 2016**

In this study, the shifts between stages was mostly gradual and based on the evolution of BPT. However, the shift between the first and second stages occurred suddenly and coincided with events that influenced the membership and participation trends within BPT.

**Disruptive Events.** The first notable incident that led BPT to receive significant exposure within Reddit was a user-generated question in the “AskReddit” sub-Reddit: “What is your favorite subreddit I never heard of?”. AskReddit is one of Reddit’s first and most popular sub-Reddits in which users pose questions across a multitude of topics to be addressed and answered by Reddit users. With over 5 million users in 2014 (30 million users in 2020), the AskReddit community gained reputation of providing thoughtful answers to questions which contributed to its status and influence. Among the many answers to the user’s question, BPT was prominently featured since many users either directly recommended the sub-Reddit or upvoted answers recommending BPT. Following the AskReddit post, the number of users of BPT and the level of participation took a notable jump. Few weeks later, BPT posts as a result of the newly developed popularity were featured in other sub-Reddits that feature popular posts across the platform.

**Institutional field.** The result of this exposure was a transformed field structure. Constituents were rapidly added to BPT as casual Reddit users “discovered” the sub-Reddit. The influence of Reddit and other sub-Reddits on BPT was evident; a trend that would persist both positively and negatively in the next stages. Broadly, digital institutional infrastructures benefit from herding behavior through which increased user membership and participation reinforces further participation in a virtuous
cycle. The expansive social boundary of BPT facilitated the influx of users towards a greater number of posts, comments, and recognition (e.g. karma, upvotes, social recognition, etc.). This dynamic led popular BPT posts to be featured in default Reddit sub-Reddits (r/all and r/popular) for casual users to be further exposed to the sub-Reddit.

The influx of users, though positive, resulted in contestations over the contours of BPT’s symbolic boundary (i.e. collective identity) of BPT. Increased participation resulted in negative externalities as users competed for user attention. This subsequently led BPT users, especially those who joined during the first stage, to question the sub-Reddit’s identity and meaning. The list of complaints, which took both public forms in the sub-Reddit and private in direct messages from concerned users to moderators, included the proliferation of “low-effort” submissions, reposts, personal attacks, and spam.

More notably, discussions around race and the state of the United States political and social developments surfaced and began to dominate the comment sections of popular posts as opposed to light-hearted content. Race-related discussions led to contestations and name-calling to the objection of concerned users and moderators. A senior moderator reflected on the development of BPT relative to similar, albeit less popular, sub-Reddits: “The issue is that BPG (Black People Gifs Sub-Reddit) grew slowly and organically over the course of a couple years. The community there helped shape the rules and knows what the expectations are and when new folks come in if they break the rules they are downvoted/reported/called out immediately... Because of how fast BPT grew without a real sense of community expectations it's really too late at this point to try and force that in.”

This dynamic led BPT moderators to redefine the symbolic boundary of the field in less expansive terms. The symbolic boundary gave clear precedence to light-hearted content and discussions relative to the increase in social, cultural, or political posts that would bring forward race-related comments and discussions: “While this sub is first and foremost a comedy sub, issues of race will always be below the surface simply by virtue of the name of the subreddit.... This is a sub for laughing, not getting into race arguments.”

**Governance.** During this stage, the number of participants and the level of participation increased drastically relative to the first stage. The influx of new users, while instrumental to the growth of BPT led to contestations around the symbolic boundary of the BPT. From a governance standpoint, the tools at the disposal of users were utilized similar to the previous stage to upvote and downvote posts and comments. However, users demanded that moderators take an active role in the governance of BPT. For example, users suggested that moderators should exercise their power to restrict the featuring of BPT in the default sub-Reddits. “Have you guys considered opting out of /r/all? It won’t stop racists and edgy teenagers from coming here, but at least you wouldn’t get a deluge of them every time there’s a popular post.”

On their end, moderators were reluctant to contract the social boundary of BPT; they initially delegated the responsibility to resolve the contestation over the symbolic boundary to users as well as “newcomers” to align with the broad rules of BPT, as introduced in the first stage: “We ask that if you are coming to this subreddit from /r/all or /r/popular that you keep your comments civil and to please acclimate yourself with our subreddit rules.”
With the persistence of race-related discussions, moderators contracted the symbolic boundary, as highlighted earlier. The moderators acknowledged that this redefinition coupled with the influx of users into BPT required proactive governance from the moderators: “At times we have failed our users from a professional standpoint by not being the best team we can…”

In a long submission that culminated in lengthy discussions among users, BPT moderators announced the Bad Faith Participation rule by which users who bring issues of race directly or indirectly would be suspended or banned from BPT. The rule stated that posts and comments should revolve around hilarious or insightful content, but serious political or social discussions were “no longer welcome”. The moderators provided examples of posts and comments that would constitute “Bad Faith Participation”. The examples included comments that would downplay the structural injustices that the Black community endures in the United States. However, they also included race-based attacks on non-Black users: “LMAO I bet you’re just a white loser”; “White person detected; Random reminder: Calling out "the white guy" ins still bannable.”

With new mode of governance, the moderators attempted to align with the redefined symbolic boundary of BPT. However, the moderators acknowledged that user anonymity made the enforcement of the “Bad Faith Participation” rule challenging, as it would require moderators to gather background information on users to determine their motives for certain posts and comments: “Different opinions are allowed, but bad faith posting is pretty visible. Moderators will use your posting history to get an idea of what you are like, and if it becomes obvious quickly if that a user is attempting to derail the natural flow of the sub.”

**Stage 3: 2016 – 2019**

Although an increase in the governance efforts of BPT moderators began in the second stage in attempt to maintain the redefined symbolic boundary of BPT, the sub-Reddit continued to grow at a faster pace for the small moderator team to govern. The growth was coupled by increased references within BPT to the symbolic boundaries of the “rest of Reddit” and the United States social, cultural, and political fields. This context would drive the next institutional shift.

**Disruptive Events.** The aftermath of the United States Presidential election took a toll on the social, cultural, and political landscape in the United States as issues of race and social injustice were reignited. Events of cultural resonance such as the decision of several National Football League (NFL) players to kneel in protest to social injustices and police brutality were widely discussed and debated in the United States and worldwide. Along with these events was the growth of the Black Lives Matter movement. Within the same time period, several popular sub-Reddits emerged and were deemed in opposition to the claims of social injustices that the Black community endured.

**Institutional Field.** With the occurrence of these events, the makeup of BPT began to shift early into this stage. As it pertains to the social boundary, the definition of the social boundary as expansive – albeit with increased restrictions as detailed in the previous stage - was maintained by moderators, who notably increased in number as the sub-Reddit continued to grow. More notably, the symbolic boundary of BPT was also under contestation as a result of the events that took place more broadly in the United States as well as in Reddit. The moderators were increasingly being called out by concerned users for limiting the collective identity of the sub-Reddit to “laughing” and
announcing that “race discussions” are not allowed. In multiple occasions, users questioned the race of the moderation team.

The disruptive events led users who would self-identify as Black to increasingly post more serious posts. These posts would position themselves in opposition to the structural injustices in the United States as well as the emergence of “white” sub-Reddits in Reddit. These posts would attract comments, debates, and discussions that frequently became heated. The frequency of these posts and their emotive nature led moderators to retract the definition in the previous stage and expand the symbolic boundary of BPT: “Hey folks, your friendly mods just want to remind everyone that while this is a humor sub, we do allow serious conversation to take place here. That being said, we just ask that everyone remain civil and not make anything personal.”

This line of thought extended in accordance with both the developments in the United States more broadly and within Reddit to redefine the symbolic boundary of BPT towards Black culture: “Black Twitter is more than just memes and comedy. Black Twitter itself ... is an extension of the black community. Therefore, whatever is popular/viral on Black Twitter may get posted here. Black people are not here purely for your own entertainment... Politics influences/affects everyone and everything, it’s going to be widely discussed at one point or another. Users commenting "this sub used to be funny, now it’s all politics/social issues" etc will be banned. If you cannot deal with an influx of political/social issues posts, feel free to leave the sub.”

**Governance.** The expansion of the moderator team to meet the increasing growth led to further centralization of control. Initially BPT moderators would appeal to users to use the tools at their disposal to manage the emergent contestations as they struggled to contain race-related discussions: “This is a very large and very active subreddit... That means that we need your help. So, should you see any of comments that break our rules or are participating in bad faith, please report them to us.”

With the redefinition of the symbolic boundary from “This is a sub for laughing, not getting into race arguments” in the previous stage to “Black people are not here purely for your own entertainment ... If you cannot deal with an influx of political/social issues posts, feel free to leave the sub”, the role of moderators and the governance of BPT shifted accordingly.

Concerned black users and moderators voiced frustration with the structural injustices that the Black community endured in the United States on one hand and in the “rest of Reddit” on the other hand. For example, a senior moderator highlighted his discontent in a lengthy discussion with other BPT users on the state of Reddit beyond the boundary of BPT: “Feeling pretty bad about Reddit lately, it's really frustrating participating and working so hard here when the admins (i.e. Reddit) refuse to take action against the crazy racists advocating for murdering children and shit. I'm really grateful for places like BPT and BPGs, but man, it's just so frustrating sometimes”

With this context as a backdrop, moderators announced major changes to the rules and regulations that governed the participation within BPT. The changes were framed as mitigating the creeping of the external structural injustices that the Black community to BPT.

In particular, the criteria for “bad faith participation” was updated to reflect the concerns of Black BPT users. In contrast to the second phase, the updated bad faith participation explicitly banned racist and hateful behavior directed towards the Black community. Moderators provided several
examples of Bad Faith Participation: "If you'd stop bringing race into everything racism would go away"; "They should had just complied with the police and not resisted"; "Imagine if the roles were reversed and a white person posted/said that"; "I'd think police brutality was an issue if it wasn't for all the black on black violence"

Several rules were introduced by moderators that reflected the redefined symbolic boundary of BPT. For example, while initially it was deemed acceptable for users to question the meaning of certain expressions, the moderators asked that users educate themselves on the African-American Vernacular prior to complaining or even asking the meaning of certain expressions and phrases: "Rule 9: Don’t complain about AAVE (African-American Vernacular English) or slang: Report the comments with people saying "this isn't english" or "i can’t understand/ read this".”

The update in BPT’s governance was met with mixed reactions, though evidently positive from self-identified Black users. Other users argued that the tools available to all users (i.e. upvotes and downvotes) should be maintained as the primary mechanisms for governance as they allow for a more expansive social boundary and deliberation. Moderators dismissed these perspectives: “The prevailing discourse has been very white cachet male-centric for so long that I guess I’m not too worried about it...”

Stage 4: 2019 – 2020

By the end of stage 3, BPT moderators had redefined the field to be an extension of the black community with its cultural, social, and political manifestations. However, with discussions related to race frequently digressing into heated debates that were subsequently heavily moderated for hate speech, personal attacks, and racial slurs. The field would change again during this stage to alleviate the high level of contestation within BPT and regulate stakeholder interactions. This shift coincided with a series of actions that fundamentally challenged the boundaries of BPT.

**Disruptive events.** BPT moderators announced on April 1st, 2019 that posts and comments in BPT were restricted to Black users only. In a digital institutional infrastructure that valued anonymity to the point that any attempts to uncover personal details of other users was prohibited not only by sub-Reddit moderators but by Reddit admins, verifying the “blackness” of users was not trivial. Thus, moderators asked users to share pictures of their forearms as an affidavit of their skin color. Otherwise, they are effectively banned from posting submissions or commenting within BPT. Interestingly, users not only shared pictures of their forearms, but also shared pictures of their hair and skin products. The move caused a flurry of complaints in other sub-Reddits amid complaints from (now excluded) BPT users to the Reddit admins. A portion of the excluded users formed their own sub-Reddit in retaliation (i.e. r/SubForWhitepeopleonly). The latter sub-Reddit was subsequently banned by Reddit admins. Few days later, the BPT moderators highlighted that the move was merely an April Fools joke to “address the level of racism, casual and very very real, that was being shared every day on our sub”. This move would set a chain of events in BPT.

**Institutional Field.** With the occurrence of these events, the makeup of BPT as a field shifted in a dramatic fashion as it pertains to its social boundary. The April Fools move by the moderators was essentially a signal of the increased misalignment between BPT’s expansive social boundary in which Reddit users join and participate in the sub-Reddit at will, albeit with increased restrictions on what can be voiced, while the symbolic boundary of BPT was redefined toward a specific Black cultural, social, and political frame. The source of contestations as expressed by BPT moderators was two-
fold: First, the anonymity of users had always posed problems within BPT. Throughout the years, users would question the racial composition of BPT in a sarcastic and humorous fashion. However, with BPT embracing more serious discussions, the racial identity of (anonymous) users criticizing aspects of the black culture became a subject of contention especially with accusations among users of “digital blackface”. Second, the governance of the social structure through the tools at the disposal of concerned users proved to be limited. That is the comments that would fit the bad faith participation criteria were still being upvoted and thus prominently featured despite the attempts of concerned users to downvote those comments. This trend was typically attributed to number users on BPT who “feel uncomfortable” with topics such as the structural injustices in the United States.

The state of the other sub-Reddits as well as the state of society beyond Reddit was similarly highlighted as a rationale for the decision towards the effective exclusion of non-Black users. They essentially argued that they were in a disadvantageous (power) position in Reddit and in the United States respectively: “… the rest of Reddit can be overwhelmingly toxic and racist, and when this site continues to host dozens of actual white supremacist communities… Reddit is full of mostly white subreddits. We have blackpeople.twitter.”; “Our mothers and fathers constantly worry about our safety every day. The difference is that for us this is never a joke. We cannot turn off the screens of our blackness or unsubscribe from racism.”

**Governance.** The decision by BPT moderators to restrict the sub-Reddit to verified Black users was consistent with the trend of governance centralization over the past stages. Their decision to revert their decision and declare the move to be nothing beyond an April Fool’s joke also highlighted limits to their power, as several users proclaimed that it was Reddit admins who pressured the BPT moderators to backtrack their decision: “Impressive walkback. Did the admins come down hard on the team here, or did you preemptively write this up in order to not get the place nuked?”

Despite announcing that the BPT was open to everyone again, the moderators maintained that they would continue to “verify” Black users through pictures of their forearms. The verified users would receive a blue checkmark along with their usernames that would distinguish them from other users. The decision intended to influence the interactions within BPT: “Over the past few months we have received many complaints from black users. They feel as if whenever a political topic comes up, white users discredit our experiences or downvote them because reality is too uncomfortable for memes. Hopefully these checkmarks will remind you that you are replying to someone who is actually black instead of someone performing digital blackface”

Few weeks later, the BPT moderators announced that while BPT was still open to everyone, the moderators would limit certain posts, which they deem contentious and contest-laden, to verified Black users only who would be able to comment and discuss. These posts would be labelled as “country club threads”. The moderators later announced that non-Black BPT users who provided proof of being allies to the Black community through written essays submitted to the moderator team would be also allowed into the country club threads. Posts, not labelled as country club threads, remained as they were, i.e. all users could comment and discuss these posts though verified users get the benefit of the doubt in terms of their opinions.

The “country club” label was chosen to denote the posts restricted to Black users and their allies in reference to clubs where black people in the United States have been historically excluded from. BPT moderators and verified Black users defended the choice of label to objecting users “it’s satire
“mocking racist whites only country clubs”; “we can’t even have a fake virtual country club without y’all tryna tear it down. Y’ALL HAVE REAL COUNTRY CLUBS, go there …”

CONCLUDING REMARKS

This research was built from an empirical analysis of evolving conceptions of a digital institutional infrastructure from 2014 through 2020. As the findings indicate, the study period represented the evolution in the field of relevant stakeholders and the rules and regulations through which the field was governed. Further, these findings offer contributions to the study of the governance of social media platforms and digital platforms more broadly. For the remainder of this paper, we will discuss what contributions this research offers for future research.

Social Media Platforms as Fields of Contestation

In recent years, the public debate has zoomed in on the potential risks and ethical challenges raised by the adoption and proliferation of digital platforms. Underlying this perspective is an increased realization of the mishaps that could spillover from the governance decisions that private companies make. Relatedly, recent academic research has called for adopting a critical lens in the study of digital technologies and their implications on the society and different stakeholders (Etter et al., 2019; Flyverbom et al., 2019). In these studies, digital platforms and the manner in which they are governed are conceptualized as objects of contestation and entanglement between the private companies that predominantly own and control them, governments, civil society, and users over issues pertaining to privacy, surveillance, copyright infringements, exploitation of user data, and regulation. High-profile cases, such as the Facebook - Cambridge Analytica scandal, further reinforced this perspective.

The value in adopting a critical perspective into the study of digital platforms as objects of contestation notwithstanding, we argue that there is an equally important research area in studying digital platforms as fields of contestation. The difference between both complimentary perspectives is subtle, yet crucial from both academic and policy standpoints. For example, under the former perspective, demands from governments and private companies over regulating platforms are usefully discussed and analyzed with regards to the implications. In the latter, the efforts by governments (and other stakeholders) to create and control narratives within digital platforms are analyzed with implications for the governance decisions by private companies and their corresponding responsibility. The second perspective argues that as digital platforms grow in prominence, powerful stakeholders not only have demands with regards to how these platforms are governed. Rather, they actively “play the game” within the platforms themselves.

Social media platforms and digital platforms more broadly conceptualized as fields allows for a more comprehensive study of issues deemed threat to democracy and social cohesion such as misinformation, “fake news”, freedom of expression, the role and impact of internet “bots”, especially those commissioned by powerful stakeholders (e.g. governments), etc. Under this conceptualization, the responsibility of private companies needs to be re-assessed as it ought to reflect in the active governance of the participation of stakeholders within the platforms. It should be noted that although political examples of contestation dominate the public discourse, we have demonstrated that platforms constitute fields of contestation between different stakeholders around
different issues, whether political, economic, cultural, or social. As noted earlier, the inclusiveness of digital technologies and platforms of different manifestations of citizenship implies that the contestation applies to all these manifestations. Thus, the conceptual lens to be adopted should accommodate for this inclusiveness.

**Governance of Social Media Platforms**

One of the implications of adopting an institutional lens to conceptualize fields is that it adds descriptive and normative conceptions for the governance of social media platforms. Pierre Bourdieu’s conceptualization of a field as a relatively autonomous domain of interactions that responds to rules and regulations that are specific to it and which define the relations among different stakeholders (Bourdieu & Wacquant, 1992). The higher the autonomy of a field, the more it internally produces its own specific rules, regulations, and values. The lower the autonomy of a field, the more it is subject to external rules, regulations, and values that mimic those of the broader “fields of power”. The fields of power serve to reproduce the power dynamics in broader social, economic and, political domains within specific fields. The autonomy of fields is relative. That is, fields are arenas for contestation between internal logics and external logics imposed by ‘fields of power’.

Reflecting on our research findings, as social media platforms grow in terms of their number of users and influence the higher is the propensity that they gain interest from the external fields of power. The moderators and Black users of BPT repeatedly complained of the reproduction of the “white cachet male-centric discourse” that dominated the rest of Reddit and more broadly the social, cultural, and political environment of the United States in their own field. This was especially the case as BPT was experiencing an influx of new users and was gaining more exposure. Thus, in early stages, the fields that constitute social media platforms have higher relative autonomy, in that they leverage their limited exposure to define their own rules and regulations that might deviate from the mainstream. However, as they grow and evolve their stakeholder composition similarly evolves, as does their exposure to the ‘fields of power’. This exposure has implications for marginalized and under-represented stakeholders who might be subject to power imbalances of the ‘real world’ in the virtual realm. In the case of BPT, since their moderators had the power to influence the boundaries and the governance of their own platform, they were able to eventually sustain a balance.

**REFERENCES**


Communities in Management: A Literature Review and a Typology

Andreas Georgiou
Andreas Georgiou: andreas.georgiou@esade.edu * 0034-932-806-162 * Universitat Ramon Llull, ESADE Business School, Barcelona, Spain

Daniel Arenas
Daniel Arenas: daniel.arenas@esade.edu * 0034-932-806-162 * Universitat Ramon Llull, ESADE Business School, Barcelona, Spain

Category: Stakeholder Issues and Theory
Focused on theme: No

Abstract: Communities are discussed frequently in the business and management literature, but their main characteristics are not commonly agreed upon. This multiplicity of meanings results in vagueness, which hinders both scholarly research and practice. Building on a sample of 142 papers published in highly ranked business and management journals, this literature review aims to provide clarity on the concept by identifying its main underlying meanings. After conducting qualitative and cluster analysis Keyon the abovementioned sample, we suggest the following four types of communities: of Proximity, of Practice, of Users and of Firms. Their main characteristics are discussed, along with their relationship with business and management.

Keywords: community; literature review; management; organization; stakeholder theory

INTRODUCTION

As pointed out by several scholars, despite the globalisation process, communities still matter for corporations (Marquis & Battilana, 2009). Yet, communities have been conceptualised in so many ways that their meaning and role have remained broad and vague. Hillery (1955, as cited in Brint, 2001) revealed 94 definitions in the mid-1950s, leading us to conclude that scholars consider different elements when using this term. Indeed, while some community features might seem familiar and well-established, such as geography, interaction and identity (Lee & Newby, 1983), the concept has been developed to refer to groups that do not follow these criteria, like Webber’s “community without propinquity” (1963). Regarding business and management research, more recent understandings of the term also involve communities that reside inside firms (Lave & Wenger, 1991) or among firms (Snow et al., 2011). Hence, the concept has been used so broadly that it seems to characterize almost any group.

Undoubtedly, this multiplicity of meanings serves as an intellectual stimulus for scholars. On the other hand, this lack of convergence might have played a role in community studies not moving “beyond piecemeal findings” (Brint, 2001, p. 5). Indeed, it sometimes seems impossible “to compare community studies unless the writers used similar concepts of community” (Freilich, 1963, p. 118). Turning to practitioners, they are also puzzled about how they can approach communities more efficiently, since they usually consider them “a sort of error term containing all sorts of interests and externalities that fail to find homes within customer, supplier, employee, or shareholder groups” (Dunham et al., 2006, p. 24). This marginalisation might also be harmful for firms since, as already
pointed out by Marx (1973), communities are a prerequisite for productive activity as well as for innovation (Adler, 2015). Thus, there is a need to explore the role of communities in business and management.

This paper aims to fill this gap by conducting a comprehensive review of the term “community” in the business and management literature. Using a sample of 142 papers, it aims to reveal common underlying themes among the papers reviewed. Our findings suggest a new typology of communities: Communities of Proximity, of Practice, of Users, and of Firms. To the best of our knowledge, this is the first literature review that delineates the concept of community as it is used in business and management scholarship. In doing so, it offers a more fine-grained understanding of each type of community and reflects on the differences between our typology and the conceptually-derived one of Dunham et al. (2006).

THEORETICAL BACKGROUND

A classic starting point for discussing the notion of community is the distinction between Gemeinschaft (community) and Gesellschaft (society), which was highlighted by Tönnies (2017). In his seminal work, he defined Gemeinschaft as “all intimate, private and exclusive” (p. 33) living together in the same place, while he understood Gesellschaft as “public life” (p. 33), where people feel they are entering a “strange country” (p. 34). In relation to community he also emphasised the role of common ways of life, small numbers of people, concentrated ties, frequent interaction, familiarity, continuity and emotional bonds (Brint, 2001).

Do contemporary communities satisfy the abovementioned criteria? Sociologists would probably answer “no”. They would argue, for instance, that capitalism and the industrial revolution changed cultural traditions and social relations (Giddens et al., 2018). Millions of people had to abandon their local communities to find new jobs in big cities. This process dismantled meaningful ties or, as sociologist Zygmunt Bauman (2001) has pointedly said, it was “an act of dispossession, an uprooting and eviction from a defensible home” (p. 30). Relatedly, the emergence of a capitalist mindset seems to have left “no other nexus between man and man than naked self-interest, than callous ‘cash payment’” (Marx & Engels, 1977, p. 44). In addition, this evolution was accompanied, according to Weber’s analysis (1978), with the increasing role of bureaucracy and rationalisation. As a result, it would not be surprising to conclude that human relationships are nowadays based less on affection, memory or habit, Gemeinschaft’s main pillars, and more on rational will, resembling the impersonal and contractual nature of Gesellschaft.

These developments would seem severe enough to provoke communities’ demise if, as already pointed out by Marx (1973) and recently explicated by Adler (2015), its elements were not required for productive co-operation. Recognising community’s role, practitioners have started encouraging the formation of communities internal to firms (e.g. Lave & Wenger, 1991) or among firms (e.g. Mezias & Kuperman, 2001; Lester & Cannella Jr., 2006) to enable learning, negotiate shared understandings and promote their common interests. As a result, community has revived de facto, especially in less traditional forms which involve a combination of Gemeinschaft and Gesellschaft elements (Adler, 2015). Gradually but steadily, business and management scholars started studying this trend and introduced communities into academic discourse; but, in contrast to earlier
sociological approaches, they usually do not outline specific boundaries to their conception of communities.

A notable exception is a paper by Dunham et al. (2006). The authors suggested the relevance of four types of communities in management: Communities of Place, of Practice and of Interest, as well as Virtual Advocacy groups. Communities of Place are defined by physical proximity. Communities of Practice include professionals that work in groups and share the same interests and values. Communities of Interest can range from hobbyists to religious, political or social groups. Finally, Virtual Advocacy Groups are pressure groups which oppose certain political initiatives and business practices and use a variety of tactics, including confrontational ones.

That study, even though an invaluable starting point, was conceptual and therefore lacked the perspectives of scholars who conducted empirical research on communities. Turning to more empirically grounded reviews, the few studies published so far focused exclusively on specific types of communities (e.g. Romero & Molina, 2011; Iskoujina et al., 2017). Consequently, a holistic view of communities and their role in management is currently either provided on conceptual grounds or not pursued. Our literature review, which is to the best of our knowledge the first effort to capture and summarise the conceptualisations of the term in the business and management field, strives to fill the gap by asking: *What meanings do business and management scholars attach to the concept of community?*

**METHOD**

To explore our research question, we first had to choose an appropriate sample of papers in order to extract the various meanings of the concept in business and management literature. Starting with databases, we used Business Source Premier and included only articles that used the concept under study (i.e. “community”) in their title. We further decreased our sample by choosing papers with relevant subject terms (expert-supplied keywords), such as “business”, “management”, “entrepreneurship”, “stakeholder” and “organisation”. Next, we limited our search to 4 and 4* journals from the latest CABS list. Finally, we chose a time period of 30 years, from 1989 to 2018, a decision which was based on bibliographic coupling (e.g. Kessler, 1963; Ferreira, 2018), as it was implemented in VOSviewer software (Van Eck & Waltman, 2010). After removing duplicates and reading abstracts, a sample of 142 papers was formed, published in 33 journals, which belonged to 14 academic fields.

Content analysis (Krippendorff, 2004) was employed to analyse the data, adhering to the view that “texts inform an analyst about extratextual phenomena, about meanings, consequences or particular uses” (p. 32). Having discussed data collection in the previous paragraph, we now focus on coding which was conducted with the Weber 8-step protocol (1990). The unit of analysis was the “word sense” (i.e. different meanings of the word ‘community’) and an inductive approach was followed. Focusing on communities’ interaction with business and management, their members’ purposes and our interpretation of the scholarly use of the concept, we derived a fourfold typology of communities. Needless to say, this typology does not emphasize the means of establishing and developing a community, but rather the core element or the main goal of communities. Therefore, communities such as online ones were not classified as a distinct type.
Our qualitative analysis was supplemented by bibliometric analysis via VOSviewer. Among other well-known bibliometric methods, bibliographic coupling is considered to represent more efficiently the research front (Boyack & Klavans, 2010). As Figure 1 reveals, there are four main clusters of papers. For example, the cluster located in the lower left part (red) includes papers about communities of users, with the seminal paper on brand communities (Muniz & O'Guinn, 2001) having the highest number of citations. The cluster located in the lower right part (green) includes papers about communities of proximity, as one might easily predict by the presence of the papers by Marquis et al. (2013) and Peredo and Chrisman (2006). Similar observations can be made about the other two clusters, corroborating that we identified and highlighted all the major themes.

Figure 1: Cluster analysis, with each colour representing a type of community and the size of the bubble indicating the number of citations (72 out of 135 papers represented).

FINDINGS

Building on the analysis of our sample, we present the main meanings that business and management scholars imply when using the concept. We start with a short definition of each type of community and explain briefly their main characteristics. Our purpose is twofold: to show how empirical studies reveal, or at least imply, communities’ main features, and concurrently demonstrate how these features have been identified as important for firm-community relations.

Communities of Proximity

Communities of Proximity are groups of people that live in the same place for a long period of time. Their frequent interaction requires and facilitates organizing and the creation of institutions which reflect their socio-economic and demographic conditions.

To begin with demographic conditions, communities of proximity are established around a particular mix of different religions, races, or ethnicities. As such, the integration of different groups plays a significant role in creating social capital and economic outcomes. As mentioned by Samila...
and Sorenson (2017), ethnic integration helps communities achieve “higher rates of patenting, entrepreneurship, job creation and economic growth” (p. 2). Moreover, constructive conflict, inclusion and permeability encourages the formation of local business networks (Ring et al., 2010). On the other hand, conflict between groups within a community can affect dynamics internal to firms, creating negative perceptions of organisational diversity (Brief et al., 2005), making workers more aggressive (Dietz et al., 2003) and harming relationships with customers (King et al., 2011). Nevertheless, some entrepreneurs might benefit from this lack of integration and have better access to resources and connections (Peterson & Roquebert, 1993).

Along with demographics, the literature has delved into community organizing devoted to satisfying inhabitants’ needs. Their impact is so high that they are sometimes considered more legitimate representatives than elected community officials (Levine, 2016). Some groups promote economic activities for the community under the form of community-based enterprises, which also target social and environmental outcomes (Peredo & Chrisman, 2006; Haugh, 2007). Other local groups aim to change the status quo (Venkataraman et al., 2016), overcome traditional stereotypes (Fujimoto et al., 2014) and achieve very concrete results like reducing crime rates (Sharkey et al., 2017).

Finally, a growing stream of research builds on the assumption that community members share cultural-cognitive, normative and regulative aspects and, thus, communities of proximity can be conceptualized as institutions (Marquis et al., 2007). Long-lasting norms are considered to set the boundaries of how members are expected to behave in a community of proximity. For instance, one study found that Czech managers in the post-Soviet era made relevant decisions according to the norms established in the previous regime (Clark & Soulsby, 1998). Also, female founders of social ventures were found to be constrained to incorporate commercial activities, especially when there were no female business owners in the region to serve as an example (Dimitriadis et al., 2017). The power of community norms and logics is more clearly evident when firms or individuals try to impose antagonistic logics (Marquis & Lounsbury, 2007; Almandoz, 2012) or when communities set regulations to enforce them (King, 1995).

**Communities of Practice**

Communities of Practice are groups of professionals who pursue knowledge and share goals and understandings that bring about progress at the occupational, organisational, or scientific level.

At the occupational level, individuals might engage in communities of practice to improve the status, the working conditions, or the conventions of their occupation. Some of them might strive solely for their personal benefit, such as those that perceive trade unions as “an institution to provide protection, their contribution a mere payment for a service” (Tapia, 2013, p. 667). But, in other cases, such communities reflect a culture of service orientation and a commitment to shared occupational values (Hillman, 2005; Adler et al., 2008). Such communities usually serve as a safe environment to simultaneously satisfy personal needs and express occupation-related concerns. In the case of an online learning community of London’s taxi trainees, widely known as “Knowledge Boys and Girls”, members feel comfortable cultivating friendships, comparing themselves to other members and preparing for the difficulties that may appear in their professional future (Ross, 2007).
At the organizational level, their main purpose is to enable organisational learning, efficient information transfer and shared understandings. Yet, this might be challenging, as was evident in Bechky’s (2003) ethnography in a Silicon Valley company, concluding that there were differences between practitioners (i.e. engineers, technicians and assemblers) “on the basis of their language, the locus of their practice and their conceptualisation of the product” (p. 314). As pointed out by other studies, overcoming these obstacles is necessary for tacit knowledge transfer (Roberts, 2006) and to help decision-makers make more informed decisions (e.g. Steward et al., 2018). Both building on and enabling learning, such communities of practice discover and evaluate new entrepreneurial opportunities and develop capabilities to exploit them (Lee & Williams, 2007).

Finally, communities of practice can be comprised of scientists who collaborate to produce useful scientific insights and innovations. The literature review found studies revealing that they can trigger broad economic growth, including the case of ethnic scientific communities whose technological knowledge gets diffused to their countries of origin (Kerr 2008).

**Communities of Users**

Communities of Users are usually formed around a product, brand or platform and satisfy a shared need to exchange information, exploit opportunities and express ideas and values.

The most well-known example of this category is the brand community, which is a “specialized, non-geographically bound community, based on a structured set of social relations among admirers of a brand” (Muniz & O’Guinn, 2001, p. 412). Users may develop a common identity by performing rituals and traditions, such as Saab drivers flashing their lights to fellow Saab drivers, and share the responsibility to support other users (Muniz & O’Guinn, 2001). They might also contribute their resources because they perceive it as a hobby, are early adopters or are incentivised by the firm’s recognition (Jeppesen & Frederiksen, 2006).

Both firms and users strive to exploit as many resources as possible in communities of users. To begin with, firms cultivate trust in order for customers to become loyal, more willing to share personal information and keen to co-develop products (Porter & Donthu, 2008). It has been found that an effective cultivation of such communities influences sales (Adjei et al., 2010) and shapes meanings for products and brands (Cayla & Eckhardt, 2008). Firms also search for new ideas and crowdsource in such communities, striving to engage users emotionally, physically, and cognitively to spur creativity (Martinez, 2015). Regarding users, not only they exchange information around common problems and interests (Mathwick et al., 2008), but also, they engage in entrepreneurial initiatives through the information they acquire about user needs (Autio et al., 2013). Finally, as illustrated in a study of the LEGO community, users’ start-ups benefited from reduced entrepreneurial risk, brand transfer and publicity of their ideas, while fellow members provided feedback, resources, and support (Hienerth et al., 2014).

Finally, communities of users have been found to serve as a medium to express values and identity as they relate to or contradict firm practices. For instance, an interpretive study of a gay men’s community revealed that members collectively interpret brand messages, reward legitimate brands, and punish others that are perceived to disrespect their values (Kates, 2004). Another relevant example is that of developers who did not wish to commercialise their software because they
identified themselves as part of a community whose norms, processes and desired outcomes are very different from those of a traditional firm (Mollick, 2016).

**Communities of Firms**

The fourth type of community found in our literature review is communities comprised of firms with common organisational principles or interdependent outcomes.

Starting with common organisational principles, firms may be considered to form a community because they share the same organisational form or ownership structure. In the case of common organisational form, it has been found that cooperatives in the same area mutually supported each other at times (Staber, 1992). Yet, studies in the healthcare sector show that a high saturation of a given organisational form makes it difficult for forms with a similar identity to emerge and heightens competition among existing organisations (Ruef, 2000). Regarding ownership, family businesses create communities to create shared understandings, techniques, and approaches (Lester & Cannella Jr., 2006).

Moreover, communities of firms support the exploitation of mutually benefiting business opportunities. For instance, companies in markets with unpredictable potential can form collaborative communities to develop capabilities and share knowledge in a safe environment (Snow et al., 2011). Another example in a more established setting is that of the early U.S. film industry, in which production, distribution and exhibition firms created opportunities for each other (Mezias & Kuperman, 2001). Last but not least, an interesting case was that of firms that used the same technology for their products. Such firms supported their common technological trajectory, since they had a stake on its potential success or failure (Wade, 1996).

**DISCUSSION AND CONCLUSION**

A conclusion that can be derived from our review is that contemporary meanings of communities have little to do with traditional views. Political, cultural, and economic changes (as pointed out by classical and contemporary sociologists: Marx & Engels, 1977; Weber, 1978; Giddens et al., 2018) have decreased the intimacy, exclusivity, and sense of belonging that members used to feel inside a community. Nonetheless, the term “community” has acquired new meanings, in accordance with our market-based world. In our ever-changing reality, one cannot expect the meanings of concepts to remain exactly the same for long periods of time. There is no inconsistency in this. An inconsistent use of a term would only occur when scholars cite the same sources and then discuss different topics (Van der Heijden, 2011), which is not the case in this paper’s sample. These conceptual transformations enable us to grasp the underlying trends in theorising (as illustrated in a study by Crow, 1989) and to appreciate the form and degree of change in our social world.

After emphasising each type of community’s main elements and pursuits, one might ask how our contribution extends and relates to previous efforts. As mentioned above, Dunham et al. (2006) described four types of communities relevant for stakeholder practice: Communities of Place, of Practice, of Interest and Virtual Advocacy Groups. Our literature review confirms the first two types of communities and offers a more fine-grained elaboration of their main characteristics, such as the socio-economic and institutional characteristics of communities of proximity and the purposes of...
professionals when they form communities of practice: organisational, occupational, or and scientific pursuits. Regarding Communities of Interest, we distinguish interest groups in accordance with the main characteristic that binds them with firms. For instance, a community might be formed by consumers of the company’s products, by its employees or by citizens of the same place where the company operates. Hence, they would fall into the categories we established. Virtual Advocacy Groups were not included in our community typology, since none of the 142 papers associated community with forms of activism, implying that they form distinct streams of literature, at least in highly ranked journals. Last but not least, our typology involves a type of community which was not discussed in that conceptual piece: the community of firms.

Although a complete understanding of communities remains elusive, our paper provides a systematic effort to trace the meanings business and management scholars attach to the concept of community. Presenting communities’ main characteristics and pursuits has deepened our understanding of their internal dynamics, pursuits, and the way they relate to firms. Future research should further delve into exploring their internal dynamics (e.g. Samila & Sorenson, 2017) and how they can increase their influence capacity (e.g. Arenas et al., 2020).

REFERENCES


A Theory of Entrepreneurship and Peacebuilding

Jay Joseph
Jay Joseph: jj23@aub.edu.lb * American University of Beirut, Lebanon

Harry Van Buren III
Harry Van Buren III: vanb8091@stthomas.edu * University of St. Thomas, St. Paul, MN, USA

Category: Sustainability & Sustainable Development
Focused on Theme: Yes

We gratefully acknowledge the financial support of the Darwazah Centre for Innovation Management & Entrepreneurship at the Suliman S. Olayan School of Business, American University of Beirut.

Abstract: Conflict Zone Entrepreneurs (CZE) include local businesses operating in conflict settings, which represent the dominant form of employment in poverty-conflict scenarios, often hosting the most vulnerable in society who live on the poverty line. Despite their importance in the peacebuilding equation, little is known about their role in the peacebuilding process, with a variety of ad hoc contributions from assorted fields often assuming peacebuilding links with entrepreneurship, with little empiricism to support these claims. Consolidating prior works, the paper appropriately positions entrepreneurship as a community-level peacebuilding mechanism, presenting a framework that identifies the major entrepreneurial typologies that are present in conflict zones. Entrepreneurs are characterized as being either peacebuilders, destructive entrepreneurs, or ingroup and intergroup contributors. By presenting the paradoxical impact of CZE, the paper identifies inclusivity and responsible practices as the central factors that determine whether an entrepreneur will be peacebuilding, or destructive.

Keywords: entrepreneurship; peace; poverty reduction; conflict

INTRODUCTION

The role that business can play in peacebuilding is contested, with evidence provided both for and against the peace-positive role of business. Much of this debate, driven by Western scholars, is focused on the role that Multi-National Enterprises (MNEs) play in conflict, overlooking the role of local entrepreneurs who are indigenous to the conflict setting (Branzei and Abdelnour, 2010; Brück et al., 2013; Katsos and AlKafaji, 2019; Tashman and Marano, 2009). With small businesses (10 employees or under) often accounting for up to 80% of businesses in poverty-conflict scenarios (Li and Rama, 2015; Liedholm and Mead, 1999), local entrepreneurship represents a potent force for peace, but more so, a key player in the debate concerning the role of business in peace. Although theoretical contributions on entrepreneurship and peace have been made from fields such as economics, conflict resolution literature, corporate social responsibility (CSR), development, business ethics, education, organizational behavior, entrepreneurship, and psychology, a coherent framework for the role of entrepreneurship in conflict zones remains elusive, with the field adopting several assumptions which have widely dominated the narrative.
Prior work has championed the potential role that entrepreneurs can play in peacebuilding (Kolade, 2018; Kolk and Lenfant, 2016; Strong, 2009; Tobias et al., 2013). Entrepreneurs are claimed to reduce poverty (Kolk and Lenfant, 2016; Tobias, 2013), build capacity in the community through training staff and interns (Katsos and AlKafaji, 2019; Kolade, 2018), while also engaging in philanthropic acts (Joseph et al., 2019). These factors are claimed to increase the barriers for individuals to engage in conflict (Chandra et al., 2017; Kolade, 2018), while also fostering positive intergroup relations (Kolk and Lenfant, 2016; Tobias et al., 2013). Conversely, research has emerged which paints a very different picture of the outcomes of entrepreneurial activity in conflict settings, with CZEs being shown to engage in illegal activity (Baumol, 1996; Desai et al., 2013; Looney, 2005), drive inequality (Looney, 2005), generate sizable environmental damage (Blackman, 2006), while propagating labor and human rights violations (Khan et al., 2007; Kolk and Tulder, 2002). The stark contrast in CZE outcomes is increasing the calls for researchers to look into the role of local business in greater detail (Miklian et al., 2019; Katsos and AlKafaji, 2019; Miklian and Schouten, 2019), with a growing number of studies questioning whether CZE is a force for peace (Ganson, 2014; Miller et al., 2019).

By combining prior works from the diverse contribution to the field, the paper provides a foundational theory for the role of entrepreneurship in peacebuilding. Firstly, a full view of the role of entrepreneurship in conflict settings is required in order to understand the net impacts of this activity in conflict settings. Secondly, prior work has assumed that the economic (Brück et al., 2013; Kolade, 2018) and social value creation (Kolk and Lenfant, 2016) of entrepreneurs will equate to peacebuilding outcomes, however, an increasing number of studies are questioning these assumptions (Miller et al., 2019), with clarification needed on exactly how the outcomes of entrepreneurship foster peace. Finally, knowing that entrepreneurship can have both a peacebuilding and destructive impact on conflict zones, new theory is needed that can lead to policy changes that help to promote the peacebuilding outcomes of CZEs. This leads to several important questions concerning the role of entrepreneurship in conflict setting:

1. What role do entrepreneurs play in conflict zones?
2. Do CZEs engage in peacebuilding, if so, how?
3. What conditions promote peacebuilding, over destructive entrepreneurship?

**LITERATURE REVIEW**

**Positioning in the Peacebuilding Debate**

Entrepreneurs are defined as individuals who create and manage a firm and are therefore either self-employed or earning income from a business source (Brück et al., 2013). Within the developing world, the dominant form of business ownership and employment is based on small scale entrepreneurship, which typically involves 10 employees or less (Li and Rama, 2015; Liedholm and Mead, 1999). Much of this activity occurs among the most vulnerable in society, often within the informal sector, with businesses started out of income necessity (Schoar, 2010) in order to provide economic independence in volatile situations (DeAtkine, 2011). When examined in isolation, individual entrepreneurs play an insignificant role in peacebuilding, however, collectively they represent the most vulnerable in society, who are exposed to issues of poverty, and most likely to
revert to violence (Joseph et al., 2019; Joseph and Sümer, 2018; Piazza, 2011) – making them both a critical player and major stakeholder in the peacebuilding equation.

Entrepreneurs find themselves in varying conflict scenarios. Violent conflict is the systematic use of violence by armed groups for political objectives; a definition that goes beyond instances of crime (Brück et al., 2013), encapsulating the current war zones and protracted conflicts seen across the world today. Conflict can occur at the macro or community-level; between states and within states, including a combination of both state and non-state actors (HIIK, 2018; Wallensteen, 2002). The intensity of such conflicts varies, which can be defined along a continuum of low-intensity non-violent disputes, all the way up to full-scale war, this progression drawing in an increasing number of conflict actors (individuals and organized groups) and conflict items (resources used to promote conflict) (HIIK, 2018). These conflicts undergo different stages; which are commonly delineated between conflict and post-conflict scenarios, to which the cost of war on a host country’s economy typically endures for over a decade in most post-conflict scenarios (Collier and Duponchel, 2013).

Peace; in its most elemental form (sometimes referred to as ‘negative peace’) (Oetzel et al., 2009) is the cessation of war and the absence of violence, however peace becomes sustainable when increased stability is achieved among a community or society (Dunfee and Fort, 2003). Until sustainable peace is achieved, the threat of violence remains imminent, and acts of sporadic violence may still continue to threaten to escalate to full-scale war (Junne and Verokoren, 2005). The primary objective is therefore to achieve sustainable peace, to which a multileveled peacebuilding approach is required (World Bank, 2018) in order to counteract the drivers of conflict which exist within varying subsets of society (Kavanagh, 2011). Limited, or ‘negative’ peace, is rapidly achieved through macro-level politically-based mechanisms such as peace treaties, confessional governments, and constitutional reforms. ‘Sustainable’ peace is achieved when macro-level mechanisms are combined with measures that infiltrate the community-level drivers of conflict. This can occur through macro-level programs such as nationwide reparations and transitional justice (Adhikari et al., 2012) or inclusionary programs (World Bank, 2018), that build peace at a community-level through mediums such as community-level mediation (UNDP, 2019), and rural area development (Binswanger-Mkhize et al., 2010). At the community-level and individual levels, entrepreneurs contribute to peacebuilding through reducing the intensity of conflict (number of conflict items and actors) through a variety of poverty-reducing and intergroup peacebuilding mechanisms (Abdelnour and Branzei, 2010; Desai et al., 2013; Goovaerts et al., 2006). Community and individual-level peacebuilding are gaining increased attention both in academia and practice; as both local governments and NGOs seek solutions to go beyond negative peace to build sustainable peace in conflict-regions (Goovaerts et al., 2006; ILO, 2003; Miller et al., 2019; UNDP, 2019; World Bank, 2018).

The Peacebuilding Claims of Entrepreneurship

Discussions concerning the impact of entrepreneurship on conflict settings has been played out across a variety of fields; including conflict resolution (Adhikari et al., 2012; Betts, 2017; Hayward and Magennis, 2014; Huntington, 1993; Junne and Verkoren, 2005; Kavanagh, 2011; Sageman, 2004; Wallensteen, 2002), economics (Blomberg & Hess, 2008; Rosecrance, 1986), the development sector (Binswanger-Mkhize et al., 2010; Goovaerts et al., 2006; ILO, 2003; Miller et al., 2019; UNDP, 2019; World Bank, 2018), business ethics (Oetzel et al., 2009), education (Kolade, 2018), organizational behavior (Spreitzer, 2007), and entrepreneurship (Daou et al, 2019; Desai et al., 2013; Fajardo et al.,
A Theory of Entrepreneurship and Peacebuilding

2019; Friedman and Desivilya, 2010; Joseph et al, 2019; Khan et al., 2016; Kolk and Lenfant, 2016; Muhammad et al., 2016; Tobias et al., 2013), with occasional contributions from associate fields such as CSR (Koerber, 2009). Prior work highlights a series of effects that CZEs have within conflict settings, which are argued can be either peacebuilding or, conflict-causing.

The basis for entrepreneurship in peacebuilding originates with the view that reducing poverty fosters peace (Humphreys, 2003; Rogers and Ramsbotham, 1999; Stewart et al., 2002; Tashman and Marano, 2009), in that economic development and key indicators such as growth and employment are peacebuilding (Blomberg and Hess, 2008; Brück et al., 2013; Kolade, 2018; Sümer and Joseph, 2018; Williams, 2008). This generates a series of downstream social impacts including philanthropy and capacity building which are viewed as peace-positive (Kolk and Lenfant, 2016; Joseph et al., 2019; Tobias 2013), conflict resolution (Friedman and Desivilya, 2010; Sserwanga et al., 2014; Kolk and Lenfant, 2016), and individual benefits such as the rehabilitation of ex-combatants (Chandra, 2017; Fajardo et al., 2019) by moving individuals towards the non-political motivations associated with business (Hayward and Magennis, 2014); with rare cases emerging of peace entrepreneurs and policy entrepreneurs (Golan Nadir and Cohen, 2016) who engage in direct peacebuilding.

However, as research progresses, the premise of these peacebuilding assumptions is being bought into question. This begins with the assumption that poverty is one of the main drivers of war (Humphreys, 2003; Rogers and Ramsbotham, 1999; Stewart et al., 2002; Tashman and Marano, 2009). The claims that economic development leads to peace are widely derived from macro-level economic trends (Blomberg and Hess, 2008; Williams, 2008, 2011), whereas economic contributions alone, particularly from small business activity at the community-level, may not suffice in building peace (Kavanagh, 2011; Miller et al., 2019; Sageman, 2004; World Bank, 2018). Increasingly, the beyond-business contributions of CZEs are being viewed as the primary peacebuilding mechanism (Betts, 2017; Miller et al., 2019; Oetzel et al., 2009), rather than economic development alone.

Classed as beyond-business contributions (Betts, 2017; Miller et al., 2019; Oetzel et al., 2009), CSR (Jenkins, 2006), or social contributions (Kolk and Lenfant, 2016; Joseph et al, 2019; Tobias et al., 2013), these community-level benefits of CZE are increasingly being seen as peacebuilding (Jamali and Mirshak, 2010). This can include fostering opportunities, access to services, inclusive solutions through community-level dialogue (World Bank, 2018), donations, discounting products, interest-free loans, voluntary training (Joseph et al., 2019a; Sridharan et al., 2014), or the devolution of power, resources and development mechanisms to the community-level (Binswanger-Mkhize et al., 2010). The social value created by CZEs has been assumed to result in peace (Kolk and Lenfant, 2016), however, a number of studies are indicating that social value creation alone may not be peacebuilding (Miller et al., 2019; Joseph et al., 2020), with factors such as economic interdependence (Rosecrance, 1986; Sanders and Weitzel, 2013) and social cohesion (Friedman and Desivilya, 2010) having a potentially determinant impact on whether social contributions are peacebuilding or not.

The Destructive Role of Entrepreneurship

Although CZEs can potentially generate a series of peacebuilding benefits, prior work has demonstrated that not all CZEs engage in this activity. Only a small percentage of the vast number of micro and small businesses operating in the developing world generate any form of growth; often,
adapting a subsistence-based model which generates only enough income to support the basic needs of immediate family members (Schoar, 2010). Conflict and displacement have shown to increase self-employment, providing immediate relief for those displaced, albeit at lower-income rates (Bozzoli et al., 2013). Although subsistence-based entrepreneurship may offer temporary financial relief, arguments that suggest that this activity is peacebuilding rests upon the contested neo-liberal claims concerning CZE and economic development. Although these claims remain unclear, what is known is that the peacebuilding outcomes of CZEs increase when their sphere of influence expands, this being a process associated with business growth which is not common among CZEs (Joseph et al., 2019; Joseph et al., 2019a). Compared to a developing world context which is not at war, conflict scenarios present further barriers to growth (Collier and Duponchel, 2013; Daou et al., 2019; Muhammad et al., 2016; Singh, 2013; Wickert et al., 2016) and prompt entrepreneurial flight (Camacho and Rodriguez, 2013), further reducing the number of growth entrepreneurs in conflict zones.

Additionally, evidence has shown that small businesses can have a direct negative impact within a conflict setting, working against peacebuilding efforts to; in some cases, foster conflict and promote violence. Much of the small business activity in poverty-conflict settings takes place in the informal sector, and informal entrepreneurship can engage in activities that are less desirable and less socially acceptable (Webb et al, 2013), which can include illegal activity and exploitation (Baumol, 1996; Desai et al., 2013; Looney, 2005) particularly in post-conflict settings (Goovaerts et al., 2006; ILO, 2003). This includes labor rights abuses and human trafficking (Khan et al., 2007), reinforcing intergroup discrimination through preferential ingroup operations (Joseph et al., 2020), both of which can play a major role in driving inequality (Looney, 2005), fostering social division and economic destruction (Desai et al., 2013). By definition, entrepreneurship in the informal sector operates outside of the law (Welte et al, 2015). Formalization brings legitimacy which attracts customers (Zimmerman and Zeitz, 2002), and without it, there is a natural barrier to the economic and social benefits that entrepreneurs can generate (Webb et al, 2013). Although the informal economy is widely recognized as essential for economic subsistence in conflict settings (Goovaerts et al., 2006; ILO, 2003; Looney, 2005), it can not only foster illegal and destructive activity but due to lack of regulation the sector has a whole can generate a sizable collective ecological footprint (Blackman, 2006), with various studies showing local businesses engaging in environmentally irresponsible practices within a developing context (Blackman, 2006; Tewari and Pillai, 2005). Formalization, therefore, may be an important defining factor in driving peacebuilding vs. destructive entrepreneurship, which in a conflict setting is particularly difficult to achieve as conflict scenarios are characterized by institutional instability (Muhammad et al., 2016).

A MODEL OF ENTREPRENEURSHIP AND PEACEBUILDING

Figure 1 acknowledges the varying roles that entrepreneurs can play in conflict zones, underpinned by the foundations of paradox, intergroup theory, and CSR which offer an explanation of the varying outcomes generated by CZE in prior studies.
A theory of CZE and peacebuilding is underpinned by the paradoxical role that entrepreneurs play in conflict settings; with evidence outlining how indigenous entrepreneurs can be either peacebuilding, or destructive. Austin and Wennmann (2017) first noted the potential for a paradox between businesses’ role in peace, and conflict: businesses might benefit peace outcomes at one level while benefitting from and enhancing underlying conflict drivers. The paradoxical impact of entrepreneurship supports the claims of many (Miklian and Schouten, 2019; Miklian et al., 2016) that simply operating ‘as normal’ will not by itself enhance peace and that even intending to enhance peace is likely not enough. Furthermore, a paradox of this kind suggests a series of opposing tensions in entrepreneurial operations, which so far, are yet to be explicated.

The first of these tensions are explained through intergroup theory (Tajfel and Turner, 1979; Turner et al., 1979), that has been used as a descriptive framework for peacebuilding activity (Kolade, 2018; Li et al., 2016; Tobias et al., 2013; Joseph et al., 2020) by outlining a tension between inclusive; and exclusive, entrepreneurial modes. Lodged in psychology, intergroup theory states how individuals form social groups bind together based on common characteristics, forming “ingroups”, and therefore judging differing groups as “outgroups” (Tajfel and Turner, 1979; Turner et al., 1979). Within a conflict setting, an entrepreneur will be part of an ingroup, who is at a state of violent or non-violent conflict with an opposing outgroup. Intergroup theory outlines how perceived differences among groups deepen ingroup identification (Betts, 2017; Huntington, 1993; Joseph, 2014), and subsequently, increase the perceived differences between outgroups – stoking intergroup bias and discrimination which leads to conflict (Turner et al., 1979). Intergroup theory posits that increased contact between these groups can reduce perceived differences, and subsequently play a role in fostering intergroup identification, reducing bias, discrimination, fear, and subsequently plays a role in fostering peace (Wright et al., 2017). A key indicator for ending intergroup bias is improved social trust and reduced outgroup prejudice, which can be enhanced through entrepreneurial activity (Tobias et al., 2013).

Intergroup peacebuilding through entrepreneurship only takes place when the entrepreneur is inclusive, which includes hiring, purchasing, selling, and social contributions between ingroups and outgroups, improving intergroup relations (Joseph et al., 2020). This contrasts prior work which
assumes that social contributions alone are peacebuilding, however, concurs with the potential mechanisms by which CZEs can generate social value; for example, by prioritizing social change, fostering mutually beneficial relationships, and engaging in progressive interactions with stakeholders (Kolk and Lenfant, 2016). When entrepreneurs are inclusive and engage in this activity on an intergroup level, business interactions help to reduce bias, fear, and build a common intergroup identity. In contrast, businesses can choose to be exclusive, which means hiring, purchasing, selling, and making social contributions only within the ingroup. This discriminatory process leads to deepening ingroup identification and reinforces the underlying drivers of the conflict. Inclusivity and exclusivity are not on a continuum. Cases may exist of exclusive entrepreneurs sourcing supplies from outgroup providers due to immediate need, yet despite this interaction, the entrepreneur only hires from within the ingroup, and as the reality-maker of the organization (Joseph, 2015; Wright and Heaton, 2006), the entrepreneur maintains a degree of intergroup prejudices which reinforces intergroup discrimination among employees. Conversely, inclusive entrepreneurs may predominantly hire ingroup members due to a lack of availability from potential outgroup employees. Despite predominantly hiring ingroup members, the owner adopts inclusive policies in terms of supplier and customer relations, which helps to foster positive intergroup interactions in other parts of the business, while playing a role in fostering inclusivity among employees.

The second tension underpinning the paradoxical role of entrepreneurs concerns the level of responsibility in the CZE’s business model. Defining ‘responsibility’ is based on the CSR themes applied to the field, which includes beyond business contributions (Betts, 2017; Miller et al., 2019; Oetzel et al., 2009) through social and environmental value creation (Miklian and Schouten, 2019; Miklian et al., 2016). Responsible businesses generate social value which can include (but is not limited to) paying above-market wages, having above-market working conditions, capacity building (e.g. training), philanthropy, or community programs (Joseph et al., 2019), all of which help to directly or indirectly reduce poverty. Businesses that are not socially responsible will have a decreased impact on poverty reduction, as poor pay, working conditions, and no community contributions from business can amplify inequality (Looney, 2005), labor, and human rights violations (Khan et al., 2007; Kolk and Tulder, 2002), fostering tensions within the community. Furthermore, irresponsible business models can engage in illegal activity (Baumol, 1996; Desai et al., 2013; Looney, 2005), including exploitation, directly enhancing poverty and the drivers of war. In terms of environmental value, responsible businesses foster sustainability-orientated business models, which among resource-stricken conflict setting (Le Billion, 2001), does not promote either short- or long-term intergroup resource disputes. Environmental responsibility may lead to easing resource scarcity in conflict zones, whereby irresponsible environmental practices enhance resource scarcity posing further reason for intergroup disputes. Similar to the tension, entrepreneurs can make varying levels of social or environmental contributions, however unique to responsible business practices is prioritizing long terms community-orientated value creation, over and above short-term personal gain.

IMPLICATIONS AND CONCLUSIONS

The role that CZEs play in conflict settings is paradoxical (Austin and Wennmann, 2017; Joseph et al., 2020), similar to that of MNEs, indicating that although business may be able to play a role in the peacebuilding debate, only certain business models contribute to peace, while others are destructive.
Despite the paradoxical role that entrepreneurs play, the humanitarian sector continues to provide financial and logistical support for local entrepreneurs – irrespective of the varying outcomes. Despite being well-intentioned, these actions can lead to the misallocation of resources in conflict settings and subsequently play a role in fostering conflict (Miller et al., 2019). The paper proposes that inclusivity, and responsible business models, separate peacebuilding from destructive entrepreneurs, raising the immediate question of how governments and the humanitarian sector can promote inclusivity and responsible business to enhance peace.

Firstly, prior research indicates that formalization can promote responsible business – which brings legitimacy to industry and business (Zimmerman and Zeitz, 2002), and helps entrepreneurs overcome the natural growth barriers in the informal sector (Webb et al, 2013). Institutions are key drivers of entrepreneurial activity (Baumol, 1996; Desai et al., 2013; Sümer and Joseph, 2019; Sanders and Weitzel, 2013), and without formalization, indigenous businesses can become captive to the corruption in their business environment (Joseph and Sümer, 2019; Le Billon, 2003; Tashman and Marano, 2009). For those in the informal economy, stringent legal systems and bureaucracy may deter formalization and undermine the legal observance of an industry (Webb et al, 2013). Formalization can have cost implications such as increased tax obligations, which, if unmanageable, can grow the informal sector (Schneider and Enste, 2013). Especially in emerging economies, general beliefs may form among entrepreneurs in society that it is more efficient to operate informally because the benefits provided by formality are less than the costs incurred to obtain them. When the costs outweigh the benefits of formalization, the informal sector grows (Webb et al, 2013), and such incentives may also lure entrepreneurs toward illegal activity (Baumol, 1996) or other socially and environmentally irresponsible models. Failure of the state and lack of opportunities increase operations in the informal economy, with distrust in institutions also leading to growth in the informal economy (Webb et al, 2013). Although government reform is essential for post-conflict recovery, such institutional environments are entrenched in history and not easy to change (Sanders and Weitzel, 2013).

A more pragmatic solution is reform within the humanitarian sector. The humanitarian sector is driving small business development as a peacebuilding mechanism in conflict zones and subsequently plays a major role in fostering the entrepreneurial ecosystem. However, such programs have often failed to meet expectations (Hartarska et al., 2013; Morduch, 2000), as selection criteria for humanitarian programming is typically based on vulnerability criteria alone, forgoing growth indicators, and peacebuilding criterion (Joseph et al., 2019). The current paper promotes the exploration of these criteria, which will aid in the sector selecting and promoting inclusive and responsible businesses, enhancing the peacebuilding outcomes which can be generated through CZE.

REFERENCES


Assessment of Ibn Haldun’s Model for Sustainability using Structural Equation Modelling

Sümeyye Kuşakcı
Sümeyye Kuşakcı: sumeyye.kusakci@ihu.edu.tr * +90 545 342 0512 * Ibn Haldun University, İstanbul, Türkiye

Category: Sustainability & Sustainable Development
Focused on Theme: Yes

Abstract: This work firstly aims to develop a sustainability model based on Ibn Haldun’s teaching of sustainability. Religious coloring refers to the spirituality, which is re-discovered in modern ages and transferred to the workplace. Spirituality stimulates virtuousness at personal and organizational level, which in turn generates managerial sustainability meaning the lifespan of a company. While personal virtuousness refers social ethics, organizational level virtuousness could be considered as Corporate Social Responsibility. Secondly, it attempts to evaluate the relevance of Ibn Haldun’s approach to contemporary business organizations. In order to demonstrate the relationship between spirituality, virtuousness, CSR, and sustainability; data collected from Corporate Knights’ Global 100 companies were analyzed using structural equation modelling. According to the results, while workplace spirituality leads to ethical conduct and higher CSR/CS score, the relationship between spirituality or CSR/CS and financial performance is not significant. However, it seems that higher lifespan of business enterprises is related to their CSR/CS score.

Keywords: sustainability; spirituality; corporate social responsibility; Ibn Haldun

INTRODUCTION

An exceptional scholar of Islamic civilization, Ibn Haldun, is an Arabic historian, philosopher, and founder of sociology. His magnum opus, “The Muqaddimah” finalized in 1377, is an introduction to the history presenting “an encyclopedic synthesis of the methodological and cultural knowledge necessary to enable the historian to produce a truly scientific work” (Ibn Khaldûn 2012). He distinguishes human from all living creatures with four special features that are sciences and crafts developed by humans through the ability to think; man’s struggle to earn a living, umran (civilization); and the need of an influential and mighty authority (İbn-Haldun 2011, p. 208). Actually, all are strongly interrelated. Human being strives for survival and develops techniques facilitating his life that accompanies advancement in sciences and crafts. It is almost impossible to satisfy all life-sustaining needs without collaboration with others. Communal living is essential, yet not sufficient. In order to harmonize all attempts and prevent grievance, a royal authority is required.

According to him, royal authority is built up on group feeling (asabiyyah) (İbn-Haldun 2011, p. 355). Obtaining a powerful authority and being spread on a large geographical area require religious colouring (İbn-Haldun 2011, p. 378). One of the main characteristics of people who have gained control over many lands is their eager desire for virtuous behavior, specifically benevolence. Whenever they start to “commit blameworthy deeds and to practice all sorts of vices”, God deprives them of royal authority. In fact, history have showed the evidence of this argument on a number of occasions) (İbn-Haldun 2011, p. 355-358).
In this paper, we address the aforementioned gaps in the literature; namely: (1) the limited understanding of the Muqaddimah that is primarily scanned from a sociological perspective however did not translated into the other social sciences; and (2) the unclear role of corporate social responsibility in sustaining organizations longer.

Researcher’s pure-minded assumption is that the Muqaddimah contains a great deal of universal models applicable to management context. This paper therefore contributes to the existing literature by developing a sustainability model based on Ibn Haldun’s teachings. Religious coloring may be interpreted as the spirituality, which is in fact re-discovered in modern ages and transferred to the workplace. Spirituality stimulates virtuousness at personal and organizational level, which in turn generate managerial sustainability meaning the lifespan of a company. While personal virtuousness refers social ethics, organizational level virtuousness could be considered as Corporate Social Responsibility. Briefly, managerial sustainability could be qualified as a function of spirituality, and corporate social responsibility. Secondly, it attempts to evaluate the relevance of Ibn Haldun’s approach to contemporary business organizations. In order to demonstrate the relationship between spirituality, CSR, and sustainability; data collected from Corporate Knights’ Global 100 companies will be analyzed using structural equation modelling.

The paper is structured as follows. First, we introduce the theoretical background related to spirituality, corporate social responsibility, financial and managerial sustainability. Second, we introduce the conceptual model and the hypotheses. Third, the methodology section explains the sample characteristics, and measures employed. Fourth, the data are analysed using structural equation modelling. Finally, the results are discussed and implications for practitioners and future research are provided.

THEORETICAL BACKGROUND

Spirituality

Spirituality, which is in fact rediscovered in modern ages, has been a new trending concept across a wide range of fields. The word “spirituality” is originated from the Latin word “spiritus” or “spiritualis” meaning breathing, breath, or air. Starting from 1990s, scholars developed various definitions for spirituality. Among them, Mitroff and Denton’s (1999) holistic approach was going beyond the level of individual feelings and experiences, including interpersonal and relational dimensions. According to Twigg and Parayitam (2007), spirituality including the dimensions of the transcendence and connectedness is “the degree of awareness of a higher being or life force and the degree of connectedness to worldly things.”

Spiritually is principally associated with the religion. It is true that spirituality has its roots in basic human values and manifests itself through a relationship with a metaphysical power or divinity. The most institutionalized form of that relationship is religion (Rozuel and Kakabadse 2010). Twigg and associates (as cited in Twigg and Parayitam, 2007) differentiate three types of spirituality; “traditional/religious” which is dominating in the area of the psychology of religion, “popular/new age” fed by recent challenges and less dominant religions, and “humanistic/psychological” acknowledging spirituality as a basic human need. Spirituality discussed in this work is humanistic/psychological spirituality, referring a basic human need.
Workplace spirituality could be linked with employee attitudes at three levels: individual level referring to sense of purpose and meaning in work, group level including sense of community and belonging, and organization level referring to the fit and alignment between individual and organizational values and mission (Milliman, Czaplewski, and Jeffery Ferguson 2003). A very recent study (Bella et al. 2018) reviews the existing literature with the aim of discovering manageable human factors associated with three spirituality levels which are labelled as intrapersonal, interpersonal, and institutional. “The inner life dimension brings four human factors: identity, values, belonging and inner life. The purpose dimension brings another four factors: meaning, cohesion, coherence, and purpose. The community dimension brings the last four factors: connection, climate, environment and community”.

Corporate Social Responsibility

The first scholar who discussed the role of business organization within the society is Chester Barnard. “The Functions of the Executive”, his seminal work published in 1938, underlines the relevance of legal, social, and moral aspects to managerial decision making. “Administrative Behavior”, written by Herbert Simon in 1947, is based on Barnard’s introductory approach linking corporation to society. Simon reveals the co-existence of economic, legal, and social responsibilities of an administrator, yet distinguishes a primary duty that is the economic one. In his book “Responsibilities of Businessman” published in 1953, Bowen supports previous scholars by saying that the obligation of the businessman is to pursue policies, make decisions, and follow courses of action that are desirable in terms of social objectives and values (Bowie 2012; Joyner and Payne 2002).

Only one year later, Peter Drucker wrote “The Practice of Management” and as distinct from the previous works emphasized the “corporate social responsibility”, not “managerial social responsibility”. He made an initial attempt to formulate the term “stakeholder” and differentiated between “the primary and secondary objectives of business. However, the so-called primary economic objectives should take priority, and social objectives are reasonable only if the economic ones have been attained” (Kuşakcı and İyigün 2017). Philip Selznick, in his book “Leadership in Administration: A Sociological Perspective”, introduced organizational values as a sign of mature and institutionalized organization and necessary tools of corporate social responsibility. Keith Davis, starting with his book entitled “Iron Law of Responsibility”, contributed to discussions around social responsibility of corporation through two intriguing questions: “What does the businessperson owe society?” and “Can business afford to ignore its social responsibilities?” (Schwartz and Carroll 2003). According to him, businesses have substantial social responsibilities because of huge power in their hand. If they fail to utilize it in an appropriate manner, loss of power would be inevitable in the long run (Davis 1960). However, based on a subsequent comparison of pros and cons of social responsibilities, he concluded that some things should not be expected of business.

When Committee for Economic Development (CED) published a report entitled “Social Responsibilities of Business Corporations” in 1971 that became an important milestone moving the discussion to the institutional level. After long standing scholarly dispute on existence of corporate responsibilities beyond profit maximization, around 1970s scholars attempted to conceptualize the
corporate social responsibilities. Carroll (1979) introduced a four-level CSR pyramid consisting of economic, legal, ethical responsibilities and philanthropy. Porter and Kramer (2011) contributed our understanding of CSR in a way converting it to a concept called corporate shared value. All managerial activities - decision-making, production, human resources management, marketing, etc. – are full of opportunities to create value for whole society. Fortunately, following a period of heated debates, corporations and scholars have recently recognized the importance of corporate social responsibility and stakeholder satisfaction for maintaining sustainability (İyigün, 2014).

CSR and Sustainability

Sustainability could be lexically defined as the ability to be maintained at a certain rate or level. “For the business enterprise, sustainability means adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future” (IISD 1992).

Corporate Sustainability among many other theories and concepts was initiated around CSR. While the concept of CSR was popular in United States, in continental Europe the term “corporate sustainability” dominated the field (Bowie 2012). It refers to “the highest level of sustainability for companies who choose to take responsibility for their economic, social and environmental concerns” (Billing 2016). More interestingly, CSR and CS as two concepts developed through different paths have started to converge (Van Marrewijk 2003). Business corporations are expected to sustain themselves through future times while delivering simultaneously economic, social, and environmental benefits—the so-called triple bottom line (Hart and Milstein 2003). In line with expectation of academy, corporations are publishing reports including similar piece of information, yet with different titles such as CSR Performance Reports or Sustainability Reports (Carroll 2016).

The promising reality is that day-by-day more people awaken from the dream of endless profit maximization. Enterprises perceive the importance of ethical conduct or corporate social responsibility as a mean of sustainable development. Businesses are increasingly evaluated based not only on their financial success but also on their positive impact on society (İyigün 2014).

Our understanding of CSR and corporate sustainability is also interpenetrating, so that corporate sustainability score indicates CSR score for any company. Both refer the availability and intensity of responsible practices initiated by a company to create economic, social, and environmental benefits. However, this work introduces a different meaning for sustainability that is the lifetime of a business organization. A sustainable organization is clearly expected to operate over the course of many years. To avoid confusion, while corporate sustainability and corporate social responsibility are used interchangeably, managerial sustainability always refers to the lifespan of a company.

Bilateral and Multiple Relations

Literature pullulates with studies attempting to link either spirituality and business ethics, or CSR and financial performance. Nair and Sivakumar (2018) exposed two dimensional effects of workplace spirituality: “improved ethical behavior at a personal level and an enhanced ethical climate at the organizational level.” Another study presented how spirituality improves organizational virtuousness (Dyck and Wong 2010). Recently it became clear to us that ethical misconduct in a
corporation leads severely to collapse the business. Lee and his associates (2014) proposed a model in which workplace spirituality directly and indirectly affects organizational performance and sustainability. Akhtar and his associates (2015) also attempted to discover the relevance of spirituality along with ethical values to organizational sustainability.

The fundamental question in the literature has been always the relationship between CSR and financial performance. There are three approaches available for that critical inquiry (Bird et al. 2007; Özçelik, Öztürk, and Gürsakal 2016): For the neo-classical view, spending on CSR activities will inarguably damage competitive advantage, which in turn decrease the performance. Second group of scholars argue that the business world is so complex to be able to attribute any success or failure to a specific event such as CSR. The last approach lists the pros and cons of CSR and concludes a positive relationship between CSR and performance.

In conformity with theoretical framework, empirical studies could not produce consistent results on the relationship between CSR and financial performance. A comprehensive review of 51 papers performed by Griffin and Mahon (1997) showed that 20 studies reported a negative relationship, while 33 of them reported a positive relationship. Despite of advancements in statistical methods, similar researchs repeated in different territorial contexts continued to produce inconsistent results. There have always been studies (Aras, Aybars, and Kuru 2010; López, García, and Rodríguez 2007; Özçelik, Öztürk, and Gürsakal 2016) argued a positive relationship between CSR and financial performance against the ones (Arsoy, Arabacı, and Çiftçioglu 2012; Karagiorgos 2010) reveale a negative relationship.

CONCEPTUAL BACKGROUND: IBN HALDUN’S MODEL OF SUSTAINABILITY

Ibn Haldun (2011, p. 399-402) comprehensively discussed about various dimensions of social life. His model on the stages of dynasties attempted to explore the lifecycle of a sovereignty. He argued that each stage with idiosyncratic dynamics produces specific leader and follower behavior. Interrelatedly, he inquired into the factors assembling the authority and making it sustainable. Sustainability in this context refers to having a long-lasting rulership.

The first basic assumption is that “royal authority and large dynastic (power) are attained only through (asabiyyah) a group and group feeling” (Ibn-Haldun 2011, p. 373). However, as rulership becomes more structured, the importance of asabiyyah prominently decreases. On the other hand, a royal family, which proved itself as competent enough, may be able to found a dynasty without group feeling (Ibn-Haldun 2011, p. 374). Group feeling or leadership competence should be supported by religious colouring in order to attain a wide power and large authority. As he states, “dynasties of wide power and large royal authority have their origin in religion based either on prophecy or on truthful propaganda” (Ibn-Haldun 2011, p. 378).

Religious coloring is the only mechanism motivating ambitious, selfish, and forgetful human toward to a march on collectively beneficial common goals. As Quranic verse states, “If you had expended all the treasures on earth, you would have achieved no unity among them” (8/63). When the society as a whole turns toward the truth and leaves personal interests behind, esprit de corps referring to cooperation and support flourishes. Consequently, a larger territory enters under the rule, and lifespan of the state grows longer. Unity and solidarity give society an incredible power that makes
them ready to scarify their lives for common objectives. “The people of worldly dynasty” which are afraid of death, are helpless against people tied with religious coloring, even if they are high in number. Luxury and slackness, because of accumulated wealth and prosperity, disenable them to cut their selves off from the World and worldly things. On the other side, destruction of the religious coloring leads to be defeated by “those groups (up to this time) under control, that are equal or superior in strength” (İbn-Haldun 2011, p. 379).

If the group feeling and religious colouring are the base of the glory, personal good qualities are details perfecting it. The scope of goodness and good qualities listed by Ibn Haldun is astonishing. Any society aiming at a long-lasting command has a very comprehensive list of behaviors to follow. While tightly practiced virtues strengthen the royal authority, committing blameworthy deeds and vices demolish it. Allah clearly explains his tradition with the following verse (17/16): “When we want to destroy a village, we order those of its inhabitants who live in luxury to act wickedly therein. Thus, the word becomes true for it, and we do destroy it.”

As visualized in Figure 1, spirituality (religious colouring) stimulates virtuousness at personal and organizational level, which in turn increase financial performance and generates managerial sustainability referring to a long lifespan for businesses. While personal virtuousness refers social ethics, organizational level virtuousness could be considered as Corporate Social Responsibility. Also, better financial performance leads to managerial sustainability.

**Figure 1: Ibn Haldun’s Model for Sustainability**

Based on the model, following hypothesis are proposed:

- **H1**: Workplace Spirituality is positively associated with Ethical Behavior.
- **H2**: Ethical Behavior is positively associated with CSR / CS.
- **H3**: CSR / CS is positively related to lifespan of the company.
- **H4**: CSR / CS is positively related to financial performance.
- **H5**: Financial Performance is positively related to lifespan of the company.
METHODOLOGY

Data Collection

This study is based on “Global 100” published by Corporate Knights, which is a media, research, and financial information company based in Toronto, Canada. The company publishes “The Corporate Knights – The Magazine for Clean Capitalism” which is the world’s largest circulating CSR and CS focused magazine. Besides, it produces corporate and investment product ratings and tools. Among them, Global 100 has been ranking the world’s 100 most sustainable development-focused corporations since 2005. The initial prerequisite of the ranking is having at least US$1B in revenues in the last fiscal year. Second step includes screening the companies for adequate performance disclosure, good financial health, and non-engagement in defined businesses and practices (e.g., weapons and tobacco manufacturing). Lastly, shortlisted companies are scored based on 21 performance metrics covering areas such as resource management, employee management, clean revenue, and supplier performance. In 2019, the number of shortlisted companies was 7,500 that were offered the opportunity to validate the relevant data. Through a fully transparent process, Global 100 provides governments, scholars, and investors with a widely recognized ranking. Our work initially aggregated all companies listed in Global 100 since 2010. Companies were ranked by an average sustainability score based on 10 years individual scores. The sample of the study includes randomly selected 50 companies of Global 100.

Besides CSR/CS, this work attempted to calculate spirituality and ethics orientation score for organizations. Because of time limit of the study, annual reports of the companies are investigated through content analysis. Annual reports published for 2017 fiscal year were accepted as basis. Berelson (as cited in Cho & Lee, 2014) defined content analysis as “a research technique for the objective, systematic, and quantitative description of the manifest content of communication”. According to Kondracki and Wellman, text data handled by content analysis could be in any form (verbal, print, or electronic) and any kind such as open-ended survey questions, narrative responses, focus groups, interviews, observations, or print media such as articles, manuals, or books (as cited in Hsieh & Shannon, 2005).

Spirituality score was calculated by the use of 12 key words suggested by Bella and his fellows (Bella et al. 2018). Identity, value/s, belonging at inner life dimension; meaning, cohesion, and coherence at purpose dimension; climate, connection, and environment at community level. Five more key words are also added into analysis, because of their strong relevance to spirituality at various dimensions: Collaboration, Culture, Spirit, Inspire and Inspiration.

Financial performance was included into the model as a dependent variable. Among various measures, ROE was selected as a meaningful indicator. However, two disadvantages occurring due to use of single-year data and industrial ROE differences should have been into consideration. 13-years average of ROE for each company could provide a solution for the first shortcoming. In order to balance intra-industrial differences, the difference between company performance and industry average was also calculated.
FINDINGS AND RESULTS

Descriptive Statistics

First, we are going to present the descriptive statistics for observed and unobserved variables of our model. The age of companies is in between 9 and 252 with a mean of 80. Average CSR ratings of the selected 50 companies based on 10 years data lay between 0.5 and 65 with a mean of 27. Besides, ROE average is on a continuum between 0.5 and 63, with a mean of 15. Table 1 shows descriptive statistical analysis of data in detail:

<table>
<thead>
<tr>
<th>Variable</th>
<th>min</th>
<th>max</th>
<th>mean</th>
<th>std. dev.</th>
<th>skew</th>
<th>c.r.</th>
<th>kurtosis</th>
<th>c.r.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spirituality_Rate</td>
<td>.000</td>
<td>100.00</td>
<td>24.2317</td>
<td>23.38678</td>
<td>1.305</td>
<td>1.106</td>
<td>1.597</td>
<td></td>
</tr>
<tr>
<td>Ethics_Rate</td>
<td>.000</td>
<td>100.00</td>
<td>18.4301</td>
<td>21.70199</td>
<td>1.744</td>
<td>1.729</td>
<td>4.300</td>
<td></td>
</tr>
<tr>
<td>Average_CSR</td>
<td>.560</td>
<td>64.837</td>
<td>27.2414</td>
<td>24.93463</td>
<td>.143</td>
<td>.727</td>
<td>-1.877</td>
<td>-2.709</td>
</tr>
<tr>
<td>ROE_D_Average</td>
<td>.000</td>
<td>100.00</td>
<td>36.3894</td>
<td>13.78239</td>
<td>3.470</td>
<td>10.017</td>
<td>14.203</td>
<td>20.500</td>
</tr>
<tr>
<td>Lifespan_Score</td>
<td>3.571</td>
<td>100.00</td>
<td>79.58</td>
<td>53.825</td>
<td>1.104</td>
<td>3.187</td>
<td>.876</td>
<td>1.264</td>
</tr>
</tbody>
</table>

After the initial exploration, structural equation modelling was employed to perform confirmatory factor analysis (CFA) and test the proposed hypotheses using AMOS software. First, we tested the measurement model with CFA to determine how well the items represent the underlying constructs. The fit indices are presented in Table 2 and indicate a good fit.

<table>
<thead>
<tr>
<th>Model</th>
<th>Chi-Square</th>
<th>df</th>
<th>CMIN/DF</th>
<th>CFI</th>
<th>TLI</th>
<th>RMSEA</th>
<th>RFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>4.729</td>
<td>5</td>
<td>0.946</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0.727</td>
</tr>
</tbody>
</table>

Correlations

Table 3 presents the correlation matrix for the variables. As one can see, there is a significant and positive relationship between Spirituality Rate and Ethics Rate (0.543) at p<0.01 two-tailed. Moreover, there is an also positive relationship between Spirituality Rate and CSR (0.351) at p<0.05 two-tailed. The correlation coefficient between average CSR and Lifespan is 0.292 at p<0.05 two-tailed. This shows that CSR performance has an effect on the company lifespan. However, no significant correlation was found between CSR and ROE.

<table>
<thead>
<tr>
<th>Lifespan_Score</th>
<th>Pearson Correlation</th>
<th>Average_CSR</th>
<th>ROE_D_Average</th>
<th>Spirituality_Rate</th>
<th>Ethics_Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifespan_Score</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.292*</td>
<td>-.001</td>
<td>.181</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.040</td>
<td>.994</td>
<td>.209</td>
<td>.113</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>
Table 4: Hypothesis Testing

<table>
<thead>
<tr>
<th>H</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Ethics_Rate &lt;--- Spirituality_Rate</td>
<td>.543 ***</td>
</tr>
<tr>
<td>H2 Average_CSR &lt;--- Ethics_Rate</td>
<td>.359 **</td>
</tr>
<tr>
<td>H3 Lifespan_Score &lt;--- Average_CSR</td>
<td>.301 *</td>
</tr>
<tr>
<td>H4 ROE_D_Average_N2 &lt;--- Average_CSR</td>
<td>.177</td>
</tr>
<tr>
<td>H5 Lifespan_Score &lt;--- ROE_D_Average_N2</td>
<td>-.054</td>
</tr>
</tbody>
</table>

Figure 2: Hypothesis Testing

The relationships between the proposed constructs are visually displayed in Figure 2, while detailed results of the hypotheses testing can be found in Table 4. The first hypothesis, which proposed that spirituality is associated with ethical code of conduct was supported. The second hypothesis focusing on the link between ethical behavior and corporate social responsibility and the third...
hypothesis associating corporate social responsibility with life span of the company were also supported. On the other hand, hypothesis 4 and 5 were rejected.

**DISCUSSION AND CONCLUSION**

According to Ibn Haldun, royal authority is built up on group feeling (asabiyyah). Obtaining a powerful authority and being spread on a large geographical area require religious colouring. One of the main characteristics of people who have gained control over many lands is their eager desire for virtuous behavior specifically benevolence. Researcher’s pure-minded assumption is that religious coloring may be interpreted as the spirituality, which is in fact rediscovered in modern ages and transferred to the workplace. Spirituality stimulates virtuousness at personal and organizational level which in turn generates CSR/CS. Briefly; managerial sustainability in terms of lifespan of a company could be explained as a function of spirituality, virtuousness, and corporate social responsibility.

Our study is an attempt to evaluate the relevance of Ibn Haldun’s model to modern corporations by exploring the relationship between workplace spirituality, ethics, CSR/CS, lifespan, and financial performance in firms listed in Corporate Knights’ Global 100. The results of the study could be summarized as following: While workplace spirituality leads to ethical conduct and higher CSR/CS score, the relationship between spirituality or CSR/CS and financial performance is not significant. However, it seems that higher lifespan of business enterprises is related to their CSR/CS score.

This work supports the previous studies linking spirituality, ethics, and sustainability (Akhtar et al. 2015; Dyck and Wong 2010; Lee, Lovelace, and Manz 2014; Nair and Sivakumar 2018). As Dhiman (2016) stated: “In essence, spirituality and sustainability are vitally interlinked. When the spiritual dimension of our being is underdeveloped, we turn into pleasure-seeking automatons, plundering the planet in a mindless race called progress. This makes us self-centered and greedy for material wealth which leads to social disharmony and over-exploitation of natural resources.” On the other hand, there is “little evidence to suggest that managers taking a wider stakeholder perspective will jeopardize the interest of its stockholders” (Bird et al. 2007).

The main contribution of the study is not the attempt to associate spirituality and ethics with CSR/CS, yet to reveal the relevance of spirituality, ethics, and CSR/CS to lifespan of a business organization. Companies, which are promoting workplace spirituality, emphasizing ethical conduct, and initiating socially responsible actions are living longer. Davis’s (1960) argument “responsibility goes with power” refers to a fact which was also underlined by Ibn Haldun: a long-lasting power is possible, only if it is used in an appropriate manner. Otherwise, “the avoidance of social responsibility leads to gradual erosion of social power”.

The method of measuring workplace spirituality and ethics is a limitation of the study. It could be based on employee or manager opinions instead of content analysis on annual reports. It is clear to us there is always a possibility of having divergence between what companies are disclosing through annual reports and what actually they are implementing. Besides, financial performance could be measured by using various ratios not only ROE. Despite academic hope to find out a strong positive relationship between CSR/CS and performance, existing inconsistency in the results motivates us to use several financial indicators and methods.
Assessment of Ibn Haldun’s Model for Sustainability using Structural Equation Modelling
Assessment of Ibn Haldun’s Model for Sustainability using Structural Equation Modelling


The Benefits of Benefit Forms: Legal, Peer, and Stakeholder Benefits

Caddie Putnam Rankin
Caddie Putnam Rankin: cputnamrankin2@washcoll.edu * 410-810-8301 * Department of Business Management, Washington College, Chestertown, MD, USA

Category: Social Entrepreneurship & Social Enterprise
Focused on Theme: Yes

Abstract: This article explores adoption rates of B Corps certification and Benefit Corporation incorporation in order to discuss what benefits exist for organizations to adopt sustainable business forms. The analysis of the data identifies states with low and high adoption rates. The study is based on historical analysis of 4686 incorporated Benefit Corporations from 2007 to 2016 and 837 certified B Corps during the same time period. Patterns of adoption are identified and states with high and low adoption rates are categorized, analyzed, and discussed. The patterns reveal which states are most likely to support lasting or short lived legal, peer, and stakeholder benefits for sustainable business.

Keywords: B Corps; benefit corporations; certification; incorporation; sustainable business

INTRODUCTION

Business has often been accused of being a driver of social and environmental ills including economic fraud, pollution, social injustice, climate change, and human rights abuse. At the same time, some businesses are raising their voices to insist business can be part of the solution to these same problems. Greyston Bakery, for example, tackles social problems including homelessness and recidivism through its open hiring practice. According to Hartel (2018, July 6), they employ “individuals regardless of education, work history or social barriers — namely language skills, previous incarceration or homelessness.” Mike Brady, CEO of Greyston, touts the benefits of this practice:

[It] gives people an opportunity to change their lives that might otherwise not work — the opportunity to experience the dignity of work is really a benefit that many of us take for granted. Not everyone in our country is able to find work or contribute to the economy (Hartel, 2018).

While the benefits to stakeholders, including employees and the community, are clear, less understood is the benefits that organizations secure from practicing sustainable forms of business.

Over the last twenty years there has been a rise in formal mechanisms that allow organizations to standardize and report ethical practices and social or environmental responsibilities. Some examples of these mechanisms include LEED Certification, Fair Trade Certification, the Global Reporting Initiative, ISO Standards, Fair Labor Association standards, certified B Corps, and Benefit Corporations (see, e.g. Aravind and Christmann, 2011; Gilbert and Rasche 2007; Murray 2015). These mechanisms are ways for organizations to signal to stakeholders that they are committed to values that promote social and/or environmental wellbeing. These businesses are often called...
sustainable business, ones that pursue long term goals of success in business and create lasting solutions for the wellbeing of our planet. According to Savitz (2013), “a sustainable corporation is one that creates profit for its shareholders while protecting the environment and improving the lives of those with whom it interacts” (p. x). In this paper, I will analyze B Corps and Benefit Corporations as two forms of sustainable business. I will investigate three types of benefits that sustainable businesses are likely to secure and analyze patterns of adoption. These patterns will reveal which states are most likely to support lasting or short lived legal, peer, and stakeholder benefits for sustainable business.

**BENEFITS OF ADOPTING SUSTAINABLE BUSINESS FORMS**

Organizations are compelled to adopt different business forms based on the attractiveness of that form and its ability to protect a firm’s business mission. In this paper, I review three types of benefits for sustainable business forms: legal, peer network, and stakeholder, in order to analyze what might compel organizations to adopt B Corps or Benefit Corporation forms.

**Legal Benefits for Sustainable Business Forms**

Shareholder wealth maximization is understood as the driver of business success and businesses that seek other goals can feel threatened (Stout, 2012). According to Kelly (2003: 11), “It was April 11, 2000 when the legacy problem burst into view. That was the day the Ben & Jerry’s board was forced by law to sell the premier socially oriented firm in America to multinational Unilever against the wishes of CEO Ben Cohen. . . It’s been a wakeup call in socially responsible business circles where preventing mission loss when a company changes hands has become the problem of the hour.” Without legal protections in place to institutionalize other mission-driven goals, organizations can feel that their social mission is at risk. The challenge, then, becomes finding ways to create long lasting solutions and structures that will secure social and environmental goals. Benefit Corporations protect corporate missions that focus on social or environmental welfare. Benefit Corporation incorporation gives organizations the legal protection to consider stakeholders other than solely the shareholder or owners of the firm. In an interview in 2012, B Lab co-founder Jay Coen Gilbert, said the threat the shareholder primacy view “led us to design a legal structure to better meet the needs of these entrepreneurs who want to make money, but also make a difference. If you want to do both, unfortunately, current corporate law isn't super supportive of that double intention” (Clifford, 2012).

**Peer Network Benefits for Sustainable Business Forms**

Organizational peers can act as examples of best practices and serve as models for organizations that plan to adopt a new practice or policy. Several studies suggest that organizations imitate organizational practices that they perceive to be successful (see, e.g. Budros, 2004; Tolbert and Zucker 1983). They can do this without fully understanding whether the practice contributes to the success of the firm. Through organizational alliances, industry groups, organizational coalitions, and other business networks, organizations often copy the practices of other businesses. Benefit forms are two examples of organizational practices that could be adopted through mimicry. Mimicry is used among organizational peers to signal legitimacy and show that organizations have established
best practices. This can facilitate resource flows including investment dollars, supplier relationships, and organizational partnerships.

**Stakeholder Benefits for Sustainable Business Forms**

Research suggests that certification and other forms of observable social responsibility can signal legitimacy to stakeholders including consumers, employees, and investors. B Corps certification may be a way for organizations to realize tangible benefits including risk mitigation, improved brand reputation, facilitation of resource networks, employee recruitment and retention, and the ability to charge premiums for products (Bottega and De Freitas 2009; De Magistris, Del Giudice, and Verneau, 2015; Rao, 1994). B Corps certification offers a visible stamp that the organization can use to brand itself as socially responsible. This stamp can serve to validate a business’ social and environmental commitment. In a 2015 Nielsen consumer survey, over fifty percent of global respondents indicated they were willing to pay more for products that were environmentally or socially responsible (The Nielsen Company, 2015). Internal stakeholders are even more likely to be aware that the business has adopted a benefit form. Several studies, for example, have shown the benefits of adopting social responsibility in order to attract, motivate, and retain employees (Aguinis and Glavas, 2017; Ng, Yam, and Aguinis, 2019; Rupp, Shao, Skarlicki, Paddock, Kim, Nadisic, 2018).

**DATA AND METHODS**

In this article I use data on B Corps and Benefit Corporations for the period 2007-2016. The data consist of 4686 Benefit Corporations and 837 B Corps in thirty-four of the United States. For the purposes of this article B Corps and Benefit Corporations in the District of Columbia were excluded from analysis. Currently only thirty-four of the United States have legal options for Benefit Corporations. In order to compare the rates of incorporation and certification in each state I only included states where there was a legal option for incorporation. In addition, I took into account the year that legal status became available. The data from B Corps was gathered from the website and available materials published by B Lab, the nonprofit that certifies B Corps. This data was accessed in early 2017. The data from Benefit Corporations was accessed from the data.world website an open platform that provides “a modern catalog for data and analysis.” (Benefit Corporations List, 2017). This dataset provides a list of known Benefit Corporations to B Lab as of March 2017. The data was derived from Secretary of State offices for each state. For the majority of the article, I focus on the first twenty-five states that legalized the Benefit Corporation. The first state to do so was Maryland in 2010 and the last state, Wisconsin, passed legislation in 2018. The twenty-five states who were first to legalize Benefit Corporations can be seen in Table 1 below.

<table>
<thead>
<tr>
<th>STATE</th>
<th>LEGAL STATUS</th>
<th># B Corps</th>
<th>% Certified</th>
<th>B Corps Per 100,000*</th>
<th># Benefit Corps</th>
<th>% Incorp.</th>
<th>Benefit Corps Per 100,000*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maryland</td>
<td>10/1/2010</td>
<td>7</td>
<td>0.84</td>
<td>5.28</td>
<td>112</td>
<td>2.40</td>
<td>1.80</td>
</tr>
<tr>
<td>Vermont</td>
<td>7/1/2011</td>
<td>28</td>
<td>3.35</td>
<td>11.22</td>
<td>30</td>
<td>0.60</td>
<td>0.26</td>
</tr>
<tr>
<td>Virginia</td>
<td>7/1/2011</td>
<td>21</td>
<td>2.51</td>
<td>10.40</td>
<td>48</td>
<td>1.00</td>
<td>0.51</td>
</tr>
<tr>
<td>Hawaii</td>
<td>7/8/2011</td>
<td>6</td>
<td>0.72</td>
<td>18.65</td>
<td>15</td>
<td>0.30</td>
<td>0.99</td>
</tr>
</tbody>
</table>
ANALYSIS OF B CORP AND BENEFIT CORPORATION DYNAMICS

Based on an analysis of certification and incorporation rates by state I have identified four categories which highlight the dynamics of high and low certification and incorporation form adoption. As seen in Table 1, Oregon and Colorado have both high rates of certification and incorporation. Louisiana and South Carolina have low rates of each, and Delaware and Nevada have high rates of incorporation and low rates of certification. Finally, there are no states that represent the category of high certification and low incorporation. I discuss each of these four categories below by talking about potential benefits of adopting each form in relation to the legal environment, the peer network environment, and the stakeholder environment.
The corporate environments in Oregon and Colorado support both B Corps certification and Benefit Corporation incorporation. In these two states there are high rates of both certification and incorporation. Oregon and Colorado have the highest rates of certification when standardized by private establishment data. They each have about eight percent of certifications in all fifty states. Together these two states host over 16% of all certified B Corps. The two states also have high levels of Benefit Corporations. Oregon has the highest percentage of Benefit Corporations (27.5%) and Colorado the fourth highest (11.0%) (see Table 1).

Legal benefits for benefit forms. The legal benefits in Oregon and Colorado are strong. If we look at Benefit Corporations, we find that Oregon and Colorado were midway among states to offer a legal option. Of the thirty-four states that have legalized the Benefit Corporation, Oregon was the sixteenth state in January of 2014 and Colorado the seventeenth state in April of 2014 (see Table 1). Coming later in the establishment of Benefit Corporation legislation allowed both Oregon and Colorado to improve upon previous Benefit Corporation legislation and provide strong legal protections for organizations with social and environmental missions.

Peer network benefits for benefit forms. Peer network benefits are strong in Oregon and Colorado. When we look at peer adoption of B Corps, early adoption of B Corps certification seems to spur later adoption. Only eight of the twenty-five states analyzed here had B Corps in the first two years. I call these B Corps the early adopters. Colorado and Oregon were among the eight states that had early adopters along with Vermont, Virginia, Massachusetts, New York, Pennsylvania, and California. All of these eight states ended up being categorized as high certification states for the period 2007-2016 (see Table 1). Both Oregon and Colorado have established B Local associations to support B Corps in their regions. According to B Local PDX, the Oregon association, “We’re a community that helps businesspeople act on their purpose to achieve socio-economic and environmental impact through meaningful relationships. We work to provide certification support for aspiring and existing B Corps, connections for growth opportunities, and collaboration around social & environmental impact” (B Local PDX). B Local associations host networking events, happy hours, and community service opportunities. These events serve to bring together the B Corps...
community, including aspiring B Corps and Benefit Corporations, to further the goals of creating businesses that contribute to social and environmental wellbeing.

Stakeholder benefits for benefit forms. Stakeholder benefits are strong in Oregon and Colorado. Oregon and Colorado have the highest number of certified B Corps when standardized by private establishment (see Table 1). This means that in these states the number of B Corps is the densest of any state in the country. The visibility of the B Corps label, therefore, is likely stronger in these states. Furthermore, Oregon has the second highest concentration of Benefit Corporations of the thirty-four states with legal status (see Table 1). The desire among millennials to engage in meaningful work experiences is rising often leading them to early positions in nonprofit organizations. B Corps and Benefit Corporations offer an alternative, a mission driven work environment that helps to attract and retain employees. According to Forstag, who writes about the B Corps community in Oregon, “Part of the B Corp certification process focuses how the business supports its workers. Companies that achieve certification have demonstrated a commitment to building a healthy, sustainable, and engaging working environment for all employees” (Forstag, 2020). The stakeholder benefits are strong in states that have high rates of both certified B Corps and Benefit Corporations.

Benefits of Incorporation without Certifying: Dynamics in Low High States

Delaware and Nevada have unique corporate environments that promote high levels of incorporation, but low levels of certification. Delaware has 11% of the Benefit Corporations and Nevada has almost 21%. Together these states host 32% of all the Benefit Corporations among the thirty-four states with a legal option. In addition, Delaware has over 1200 Benefit Corporations per 100,000 corporations and Nevada has about 800. They are among the top three for all Benefit Corporations for all data points, with Oregon also reporting high levels of Benefit Corporations (see Table 1). The high rate of Benefit Corporations is expected in these two states as the states are known for encouraging all types of incorporation (Heminway, 2016). When we look at certification rates in these two states, we find that while they have high rates of incorporation there were no B Corps certified in these two states between 2007 and 2016.

Legal benefits for benefit forms. Delaware is the site of much of the discussion on the limits of corporate law. According to Heminway (2016), “The Delaware Court of Chancery opinion in eBay Domestic Holdings, Inc. v. Newmark, 16 A.3d 1, 35 (Del. Ch. 2010), is widely cited as a reason and catalyst for Benefit Corporation statutes” (p.613, n.8). The eBay v. Newmark case reinforced the principle that business exists to maximize shareholder wealth and has been interpreted to limit the ability of for-profit businesses to pursue social or environmental goals. As most of the incorporations of business rest in Delaware and Nevada the protection of social or environmental missions became imperative. The benefits of a legal statute to secure the right of for-profit businesses to pursue priorities other than wealth maximization were heightened in these states. The adoption of Benefit Corporation legislation in 2013 and 2014 by Delaware and Nevada established an option for legal protection of social and environmental mission in these highly incorporated states.

Peer network benefits for benefit forms. Between 2007 and 2016 Delaware and Nevada had no B Corps. The peer network benefits for B Corps were absent. Peer network benefits might exist for
Benefit Corporations in these states. However, no established community exists for Benefit Corporations. Local networks have arisen in many regions to support B Corps (not Benefit Corporations), and B Lab currently supports these. Benefit Corporation incorporation is a legal category and has no clear peer networking groups in these states.

Stakeholder benefits for benefit forms. The high incidence of Benefit Corporations but absence of B Corps in Delaware and Nevada limits the benefits that can be realized for benefit forms in these states. The Benefit Corporation form is less visible than the B Corps to external stakeholders of the firm. While the B Corps label is a visible signal to external stakeholders, no similar, standard signal exists for Benefit Corporations. The benefits to internal stakeholders (employees, management, investors) likely remains for Benefit Corporations. As mission focused organizations these mission-based imperatives are likely communicated to stakeholders inside the firm. Recent surveys suggest that millennials are more likely to be interested in future employers’ social responsibilities. They may research a company’s values during a job search and corporate social responsibility can be used to attract and retain employees (see, e.g. Peretz, 2017).

Limited Benefits for Incorporation and Certification: Dynamics in Low Low States

While it is unclear why benefit forms have not caught on in some states, Louisiana and South Carolina may provide some clues as to why their corporate environments do not foster B Corps and Benefit Corporations. The data gathered for this article show that between 2007 and 2016 Louisiana and South Carolina had fewer than one percent of B Corps and Benefit Corporations with only one and two B Corps and eight and fifteen Benefit Corporations.

Legal benefits for benefit forms. The legislation for Benefit Corporations occurred early for Louisiana and South Carolina in 2012 only two years after Maryland became the first state with a legal statute. Despite the early availability of legal protection in the states only twenty-three organizations were incorporated as of 2016. Future organizations that wish to pursue social or environmental missions do have the legal protection in place.

Peer network benefits for benefit forms. There are very limited peer network benefits in Louisiana and South Carolina due to the lack of B Corps and Benefit Corporations. In order for peer networks to exist there must be organizational peers who have adopted the forms. As mentioned above, the peer network is stronger in the case of B Corps, and Louisiana and South Carolina had only one and two of these organizations in the state.

Stakeholder benefits for benefit forms. While internal stakeholder benefits exist for the few organizations that have adopted benefit forms in these states (Louisiana had nine Benefit Corporation forms and South Carolina seventeen), external benefits associated with the visibility of the B Corps label are absent. Only one organization in Louisiana had the B Corps label and two organizations held the label in South Carolina.

Benefits of Certifying but not Incorporating: Dynamics in High Low States
Among the first twenty-five states to offer a legal option for the Benefit Corporation, there are no states that represent the category of having high certification but low incorporation. I discuss the likely reasons for this absence in the discussion below.

DISCUSSION

The analysis in this article reveals the dynamics of B Corps certification and Benefit Corporation incorporation between 2007 and 2016. By looking at the cases of high and low rates of benefit forms we can see the variation in adoption by state. A closer investigation of four categories of states reveals potential benefits for the adoption in the areas of legal, peer, and stakeholder benefits. While there are many benefits associated with the adoption of benefit forms, the state context clearly shapes which types of benefit forms are more or less popular. The prevalence of the form in the state suggests that the benefits are not equally understood and realized from state to state.

What these categories reinforce is that B Corps certification is closely tied to Benefit Corporation incorporation. For cases with high rates of both certification and incorporation (Oregon and Colorado), cases with low rates of both certification and incorporation (Louisiana and South Carolina) we can find a strong connection between certification and incorporation. Upon closer inspection, this connection is clear. The nonprofit B Lab that certifies B Corps requires future Benefit Corporation incorporation. According to one of the three founders of B Lab, Bart Houlahan, “It’s not enough just to demonstrate that you have the highest standards of social and environmental performance as indicated by the impact assessment. . . We require all certified B Corporations to also change their governance so the mission of the business can withstand new money, new management, even new ownership” (Puro, 2018). Whether or not the requirement to incorporate is enforced by B Lab is less clear. Yet, for states with high rates of certification it is likely that we will also see high rates of Benefit Incorporation as these two benefit forms are closely tied.

Interestingly, this study also highlights the lack of connection between Benefit Corporation incorporation and B Corps Certification. Our states with high rates of incorporation, but low rates of certification (Nevada and Delaware) show that organizations become incorporated at high rates but do not always pursue certification. The missing case of high certification and low incorporation further supports the lack of connection between Benefit Corporations and B Corps. If we look at the top ten high certification states (see Table 1), none of these states also have low rates of Benefit Corporations. Because B Corps are strongly encouraged to also incorporate it is unlikely to have high rates of certification with low rates of incorporation. On the flip side, however, there is no similar demand for Benefit Corporations to also become certified.

According to Puro (2018) the costs of certification can be high. She reports on an organization that eschews its B Corps label due to some of these high costs:

Coffee Enterprises in Vermont certified as a B Corp in 2013. In 2015, owner Dan Cox decided not to recertify, in part because the company had shifted its focus from producing products to providing consulting and quality testing services, but also because Cox found some of the assessment questions too intrusive. As an example, he cites one question asking if any employees live in low-income areas.
The high costs of certification in time, money, and energy, may lead organizations not to pursue this form, or, as in the case of Coffee Enterprises, to drop out. Also, the fact that there are at least four-fold the amount of Benefit Corporations in comparison to B Corps (for 2007-2016 4686 Benefit Corporations and 837 B Corps) highlights the ability of organizations to pursue Benefit Corporation incorporation without B Corps Certification. Some scholars suggest the number of Benefit Corporations have been inflated due to reporting errors and inconsistencies in organizational forms (see, e.g., Heminway, 2016; Murray, 2015). The data is clear, however, that the number of Benefit Corporations surpasses the number of B Corps. This implies there are unique costs to certification that may not exist for incorporation.

In addition to the potentially high costs of certification, the benefits, especially in the peer and stakeholder area may not be unique. As the discussion above shows, peer network benefits are strong for B Corps certified organizations. These peer network benefits may not be unique, however. A plethora of organizational certifications exist from LEED Certification to Fair Trade Certification, and many peer networking organizations operate including chambers of commerce, industry associations, and entrepreneurial groups to support businesses. Internal stakeholder benefits, the main driver of stakeholder benefits discussed in this article, also are present for other types of mission driven organizations. The employee-owned business (ESOP) is one example of an organizational form that may send similar signals to its employees about its dedication to its employees and the community.

CONCLUSIONS AND IMPLICATIONS FOR MANAGEMENT

Understanding the benefits of the B Corp and the Benefit Corporation is critical for organizations that have a social or environmental mission. Leaders must look at the legal risks and protections available to them in the state where they operate and are incorporated. The B Corps and, more likely, the Benefit Corporation can provide legal protections for organizations who wish to protect their social and environmental goals. Additionally, my analysis has shown that peer network benefits vary from state to state in terms of benefit forms. Organizations that wish to be a part of these peer networks or benefit from the relationships these networks provide should be aware that these networks are not equally as strong in each state. The peer network benefits are higher in those states with a stronger concentration of B Corps. Finally, when making the decision whether or not to pursue the adoption of a benefit form, organizations may consider the benefits that could come from stakeholder awareness of the B Corp and the Benefit Corporation. If a visible signal is important to the organization, becoming a certified B Corps may be more valuable than incorporating as a Benefit Incorporation. Again, here, it is important to understand the context in the state where the business operates. If there is a lack of B Corps, as is the case with Louisiana and South Carolina, this signal may not be as strong as in states like Oregon and Colorado with high rates of certification.

This article does not address the costs of adopting benefit forms. Considerable benefits exist; however, the costs must be considered as well. These costs can include the sacrifice of resources to the certification and incorporation process, material costs of certification and incorporation, costs of producing annual reports, and the costs of securing stakeholder buy in. Certification, in particular, can be very costly for the firm in terms of time, energy, and capital. Future research should investigate the costs associated with benefit forms and whether these costs outweigh the benefits.
Ultimately, businesses must assess the potential benefits for adopting benefit forms before pursuing their adoption. This article has highlighted the potential benefits that exist in the area of legal, peer, and stakeholder benefits. These benefits may compel organizations to adopt sustainable business forms, but the strength of these benefits differ based on an organization’s location within the United States. Business leaders should weigh these benefits while keeping in mind the local and state context within which they do business.

REFERENCES


MD. CODE ANN., CORPS. & ASS’NS tit. 5, subtit. 6C (LexisNexis Supp. 2010).


Savitz, Andrew. 2013. The triple bottom line: how today’s best-run companies are achieving economic, social and environmental success—and how you can too. John Wiley & Sons: p. x.

Inventing Regenerative Sustainability: Theoretically, Empirically, Practically

Saeed Rahman
Saeed Rahman: Saeed.Rahman@ufv.ca * 011-01-604-557-4083 * University of the Fraser Valley, Abbotsford, BC, Canada

Stefano Pogutz
Stefano Pogutz: stefano.pogutz@unibocconi.it * 011-39-02-5836-5412 * Universita Bocconi, Milan, Italy

Monika Winn
Monika Winn: miwinn@uvic.ca * 011-01-250-472-2219 * University of Victoria, Victoria, BC, Canada

Category: Sustainability & Sustainable Development
Focused on Theme: Yes

Abstract: Despite growing engagement by business practitioners in regenerative sustainability, there is little research into what factors contribute to its successful implementation. This paper offers first steps to close that gap. It examines theoretical foundations of and proposes empirical research for studying such innovative business practices. Our literature review draws on research in natural sciences, organization and management studies, corporate sustainability, and business strategy to theoretically (1) define regenerative sustainability, (2) explore how adopting principles of regeneration can help firms achieve “true business sustainability” (Dyllick & Muff, 2016: 163), and (3) assess potential benefits, obstacles, and enablers of such radically different business models. We then propose an in-depth interpretive case study methodology to empirically investigate the phenomenon of interest, namely how proactive firms effectively enact regenerative sustainability principles. The paper closes with potential implications of the proposed study for management theory and practice and offers ideas for future research.

Keywords: regenerative sustainability; regenerative agriculture; social-ecological systems; cross-sector partnerships; business models

INTRODUCTION

Yvon Chouinard, founder of US-based apparel manufacturer Patagonia, suggests that "the number one thing humans can do to combat global warming" is to shift towards regenerative agriculture (Feloni, 2019). To that end, Patagonia and a number of partners – the Rodale Institute (a research institution that pioneered the organic-food movement in the U.S.), Dr. Bronner's soaps, Wild Farm Alliance, National Science Foundation and Nature's Path Foods – recently formed the Regenerative Organic Alliance. Its purpose is to promote practices, standards, and principles of regenerative agriculture.

It is one of a growing number of powerful initiatives indicating that a new concept of sustainability, namely regenerative sustainability, is emerging as an important alternative to the established discourse on sustainability. Indeed, the very meaning of sustainability appears to be transitioning from its narrow focus on minimizing businesses’ negative impact (Zhang et al., 2015; Du Plessis & Cole, 2011) to the
far more challenging and ambitious search for how firms “can create a significant positive impact in critical and relevant areas for society and the planet” (Dyllick & Muff, 2016: 166 - 67). Indeed, early studies of practitioners engaging in regenerative approaches to sustainability show that changed business practices can improve soil fertility and increase production yields (Cole, Oliver, & Robinson, 2013; Robinson & Cole, 2015), while protecting biodiversity and the overall health of interconnected social-ecological systems (Rahman, 2019).

Actively practicing regenerative principles, however, calls for developing a fundamentally new sustainability mindset. It also requires that firms work together with multiple stakeholders to build a deeper knowledge of how natural ecosystems work, even as they acquire new skills and capacities for collaborating. The resulting knowledge, once it becomes embedded in sustainability thinking and action throughout the organization and beyond, can create new and economically successful business models, strengthen biodiversity, and restore and regenerate ecosystems.

A number of recent initiatives show that businesses adopting the principle of regeneration tend to involve the local community and other like-minded organizations in achieving sustainability goals and targets. We offer several examples. General Mills – one of the largest food companies in the U.S. – partnered with the Nature Conservancy, Soil Health Institute, the Soil Health Partnership and the National Wheat Foundation to support research and develop innovative tools and resources for farmers and other supply chain actors in order to achieve widespread adoption of regenerative soil health practices (Anzilotti, 2019). Similarly pushing beyond traditional organizational boundaries, such well-known brands as Annie’s, Alter Eco chocolate, White Leaf Provisions, Barilla and Danone have been partnering with farmers, research- and environmental non-profits, and community stakeholders to scale up regenerative food production systems and to incorporate regeneration-oriented sustainability principles and practices into their own products, processes, policies, and procedures (see Pogutz & Winn, 2016).

These examples of collaborative efforts suggest a substantial shift in the way leading businesses go beyond established, conventional views of sustainability (Bansal & Song, 2017). They are developing a far more advanced sustainability mindset based on bolder principles and on actively aiming to regenerate entire social-ecological systems within which they are embedded (Zhang et al., 2015; Slawinski et al., 2019). Taking a radically different and decidedly proactive corporate approach toward producing food, addressing climate change, and progressively improving ecosystems health (Landrum & Obsowski, 2018), these businesses actively engage with farmers, communities, and other stakeholders to make a meaningful, positive impact on nature and society.

The dramatic changes and promising innovations in the practices of such proactive businesses, however, are yet to be studied more extensively in organization and management theory. The current lack of attention to such ‘regenerative’ thinking and practice represents a significant opportunity for business and society scholars to contribute to a deeper understanding of critical social-ecological dynamics, and to leverage the resulting interdisciplinary knowledge into both theory and practice of business. In particular, we currently know very little about the processes, dynamics and challenges involved with how firms build the type of relationships with actors from multiple sectors that enable them to effectively explore, discover and subsequently enact principles of regenerative sustainability. The research proposed here is an attempt to address this critical question and begin to fill this gap.
This paper aims to lay the theoretical foundation for mapping the broader phenomenon, and for systematically developing the empirical groundwork to understand why firms aspire to move beyond established sustainability frameworks, how they work to integrate theoretical principles of regeneration into the core of their business practice, and what the resulting new business models can look like. These questions are closely interrelated, calling for a deeper understanding of how the building of non-traditional relationships enables the exploration, innovation, and development of new, collaborative, and regenerative business models.

**LITERATURE REVIEW**

To deepen our understanding of the research problem and begin to map specific research questions, we draw on research on the social-ecological systems (SESs) perspective (Milestad & Hadatsch, 2003), relational capacity in cross-sector collaborations (Murphy, Perrot, & Rivera-Santos, 2012) and worldviews of sustainability (Landrum & Ohowski, 2018; Du Plessis & Cole, 2011). Here it is critical to examine the underlying principles and motivations driving an organization to contribute to strengthening the capacity of the social-ecological system (Hahn et al., 2006; Milestad & Hadatsch, 2003) such that it can continue to “regenerate itself, thereby creating the conditions for a thriving and abundant future not only for the human species, but for all life” (Du Plessis & Brandon, 2015: 59) – the ‘why’. We also need to develop a theoretical understanding of the processes by which businesses can engage and motivate communities and other organizations in creating a shared understanding and building a collaborative process of mutual learning, knowledge sharing, and knowledge co-creation to strengthen joint capacity to successfully cope with complex challenges of sustainability – the ‘how’.

**Regenerative Sustainability: Theoretical Foundations of an Emergent Practice**

In order to introduce ‘regenerative’ principles to our understanding of sustainability, we draw on the perspective of social-ecological systems (SESs), also called the “coupled human-biophysical systems” (Dietz, Ostrom, & Stern, 2003: 1908), “the human-environment systems” (Ostrom, 2007: 15181), or “the combined systems of humans and nature” (Folke, Colding, & Berkes, 2003: 354). SESs are “nested, multilevel systems that provide essential services to society such as [the] supply of food, fiber, energy and drinking water” (Binder, Hinkel, Bots, & Pahl-Wostl, 2013: 2). Pioneered by Berkes and Folke (1998), the social-ecological systems perspective emphasizes “the integrated concept of humans in nature” (Folke et al., 2005: 443). In the SES view, social systems encompass all kinds of relationships and interactions between humans, communities, and all forms of institutions and organizations, including firms. Ecological systems (ecosystems) refer to the natural environment (Berkes & Folke, 1998). The SES view emphasizes a holistic understanding of human-nature interactions and interrelationships and the application of this knowledge to build regenerative capacities of systems (Gibbons, 2019). Regeneration in the context of SESs can be defined as the dynamic processes through which humans, their communities and institutions, other biotic systems, and local earth systems interact with and support each other to promote “positive, mutually reinforcing, enduring benefits to [both] human and ecological systems” (Robinson & Cole, 2015: 136). The principle of regeneration rests on the idea of creating or strengthening the capacity of humans and nature so that each can support the other in mutually beneficial ways.

The main goal of regenerative sustainability thus is to build or strengthen the capacity of a social-ecological system to “sustain[...] life-enhancing conditions” (Reed, 2007: 675). A regenerative
approach to sustainability requires an organization’s commitment to systems thinking and to developing a deep understanding of the interconnections within and between social and ecological systems at various scales (Du Plessis & Cole, 2011). While the focus of conventional sustainability practices is still predominantly “anthropocentric, aiming [primarily] for human wellbeing now [… ]” (Gibbons, 2020a: 2-3), regenerative sustainability is more about practices, actions and strategies that promote the health and well-being of all interconnected living systems (Gibbons et al., 2018). A regenerative approach to sustainability requires a transition “from the mechanistic to the ecological worldview, from the reductive management of the parts of the system, to the holistic engagement with the entire [social-ecological] system” (Hes & Rose, 2019: 16). This goes well beyond current dominant sustainability notions of merely maintaining a system’s capacity with a primary focus on increasing resource efficiency or – at worst – of simply reducing negative impact (Du Plessis & Brandon, 2015; Du Plessis & Cole, 2011). In other words, the key purpose of regenerative sustainability is to ensure that an organization’s sustainability efforts contribute to ensuring the well-being of the entire social-ecological system over time (Robinson & Cole, 2015; Du Plessis & Brandon, 2015).

Some recent work demonstrates how firms can engage and motivate communities and other stakeholders in creating a shared understanding and building a collaborative process of mutual learning, knowledge sharing, and knowledge co-creation to build collective capacity to cope with the complex challenges of sustainability successfully (see Landrum & Ohsowski, 2018). Rahman (2019) finds that certain businesses deliberately put more emphasis on regenerative approaches to sustainability for the very purpose of building ‘reciprocal relationships’ between business, nature and communities of people. His study examines how several agri-food companies adopt regenerative sustainability practices that generate direct and indirect benefits to both the surrounding ecosystems and to communities of people. In another study, Gibbons et al. (2018) illustrate how regenerative capacities helped a Mexican eco-resort to create healthier agro-ecosystems and enhance livelihood opportunities for local farmers. These exploratory studies highlight the critical importance for businesses to deeply engage, collaborate and form mutually beneficial relationships with the local community, practitioners, and other stakeholders in order to build regenerative capacities (Gibbons, 2020b).

In other recent work, Slawinski and colleagues (2019: 3) shed light on how a regenerative organization, embedded in a local social-ecological system, makes a deliberate attempt to “improve the communities and ecosystems in the places they operate while seeking to remain financially viable.” Although the study claims the organization’s contribution to social and ecological systems, it talks very little about the regenerative or restorative effect of the organizational initiatives on local ecological systems. Slawinski and colleagues (2019) argue that place is a critical element of the ‘regeneration’ construct; they do not, however, offer insights on how time or temporalities (e.g., short- vs. long-term impacts of climate change) (Bluedorn & Denhardt, 1988; Slawinski et al., 2017) impact the construct’s conceptualization by researchers or practitioners. Given that ecosystems are both temporally and spatially dynamic (Olsson & Folke, 2001; Winn & Pogutz, 2013; Bansal & Knox-Hayes, 2013), understanding place alone will not sufficiently capture the processes through which systems regenerate. We therefore argue that a fuller understanding of ‘the place’ requires in-depth knowledge of both temporal and spatial characteristics of the local social-ecological systems.

A study by van Hille and colleagues (2019) highlights how cross-sector partnerships between business and non-profit organizations can drive the development of a regenerative form of organizing where
partners incorporate regenerative characteristics of nature in their respective strategies for dealing with complex social or environmental issues. The authors argue that by applying a process of ‘learning by doing,’ organizations can achieve the desired transformation – namely a systemic change – towards sustainability. The study, however, offers no insights on how or at what point(s) in this transformative change process organizations get rid of existing and likely competing ideas about doing business. The organizational unlearning literature (see Nguyen, 2017; Zahra, Abdelgawad, & Tsang, 2011) suggests that as organizations transition from conventional to radically new or different ways of doing things, they intentionally discard “obsolete and misleading knowledge, [ideas, concepts, and practices]” (Hedberg, 1981: 3).

And finally, to achieve regenerative sustainability, organizations need to build an awareness of their constant interactions and interrelationships with other human systems and their interconnected ecosystems since “[…..] our communities and land are where we can learn about what makes life possible on a continuing basis” (Reed, 2007: 677).

Applying these insights here, research in management and organization studies has yet to spell out the intra- and inter-organizational factors and mechanisms through which firms can build regeneration-focused practices into their way of doing business. Inspired by pioneering organizational practices and recent works on regenerative sustainability touched on above, we propose that it is critical for firms to meaningfully engage and engage with a range of stakeholders including local producers, communities, governments, and a diverse range of organizations. In addition to such engagement with multiple community stakeholders, the consideration of time and space is often essential for businesses to “reorient [their strategic] thinking about issues such as sustainability and climate change within and across organizations” (Bansal, Reinecke, Suddaby & Langley, 2019: 2). This strategic orientation can in turn play a central role in building and implementing a locally responsive, place-based sustainability strategy (Slawinski et al., 2019) that is sensitive to local ecosystems. In doing so, firms can enhance their own sustainability performance, as well as contribute locally toward addressing and solving pressing economic, ecological, or social challenges like loss of biodiversity and lack of food security.

Such exploratory collaborative efforts, however, require the dedication of likely significant organizational resources toward building needed capabilities both within and between business and cross-sector organizations. Building such new relationships (and establishing the associated capabilities) is one critical component of successful experimentation and exploratory activities. In short, we argue that a better understanding of how firms build relationships with actors from multiple sectors that enable them to effectively explore, discover and subsequently enact principles of regenerative sustainability is critical for future research on and successful practices of enacting regenerative sustainability principles.

Next, we offer suggestions for suitable methodological approaches and research settings helpful to begin to address these broad questions.

**METHODOLOGICAL CONSIDERATIONS FOR FUTURE STUDIES**

As highlighted above, there is currently little research that describes, interprets, and explains the processes by which firms build and bridge social relations with producers, consumers, and other local actors in order to build joint capacity to successfully enact principles of regenerative sustainability. We argue that grounded research is appropriate for investigating such understudied organizational
phenomena (Yan & Gray, 1994). To study how firms build such critical relationships with actors from multiple sectors, we therefore propose an in-depth interpretive case study design (Eisenhardt, 1989; Yin, 2013; Yan & Gray, 1994), utilizing grounded theory methods (Gioia, Corley, & Hamilton, 2012; Strauss & Corbin, 1990).

The agriculture and agri-food sector, referred to as the most “fertile ground for innovation in conceptualizing human-nature relationships” (Moon, 2015: 15), is likely to offer an ideal empirical context in which to address the overarching research problem that motivates this paper. In the last few decades, organic farming – a system of food production that is considered to be more compatible with maintaining and restoring ecosystem health than conventional farming – has emerged as a potential solution to improving the production, food security and environmental performance of agriculture (Foley et al., 2011). It is argued that the practices of organic agriculture keenly reflect the fundamental principles of sustainable agriculture as they embody the goals of economic, ecological, and social vitality, and are “shaped by an understanding that humans and their natural environments in which they are embedded are an integrated whole” (Kroma, 2006: 8).

Organic production systems, furthermore, offer an appropriate research context to understand the complex bi-directional impact-dependence relationships between firms, ecosystems, and a wide range of stakeholders (Winn & Pogutz, 2013) operating at different social and ecological scales in multi-level institutions and organizations (Folke, 2006). As farmers and farms shift from conventional to more regenerative systems of production, they necessarily engage in processes of experimentation, thus creating “knowledge-based innovation” (Padel, 2001: 57), where they actively co-generate and co-innovative new and often radically different ways of doing things (Kroma, 2006).

We therefore expect that situating future research in the context of organic food production systems will offer insights into the dynamic processes firms use to collaborate with multiple stakeholders, as they seek to understand and adopt the principles of regenerative sustainability to their specific context. We further expect fruitful insights from research focusing on organizations that have a history of setting new industry standards for sustainable business practices, standards that protect or even restore ecosystems and biodiversity, while also contributing to improving the social conditions of the farmers and their communities.

**FUTURE RESEARCH**

Guided by the findings emerging from recent works on regenerative sustainability (see Robinson & Cole, 2015; Reed, 2007), we expect future in-depth studies to provide exciting insights into how organizations can further enhance the sustainability and contribute to sustainable development of systems. Some early studies focused on organic food producers offer encouraging, if preliminary, results. They suggest that organizations that take a more proactive and deliberate approach toward producing food and who engage and form partnerships with farmers and other community stakeholders, are more likely to deliver better social and economic performance. Such organization may also be more likely to engage in systems thinking, show an appreciation for nature and a willingness to attempt a continuous understanding of the interconnections within and between social and ecological systems at various scales – all of which might be crucial for aiming to progressively improve the health of interconnected ecosystems.
We have argued that – in order to build and successfully implement a locally responsive, place-based sustainability strategy that is sensitive to local ecosystems – organizations must meaningfully engage stakeholders like local producers, communities, government agencies and other like-minded organizations. Subject to confirmation from future studies, we suggest that firms can utilize such engagement and collaboration to enhance their economic and their sustainability performance by addressing local socio-environmental issues (e.g., loss of biodiversity; lack of food security).

Future research is needed to more specifically define and elaborate how firms can engage and motivate communities and other stakeholders to create a collaborative process of mutual learning, knowledge sharing, and knowledge co-creation to build joint capacity to successfully cope with complex challenges of sustainability. Transitioning to a more ecologically sustainable system of production is a long-term evolutionary process, one which requires that organizations access as many sources of new knowledge as possible to strengthen understanding of their relationship with biodiversity, the functioning of interconnected ecosystems and the associated sustainability opportunities. Future research can also provide a better understanding of the knowledge networks from which businesses can learn about and discover innovative and productive growing practices, as well as techniques and methods needed to produce good yields, improve soil health, and maintain important ecosystem functionality.

Other future studies might also fruitfully draw on several additional, potentially valuable streams of literature currently largely outside management studies, namely those (1) focusing specifically on knowledge linked to social-ecological interdependencies, and (2) focusing on the determinants of a system’s resilience.

In the following, we map a number of intriguing research questions for future research. Within the agriculture and agri-food context, how can ecological knowledge contribute to creating a viable food production system that can adapt to changing circumstances, be they climate, pests, economic, labor, and so on? How can firms like Unilever or General Mills protect or even enhance their supply of natural capital, protect the livelihoods of local communities, and deal with such massive sustainability challenges? What capabilities enable some companies to strengthen their positive impact on social-ecological systems? How can ecosystem management initiatives or biodiversity conservation strategies contribute to reducing the company’s negative impact on ecosystems? What capabilities do firms need to identify, engage, and partner with relevant stakeholders in seeking solutions? And finally, why are some companies better prepared than others to cope with ecological discontinuities, and what makes them so?

Research on currently emerging discoveries and practices in this exciting new field will likely offer promising and perhaps even radical new directions for empirical and theoretical research in sustainability and sustainable development, strategic management, and business & society scholarship. This paper aimed to contribute to generating insights in the deliberate and strategic process needed to generate a deeper understanding of how business organizations can play a critical role in i) promoting the wellbeing and resilience of the ecosystems, and ii) addressing and solving pressing economic, ecological, or social sustainability challenges facing humanity.
REFERENCES


Bansal, P., & Song, H.C. 2017. Similar but not the same: Differentiating corporate sustainability from corporate responsibility. *Academy of Management Annals, 11*(1), 105-149.


Corporate Social Responsibility as Legitimacy in the Oil and Gas Industry in Sub-Saharan Africa: A Longitudinal Analysis of CSR Initiatives and Stock Prices

Kimberly Reeve
Kimberly Reeve: kreeve@tkc.edu * 212 659 7296 * The King’s College, New York, NY, United States

Dami Kabiawu
Dami Kabiawu: dkabiawu@tkc.edu * 212 659 3619 * The King’s College, New York, NY, United States

Category: CSR & Performance
Focused on Theme: Yes

Abstract: The oil and gas industry is viewed as controversial because of its adverse impacts on the environment. This study draws on legitimacy theory to analyze how CSR factors (including GRI compliance, EITI membership, and internal and external factors of gender diversity on the board and management team, and spending on social projects in the host sub-Saharan countries,) correlate with an increase or decrease in stock prices from 2006 – 2019.

Keywords: corporate social responsibility; CSR; extractive industry; gender diversity

INTRODUCTION

The oil and gas industry has long been viewed as controversial because of its adverse impacts on the environment (Idemudia, 2009). When these corporations work in “resource-cursed” countries of sub-Saharan Africa (Gupta, 2017), there is an increasing need to demonstrate Corporate Social Responsibility (CSR) initiatives that convey responsibility and transparency (Kleizen, 2018). This, in effect, can create reputation and financial value for MNCs (Prakash, Sethi, Martell & Demir, 2016). Much of the extant literature has focused on the extractive industry in sub-Saharan Africa through single case studies. This study addresses two research questions: 1. Is there any correlation between the CSR activities of a MNC operating in the oil and gas industry in sub-Saharan Africa and stock prices? and 2. Has the extractive industry community developed norms around CSR expectations?

The research draws on legitimacy theory (Dowling & Pfeffer, 1975; Tilling, 2004) as a framework for analyzing the tactics of 12 publicly traded oil and gas exploration and extraction companies in the U.S. and Europe that have a working presence in sub-Saharan Africa. It analyzes how CSR factors such as GRI compliance, EITI membership, gender and minority diversity on the board and management team, and spending on social projects in the sub-Saharan countries in which the companies operate correlate with an increase or decrease in stock prices. Two separate studies were run as a part of this research. The first analyzed independent variables against the dependent change in stock price variable from 2006 – 2019. The second limited the dependent, variable to 2014-2019 and used monthly data instead to focus on stock return. This study contributes to CSR research by providing a longitudinal analysis of how disclosure affects stock price. The analysis also provides insights into how firms in the oil and gas industry deploy impression management tactics as a partial substitute for substantive action to close their legitimacy gaps. Findings indicate that some of the anticipated “norms” for the extractive industry, such as EITI membership and GRI compliance, have no statistical correlation to change in stock price over the sample period. In addition, the research demonstrates a moderate relationship between the
percentage of women on the board of directors and stock price return and a moderate relationship between supporting social causes in Africa and stock price return.

**LITERATURE REVIEW**

In sub-Saharan Africa, the number of companies operating in the extractive industries of mineral and petroleum extraction are booming (Campbell, 2012). This is due in part to the fact that sub-Saharan Africa is home to twenty of the most resource-rich nations in the world. However, the extractive industry continues to make a select few wealthy, and it has not resulted in economic development for most of its citizens (Ackah-Baidoo, 2012). The industry itself is constructed of foreign multi-national corporations (MNCs) that set up enclave-type camps that are largely isolated from the communities in which they operate (Hilson, 2012).

At the same time, however, there is an increased focus on good governance of these multi-nationals. As an example, the Extractive Industries Transparencies Initiative (EITI), launched in 2003, now includes 52 countries as members. From a stakeholder perspective, there is increasing pressure from MNCs to “do good” in some way to increase their legitimacy (de Bakker, Matten, Spence, & Wickert, 2020). Idemudia and Kwakyewah (2018) summarize the challenge for MNCs in the extractive industry: “the negative social and environmental externalities associated with their operation generate different forms of resistance that undermines their social licenses to operate” (p. 929). This leads some MNCs to develop CSR initiatives to increase their image to stakeholders, including shareholders and local communities, by demonstrating that their work is contributing to the welfare of society (Edi, 2020).

**Legitimacy Theory**

The concept of legitimacy is directly linked to the MNC’s foreign operations. Dowling and Pfeffer (1975) defined organizational legitimacy as the extent to which the social values associated with or implied by an organization’s activities are congruent with the norms of acceptable behavior in the greater social system in which they operate. Legitimacy is critical because it ensures the continuous flow of resources and the continued support of the organization’s stakeholders (Pfeffer & Salancik, 1978). Tilling (2004) posits that legitimacy theory is broken into two major classes: institutional legitimacy theory, which deals with how organizational structures such as capitalism have gained broad acceptance from society, and organizational legitimacy theory, a process in which an entity seeks approval from segments of society. Under the organizational theory, “legitimacy, just like money, is a resource a business requires in order to operate” (Tilling, 2004, p. 3). Within this context, a corporation seeks to increase their legitimacy by acting in accordance with the norms of the industry and stakeholders (Maignan & Ferrell, 2004). If a corporation’s legitimacy decreases, it could ultimately mean that the corporation is no longer allowed to operate. Stakeholders, including employees, investors, governments, non-profits, and the media, expect companies to be socially responsible, and MNCs can benefit from actions that can enhance their social licenses to operate (Symeou, Zyglidopoulos, & Williamson, 2017).

**Controversial Industries**

Industries, such as adult entertainment, gambling, tobacco, and alcohol, can be considered controversial if their products are viewed as sinful or have potentially undesirable social consequences (Cai, Jo, & Pan, 2012). Industries can also be controversial if there are industry-wide practices that somehow violate
stakeholder interests (Du & Vieira, Jr., 2012). The oil and gas industry is considered to be controversial because documented behavior includes widespread practices that harm the environment and the communities in which these corporations operate (Anaf, Baum, Fisher & London, 2019; Vincent & Yusuff, 2020). As a result, within the extractive industry, organizations favorably position the information they communicate to stakeholders to maintain the highest amount of legitimacy. An example of this is an annual report that highlights worker safety but does not mention oil spills that have resulted in significant environmental damage. This is particularly relevant as the firms in the extractive industry are at the forefront of ESG issues (Prakash, Martell & Demir, 2016).

CSR in Controversial Industries

This research uses the definition of CSR as voluntary activities that demonstrate “the inclusion of social and environmental concerns in business operations and interactions with stakeholders,” (Van Marrewijk, 2003, p. 102) and is also manifested in observable and measurable behavior (Kitzmuller & Shimshack, 2012). Existing literature suggests that oil companies are responding to negative media coverage by embracing CSR initiatives to counter negative public sentiments and build their reputational capital (Kleizen, 2018). Extant research largely indicates that CSR in the oil and gas industry is rhetoric that seeks to legitimize firms’ activities with their own employees or within the communities in which they operate (De Roeck & Delobbe, 2012). Aaron (2012) and Idemudia (2009) determined that social outreach and poverty reduction initiatives do not result in long-term positive effects. Other research has focused on the influence that meta-organizations, like OPEC, have on CSR initiatives for oil and gas corporations (Berkowitz, Bucheli & Dumez, 2017).

EITI

In 2002, responding to growing concern over ethical issues and alleged abuses by the extractive industry, western governments and NGO’s developed the Extractive Industries Transparency Initiative (EITI), which the World Bank endorsed and funded, to bring accountability to MNCs pursuing contracts through Africa (Hilson & Maconachie, 2008). EITI is voluntary, and while some countries, such as Nigeria, have legislated that MNCs follow EITI’s reporting, only 24 African countries are implementing EITI at any level (EITI, 2019). Research by Keblusek (2010) on the effects of Nigeria’s implementation of EITI indicates that there have been some positive, albeit marginal, improvements in the reduction of corruption by MNCs operating in Nigeria. While Berkowitz et al. (2017) cite the importance of EITI and other meta-organizations as a way to establish clear reporting rules and procedure, Sovacool and Andrews (2015) argue that transparency alone will do little to reduce corruption. Perhaps in response to the EITI, there has been an increase over the past two decades of extractive industries operating in sub-Saharan Africa investing in CSR activities such as providing funding for roads, health clinics, and wells that provide clean water (Ackah-Baidoo, 2012).

Stock Performance

Since the seminal work on portfolio theory by Markowitz (1952) and the subsequent work on the responsibility of the firm and its managers by Friedman (1962), researchers have sought to answer the question of whether shareholders value the firm’s corporate social responsibility beyond profit maximization. If they do, then firms’ shares should reflect this sentiment by generating positive returns (Ahmed, Abdullah & Ahmed, 2017). Existing literature on CSR initiatives and corporate performance
remains inconclusive. While some research has indicated a positive linkage between CSR and a firm’s financial performance (Antunovich & Laster, 2000), others indicate that this is an endogenously-determined result. That is, firms with more resources choose to invest in CSR rather than CSR being the actual cause of enhanced financial performance (Chang, Chen, & Shu, 2018). A growing body of research focuses on CSR and stock prices by focusing on the investment performance of ethical mutual funds (Rahman, Lee & Xiao, 2017). Previous research also indicates that CSR may be positively correlated with firm value, profitability, and reputation (Salama, Anderson & Tom, 2011). Researching other factors of CSR, such as the amount a corporation spent on social spending, proved to be difficult, as even the “big oil” companies posted no information or outdated information.

**METHODOLOGY**

This is a multiple case study, and the selection of companies was narrowed to publicly traded MNCs working in the oil and gas extractive industry with headquarters in the U.S. or Europe. Additionally, each MNC had to have an active presence in a country in sub-Saharan Africa. This yielded a data set of 28 corporations. We then refined the corporations to include only the 12 that had filed a GRI report by 2018. We focused on large, publicly traded corporations because they are more likely to have greater CSR engagement, and their GRI filing indicates their desire to proactively report on CSR initiatives (KPMG, 2018). Table 1 outlines the companies selected and their basic operational data.

**Table 1. Key Statistics of Companies Studied**

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Revenue 12/31/19 ($ million)</th>
<th>Net Income 12/31/19 ($ million)</th>
<th>Employees</th>
<th>Headquarters</th>
<th>Countries in sub-Saharan Africa with Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>BP</td>
<td>276,629,000</td>
<td>-3,273,000</td>
<td>72,500</td>
<td>London, United Kingdom</td>
<td>Angola, Mauritania, Senegal, South Africa</td>
</tr>
<tr>
<td>Canadian Natural Res.</td>
<td>22,123,000</td>
<td>3,173,000</td>
<td>10,180</td>
<td>Calgary, Canada</td>
<td>Cote d’Ivoire, South Africa</td>
</tr>
<tr>
<td>Chevron Corp</td>
<td>142,817,000</td>
<td>3,874,000</td>
<td>48,200</td>
<td>San Ramon, CA</td>
<td>Angola, Republic of the Congo, Nigeria</td>
</tr>
<tr>
<td>Eni S.P.A.</td>
<td>66,326,000</td>
<td>-3,873,000</td>
<td>32,053</td>
<td>Rome, Italy</td>
<td>South Africa</td>
</tr>
<tr>
<td>Exxon Mobil Corp</td>
<td>257,471,000</td>
<td>11,380,000</td>
<td>74,900</td>
<td>Irving, TX</td>
<td>Equatorial Guinea</td>
</tr>
<tr>
<td>Marathon Oil Corp</td>
<td>5,223,000</td>
<td>260,000</td>
<td>2,000</td>
<td>Houston, TX</td>
<td>Equatorial Guinea</td>
</tr>
<tr>
<td>Noble Energy Inc</td>
<td>4,406,000</td>
<td>-5,162,000</td>
<td>2,282</td>
<td>Houston, TX</td>
<td>Equatorial Guinea, Cameroon, Gabon</td>
</tr>
<tr>
<td>Royal Dutch Shell</td>
<td>327,403,000</td>
<td>9,817,000</td>
<td>83,000</td>
<td>The Hague, Netherlands</td>
<td>Mauritania, Senegal, Cote d’Ivoire</td>
</tr>
<tr>
<td>SASOL Limited</td>
<td>203,576,000</td>
<td>4,298,000</td>
<td>31,429</td>
<td>Sandton, South Africa</td>
<td>Gabon, Mozambique, South Africa</td>
</tr>
<tr>
<td>Equinor ASA Statoil ASA</td>
<td>53,512,000</td>
<td>-2,305,000</td>
<td>21,412</td>
<td>Stavanger, Norway</td>
<td>Angola, South Africa, Tanzania</td>
</tr>
<tr>
<td>Total</td>
<td>176,249,000</td>
<td>11,267,000</td>
<td>197,776</td>
<td>Courbevoie, France</td>
<td>Equatorial Guinea, Gabon</td>
</tr>
<tr>
<td>Vaalco</td>
<td>75,889</td>
<td>55,109</td>
<td>111</td>
<td>Houston, TX</td>
<td>Equatorial Guinea, Gabon</td>
</tr>
</tbody>
</table>

This led to the following research questions:

Is there any correlation between a MNC’s CSR activities and its stock prices?
What are the most prevalent types of CSR strategies, and has the extractive industry community developed norms around CS expectations?

Research on CRS initiatives was derived from a variety of sources, including information on the corporation’s website. This strategy is supported by a large body of prior research, as corporate websites are a primary outlet for stakeholder communication (Du et al., 2010). In this research, the dependent variable was the change in stock price from 2006 to 2016 and also from 1/1/2014 to 12/31/2019. The second date range was selected to provide longitudinal data. The study used month-over-month and cumulative annual returns for companies from 1/1/2014-12/31/2019 as the dependent variable.

Data was gathered from corporate websites, CompuStat, CRSP, Mergent Online, EITI membership, and GRI reports. Independent variables tested were split between measures of diversity (GRI 405), including percentage of women on the board of directors, percentage of women on the management team, percentage of people of color on the board of directors, percentage of people of color on the management team, and measures of social transparency and social cause, including EITI membership, GRI reporting and adherence, and support of social causes in the African countries in which the MNC operates. Independent variables were tested using a Pearson correlation analysis. EITI membership was determined by searching the 2016-2019 EITI Member Registry (EITI, 2019). A dummy variable, EITI membership, was then assigned a value of 1 to indicated membership, and 0 non-membership. To test GRI, a value of 0 was assigned to the variable “GRI membership” if no report was submitted to GRI, 1 was assigned if no report was submitted but the company’s annual report referenced GRI standards, 2 was assigned for those rated non-GRI (indicating that a report was filed but that it was not in the approved GRI format), and 3 was assigned for corporations that were in accordance with GRI reporting standards. Board membership and key managers were identified by searching Mergent Online and SEC filings for the years covered in this research. After the first analysis, the study was also expanded to include regression analysis of the gender variables.

DISCUSSION

As outlined in Table 2, there is little correlation between factors that indicate CSR and stock price. This supports prior research demonstrating the inconclusiveness of CSR initiatives (Kong, Antwi-Adjei & Bawuah, 2019). There is a strong relationship between percent of women on the management team and stock price return. This supports prior research on corporations in general that demonstrates that there can be a positive correlation between female leaders and the economic performance of companies (Nolan, Moran & Kotschwar, 2016).

The lack of correlation between stock price and percentage of non-Caucasians on the management team is interesting, as it may be a signal that companies are seeking legitimacy by having more people on their teams who are representative of the countries in which they operate. There is also no correlation between stock price and EITI membership. In 2015, Sovacool and Andrews suggested that EITI is not as effective as anticipated. This data supports that conclusion. However, GRI standards are not being fully embraced by the extractive industry, and a lack of correlation between GRI reporting and stock price indicates they may never be. Our findings support research that indicates that “sinful” corporations produce stand-alone CSR reports designed to detract from stigmatized activities (Grougiou, Dedoulis & Leventis, 2016).
Table 2. Correlation of Stock Price and Independent CSR Variable.

<table>
<thead>
<tr>
<th>Change in Stock Price and Independent Variable</th>
<th>Result</th>
<th>Strength of Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of women in management</td>
<td>0.65</td>
<td>Strong</td>
</tr>
<tr>
<td>Percent of women on board of directors</td>
<td>0.09</td>
<td>None</td>
</tr>
<tr>
<td>Percent of non-Caucasians in management</td>
<td>-0.09</td>
<td>None</td>
</tr>
<tr>
<td>Percent of non-Caucasians on board of directors*</td>
<td>0.03</td>
<td>None</td>
</tr>
<tr>
<td>EITI membership</td>
<td>-0.19</td>
<td>Weak</td>
</tr>
<tr>
<td>GRI reporting and adherence</td>
<td>-0.02</td>
<td>None</td>
</tr>
<tr>
<td>Supporting social causes an African country in which MNC operates</td>
<td>0.42</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

*n=12

Due to the small sample size and the lack of correlation on the independent variables, the research was expanded to include monthly stock changes and annualized returns and focused on the role of women in the companies being studied. A regression analysis was added to focus on the impact of women as directors and/or key managers in the MNCs.

The results of this second analysis are in Tables 3 and 4. In Table 3, we show the impact of female directors on the firm’s stock return. In the first column, we include our independent variable and a control variable for the size of the board of directors. The results show that the market rewards gender diversity. The result is statistically significant at the five percent level. In the second column, we include a dummy variable for the presence of board quotas in the MNC’s home country. In the third, fourth and fifth, we control for additional factors including volatility, using annualized standard deviation of the returns as its proxy, firm size as proxied by revenue, and return on assets calculated as the firm’s net income divided by its total assets. In Table 4, we run the same set of analysis but use manager information instead. Contrary to our initial results, we find no relationship between gender diversity in the management suite and stock return.

Table 3. Regression Analysis of Female Directors and Stock Prices.

<table>
<thead>
<tr>
<th>Percentage of female on the board,</th>
<th>0.617**</th>
<th>0.902**</th>
<th>0.599*</th>
<th>0.565*</th>
<th>0.622**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Log of the total number of directors,</td>
<td>-0.224</td>
<td>-0.300</td>
<td>-0.613***</td>
<td>-0.637**</td>
<td>-0.598**</td>
</tr>
<tr>
<td>Board gender quota (=1 of quota exists)</td>
<td>-0.126</td>
<td>-0.160**</td>
<td>-0.162**</td>
<td>-0.155**</td>
<td></td>
</tr>
<tr>
<td>Standard deviation of the returns,</td>
<td>-2.784*</td>
<td>-2.658</td>
<td>-2.514</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm size,</td>
<td>0.00719</td>
<td>-0.00200</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on Assets,</td>
<td>0.452***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Descriptive statistics, as outlined in Table 5, were used to measure the range of each variable being tested to construct norms for measures of diversity, transparency, and social cause support.

Table 4. Regression Analysis of Female Officers and Stock Prices.

<table>
<thead>
<tr>
<th></th>
<th>(1) Annual Return</th>
<th>(2) Annual Return</th>
<th>(3) Annual Return</th>
<th>(4) Annual Return</th>
<th>(5) Annual Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of female on the officers</td>
<td>0.0585 (0.255)</td>
<td>0.0633 (0.267)</td>
<td>0.249 (0.243)</td>
<td>0.258 (0.251)</td>
<td>0.275 (0.250)</td>
</tr>
<tr>
<td>Log of the total number of officers</td>
<td>-0.0296 (0.0492)</td>
<td>-0.0186 (0.0482)</td>
<td>-0.0343 (0.0478)</td>
<td>-0.0444 (0.0508)</td>
<td>-0.0426 (0.0528)</td>
</tr>
<tr>
<td>Log of the total number of directors</td>
<td>-0.0750 (0.209)</td>
<td>-0.487 (0.227)</td>
<td>-0.544 (0.245)</td>
<td>-0.521 (0.218)</td>
<td></td>
</tr>
<tr>
<td>Standard deviation of the returns</td>
<td>-3.204 (1.459)</td>
<td>-2.705 (2.015)</td>
<td>-2.616 (1.870)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm size</td>
<td>0.0204 (0.0366)</td>
<td>0.0140 (0.0331)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on Assets</td>
<td>0.445 (0.139)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of women in executive management</td>
<td>12.40%</td>
</tr>
<tr>
<td>Percentage of women on board of directors</td>
<td>33.87%</td>
</tr>
<tr>
<td>Percentage of non-Caucasians in executive management</td>
<td>6.19%</td>
</tr>
<tr>
<td>Percentage of non-Caucasian on board of directors</td>
<td>10.50%</td>
</tr>
<tr>
<td>EITI member</td>
<td>80.00%</td>
</tr>
<tr>
<td>GRI compliance (0 = no report from 2019 on file to 5 = full compliance with GRI standards]</td>
<td>3.25</td>
</tr>
</tbody>
</table>
This longitudinal analysis demonstrated that several variables, including EITI membership, GRI rating, and social spending within the African countries in which the company operates, had no correlation with a corporation’s financial performance. However, the percentage of women serving as board members had a strong correlation. The percentage of women serving as key managers had an inconclusive correlation, although it should be noted that the correlation was weak in the beginning years of the study and became stronger in later years, indicating that a study that includes 2020 data may result in correlation.

In general, this lack of correlation between independent CSR variables supports prior research that demonstrates inconclusiveness of CSR initiatives (Kong et al., 2019). The weak but possibly growing relationship between the percentage of women in management and stock price return potentially supports prior research on corporations in general that demonstrates that there can be a positive correlation between female leaders and the economic performance of companies (del Carmen Valls Martinez & Rambaud, 2019; Nolan et al., 2016). The results support prior research that there is little evidence to demonstrate that CSR initiatives beyond gender representation have improved the financial performance of corporations (Shazad & Sharfman, 2017).

There is a growing body of research on EITI, and it is interesting to note that while there was no statistical correlation between EITI membership and stock price return, the companies that did not have EITI membership have a smaller board of directors and management team (8 median directors compared to 12 for EITI MNCs; 6 median officers compared to 11) than corporations with EITI memberships. EITI companies also have more women on their Boards and as Officers (median of 4 female board members and 2 female officers compared with non-EITI medians of 2 board members and 1 officer). If EITI membership is viewed as a component of CSR reporting, these findings support existing research by Cabeza-Garcia, Fernandez-Gago, & Nieto, 2018.

Finally, legitimacy may increasingly be viewed through the lens of corporate governance and CSR disclosure (Rao & Tilt, 2016). Our research demonstrated that the MNC studied had color photos of their board members on their website. As outlined in our research, boards showed more diversity in gender and people of color than management teams and may be a way for MNCs to seek legitimacy.

CONCLUSION

As MNCs continue to increase their CSR efforts to attain legitimacy, external affiliations such as EITI membership should not be discounted. Additionally, since there is a correlation between stock performance and the percent of women on the board of directors as well as the percent of non-Caucasians in management, MNCs in the extractive industry should consider the importance of expanding representation of these two groups. MNCs should continue to weigh the benefit of GRI reporting and compliance with the opportunity to demonstrate transparency by increasing data available on their own websites. As the tension between doing good and looking good continues (Chun, Argandoña, & Choirat, & Siegel, 2019), MNCs in the extractive industry should ensure that “looking good” leads to actually doing good in the communities in which they operate.
This multiple case study research has several limitations, including the sample size and utilizing the variable of stock price as the sole indicator of success. Additional research can be conducted to add the impact of an environmental component as measured by oil spills and fines. Since the majority of women in management were in HR, additional research could study the correlation between women in management and stock price by analyzing the specific roles within the organization to determine if, for example, a woman in the CFO position impacts performance more than women in HR or other roles. Finally, the dataset could be expanded to include non-public MNCs as well as completing a comparative study that contrasts U.S. and European MNCs with African-owned corporations. Since Chinese and Indian MNCs are recently and increasingly operating in sub-Saharan Africa (Graham & Ovadia, 2019), the study could be expanded to include these newer corporations.

REFERENCES


Sustaining Cameroon’s Exotic Wood Species: A Case Study on Transmogrifying Suboptimal Product Aesthetics into Desired Aesthetics

Bryan M. Robinson
Bryan Robinson: bryan.robinson@mandela.ac.za * +27-78-655-7465 * Nelson Mandela University Business School, Port Elizabeth, South Africa

Bennett Cherry
Bennett Cherry: bcherry@csusm.edu * +1-760-750-4217 * California State University San Marcos, San Marcos, CA, USA

Catalin Ratiu
Catalin Ratiu: cratiu@csusm.edu * +1-760-750-4213 * California State University San Marcos, San Marcos, CA, USA

Category: Environmental Management & Regulation
Focused on Theme: Yes

Abstract: Bob Taylor of US based Taylor Guitars tells a story, on YouTube, of the felling of 10 endangered ebony trees in Cameroon to find one with jet-black ebony — the remaining nine were left to rot. The story continues: Bob Taylor decided to purchase all the ebony, even that regarded as b-grade ‘streaked-ebony’ and incorporate the wood in guitar fretboards. Taylor Guitars used social media to communicate the environmental rationale behind the incorporation of streaked-ebony in the fretboards, and in so doing, consumers were able to view the guitars from the perspective of environmental sustainability, and the aesthetic appeal and sound of the streaked-ebony was appreciated and well received. The initiative created a competitive advantage for the guitar manufacturer and contributed significantly to the sustainability of this endangered wood species.

Keywords: sustainability; endangered wood species; corporate storytelling; social media; suboptimal product aesthetics

INTRODUCTION

When, in a YouTube video, Bob Taylor of Taylor Guitars described the immense wastage of exotic and rare ebony — the wood used in producing the company’s world class guitars — and the resulting decision Bob Taylor made to utilize what had previously been regarded as b-grade ‘streaked-ebony’, the response by consumers and the general public ranged from pride in the moral stand Taylor had made, to derision of the quality of the newly-incorporated wood. For ebony used in classical instruments has always been jet-black in color, and the use of streaked-ebony — ebony with different color striations and spots — is aesthetically very different.

This paper describes the context of Cameroon and exotic wood species found in the country; the history of Taylor Guitars and the use of scarce ebony in their guitar fretboards; it considers the concept of ‘suboptimal’ product aesthetics; the use of social media to convey social impact messages; and then seeks to achieve the following research objectives:
To evaluate the effectiveness of social media to transmogrify suboptimal product aesthetics into desirable product attributes through the message of environmental sustainability.

To evaluate the implication of the decision by Taylor Guitar’s to incorporate ‘streaked-ebony’ into their guitars on their competitive advantage.

The paper concludes with an appraisal of the contribution that the decision made by Bob Taylor has on the plight of exotic wood species in Cameroon.

**DEFINITION: SUBOPTIMAL AESTHETICS**

The term “suboptimal aesthetic” has been used to describe visual features of a product that otherwise make the product appear, in form, to be of less quality than a similar product simply by nature of its appearance. From a sustainability standpoint, past research on suboptimal aesthetics has included the immense food waste resulting from “foods that consumers perceive as relatively undesirable as compared to otherwise similar foods” (Aschemann-Witzel, de Hooge, Amani, Bech-Larsen, and Oostindjer, 2015, pp. 6459-6460). We continue this line of research on sustainable consumption to include the wastage of ebony wood, another resource which varies in its aesthetics and, thus, varies in acceptance by consumers.

**CAMEROON AND EXOTIC WOOD SPECIES**

Although boasting an abundance of natural resources, including a range of exotic wood species, Cameroon is classified as a lower-middle income country and continues to be plagued by conflict and poor governance. Poverty is extreme with The World Bank (2019) indicating a poverty headcount ratio at 37.4% of the population (2014); a low GNI per capita of only $1370 (2017), and life expectancy at birth of a comparatively low 58 (2016).

While timber production can contribute to much needed socio-economic development, deforestation and the threat to biodiversity and endangered wood species is of particular concern in Cameroon. The World Resources Institute (2019) provides some insight in this regard. The 22 million hectares of forest is home to 9,000 plant species, 910 bird species, and 320 mammal species. Of this forest hectarage, 40% is under forest management for timber extraction, including 301 community-owned forests of over 1 million hectares that were established as an initiative to reduce poverty in those communities. Despite efforts for sustainable forest management, 3.3 million hectares have been decimated since 1990, and the community-owned forests have not had much success.

Managing the timber industry and preventing illegal logging of exotic tree species is an ongoing challenge. A study by Carodenuto and Ramcilovic-Suominen (2014) investigated the effectiveness of European Union’s Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, which involved Voluntary Participation Agreements (VPA) between the EU and timber producing countries, in mitigating illegal logging practices. It was found that the success of the Cameroon’s VPA was severely hampered by corruption, the informality of the domestic timber sector, non-sensitive timber demand, the technicalities of the VPA, the high cost of legality, and the lack of awareness. As a result, responsible logging activities remains a function of logging companies themselves being responsible, an example of
which is Taylor Guitars, who through their ‘The Ebony Project’ hope to protect the ebony species while contributing to socio-economic development in Cameroon.

**TAYLOR GUITARS, THE USE OF EXOTIC WOODS IN THEIR GUITARS, AND THEIR JOINT VENTURE IN CAMEROON**

Taylor Guitars started in a small shop in southern California in 1974 with a simple ambition by its two founders: build guitars that play well and sound well. Over the years, Taylor Guitars have found global success by embracing modern and innovative approaches to manufacturing, while not losing focus of the raw materials necessary to achieve these results. Taylor Guitars was an early adopter of the use of lasers, computer mills, and robotics in acoustic guitar production, while also developing proprietary tooling and machinery.

One need not understand all the elements of acoustic guitar production to appreciate that wood is the primary raw material. Taylor Guitars, while perhaps not a large multinational company, still has a significant impact on one particular natural resource, namely ebony, a key raw material used in the production of guitars. Taylor Guitars cemented its role in the supply of ebony, when in 2011 it entered into a joint venture that saw it become co-owner of an ebony sawmill in Cameroon. It has since initiated ‘The Ebony Project’ (2019), that describes their “environmentally sustainable model” for sourcing ebony in a “socially responsible” manner that also contributes to the well-being of its employees and communities at its mill in Cameroon.

While the purchase of the timber mill in Cameroon allowed Taylor Guitars to manage supply of ebony through efficient milling, research, replanting, and community replanting efforts, Bob Taylor quickly discovered the immense wastage of suboptimal, streaked ebony. To incorporate the streaked ebony in their guitars, a fundamental shift in consumer demand towards an appreciation for streaked ebony would be required.

Referring to Hamel and Prahalad (1991, 1994), Hart suggests that competing for markets of the future may depend on a firm’s ability “to envision sustainable technologies and products that do not as yet exist and to stake them out ahead of the competition” (Hart, 1994, p. 997). It may be contemplated that the introduction of streaked-ebony into the guitar fretboard was a product attribute that ‘did not exist’ and the sustainability rationale for its inclusion was not readily apparent to the consumer. Grant (2010) conveys this as a common challenge: “Sustainability is difficult in part because the consequences at issue are delayed and currently inapparent” (p. 16).

In making the decision that Bob Taylor made to incorporate the streaked-ebony, he was presenting the guitar buying community with an atypical product. While this decision may have been environmentally and socially responsible towards an endangered wood species sourced in an emerging economy, Taylor needed somehow to convince consumers that guitars with the streaked-ebony fretboards represented a more desirable purchase option — he had to create demand for these guitars with what may have been perceived as a suboptimal product attribute; in fact, he had to change what his customers wanted and desired.
EMPLOYING SOCIAL MEDIA TO CONVEY THE ENVIRONMENTAL MESSAGE

The YouTube video (Taylor, 2012) recounting Bob Taylor’s personal experience in seeing a forest littered with felled Ebony trees in Cameroon was likely the impetus for ongoing inquiry, interest, and discussion by the guitar-playing community. The video was an important and deliberate attempt by Taylor Guitars to use the power of corporate storytelling to not only highlight the scarcity and depletion of ebony worldwide, but also to explain the rationale behind the decision to incorporate streaked-ebony in their product offering. Bob Taylor appealed to the environmental sensitivity of the guitar-buying public, and in so doing, aimed to influence the appreciation of the aesthetics of streaked-ebony. In this way, Bob Taylor was bringing the delayed and inapparent (cf. Grant, 2010) to the minds of the consumer who may have initially discounted the suboptimal aesthetics of the streaked-ebony fretboards.

YouTube is increasingly being used by companies for marketing and public relationship exercises, and in turn, the public engages through the Comments section. “Comments are used for self-expression, providing emotional support, reminiscence, grieving and advice, as well as direct comments on the video itself” while “researchers are increasingly studying YouTube, in order to investigate user behavior, measure video popularity and harness content for marketing purposes” (Madden, Ruthven and McMenemy, 2013, pp. 694–695).

METHODOLOGY

The research design chosen to achieve the research objectives is that of a single case study of Taylor Guitars. A coded content analysis was adopted to analyze 200 YouTube comments for the “State of Ebony” video (Taylor, 2012) provided by the public on a video recording by Bob Taylor of Taylor Guitars, in which he described the company’s environmental stance on the wood supply for their musical instruments.

This content analysis followed the steps of pre-coding and inductively generating categories and codes (Babbie, 2016; Leech and Onwuegbuzie, 2007). In addition, past research on YouTube was considered in generating supporting categories and codes. For instance, Madden and colleagues (2013) identified several categories of YouTube comments, of which two are of particular interest to the Taylor Guitars’ YouTube Video, namely ‘opinions’ where commenters give their views, which are positive; negative; mixed; general; insult; complement; criticize; tribute or speculate, and ‘expression of personal feelings’ which can be general, positive or negative. Opinions offered and feelings expressed in the comments on the Taylor Guitars’ video were analyzed to determine the “points-of-view on the video” and “personal feelings or emotional responses to the video content” that commenters had towards the content of the video (Madden et al., 2013, pp. 706-707). The YouTube comments were further coded utilizing the computer-assisted qualitative data analysis software of Atlas.ti.

The findings will be described from the perspective of the two objectives of the research and are detailed below (the numbers indicate the number of comments in the findings):

1. THE EFFECTIVENESS OF SOCIAL MEDIA, THROUGH THE MESSAGE OF ENVIRONMENTAL SUSTAINABILITY, TO TRANSMOGRIFY SUBOPTIMAL PRODUCT AESTHETICS INTO DESIRABLE ATTRIBUTES.
The results indicate a significant positive perception towards the aesthetic appeal of the streaked-ebony (70): “quite stunning guitars”; “unique, and I think it’s beautiful”; “I have always preferred ebony with color variations. It’s called character”; “love the look of Ebony with mixed spots… I think the coloration gives it so much more personality”; “I personally love streaked-ebony”; “gorgeous brown swirls mixed in the grain. Definitely something unique”; and “Gorgeous warm brown streaking that looks like flames. Honestly I think it looks better than Jet black ebony”.

In addition, many comments reflected that the sound of the guitars was not compromised using the streaked-ebony, while some went so far as to suggest that the quality of the sound took priority (27): “sounds and looks beautiful”; “we want ebony for its hardness and its durability and its beauty”; “who cares what a guitar looks like? How it sounds is the only meaningful criteria. I buy mine blindfolded”; “as long as it holds up to the impact of playing, it should be just fine”; “Functionality is more important than having it all black”; “about the tone, not color”; “It should not make a difference in the sound of the guitar”; “I don’t think a true musician thinks about the color just the sound and feel of the wood”.

Those who didn’t like the wood were in the minority, referring to the streaked-ebony as “B-Grade ebony” (5), and being adamant that they would not purchase guitars with this wood (9): “I do not want, nor will I purchase, a guitar with striped ebony. No way”; “I just wouldn’t buy a guitar with a spotted/streaked fretboard or bridge. It doesn’t look cool or artsy – it looks SILLY”.

Some commenters declared that they would seek to buy older guitars with the solid black ebony rather than buying newer models of guitars with streaked-ebony. Two comments suggested that should the black ebony look be unappealing to the guitar owner, they could simply dye the wood black (2): “Black Ebony indeed is beautiful. However, it would be totally irresponsible of us as guitar makers and consumers not to accept the non-jet-black ebony for use in our instruments…I will miss the jet-black ebony, but I can stain the non-jet-black ebony black”.

The positive comments seem to confirm that the environmental orientation stance depicted in the YouTube video can reduce the resistance to suboptimal aesthetics. Powerful emotions were also evidenced in the You Tube comments, which allow for certain deductions to be made regarding the influence such emotions may have on consumer moralization and the intention to purchase decision. The relationship between personal values and emotions on purchase intentions, purchase validation, and the ‘buyers-remorse’ of not buying a Taylor Guitar, were evaluated and described below.

Many of the YouTube comments were quite emotional towards the issue of environmental sustainability (69) and the stand that Bob Taylor and Taylor Guitars have taken in this regard (88): “I’m deeply moved”; “made me cry”; “I love Taylor Guitars”; “Mr Bob Taylor, you Sir, have my deepest and most heartfelt respect”; “Wow Taylor—that made me get a little emotional”. More importantly, from a business model perspective, is the relationship these environmental values (55) and emotions had on the purchase validation (18) and how they could influence future purchase decisions in favor of a Taylor Guitar (32): “Even more proud to own a Taylor Guitar after this”; “I’m so thankful for his caring of our environment… makes me want to go out and purchase a Taylor Guitar”; “I was already thinking of buying a Taylor and due to the fact that Taylor have taken such a great environmental stance there is definitely more chance of me buying a Taylor”; “Keep being conscious of your wood sourcing and I will continue buying your guitars”; “I had been debating my next guitar purchase, and Taylor was high on
the list of desired guitars. Now my mind is made up. It will be a Taylor”. There were even two
commenters who regretted not buying a Taylor Guitar (2).

It seems clear that the values alignment of consumers with the environmental stance taken by Taylor
Guitars in the YouTube video, and the strong emotions they evoked, has had a profound and direct
impact on the change from the perception of streaked-ebony being regarded as suboptimal, towards the
stated position by many commenters that they would now purchase a Taylor Guitar.

2. THE IMPLICATION OF INCORPORATING ‘STREAKED-EBONY’ INTO THE
PRODUCT RANGE ON THE COMPETITIVE ADVANTAGE OF TAYLOR GUITARS

Bob Taylor’s commitment to environmental sustainability engendered a sense of pride towards the
company, towards the product, and especially towards the individual, Bob Taylor. While there was
strong support for the environmentally sustainable approach elucidated in the video (69), there were also
comments related to pride towards Taylor Guitars embracing their social responsibilities in the lesser-
developed nation of Cameroon (8) and the global impact of Bob Taylor’s decision (4): “I commend Bob
Taylor for actually speaking with the locals and taking an interest”; “To pay people a fair wage and act
responsibly toward the Earth is a twofold win”; “I’ll know it’s not from raping another country and
helping continue a low economic status for the workers”. There was also recognition that Taylor
Guitars’ decision could have an impact on the musical industry as a whole (8): “It’s refreshing to see
someone with a large amount of power over an industry make positive changes”; “I really do hope other
guitar builders follow suit”.

The sense of pride was most significant towards Bob Taylor himself (85), followed by the pride in the
company Taylor Guitars (24); and pride in the company’s guitars (14). “Bob Taylor… You’re a good
person”; “Bravo, Bob Taylor”; “applaud Taylor”; “Kudo’s to Bob and Taylor Guitars”; “Wow Bob
Taylor is the man”; “Rock on Mr. Taylor”; “God Bless Bob”, are some of the many personal
commendations towards the individual. Pride towards the company and the guitars themselves was also
demonstrated in the comments: “Your company is one of the reasons why I LOVE Taylor guitars”; “A
great guitar from what I am beginning to understand is also a great company with some great people”.

Soscia (2013) suggests that pride plays an important role in need perception and positively influences
the purchase and re-purchase decision. Though, it is important to note that the pride generated in this case
study is a result of gratitude towards Taylor Guitars’ stance on environmental issues and the concern the
company has demonstrated toward the Cameroonian workers. Referring to Papista and Krystallis’
(2013) discourse of product value, pride and gratitude could be seen to improve the social value of
Taylor Guitars’ products as it enhances social approval and self-esteem; the hedonic value through
creating additional pleasure in validating the purchase decision; and altruistic value from a sense of well-
being in making a decision of an environmentally-sustainable product. It validates Proposition 6 from
Papista and Krystallis (2013, pp. 83-86), that the consumer’s own understanding and concern for
environmental issues moderates the value and cost of Taylor Guitars’ products.

The question arises: Did Bob Taylor’s decision make good business sense? If the guitar buying public
rejected the streaked-ebony, it would have compromised the profitability of the business in Cameroon,
with Bob Taylor having committed to paying the same amount for both black and streaked-ebony. It
could also have had a decidedly negative impact on the sale of Taylor Guitars. The short-term effect
could have been catastrophic and may have resulted in business failure. Yet, the analysis of the YouTube comments seems to indicate that: firstly, there was a positive response to the aesthetic beauty of the wood and the sound generated from the instruments wasn’t compromised; secondly, the emotional response, as a result of values resonance between individuals and Taylor Guitars’ values, indicated that the buying public could be swayed to purchase their products; and thirdly, the environmental stance taken resulted in a sense of pride towards the guitars, the company, and Bob Taylor himself.

From a business and competitive advantage perspective, the pride and loyalty generated towards Taylor Guitars due to the company’s environmental stance could have a significant positive impact on the future intention to purchase a Taylor Guitar rather than a competitor’s brand, thus improving both Taylor Guitars’ profitability and competitive advantage.

**CONCLUSION**

*The roots of all goodness lie in the soil of appreciation for goodness*  
— Dalai Lama

The findings confirm that in using social media to convey the environmental stance of Taylor Guitars, suboptimal product aesthetics were transmogrified into desirable product attributes, and the aesthetic appeal and sound of the streaked-ebony was appreciated and well-received; the environmental sustainability of the decision evoked a resonance of values and strong emotions that influenced the propensity of guitar buyers to select a Taylor Guitar; and the socio-economic contribution and environmental sustainability of the decision engendered a sense of pride and respect towards Bob Taylor, Taylor Guitars, and a sense of pride in owning a Taylor Guitar.

Perhaps more importantly, Taylor Guitars, through managing to transmogrify its products’ attributes towards use of ‘streaked-ebony’, has contributed towards more responsible consumer demand for this endangered wood species. Uniquely, through their joint venture in Cameroon, Taylor Guitars as sole supplier of ebony, is in a position to manage a sustainable supply of ebony, and it appears they have demonstrated their determination to responsibly manage ebony wood felling and new tree planting to ensure long-term sustainability of the exotic wood species.

**REFERENCES**


Sustaining Cameroon’s Exotic Wood Species: A Case Study on Transmogrifying Suboptimal Product Aesthetics into Desired Aesthetics


Mezcal: When Culture and Consumption Collide

Tara Ceranic Salinas
Tara Salinas: tara@sandiego.edu * 619-260-2378 * University of San Diego, San Diego, CA, USA

Category: Teaching & Learning
Focused on Theme: Yes

Abstract: Mezcal is a spirit distilled from the heart of the agave plant. It has been produced via traditional methods in Mexico for centuries, but recently has found popularity in the United States and other countries. The rise in demand for this artisanal product could greatly benefit the eight states in which it is legally distilled with an influx of capital from tourism and export. However, with this popularity comes outside influence and the potential for unfair business practices and cultural appropriation. This case provides a general overview of mezcal and the Mexican state of Oaxaca in which it is produced. Discussion questions are presented as well as a brief teaching note.

Keywords: ethical decision making; cultural appropriation; teaching case

INTRODUCTION

It was a hot and dusty day as Berta Vasquez gingerly lowered herself into her favorite chair after a long day in the palenque (mezcal distillery). As a third generation mezcal maker, she had been making the spirit since childhood and was involved in every labor-intensive step of the process; from harvesting the agave in the fields to making the long trip to bring the finished product into the city. Today was bottling day, the last step in the process before her mezcal could be sold in local bars, restaurants, and mercados in Oaxaca and she was exhausted. As she sat, she sipped a taste of the latest batch. It was smoky and smooth with the slightest hint of sweetness. Made from thirty-five-year-old agaves that grow wild on her family’s land, Berta’s mezcal was one of several sought after by a new generation of mezcal drinkers. Not locals. Not by a long shot. Berta learned that the people who were really enjoying her mezcal were from the United States, Canada, and even Europe. They appreciated the complexity of her mezcal and were willing to pay a premium for it. In fact, she had recently been approached by a distributor from America asking if she would be willing to sell her entire annual production run for sale in the U.S. This was a potentially life-changing offer. Selling her entire output at once would mean guaranteed earnings instead of waiting for her product to sell and getting paid after the fact, but this was something she would really need to think about. Berta had a lot to consider and the distributor would be back for her answer in two weeks. What should she do?

AGAVE: SUCCULENTS YOU CAN DRINK

The word mezcal came from the Nahuatl words “metl” (agave) and “ixcalli” (cooked/baked) (Bowen, 2015). Nahuatl was the language spoken during the height of the Aztec empire in the 15th century and was one of the most widely spoken indigenous languages in the Americas in 2020. This centuries-old foundation infused the history of agave spirits with legend and lore. Each sip was a taste of centuries of Mexico’s rich heritage linked back to Mayahuel the Aztec goddess of fertility who was credited as the source of the maguey plant (agave) (Zylstra, ND). Mezcal went through a
metamorphosis of acceptance over time. Initially, a luxury only afforded by priests and kings, mezcal became a drink synonymous with indigenous rural communities, and then one thought of as “rotgut” and fit only for those lacking a discerning palate. However, Mezcal was growing in popularity outside of Mexico and consumers and collectors were paying between $20-300 a bottle for the spirit.

Mezcal was both the generic term for any agave-based liquor (bacanora, pulque, raicilla, tequila) and also a specific type of distilled spirit made from the roasted heart of the agave plant (contrary to lore, mezcal does not contain mescaline the hallucinogenic drug). Since mezcal included all agave-based liquor, all types of tequila are mezcal, but not all mezcal is tequila. The largest differences between mezcal and tequila were in the processes used to distill the spirits and the types of agaves used.

**Mezcal process and agaves used**

Artisanal mezcal production remained unchanged for generations. It was an incredibly labor-intensive process that started with the harvesting of agave plants weighing between 80 and 200 pounds. Specialized agave harvesters called jimadores selected their agaves and then, using a machete, chopped off the piña (the heart of the plant) from the roots below thus killing the plant (Heugel, 2015).

Over 150 types of agave grew in Mexico but not all of them had the proper sugar content to produce mezcal. The rules governing the production of mezcal highlight five species that were used (espadin, maguey de cerro, maguey de mezcal, tobala, maguey verde or mezcalero) but allowed for others as well (arroqueno, madre cuixe, tepextate, tobaziche, etc.) and estimates were that between sixteen to over thirty types of agave were used in mezcal production (McEvoy, 2018). The agaves used for mezcal were typically harvested when they were seven to nine years old, but some weren’t harvested for forty or more years. Each type of agave produced a different flavor profile; much like the terroir of wine.

Once harvested, the agaves were placed in a pit in the ground and covered with agave leaves and straw mats and roasted for four days; this was the part of the process that gave mezcal its characteristic smoky flavor and distinction from tequila. After the roasting is finished, the piñas were crushed in a grinding mill using a tahona (large stone) that was operated by a horse or donkey. The crushed agave was then transferred to a wooden barrel to ferment. The time necessary for fermentation depended on the weather; hotter seasons yielded faster fermentation. The fermented mixture was then transferred to a still (usually copper) and distilled twice. The first distillation yielded a lower alcohol-content product that contained some fibers, the second distillation removed all fibers and increased the alcohol content to the regulated levels. Finally, the mezcal was blended to ensure consistency and either bottled immediately for an unaged product (blanco/joven) or left to age in oak barrels (reposado/anejo).

**Tequila process and agaves**

Tequila making followed a similar process with some notable differences. First, all of the agaves used to make tequila were grown on agave plantations (not harvested in the wild) and tequila was only made with Weber blue agave (Martineau, 2019). The plants were harvested once they reached
between five and eight years of age. The outer leaves were removed and the piñas were fed into steam ovens where they were cooked to turn their starch sap into fermentable sugar for 24-48 hours and then left to cool for between 16-48 hours. Once the agaves were cooked, they were crushed by a machine operated tahona to extract the juices and then deposited into stainless steel tanks or wooden barrels to ferment for several days up to a few weeks. The tequila was then distilled two or three times depending on the desired qualities and aged for a minimum of 14-21 days in wooden casks or tanks per government regulations. Tequila that was aged for the minimum number of days was labelled blanco (white) while those aged eight weeks to 364 days were called reposado (rested), and those that were aged for a year or more were called anejo (aged). After the aging process was completed, the tequila was bottled.

**DENOMINATION OF ORIGIN AND THE CONSEJO REGULADOR DEL MEZCAL**

Around the world, governments established protections for certain products to be linked with where they were produced by establishing a denomination of origin (DO). Examples include Champagne (France), Yorkshire Wensleydale cheese (UK), and Kentucky Straight Bourbon (US). The DO implemented strict regulations for how these products were produced and the standards that must be met in order to qualify for the DO created product consistency. In 1994 a Denomination of origin for Mezcal (DOM) was established and limited the production of the spirit to the Mexican states of Durango, Guerrero, Oaxaca, San Luis Potosi, and Zatececas as well as parts of Guanajuato, Tamaulipas, and Michoacan (Bowen, 2015).

The Consejo Regulador del Mezcal (CRM) was the Mexican regulatory organization in charge of maintaining the DO for mezcal (as well as other Mexican DOs) and was involved in every step of certification process. This involved applications, submission of samples to chemical labs to prove that product requirements were met, distillery inspections, and visits to ensure that the chemical structure matched the sample submitted and no additives were present. Once certified, the product was classified by a Norma Oficial Mexicana (NOM) which confirmed that the mezcal was 100% agave/maguey and no other sugar source was added during fermentation (Experience Agave, ND). Without the official sticker of the CRM on every bottle, a palenque’s spirit was not officially deemed mezcal and could not be legally sold in Mexico or exported.

The initial cost of certifying a palenque with the CRM was about 35,000 pesos (approximately $1635) (Starkman & Astorga, 2018). In addition to this fee, the mezcalero paid for the travel costs of the member of the CRM conducting the certification, all of the lab tests of the product, and for each individual bottle label to be stamped as well as ongoing certification-related fees to remain in compliance with the DO (Hong, 2017).

Some viewed the use of DOs as beneficial. Arguments were made that they protected the historical process, farmers, and makers of these unique product (Bowen, 2015) and were a way to halt product standardization (Petrini, 2001). The DOs were also credited with ensuring safe and consistent product quality, preserving biodiversity, and were said to be a development strategy for countries. However, the majority of DOs were held by European countries and the same benefits hadn't been seen in Mexico (Bowen, 2015).

Those opposed to DOs described them as, “cynical manipulation of developing countries at worst and naive meddling in the affairs of poor countries at best” (Kerr, 2006: 8). The DOs were also
linked to the idea of gastronationalism in which “states make strategic claims about the idea of nation as protector of cultural patrimony within a neoliberal and globalizing context” (Bowen, 2015: 21). Gastronationalism created a shift in attention away from issues like income inequality to a focus on “collective national identity centered on the cultural traditions and places associated with certain food and drinks” (Bowen, 2015: 21).

**ESTADO OAXACA**

There was a famous saying in Oaxaca: For everything bad, mezcal, and for everything good, too. Oaxaqueños have been making small-batch, artisanal mezcal in the same way for generations and the Southwestern state was the largest producer of the spirit. Mezcal was woven into the culture and the economy of Oaxaca and could always be found at celebrations, funerals, and any occasion in between. Filiberto Hernandez, a mezcal maker at the Gracias a Dios distillery described the ritual element associated with its consumption, “When I was little, I saw that my father, whenever he would drink some mezcal, would first pour a little bit on the ground and even today, older folks still pour a bit of their mezcal on the ground before they drink” as a remembrance of friends and family who have passed on (Barbezat, 2019: NP). Mezcal is also part of Day of the Dead celebrations where bottles of it were left on family altars with glasses so the souls of the dead who come to visit their loved ones could have a drink after their long trip (Barbezat, 2019). The importance of mezcal to Oaxaca notwithstanding, the beverage was not contributing to the revival of the Oaxacan economy.

Oaxaca was the second poorest state in Mexico, with over 70.4% of the citizens living below the poverty line and 23.3% were living in extreme poverty (Dimensions, 2019). In the 570 municipalities in the state of Oaxaca average salaries varied widely such that there was a 12x gap between the municipality with the highest salary and that with the lowest (Sánchez, Hinojosa & Wright, 2018) and the average wage was 80,000 pesos/year ($3,740) (Starkman & Astorga, 2018). Additionally, its GDP per capita was less than half that of the average Mexican state and it faced a development problem that had been intractable for decades. With a large indigenous population that spoke sixteen different languages in addition to Spanish, Oaxaca was an anomaly in Mexico in a variety of ways.

Agriculture, mainly the cultivation of agave but also mango, black beans, green pepper and several other crops, employed approximately 30% of the population but contributed less than 10% of the state’s income (Explorando Mexico, ND). Other main industries included the services sector, the financial and real-estate sectors, restaurants and hotels, and manufacturing. Although not the largest economic sector, tourism became a focus due to the wealth of different opportunities for exploring the diverse state (Explorando Mexico, ND). As a result of this increased tourism there was also a burgeoning food scene in the capital city of Oaxaca de Juarez where the local delicacies were sampled in a variety of new restaurants. Oaxaca specialized in moles (seven different types of complicated sauces for a variety of dishes), tlayudas (large tortillas topped with meats, beans, and cheese, and warmed over a grill), and chapulines (toasted grasshoppers). In addition to the wave of new bars and eateries, mezcal tourism was on the rise. Enthusiasts from around the world came to Oaxaca for educational tours to learn about the process and taste the unique products that were not often shipped beyond Mexico.
CULTURAL APPROPRIATION AND THE “DISCOVERY” OF MEZCAL

There was a fine and potentially precarious line between paying homage to a culture and appropriation. When businesses profited from the history or culture of communities to which they don’t belong and when brands were backed by people of privileged demographics, and their products feature the culture of marginalized people (Bossart, ND) things got complicated for mezcal producers and consumers. Many founders of popular mezcal brands were not from Oaxaca or Mexico. Rather, they made connections with local producers to bottle, brand, and distribute their mezcal outside of Mexico. Similarly, when looking at options for mezcal tours, it was important to note that the majority of them were not offered by locals. This is not to say that locals were not involved in the tours as they were the ones operating the palenques, but rather that the bulk of the hefty price tag (approximately $160+/person for a day-long tour) for the tours went to those leading the tour (i.e. mostly non-natives to Oaxaca). On its surface this could be seen as problematic, but these types of arrangements weren’t necessarily ill-intentioned. Some brands and tour operators highlighted the ways in which they gave back to the local community through their sustainability practices or the sale of local crafts and special mezcal bottles only available directly from the producers. However, there were many others that made no mention of the community or producers unless it was to further the “story” of their brand.

This dichotomy of intent was lost on some consumers as many of the brands available outside of Mexico had impressive branding strategies that caught consumers’ eyes and sold the “essence” of Mexico (i.e. colorful labels with agaves, Aztec goddesses, or Dia de los Muertos skulls, and papel picado in unique bottles). Cocktail bars across the United States, Canada and Europe were including mezcal in inventive and delicious recipes and customers were excited to try this “new” spirit. Mezcal sales earned $277.09 million in 2018 and were expected to reach $818.59 million by 2027 (Wood, 2020). In 2019, the United States became the world’s largest mezcal market importing 71% of all mezcal produced and increasing annual imports 50% from the precious year to 371,000 cases (Razzo, 2020).

The “discovery” of mezcal was a double-edged sword for producers like Berta. Not only was she a woman in a male-dominated industry who had struggled for acceptance, but she made a name for herself with her unique agave blends over the years. She overcame a multitude of obstacles and was now a great-grandmother who spent her entire life distilling mezcal when this opportunity fell in her lap. The chance to earn a hefty pay out was appealing, but at what cost? What if she agreed to the deal and it only lasted a year? She risked disappointing the local shops that had sold her mezcal for years. Would she damage relationships that were like family for this stranger? What if the other mezcaleros in her community saw her as “selling out” and refused to help her in the future if she needed it? What if these promises from the distributor were a trick? Growing up in Mexico, Berta understood all too well the impacts of false promises and corruption and worried the distributor could just be a new version of an old problem. She also understood that this could be a once in a lifetime deal that would benefit her family for years to come. If mezcal was as popular outside of Mexico as he was saying, then not making this agreement would likely mean it would be offered to someone else and why should she miss out? Berta had a lot of factors to consider as she contemplated her options over another round of her mezcal.
MINI TEACHING NOTE

Potential Courses and Audiences

This case can be used in both undergraduate and graduate courses on: Business Ethics, International Business, or Entrepreneurship. Additionally, the case could be used to discuss sustainability, supply chains, stakeholder analysis, government corruption, and government regulation.

Learning Objectives

Following the discussion of this case, students will be able to: 1. Acknowledge the variety of relevant stakeholders in this situation. 2. Identify the short and long-term cultural issues and implications inherent in the case. 3. Evaluate the ethical issues that could arise from Berta’s choice. 4. Consider the power of the mezcaleros as compared to the Mexican government.

Discussion Questions

The primary question of the case is: What should Berta do with regards to the offer from the foreign distributor?

Follow up questions include but are certainly not limited to: What if she agreed to the deal and it only lasted a year, how would that impact her business long-term? Could making this deal damage relationships that were like family for this stranger? What if the other mezcaleros in her community saw her as “selling out” and refused to help her in the future if she needed it? How does the DOM process impact mezcaleros and what, if anything, would you suggest changing about it? What if the distributor was offering false promises? What if she didn’t take the offer and someone else did? What are the potential positive and negative impacts of Berta making this deal? How could the distributor bring benefits to Berta and her community? If Berta makes the deal, what could the distributor do to ensure he wasn’t engaging in cultural appropriation?

Teaching Approach and Suggested Class Activities

The main question of the case: What should Berta do with regards to the offer from the foreign distributor, doesn’t have a clear-cut answer and that’s what makes using this case so engaging. Although this is a truncated version of what will be a full-fledged case, it provides sufficient information for students to consider both sides of Berta’s opportunity. This case was recently used in an MBA course during a module on the intersection of ethics and national cultures and provided a rich discussion on the links and overlap between the two.

In order to set students up for a successful discussion, I recommend assigning the case ahead of time and highlighting the focus questions that work best for your course. Below are suggestions for additional course activities that could work well.
Stakeholder Dialogue

This case has a variety of stakeholders and by utilizing an interactive stakeholder mapping tool (Mind Tools, ND), students can be asked to come to class with their list of stakeholders identified, plotted, and ready to discuss. With the prepared list of stakeholders, and thoughts about their involvement students can then be put into teams and assigned a specific stakeholder role. To facilitate the discussion the instructor can have students identify and explain each stakeholders’ interest in the situation. They can then create a chart that details the stakeholders’ potential impact, concerns and expectations, relation to the project, priority, and desired outcome. This will help students understand where the power actually lies (not typically in the hands of the mezcal producers) and allow them to generate creative solutions.

Potential (abbreviated) stakeholder list: Berta’s family, Berta’s employees, the local community, agave farmers, the distributor, the United States company that will distribute the mezcal, the marketing/branding team or organization responsible for creating the image for Berta’s product, the Mexican Government/Consejo Regulador del Mezcal, the agents working for the Consejo Regulador del Mezcal, the local bars and mercados that sell Berta’s mezcal, customers/bar patrons in the United States, international mezcal consumers, tequila producers, and bars selling her product abroad.

Win/Win Scenario

In addition to the stakeholder analysis (or on its own) students could be asked to come up with a list of Berta’s interests and the distributor’s interests. With these two lists, a Venn Diagram could be created to see if and where their interests align thus, highlighting the potential for a collaborative outcome rather than pitting their interests against one another.

Mezcal vs. Tequila

Aside from the differences in the production process, the tequila industry can serve as an inspiration or a cautionary tale depending on students’ point of view. Over the years, tequila has become increasingly standardized which has allowed them to meet demand and create a great deal of revenue, however, they have also faced several challenges. Producers have been criticized that the industrialization of the process has made the final product devoid of its original character. Additionally, environmental anomalies have impacted years’ worth of agave, forcing them to either use sub-par plants or greatly reduce production. Students can be asked to conduct research on their own about how tequila went from being produced in small batches to its massive scale today. With that information, they can present their own plan for if/how mezcal could follow the same path considering the current state of the industry, the length of time it takes for agaves to grow, and the impacts of standardization.

Similar Industries

Several other industries have faced decisions similar to Berta’s in which expanding rapidly could be beneficial and detrimental depending on how the process is approached. Students could be asked to compare and contrast mezcal to the internationalization of Belgian beer, Peruvian quinoa, or the
coffee or cocoa industries. There are also examples of expanding just in the United States like the Craft Beer industry or California wines. Researching how these other producers have found success is one way for students to inform their response to the main question of the case.

Cultural Appropriation

This angle of the case will likely generate some of the best discussion. Students can be asked to find other examples of this practice and, unfortunately, there are many. One of the most familiar will be culture as dress (i.e. Halloween costumes, headdresses at Coachella, etc.), but encouraging an online search of the history of this practice, how widespread it is, and what other products are impacted by it will be enlightening.

CONCLUSION

The links to ethics and culture in the mezcal industry in Oaxaca, in conjunction with exploring an industry that students may not be familiar with, offers an opportunity for an engaging and lively discussion. If any faculty have suggestions for other ways to include the case in their class or feedback, please send me an email.

REFERENCES


Experience Agave. ND. Mezcal Basics. Experience Agave. Available at: https://www.experienceagave.com/mezcal-basics.


Starkman, A. & Astorga, Y. 2018. The Price of Mezcal in Ontario, Canada: Why the Mexican Agave Spirit is so Expensive. Oaxaca Mezcal Tours. Available at: https://www.oaxacamezcaltours.com/mezcalarticles/previous/2#:~:text=The%20cost%20of%20obtaining%20certification%2C%20be%20sent%20to%20a%20laboratory.


Corporate Social Responsibility and Stigma Management: Normalization Strategies for Dirty Work

Natalie M. Schneider
Natalie M. Schneider: schn636@uwm.edu * +1 989-274-1403 * University of Wisconsin-Milwaukee, Milwaukee, WI, USA

Category: CSR & Stigma Management
Focused on Theme: Yes

Abstract: Workers of stigmatized jobs classified as dirty work normalize the physical, social, and/or moral taint of their occupation to cope with the negative aspects of their daily work. Such normalization strategies include recalibrating, reframing, and refocusing (Ashforth & Blake, 1999). Social identity theory proposes that individuals seek to identify with a positively perceived in-group, and dirty work literature suggests stigmatized workers use these normalization strategies to separate their personal and work identities. Additionally, corporate social responsibility meets the instrumental, relational, and moral-based motivational needs of employees, suggesting it may serve as a pathway for managing negative aspects of an occupation. Thus, as a part of the Discussion of New Perspectives on CSR and CSP in the 2020 IABS virtual conference, this proposal theorizes corporate social responsibility initiatives as a possible organizational level intervention to help dirty workers normalize their work and manage its associated stigma through applications of social identity theory.

Keywords: dirty work; stigma management; normalization; corporate social responsibility; social identity theory

INTRODUCTION

This discussion offers corporate social responsibility (CSR) as an organizational level intervention for occupations classified in dirty work. Dirty work is defined as occupations or work that are associated with physical, social, or moral taint (Ashforth & Kreiner, 1999; Hughes, 1951). Dirty workers utilize normalization strategies to make their work seem more normal, or at least normal to them (Ashforth, Kreiner, Clark, & Fugate, 2007). Social identity theory suggests dirty workers desire to be a part of their occupational “in-group,” requiring they use normalization tactics. The primary research question of this discussion asks if CSR initiatives at the organizational level can serve as a normalization tactic for individual workers. To answer this larger question, I will first explore how dirty work organizations enlist CSR initiatives to manage stigma and its impact on dirty workers within these organizations. Additionally, I will discuss how the context of CSR initiatives matters when serving as a normalization tactic, and how CSR initiatives as an organizational-level intervention can reduce turnover costs. These questions will be examined by applying social identity theory.

It can be argued that every occupation is stigmatized in some manner. Dirty work differentiates from other stigmatized work in that dirty work has a greater breadth or depth of dirtiness (Kreiner, Ashforth & Sluss, 2006). Breadth refers to the central role or core characteristics of the job being dirty, whereas depth refers to how close the worker encounters taint. As defined earlier, dirty work...
occupations are associated with physical, social, or moral taint (Ashforth & Kreiner, 1999; Hughes 1951; Ashforth & Kreiner, 2014). An occupation with physical taint causes the worker to violate cleanliness by encountering dirt, garbage, bodily fluids, or other socially undesired substances. One might consider nursing as an example of physical dirty work due to their contact with all fluids of the human body (Bolton, 2005; Mills & Schejbal, 2007). Social taint arises when a worker must be in contact with stigmatized people, or when the worker is in a servile relationship. Examples of socially tainted occupations include chauffeurs and security officers (Ashforth, Kreiner, Clark, & Fugate, 2007; Lofstrand, Loftus, & Loader, 2016). Lastly, moral taint involves occupations with morally questionable job duties according to society. Examples of morally tainted occupations include abortion clinic staff, police officers and their use of coercive force, and topless dancers (Bolton, 2005; Dick, 2005; Thompson, Harred, & Burks, 2003). It’s important to note the types of taint are not mutually exclusive, as an occupation can have one, two, or all three types of taint. Dirty work occupations also vary by level of prestige (Ashforth et al., 2007). For example, a firefighter and a correctional officer both have tainted jobs, but a firefighter is of higher prestige compared to correctional officers according to societal norms (Tracy & Scott, 2006).

Corporate social responsibility is commonly defined as “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance” (Aguinis, 2011, pp. 855). The visibility of such initiatives can heavily impact an organization’s reputation, that of its members, and accordingly, perceived stigma. Research suggests an employer’s CSR initiatives are important to employees for three reasons: instrumental motives, relational motives, and moral-based motives (Aguilera, Rupp, Williams, & Ganapathi, 2007; Rupp, Ganapathi, Aguilera, & Williams, 2006). These motives serve as the connecting mechanisms between CSR and dirty work normalization.

The purpose of this discussion is to introduce CSR initiatives as an organizational level intervention for normalizing dirty work stigmatizations at the level of the individual dirty worker. This research purpose contributes to both CSR and dirty work literatures and are connected through social identity theory. By adding to individual level literature, this paper addresses CSR researcher’s concern for a lack of individual level research as expressed by Aguinis and Glavas (2012). Secondly, strategists often address the question of whether CSR increases performance and profits with many mixed results (Awaysheh, Heron, Perry & Wilson, 2020). To address this age-old question in a new manner, this proposal focuses on reducing turnover costs of dirty work employees. This work will also contribute to the reframe, recalibrate, and refocus normalization framework of dirty work literature. Empirical studies have focused on how this framework impacts individual workers (Bosmans, Mousaid, De Cuyper, Hardon, 2016; Meisenback, Rick, & Brandhorst, 2019; Tracy & Scott, 2006; Dick, 2005; Thompson, Harred, & Burks, 2003), but less have focused on the mechanisms, such as CSR initiatives, that are used for to apply the framework. The following proposal builds these contributions by forming theoretical propositions to be discussed at IABS’s 2020 virtual conference.
LITERATURE REVIEW

Dirty Work and Normalization through Social Identity Theory

CSR initiatives satisfy the instrumental motives, relational motives, and moral-based motives of workers. (Aguilera, Rupp, Williams, & Ganapathi, 2007; Rupp, Ganapathi, Aguilera, & Williams, 2006). According to this literature, instrumental motives address an employee’s need for control. If an employer enlists CSR initiatives, they express care. Having a caring employer satisfies an employee’s need for control. Relational motives address an employee’s need to belong. If an organization develops CSR initiatives, they are most likely building relationships with people, the surrounding community, and other organizations, thus meeting an employee’s belongingness needs. Lastly, moral-based motives address an employee’s need for a meaningful existence. An employer’s decision to incorporate CSR initiatives develops a prosocial perception that the organization is acting for the greater good and can satisfy an employee’s need for meaningful existence. Applications of social identity theory similarly fulfills these motives, opening a pathway for CSR to serve as an organizational-level intervention for stigma management.

Social identity theory posits that individuals hold a personal identity, as well as a collective group identity (Tajfel & Turner, 2011). This theory assumes self-esteem is derived from group identities, and thus individuals attempt to protect, elevate, and distinguish their group from others. Social identity theory also assumes individuals want to view their in-group as positive, as individual's have a need for positive self-esteem (Sedikides 1993; Sedikides and Strube 1997). Most dirty work occupations satisfy the requirements of a collective group identity, allowing certain workers to seek “in-group” status of their occupation (Kreiner, Ashforth, & Sluss, 2006). Defining their in-group by occupation also satisfies relational needs of belongingness. Police officers identify with a strong in-group occupational identity, enabling them to justify coercive action by experiencing in-group affirmation (Dick, 2005). This enables a worker to separate their personal identity in addition to their group identity and build a positive perception of their group identity by satisfying their relational motives to belong.

In the context of dirty work, group members rely on their in-group to deal with the stigma associated with their jobs (Ashforth & Kreiner, 1999). A strategy dirty workers use is social weighting, in which workers collectively identify as a group and differentiate others as outsiders. Social weighting includes three forms of action: condemning condemners, supporting supporters, and selective social comparison. Condemning condemners essentially devalues those who apply negative stigmas to one’s occupation. Supporting supporters suggests dirty workers place more value in outsider opinions who perceive their jobs as positive. Lastly, dirty workers also make social comparisons between their group’s work and that of another (Ashforth & Kreiner, 1999). However, in these concepts, there is less room for CSR initiatives to serve as a platform for normalization. Condemning condemners and supporting supporters involve occupational groups and a separate third party. Perhaps there is space for selective social comparison to involve CSR such that a worker can focus on what their organization does for the greater good compared to others, but recent evidence shows social comparison has a backfiring effect that increases stigma salience instead of normalizing it (Mikolon, Alavi, & Reynders, in-press). Thus, this proposal considers another form of normalization strategies for managing stigmas through CSR.
According to Ashforth and colleagues (1999), dirty workers use a framework labeled as reframing, recalibrating, and refocusing their occupational identities. Reframing is used to emphasize the positive values, or to neutralize the negative values of their work. Recalibrating is used to readjust the “implicit standards used to assess the work (Ashforth et al., 2007, pp. 158).” Refocusing is used to focus on non-stigmatized aspects of work rather than stigmatized aspects (Ashforth et al., 2007). The reframe, recalibrate, and refocus techniques prompt a dirty worker to develop a strong occupational identity in which they identify with their work and as a member of their occupational group while normalizing their work (Ashforth & Kreiner, 1999; Ashforth et al., 2007; Bosmans, et al., 2016; Ford, 2018; Kreiner, Ashforth, & Sluss, 2006). In each format of the reframe, recalibrate, and refocus framework, the goal is to provide moral value in a job that may seem tainted, thus satisfying moral-based motives.

Engaging in stigma management is a form of identity maintenance in which a person attempts to guide perceptions of others’ and self-perceptions regarding their identity. By managing their stigmatized identity, dirty workers meet instrumental motives for control. For example, topless dancers were aware of the negative stigmas associated with their occupations, many of them also believing their jobs lead to drug abuse and alcoholism. However, they used emotional and cognitive dissonance to separate their work and personal identities, fitting with social identity theory. This research also found that topless dancers use refocusing strategies, focusing on the money of their jobs that enabled them to financially support their children and families or pay college tuition, as well as flexible work hours affording them time with children as needed (Thompson, Harred, & Burks, 2003). Hence, their jobs met their instrumental motives by providing control over their financial and family lives. This study represents how workers use normalization strategies to regulate their stigmatized identity, and how the behavior impacts well-being. Adding a new connection to the CSR literature, stigmatized workers and their organizations may be more motivated to embrace CSR initiatives to oppose the negative stigmas applied to their occupation and to better their own welfare. Thus, a moderating path between CSR and stigma management is formed.

Normalization and Corporate Social Responsibility

The reframe, recalibrate, and refocus framework allows for CSR initiatives to serve as a platform to normalize occupational stigmas. For reframing techniques, zookeepers emphasized the value their job contributes to animals, the environment, and biodiversity. Zookeepers felt they were doing good in the world by taking care of endangered species and contributing to its population. Thus, the taint of cleaning an animal’s physical space is reframed as a caring for an animal and its species (Bunderson & Thompson, 2009). This also meets the moral-based motives of zookeepers. When a dirty worker reframes the meaning of their job’s stigmatization, they’re able to normalize it. If CSR initiatives are attached to that reframed meaning (like a zookeeper caring for the environment), CSR can then be an organizational-level resource to normalize tainted work.

For recalibrating techniques, firefighters often viewed their emergency fire responses as the primary part of their job, although they spent most of their time responding to emergency medical service calls (Tracy & Scott, 2006). Choosing to recalibrate the magnitude of a job to putting oneself in a dangerous line of work to help others satisfies moral-based motives for firefighters. Additionally, gynecology nurses and midwives recalibrated their job’s physical taint as the very reason they should continue working. Helping birth infants and taking care of mothers with stillborns defined their
perception of the magnitude of their work, seeing it as highly valuable and honorable (Bolton, 2005). Recalibrating implicit standards of putting oneself in danger or touching bodily fluids becomes a highly sought-after attribute that normalizes their work. This matches the heroism aspects of CSR initiatives, which could also provide a pathway for normalization through recalibrating strategies.

For refocusing strategy, employees focus on non-stigmatized aspects of their job to normalize it. Thus, employees can focus on CSR initiatives as a non-stigmatized aspect, which has the largest volume of empirical support. Volunteers of an animal shelter who were able to focus on and associate the positive aspects of their work with their identity and separate the negative aspects of working with animals from their identity developed work resilience (Ford, 2018). Home care aid workers use refocusing strategies to focus on autonomy and the skills they learn on the job to help others (Stacey, 2005). Interestingly, some correctional officers use refocusing strategies to focus on the altruistic aspects of their jobs in addition to similar non-stigmatized aspects like pay, benefits, and scheduling flexibility. Altruistic aspects included helping inmates, being a positive role model in inmates’ lives, and even saving inmates from drug overdoses or attempts to hurt themselves (Tracy & Scott, 2006). While altruism was not listed as commonly in their research as other positive aspects, it further supports that altruistic aspects of CSR initiatives appeal to dirty workers as a normalization strategy. Hence, CSR can serve as a platform for normalizing dirty work through the recalibrating, reframing, and refocusing framework. As such:

Proposition 1: Organizational level CSR initiatives lead to normalizing dirty work at the individual level through a) reframing, b) recalibrating, and c) refocusing strategies.

The Moderating Effect of Context

An interesting question is whether the context of CSR initiatives is important for normalization strategies. For example, if an abortion clinic staff member’s organization pushes a CSR initiative to support family planning charities or programs, is this a reminder of a job’s moral taint or a platform for normalization strategies?

Two types of CSR are considered in current research: embedded and peripheral. Embedded CSR consists of initiatives that are bound to the organization’s core values and daily work (Aguinis & Glavas, 2013). Employees working in an organization that embeds CSR do not have a choice in participation of such initiatives, as they are built into their everyday tasks and the organization’s purpose. A prominent example of an organization that uses embedded CSR would be a solar panel manufacturer who incorporates lean, energy-efficient operations in the production of solar panels. Not only does the organization exist to create renewable energy resources, but it minimizes its carbon footprint as much as possible in the process of making their product. On the other hand, peripheral CSR consists of initiatives that are either bound to the organization’s core values, or bound to their daily work, or neither (Aguinis & Glavas, 2013). An example of an organization that utilizes peripheral CSR would be a production company to fundraises for a charity. While this activity could address the company’s core values, participation by employees is voluntary and is not a part of daily work routines. Because embedded CSR is built into an organization and daily work, it’s likely that the employees feel a stronger agreement with the political question of their work. However, peripheral CSR initiatives are more noticeable to employees, as they’re voluntary and workers can choose whether to participate.
Bunderson and Thompson’s (2009) research with zookeepers provides an example of embedded CSR context. Often, the management of a zoo will breed their animals to contribute to and educate visitors of endangered populations. Zookeepers reframing strategies of associating their jobs with the overall value of biodiversity shows their support for their organization’s CSR initiative. So, although their organization’s CSR activities might remind them of negative aspects of their occupation, zookeepers stay despite them. This suggests that for embedded CSR initiatives, when the context of the initiative matches the context of their jobs (both the organization and worker support taking care of animals for biodiversity), it deemphasizes taint and stigma.

Peripheral CSR may have the opposite effect as embedded. Because peripheral CSR is not built into their everyday work, it’s not as normalized. Alarmingly, dirty work normalization strategies are not sufficient when the taint of a job suddenly increases (or rather, becomes more salient), leading to occupational disidentification, withdrawal behavior, and increased job change intentions (Schaubroeck, Lam, Lai, Lennard, & Peng, 2018). If a CSR initiative’s context reminds a worker of their job’s taint, such as an abortion clinic asking staff for donations for a family planning charity, it likely emphasizes their job’s moral taint rather than normalizing it. However, rather than negatively effecting the relationship, neutralizing is a more likely effect. Organization’s introducing CSR initiatives is common, and may not serve as an increase in taint, but rather a subtle reminder. Much like social comparison, which was recently found to backfire for frontline workers by reminding them of taint rather than normalizing it (Mikolon, Alavi, & Reynders, in-press), peripheral CSR that matches the context of occupational taint should see a similar effect.

Therefore, CSR initiative contexts matter, and are dependent upon the type of CSR initiative. When a CSR initiative’s context matches the job’s context, it deemphasizes taint and stigma for embedded CSR, but has a neutralizing effect for peripheral CSR. As such:

Proposition 2: The context of the CSR initiative moderates its relationship with normalization strategies such that a) peripheral CSR initiatives that match the context of occupational identities neutralize the relationship by increasing stigma salience and b) embedded CSR initiatives that match the context of occupational identities strengthen the relationship by decreasing stigma salience.

**Turnover as an Outcome**

There are mixed results as to whether dirty work occupations cause higher turnovers. In cases of nursing, continuous encounters of taint lead to higher burnout and turnover rates (Mills & Schejbal, 2007). However, other occupations like zookeepers stay despite physical taint and poor working conditions (Bunderson & Thompson, 2009). Applying social identity theory, dirty workers identify as an in-group based on their occupation and rely on normalization and identity techniques to manage the stigma of their work. When workers disidentify from their occupation, the stigma becomes more salient and their connection with their in-group weakens. Hence, they disengage from their work. Respectively, turnover intentions and withdrawal behaviors increase due to disengagement.

Casino workers who saw their work as morally tainted developed occupational disidentification, which lead to withdrawal behavior and quitting the job (Lai, Chan, & Lam, 2012). Additionally, a
A qualitative study with private security workers showed that when workers perceived their job as dirtier in any form of taint, they would leave their position. Yet, private security workers who were able to deal with the stigma did so through group identity strategies, such as re-claiming worth among coworkers through social comparison or condemning condemners (Lofstrand, Loftus, & Loader, 2016). Meisenbach, Rick, & Brandhorst (2019) showed that nonprofit fundraisers were conscious of their job’s stigma and used multiple strategies to manage their stigmatized work identity. When workers were unable to manage their stigma with identity strategies, they were likely to turnover. In these studies, turnover intentions were found to be significantly higher when the stigma of a work identity was salient. Thus, those who can normalize with their work by identifying with its positive aspects continue working, and those who cannot go into a process of occupational disidentification, leading to employee turnover.

Organizational level interventions that cultivate personal resources can buffer burnout and increase work engagement (Bakker, Demerouti, & Sanz-Vergel, 2014). In their same study with casino workers, Lai, Chan, and Lam found that perceived organizational support moderated the relationship between taint salience and occupational disidentification, such that high perceived organizational support weakened the relationship (2012). If occupational identification is viewed as a personal resource, organizations can use CSR as an intervention strategy to support their employees’ normalization strategies and decrease turnover intentions. As such:

Proposition 3: When CSR initiatives offer a platform for dirty workers to use reframe, recalibrate, and refocus normalization techniques, turnover decreases.

**DISCUSSION**

This discussion offers CSR initiatives as an organizational level intervention in dirty work identity management. An effort by organizations to push CSR strategies not only impacts their position in an industry or environment, but directly effects its individual workers. Dirty workers can use CSR initiatives as the basis to reframe, recalibrate, and/or refocus the taint of their work to normalize it. However, this relationship is moderated by whether CSR initiatives are embedded or peripheral in the organization. Many strategists have attempted to answer whether CSR is a profitable strategy. In the context of dirty work, using CSR initiatives to buffer the negative effects of occupational stigma would decrease employment turnover costs.

Proposing CSR as a management strategy for normalizing occupational stigma of dirty workers contributes to current dirty work and CSR literature. As a part of the Discussion of New Perspectives on CSR and CSP, the purpose of presenting this paper was to gather insights for the theoretical propositions. Because the nature of this session was to propose new research ideas that are in the works, there are several limitations to this conceptual proposal. First, it is possible that social weighting normalization strategies are also relevant for connecting CSR as an organizational level intervention. However, because some of the newest literature on selective social comparison suggests an ironic backlashing relationship between social comparison and job performance (Mikolon, Alavi, & Reynders, in-press), the relationship between social weighting and normalization needs further measurement before it can be worked into this proposal. Second, the relationship between normalization strategies and CSR might benefit from narrowing down to specific types of CSR initiatives, such as volunteering or fundraising rather than the entirety of CSR.
abstract idea presented in the nature of this conference discussion, CSR as a whole remained the priority, and can be divided upon empirical research. These limitations are questions to consider when investigating the propositions empirically.

CONCLUSION

Social identity theory posits that individuals want to be a part of a positively perceived in-group, and dirty workers use their occupation as an in-group to normalize its stigma. By association of an in-group, dirty workers can normalize their work through the reframe, recalibrate, and refocus framework proposed by Ashforth and Kreiner in 1999. The relationship between CSR and dirty work normalization is defined such that when CSR initiatives are salient, they can serve as a basis for the reframing, recalibrating, and refocusing strategies. However, this effect is context specific, such that embedded CSR strengthens the relationship whereas peripheral CSR neutralizes it. As an outcome of this relationship, when the salience of taint increases, so does occupational disidentification and turnover. On the other hand, when the salience of taint decreases, so does occupational identification and turnover. Practitioners can use this information to employ organizational level CSR initiatives as interventions to decrease turnover in their dirty workers. Building off of this foundational understanding of how CSR can normalize taint through social identity theory, this proposal should lead to more research on the mechanisms for normalization strategies, as compared to its outcomes.

REFERENCES


The End of Corporate Political Activity: A Call to Update CPA Theory

Tyler K. Wasson: twasson@bentley.edu * 781-891-2000 * Bentley University, Waltham, MA, USA

Category: CSR & Performance
Focused on Theme: No

Abstract: Corporate political activity (CPA) is one of the most prolific academic literatures which examines the political behaviors of corporations. CPA researchers often define it as a non-market strategy which corporations can engage in to influence political outcomes that complement their market objectives. In this paper I argue that, despite continuous theoretical development, CPA has not kept pace with changes in the political role and behaviors of corporations, particularly multinational corporations (MNCs), which has resulted in an inaccurate view of the corporate political environment. Therefore, CPA theory ought to be updated to be more descriptively and theoretically accurate.

Keywords: corporate political activity; political corporate social responsibility; non-market strategy

INTRODUCTION

Research on the political activity of business corporations has grown significantly over the years (Puck, Lawton and Mohr, 2018). The corporate political activity (CPA) literature is perhaps the more prominent and prolific research streams on the topic. CPA research identifies “political activities” as well as articulates the instrumental and strategic implications of these activities. “Corporate political activities” are often identified as any economically-motivated behavior which firms take towards public and other actors to attempt to influence public policies (Lawton and Rajwani, 2015). CPA researchers often consider it to be a non-market strategy which corporations can undertake to influence, or overturn potentially economically harmful national-level government policies (e.g., Hillman, Keim and Schuler, 2004; Néron and Norman 2008; Weber, 1997). CPA is commonly considered by management and strategy scholars to be a normatively acceptable strategic decision (Schuler, Rehbein and Green, 2016).

In this paper I argue that, despite clear and constant theoretical progressions, CPA has not kept pace with changes in the political role and behaviors of corporations, particularly multinational corporations (MNCs). In fact, much of CPA theory no longer accurately considers the scope of current political activities which corporations engage in, neither does it accurately reflect the role and power of corporations. This has given researchers an inaccurate view of the political environment of businesses. Therefore, to remain valuable as a research framework, CPA theory ought to be updated to be more descriptively and theoretically accurate. Specifically, I consider four interrelated limitations of CPA which researchers ought to be account for.

First, I argue that CPA research has failed to account for some of the more expansive political behaviors and roles of modern corporations such as MNCs operating in jurisdictions with weak corporate governance. Second, I argue that most CPA research takes an outdated view of the state-corporation power dynamics. Third, I argue that most CPA research has a limited theoretic
perspective, focusing almost exclusively at the firm and national levels, however many corporations, particularly MNCs, also have components of their non-market strategies that are transnational.

Fourth, I argue that CPA research is overly-focused on instrumental motivations and strategic considerations while underappreciating important normative concerns.

In order to account for these limitations, I argue that CPA researchers ought to integrate insight from other literatures that study the political activities of corporations. In this study I focus on one particular literature – political corporate social responsibility (political CSR). I consider the following two interrelated research questions:

Research Question 1: In what ways does CPA literature inaccurately consider the political role that modern corporations play?

Research Question 2: Relatedly, what insights from other “political” literatures could make CPA research more descriptively and theoretically accurate?

**LITERATURE REVIEW**

CPA is often researched by management and strategy scholars as a normatively acceptable non-market strategy where corporate activities attempt to influence “political outcomes that complement their market-oriented business objectives” (Schuler, Rehbein and Green, 2016, p. 1377). Studies on CPA examine a broad range of possible corporate behaviors – passive, reactive, anticipatory and pro-active – toward public actors, governments, and other politically important actors to influence public policies to be written in their economic interests (Schuler, Rehbein and Green, 2016). CPA researchers also classify activities as either individual or collective – conducted by themselves or in groups – and proactive or reactive – direct participation in public policy processes or responding post hoc to legislation (Hillman and Hitt, 1999). Less commonly, researchers have identified some political behaviors which they argue interact with and mutually reinforce CSR activities – responsible CPA (den Hond, et al, 2014).

Alternatively, political CSR scholars often take a normative view of political engagement and of resolving legitimacy concerns that require context-specific solutions (Schuler, Rehbein and Green, 2016). Political CSR theory is based on the premise that MNCs increasingly engage in “state-like” actions (Scherer and Palazzo, 2011). Many political CSR scholars view MNCs as social actors who, due to their increasing presence in weak or failed states, face pressure from a range of stakeholders (e.g., consumers, employees, the general public) who have a responsibility to leverage their extensive resources, power, and influence to be more active global citizens and address public concerns which have traditionally been considered the responsibility of states.

The most common definition of political CSR comes from Scherer and Palazzo (2011): “an extended model of governance with business firms contributing to global regulation and providing public goods” (p. 901). Political CSR theorists consider actions they claim ought to be the responsibility of states. This often includes activities that a majority of states are currently responsible for, have been responsible for until recently, or are common in well-functioning, enduring states but not in weak or failed states.
For political CSR, the most common examples of political activities include directly or indirectly influencing public policy decisions (den Hond, et al, 2014), engaging in self-regulation through global governance mechanisms (Mena and Palazzo, 2012), providing or protecting public goods or services that have traditionally been under state control (i.e., health care and education) (Boddewyn and Doh 2011; Schrempf, 2014), engaging in corporate diplomacy efforts to resolve social or political conflicts in conflict-prone regions (Fort and Schipani, 2004; Westermann-Behaylo, Rehbein and Fort, 2015), and providing human or citizenship rights (Frynas and Stephens, 2015; Scherer and Palazzo, 2011). In these instances, firms serve as “quasi-state actors with governance obligations [with] the capacity to facilitate democratic deliberation among stakeholders” (Smith, 2019, pg. 127).

For CPA, the most commonly-cited examples of political activities include lobbying, making political donations (e.g., campaign contributions), providing information to political actors or regulatory agencies (e.g., testifying to governments officials), constituency building (e.g., earning voter support or using grassroots influence campaigns), adding former public officials to boards of directors, placing corporate representatives on government advisory committees, and attending PAC meetings on policy formulation (Schuler, Rehbein and Green, 2016). Of these, lobbying is perhaps the most frequently researched. Lobbying has been divided between formal techniques (e.g., speaking directly to legislatures or meeting with elected officials) and informal techniques (e.g., taking legislators to dinner, working with Political Action Committees or trade associations, and more) (Nownes and Aitalieva, 2013).

For most CPA theorists, engaging in political activities is a legitimate strategic action because governments are considered to have considerable power over corporate environments, primarily through altering public policies in ways that can impact their economic performance (e.g., Hillman and Hitt, 1999; Lux, Crook and Woehr, 2011; Sutton, et al, 2019). This legitimizes management attempts to align government and corporate interests, and reduce the likelihood of problematic public policies for both the government and the corporation (Hadani, Bonardi and Dahan, 2017). However, some CPA theorists argue this outlook can produce negative results. Treating CPA as a morally neutral strategic decision can encourage “sociopathic behavior” (sociopathic CPA, Mantere, Pajunen and Lamberg, 2009) and because negative externalities can occur when corporate interests are not aligned with the public good (Néron, 2016; Biglan, 2009).

Most CPA research examines the impact of political activity on financial returns, though untangling the exogenous variables necessary to accurately measure this can be difficult (Hadani, Bonardi and Dahan, 2017; Lin, 2019). This is particularly true in industries where a few corporations conduct a majority of the political activity and others can “freeride” off their efforts (Hillman, et al, 1999; Keim and Baysinger, 1988). Additionally, empirical research has shown that actions which create value at the industry level may not do so for individual corporations (Schuler, Rehbein and Green, 2016). Relatedly, a CPA literature review from Schuler, Rehbein and Green (2016) highlighted its deeply instrumental focus. According to their research, all firm level CPA studies could be categorized into three main threads: 1) value creation; 2) options; and 3) choices and structures. Value creation research articulates instrumental reasons why corporations engage in political activities, whereas both options and choice and structures research focus on how corporations use them to create value.

CPA is primarily researched at the firm and national levels with the intent to understand how individual corporations’ political activities are related to organizational or institution differences.
(Schuler, Rehbein and Green, 2016). At the institutional level, CPA research often focuses on differences in national settings such as their relationship to governments and national actors. At the organization level, empirical research has found a strong relationship between the political activity of corporations and the political beliefs and activities of top management teams (TMTs) (e.g., Chin, Hambrick and Treviño, 2013; Nownes and Aitalieva, 2013; Rudy and Johnson, 2019). Upper echelons (UE) theory argues that understanding TMT personal characteristics is critical to understanding corporate behavior since their personal considerations impact corporate decisions (Hambrick and Mason, 1984). This illustrates that CEO political activity can be either instrumental or consumptive (Nownes and Aitalieva, 2013) – where “consumptive” is when CEOs use corporate resources to express personal political interests at a financial loss to the corporation. UE theorists, by illustrating that TMTs can engage in political activities without instrumental motivations, calls into question the common CPA theory assumption of economic rationality of corporate behaviors (Dahan, Hadani and Schuler, 2013).

In summary, most CPA theorists define corporate political activities as attempts to influence domestic public policies in their favor out of instrumental motivations. Corporations and their leaders are viewed as rational economic actors primarily interested in decreasing environmental uncertainty and increasing corporate value. Their political engagement is frequently perceived as legitimate since their external environments are overseen by powerful government intuitions and actors which corporations can attempt to influence but do not control. As I argue below, this view contrasts with other literatures that examine the political activities of corporations, such as political CSR. Therefore, it is necessary for CPA researchers to reexamine their definitions of “political activities” as well as their understandings of the political role corporations play otherwise their research will remain descriptively inaccurate and disconnected from practice.

FINDINGS

Limited theoretical perspectives

First, regarding the theoretical perspectives used in CPA research frameworks, I argue that most CPA research takes a narrow theoretic perspective, focusing almost exclusively at the national level, while many corporations, particularly MNCs, also have aspects of their non-market strategies that are global or transnational that ought to be considered as well.

For most CPA theorists, corporate performance is heavily dependent on environmental forces such as institutional pressures, national government activities, and market settings (John, Rajwani and Lawton, 2015). Thus, many CPA researchers take the resource dependency view (RDV) that corporations are heavily reliant on external actors to acquire valuable and necessary business resources (Pfeffer and Salancik, 1978). RDV argues organizations are often heavily dependent on hard to predictable or control external actors and, therefore, managers ought to attempt to mitigate the uncertainty (Pfeffer and Salancik, 1978). Managing dependence on governments is critical to corporate success, particularly in heavily regulated industries since they establish the “rules of the game” which impact their behavior, strategy, and performance (North, 1990). Thus, when corporations engage in political activities, their aim is to decrease environmental uncertainty by building a more supportive regulatory and governance environment which limits their dependence on external actors, including governments (Pfeffer and Salancik, 1978).
However, Sutton, et al (2019) argue the RDV commonly held by CPA researchers is based on two interrelated and problematic assumptions. First, that uncertainty increases with dependence, and, second, that this uncertainty leads managers to attempt to mitigate it. As Sutton, et al (2019) point out, dependence and uncertainty are not necessarily related. While dependence considers the importance of the relationship, uncertainty does not always correlate with the amount corporations may attempt to actively manage dependency because it can come from different environmental sources which impact corporations differently. For example, there can be uncertainty about both the actions of politicians (state uncertainty), as well as the proper method of political influence (response uncertainty). Therefore, uncertainty can cause corporations to either increase or decrease their political activity.

Furthermore, CPA research focuses on the national level, investigating activities directed at individual national governments (e.g., Schuler, Rehbein and Cramer, 2002). I argue, however, that CPA research often underappreciates the macro and transnational levels including MNC interactions with firm or industry level transnational governance policies, policy maker, or transnational standards. These topics are more frequently discussed in political CSR research (e.g., Levy, Reinecke, and Manning, 2016). For example, a 2015 study from Fyrnas and Stephens found that over 80% of political CSR analyses were conducted at either the meso- or macro-levels. Relatedly, whereas CPA scholars consider environmental pressures from external institutions as powerful inhibitors of their activities and determinants of their behaviors, political CSR researchers frequently argue that MNCs engage in more political activity as a result of their decreased dependence and reduced pressure from external institutions.

CPA researchers can benefit from examining the strategic impacts of international corporate political activities instead of focusing mainly at the national level. For example, this could explain why some MNCs alter behaviors and decision-making practices when national level institutional factors do not require them to. For example, MNCs do self-regulate in an effort to increase legitimacy for themselves or their industries (e.g., Schrempf-Stirling, 2018).

In summary, if, as political CSR argues, this is an increasingly political world and MNCs cannot avoid engaging in some political activities, it is important for CPA researchers to address the impact of these changes on corporate strategy, particularly beyond the national level, and how their political activities are altered by more than national governments including by societal norms and from legitimacy concerns. Political CSR illustrates that corporations can play a more powerful role in altering their institutional environments than CPA accounts for. Furthermore, political CSR arguments about increases in the level of corporate political activity and of the significant change to the corporate-state power dynamic are both empirical ones. Therefore, CPA researchers ought to examine these claims and alter their theory if support is found.

**Limited definition of “political activity”**

My second concern regards the view that many CPA researchers have of which activities ought to be considered “political”. I argue CPA research has failed to account for some new political behaviors and roles corporations have taken on, particularly MNCs. A number of CPA articles have built typologies of corporate political activities (Baysinger, 1984; Hillman, Keim and Schuler, 2004; Fyrnas
and Stephens, 2015). In these typologies, corporate political activities are limited to those which attempt to influence governments or government actors to alter public policies to better align with their economic interests. In fact, much CPA research is consistent with the “Chicago school” that advocates a separation in the respective roles of corporations and governments (Friedman, 1962, 1970). In this view, governments are responsible for enforcing laws, defining economic rules such as ownership rights, resolving disputes, enforcing contracts, promoting competition, and providing a monetary system, whereas corporations have a responsibility to maximize shareholder profits while following the laws set by governments and not engaging in deception or fraud. Meanwhile, much political CSR theorists consider such a separation impossible in practice. Therefore, they attempt to argue that the democratic sphere is not improperly controlled by business actors (e.g., Schrempf-Stirling, 2018). This requires maintaining legitimate corporate governance mechanisms and is closer to stakeholder theory (e.g., Evan and Freeman, 1988; Freeman, 1994; Freeman and Phillips, 2002), corporate citizenship (e.g., Matten and Crane, 2005), and some CSR frameworks (Mäkinen and Kourula, 2012), since a complete separation is both descriptively inaccurate and normatively disagreeable.

In summary, as a result of these differing conceptions, CPA and political CSR have significantly different views on the political roles and activities of corporations. Both conceive of political activities differently and have different views about the interaction between corporate and government actors. For CPA, political activities are when corporations either directly or indirectly, individually or collectively, make instrumentalist strategic decisions to attempt to alter public policies in their economic favor, whereas for political CSR they are more broadly-defined, including influencing, undermining, or engaging in actions that governments once had or ought to do but are now either fully conducted by MNCs or in cooperation with governments (Scherer and Palazzo, 2011). Political CSR research has identified a long list of activities, only a few of which are also identified in CPA research. Some example includes activities that relate to the provision of public goods or community services, influence societal norms or expectations such as human rights and citizenship rights, strengthen or weaken the liberal democratic order, as well as when MNCs directly or indirectly push for power or influence over governments or government actors on corporate governance or engage in self-regulatory behaviors that attempt to fill institutional voids left by declining government power (Scherer and Palazzo, 2011).

**Limited view of corporate power**

Third, I argue the view of the corporate-government power dynamics common in CPA research relies on an outdated view of this interaction. Political involvement and political power are often seen as directly linked. Therefore, increased political participation can either be a “positive act in a democratic system” or “an abuse of power and an attempt to subvert democratic processes” (Sethi, 1982, p. 32). Corporate political power is sometimes seen as the cause of regulatory capture (Perrow, 2010). Regulatory capture, when regulations “in law or application” are “consistently or repeatedly directed away from the public interest and toward the interests of the regulated industry, by the intent and action of the industry itself” (Carpenter and Moss, 2013, p. 14). When corporations have significant influence on public policies, industries can become dominated by one of a small group of corporations who then gain substantial economic and political power over their competitors such as (O’Hara, 2014; Hadani, et al, 2018). This illustrates that corporations can have significant control over government actions.
While a majority of CPA research argues corporations are heavily dependent on the actions of others in their political environments to accomplish their goals, the most important being governments (Lawton, McGuire and Rajwani, 2013); political CSR theorists argue that MNCs have increased their level of political activity, as well as taken on increasingly active and powerful political roles. In particular, decreased power of national and transnational governance institutions and globalization of business activities have expanded the jurisdictions where MNCs operate, including in countries with more human rights violations and other social problems which cannot be resolved through market-based solutions or by local governments (Scherer, et al, 2016). Political CSR scholars consider that the increasing economic impact of some MNCs has given them political power which can rival or exceed some governments (e.g., Alzola, 2013; Hadani and Schuler, 2013; Margolis and Walsh, 2003). This difference in perceived dependence explains why CPA scholars often consider corporate political ties as strategic and non-problematic (e.g., Kowal, 2018) whereas political CSR researchers often question their legitimacy (e.g., Aguilera, et al, 2007; Brammer, Jackson and Matten, 2012).

Political CSR scholars argue that the view one has of the benefits of government regulations to the public interest can impact their view of both regulation and corporate activity (Schrempf-Stirling, 2018). For CPA, regulations are frequently misaligned with corporate interests and therefore they ought to be rewritten to assist corporations, which, in turn, also benefits the larger economy and the government’s interests. However, for political CSR scholars, corporations can be narrowly self-interested whereas government and democratic interests are broader, therefore it is necessary to ensure proper governance mechanisms are in place to align the actions of corporations with those of the public.

Additionally, political CSR theorists argue governments have relinquished some of their governance capabilities and a new transnational governance structure has risen which integrates international organizations, civil society groups and private businesses to voluntarily contribute their expertise and resources to fill “gaps” in global governance and help to resolve public goods allocation concerns (Scherer and Palazzo, 2011). Global governance relies on “voluntary contributions and weak or even absent enforcement mechanisms” (Scherer and Palazzo, 2011, p. 900). As evidence, Scherer and Palazzo (2011) note that NGOs which had previously pressured governments to act on social and environmental concerns are now directly targeting MNCs. This means that MNCs now serve as “downstream codifiers of certain [political] practices” (Ruggie, 2004, p. 514). By failing to recognize that some MNCs have significant influence over governments and their actions, CPA underestimates both the level of political activity and political power that some MNCs have.

In summary, to be more descriptively accurate, CPA ought to reconsider its view of corporate-government power dynamics by integrating political CSR insights of MNCs as potentially powerful political actors with significant influence on political issues and in the political process. Political CSR research illustrates that governments are no longer considered solely responsible for the protection, maintenance, and continuation of liberal democratic norms and institutions, because growing corporate power and social influence has elevated MNCs to a position where they are also seen as capable of supporting political goals (Rasche, et al, 2016). These differing views illustrate why CPA researchers are often less skeptical of the political roles and behaviors of corporations, and why political CSR scholars argue for changes in corporate governance mechanisms that allow non-
governmental corporate agents to play more legitimates role in political processes. Therefore, CPA researchers ought to accept the political CSR argument that some MNCs have gained significantly more influence over governments and government actors than CPA theory currently considers.

**Limited examination of normative arguments**

Fourth, regarding common research questions, CPA is primarily focused on instrumental motivations and strategic considerations while underappreciating ethically normative concerns. As mentioned, empirical research on CPA has found that CEO political activity can be either instrumental or consumptive (Nownes and Aitalieva, 2013). This illustrates that corporations and corporate actors do not always act entirely economically rational. Particularly in instrumental economic and managerial perspectives such as agency theory and transaction cost economics, which are commonly employed by CPA researchers (Frynas and Stephens, 2015), instrumental concerns, such as agency costs, are the primary, and sometimes only, normative concerns (Lin, 2019).

However, according to political CSR theory, corporate political power and political involvement engenders discussions on the normative political roles and responsibilities of corporations. In fact, a common concern for political CSR theory is to define the necessary conditions for their political activities to be ethically legitimate (e.g., Hussain and Moriarty, 2018; Whelan, 2012).

When corporations engage in state-like behaviors without addressing concerns about legitimate governance or democracy deficits they are likely to be on the receiving end of public pressure (Hussain and Moriarty, 2018). That same is true for corporations who are considered capable of engaging in or supporting state-like behaviors, such as providing public goods or services, when the government is either unable or unwilling to (Scherer and Palazzo, 2011). According to political CSR, under certain conditions, MNCs are considered to have a normatively legitimate responsibility to assist with the maintenance of the liberal democratic order, and that there are specific responsibilities and conditions for when they can be considered legitimate (Schrempf-Stirling, 2018).

Therefore, when MNCs do engage in state-like activities, political CSR theory argues they have positive normative responsibilities (e.g., assist in providing fundamental human rights) and correlating negative responsibilities (e.g., to not cause harm to others or engage in socially harmful political activities) which support liberal democratic norms and the social institutions that support them (Rasche, et al, 2016).

While CPA focuses on the value creation process without giving appropriate consideration to the social consequences or normative issues (Lawton, McGuire and Rajwani, 2013), political CSR focuses on the legitimacy of their political behaviors (Scherer and Palazzo, 2011) and how to repair the resulting governance gap when MNCs supplant the role of democratically-accountable entities (e.g., duly-elected politicians) in the institutional and governance realms (Hussain and Moriarty, 2018).

In summary, since CPA considers governments as having the final say in corporate governance, they are less concerned about the normative political roles of corporations than are political CSR scholars who view corporations as powerful transnational actors that can play an active role in global corporate governance. The normative issues of this role are paramount. Additionally, many CPA theorists limit their definitions of corporate political activities to when corporations attempt to decrease environmental uncertainty by influencing domestic public policies in their economic favor.
Also, since CPA largely considers corporations and their leaders to be rational economic actors, they tend to have little concern about their political involvement or the political roles they play (Schuler, Rehbein and Green, 2016). This contrasts with political CSR literature which focus on the “state-like” actions of MNCs and distinguishes between ethically acceptable and unacceptable political activities, regardless of instrumental concerns (Scherer, 2018). Therefore, CPA ought to consider the normative arguments, some of which are found in political CSR theory, about the appropriate role of corporations as political actors.

CONCLUSION

In summary, despite both the CPA and political CSR literatures discussing similar topics, specifically corporate political activity and the corporate-government power dynamic, there is much that separates the two.

First, I argue CPA theory is overly focused on the domestic level, whereas globalization has led many businesses to take a more global approach to strategy formulation. Second, I argue CPA theory underappreciates the more expansive contemporary political behaviors of corporations, particularly multinational enterprises. As political CSR scholars argue, contemporary corporate political activities extend beyond self-interested attempts to influence public policy to also include such behaviors as supporting states in the provision of public goods and services and participating in global governance processes. Third, I argue CPA theory holds an inaccurate view of the shifting corporate-government power dynamic. In short, due to the increasingly powerful political position that many corporations, particularly MNCs, can now play in social, economic, and political affairs, governments often work alongside corporations to meet their governance goals. Forth, due a growth in the scale and scope of political activities and their expanded social impact, I argue CPA theory fails to consider the ethically normative conditions for corporate political activities to be legitimate.

Therefore, CPA theory has become increasingly less descriptively accurate and further disconnected from practice. Unless these shortcomings are addressed, CPA literature must integrate findings from other academic literatures on the political activity of corporations otherwise it could mean the end of the usefulness of the theory.

REFERENCES


Friedman, M. 1970. The social responsibility of the corporation is to increase its profits. New York Times Magazine, 13, 32-33.


Conflict as Business: The Moral Implications of the Privatisation of War

Steven van Klooster: s3023443@vuw.leidenuniv.nl * +31610434035 * Leiden University, Rotterdam, the Netherlands

Category: Governance Issues
Focused on Theme: Yes

Abstract: The state monopoly on violence is a core concept of modern public law, wherein only sovereign nation-states may lay claim to the legitimised usage of physical force. In recent years, however, this is commonly outsourced through Private Military Companies. Using Satz’s model and Weber’s definition of modern democracies, we argue that the market of Private Military Companies is a noxious one with severe ramifications in regards to democracy, freedom, and the autonomy of nation-states globally.

Keywords: private military companies; democracy; market regulation

INTRODUCTION

In early 2018, United States troops in Syria came under attack in the city of Deir al-Zour. They had been anticipating the attack for several days beforehand and, with military intelligence reporting that many of the pro-regime troops that were preparing to attack the city were speaking Russian, U.S. officials used U.S.-Russian deconfliction lines to try and prevent the attack from happening, warning for the potential consequences of such a thing. Russian officials denied involvement, however, and an estimated 300 Russian and Syrian fighters died in the conflict that followed. With Kremlin officials denying any involvement, it is later revealed that the Russians that died were a part of the Wagner Group, a private military company (PMC) originating from the country (Linder, 2018). This is neither the first nor the last time that the Wagner group found itself in the news, with the company working alongside Russia-backed rebels in Ukraine, previously, and being seen in Venezuela, another ally of the Russian government, in early 2019 (Giglio, 2019), and most recently in Libya, with the belongings of a former soldier and now Wagner-contractor found amidst possessions left behind by the country’s UN-backed government following the retreat of military forces belonging to a rival faction within the country, backed among others by Russia (Varfolomeeva, 2019).

During the Iraq war of 2003, the U.S.A. employed PMCs for a multitude of tasks, although one of the most notorious incidents involving PMCs in that conflict was when private contractors killed 17 Iraqi civilians in a display of excessive force while escorting an American diplomatic convoy. While all 17 deaths were ruled as unjust, neither the company nor the contractors working for it were punished, stated to not be beholden to Iraqi law per U.S. law with a U.S. court case eventually falling flat. In addition to this, problems arose when PMCs suspended their contracts when they decided the risk in the operations at the time was too great, leaving a greater stress on the U.S. troops that had to fill in for the sudden lack of manpower seeing to certain activities (Machairas, 2014).
Major international powers are not the only ones employing such services, however. The Royal Dutch Shell oil- and gas company, for example, spent close to 400 million dollars across a three-year timespan on ‘security costs’ in Nigeria, a significant sum of which went to private organisations seeing to security on the company’s behalf (Hirsch & Vidal, 2012). Another example is that of Malhama Tactical, a small PMC originating from the Syrian civil war, which exclusively provides its services to Jihadist organisations in the region, a unique mixture of extremist ideology paired with the modern trend of the privatization of war (Borys, Komar, & Woods, 2017).

Another interesting example is that of Colombia, where the export of private military services has raised concern among government officials, as they find themselves able to offer far less money than PMCs, despite having need of more experienced soldiers at a national level to combat insurgents and drug crime (Bristow & Syeed, 2015).

The usage of PMCs has become increasingly prevalent in the post-Cold War era and is still on the rise. As illustrated by the examples given above, the privatization of military acts has led to various problems, such as the plausible deniability offered to the Russian government by the usage of the Wagner Group, leaving it hard for that government to be held accountable for actions committed almost certainly on its behalf, to war crimes during the Iraq war going unpunished due to legalisation surrounding PMCs in the United States, and situations such as that of Malhama Tactical, where extremist ideological warfare finds itself privatized and turned into a profit-oriented endeavour. That is before cases such as that of Colombia are taken into account, a country now struggling to meet with its own national security demands as a result of private military companies hiring a significant number of the country’s experienced soldiers and employing them abroad.

**PROBLEM STATEMENT**

The market that private military companies operate in is, as evidenced, not flawless and there are plenty of issues that arise from it. Due to the nature of the services offered and provided by these companies, the consequences from their actions, as well as the environment that they operate in, are often highly political and can often strongly impact political situations on both a national- and international level. This leads to the following problem central to this paper: *What are the potential consequences of the private market for (military) force and should this market be regulated or banned?*

This problem statement will be explored through reflections and analysis based on various literary sources, firstly that on the nature of states, the social contract they have with their citizens, and the common state monopoly of physical force, and the way that PMCs can affect these things, and secondly Satz’s framework for the moral limits of markets, through which we can define whether or not the market that PMCs operate in is a noxious one or not. The theory that will be used for the analysis shall be elaborated on first, followed by the actual analysis and the conclusions drawn from it.

**THEORY**

In classical theory regarding the government and the public domain, the usage of physical force (such as that of institutions like the military or police) is limited to that of the state and the state alone. While not an entirely new idea in political philosophy and ideas surrounding the state, it was
most popularly defined as a feature of a modern democratic state by Max Weber in the early 20th century as a monopoly of the state on the exercise of legitimate violence over a given territory and populace, carried out through its agents, and serves as a method for a state to legitimize itself (Wulf, 2007). The concept of the legal and legitimate use of force dates back to even before the French Revolution, with thinkers such as Rousseau describing it as the only morally correct thing within a democratically organised nation-state, for the state is beholden to the citizens living in it and are held accountable by them (Rousseau, 2004).

Another issue that can arise with the trade of certain goods, on a moral level, is that of degradation. When certain goods or services are traded on the market, they are essentially being commodified, causing them to lose (parts of) their inherent value simply through the act of having been put up for sale. Slavery, for example, is objectionable because it assigns a monetary value to human life and the natural freedom human beings enjoy. Civic rights and duties such as the right to vote and jury duty are likewise not put on the market because it would essentially degrade citizenship to a commodity, rather than an inherent right of all citizens of a country. Through assigning monetary value to certain traits, services, or ideals, they are commodified and lose some of their inherent worth through degradation (Sandel, 2013).

The usage of private military forces (PMCs) by states can have various effects on these states. A state hiring private actors for its security and defence may damage its legitimacy in the eyes of its citizens, for example. Citizens, at the same time, care far less about the deaths of PMC contractors than the deaths of ‘regular’ soldiers fighting for their country which, to an extent, weakens popular (democratic) control over the government’s use of force. In addition, PMCs employed by governments are often foreign and thus made up of foreign nationals, which possibly weakens domestic cohesion within the country. Reliance on private contractors for a nation’s use of force can also potentially weaken its ability to do so and its control over the use of force, as a private company might not be willing to engage in operations it deems to be too riskful, even if it is something that the state itself has a great interest in fulfilling (Machairas, 2014).

The framework of Debra Satz that we will be using focuses on markets themselves, rather than the goods traded on these markets. We chose a framework focusing on this because through the definitions and literature elaborated above, we can make a simple assessment whether the good itself is one that can be traded, morally, whereas this model allows us to look at the market that these goods are traded in themselves. Markets are defined as noxious when they score highly on one or more of four different parameters, as defined by Satz. Two of these parameters focus on the underlying conditions of potentially noxious markets, while the other two focus on the outcomes of said markets (Satz, 2012).

In regards to the underlying conditions of markets that can cause them to become or be noxious, there is the matter of very weak or highly asymmetric knowledge and agency on the market participants’ part, which leads to them making choices that are not optimal for themselves, that may in fact worsen their own position (Satz, 2012). As such, this leads to a situation that isn’t Pareto-efficient, where one’s own condition cannot be improved without that of another being worse off for it. Transactions that leave one of the involved parties worse off is, as such, Pareto-inefficient (Cassidy, 2010).
Secondly, in regards to the underlying conditions and sources at the roots of markets, there is the matter of vulnerability, where one party involved in a transaction made in the market is more vulnerable than the other and at greater risk of being exploited by the other party, which can find its origins in poverty and destitution (such as with the rising cost of food, which has little effect on more affluent people but can have disastrous consequences for the poor), or when there is a great disparity between demand, supply, and the need individuals have for the specific goods being traded on the market.

When it comes to the outcomes of a market that can make it noxious, Satz also outlines two parameters. The first focuses on the outcomes produced by the market that affect the individual, such as a market which leaves a person in poverty through its operation, although it does not have to be limited to just poverty, possibly affecting what Satz defines as basic interests. These basic interests can be split between welfare interests, which concern an individual's overall wellbeing, and agency interests which refer to an individual’s ability to participate in making decisions regarding their overall wellbeing.

In regards to harmful outcomes for society, markets can undermine the social framework that is necessary for people to interact with one another as equals, defined as without a need to be begging or pushing others around. It is possible for markets to help enable or further this social framework, but a noxious market will do the opposite, undermining it. This is applicable to democracies and the democratic process as well, since equal citizenship is a fundamental requirement for it to function, involving equal civil and political rights for all, property rights, and equal rights to a threshold of economic welfare. A lack of education, for example, affects one’s ability to politically participate in democratic processes and therefore citizenship, and the privatisation of education can as such be seen as something that is potentially harmful towards one's citizenship (Satz, 2012).

The above is how Satz determines what is a noxious market and how noxious a market is or can get, and it is what we will be using within this paper to determine whether the market for private (military) force is a noxious one or not.

**ANALYSIS**

Using Satz’s framework, we can look at both the underlying conditions at the source of the market, and the outcomes of the existence and operating of the market for private military force in order to determine whether it is a noxious one or not.

It is hard to determine whether there is a great amount of asymmetric knowledge and a lack of agency when it comes to the acquisition of the services of PMCs by countries or companies, be it on the side of the parties purchasing these services, or the PMCs themselves due to the generally clandestine nature surrounding the acquisition of such services (Machairas, 2014). However, a case can be made in regards to weak agency on the part of the employees of PMCs. The Russian Wagner company, for example, is faced with a potential case in the International Criminal Court for recruiting young men from poor environments with little opportunity for a decent living wage outside of the opportunity presented by the company, who uses them as “cannon fodder”, supplying them with low-quality food, poor equipment, and sending them to highly lethal combat situations (Giglio, 2019). By looking at how Wagner recruits people with little other options through the lure
of decent pay, it becomes evident that the supply for the services the company puts on the market can be the cause of little agency, although it is important to note that this is not always the case, with the Wagner company for example also recruiting from among Russia's military veterans who tend to have a stable source of income already.

Another example of weak agency on the market for military force is that of poorer, unstable nation-states. Many of these frequently purchase the services of foreign PMCs out of necessity, rather than freely opting to enlist their services for various other reasons. These nation-states are incapable of setting up the military force they need for their various goals and as such have to resort to outsourcing these efforts to PMCs, damaging both the legitimacy of the state and growing increasingly reliant on external, profit-driven parties (Machairas, 2014). Parties that are incapable of performing the services PMCs offer themselves, but find themselves in need of things such as (military) force and other services military bodies in nations would otherwise perform (such as humanitarian aid following natural disasters) have little choice but to employ PMCs in these occasions, giving them incredibly weak agency on the matter and with little bargaining power on the market that these companies operate in.

When it comes to the consequences of the activities of the market for force, most of the harmful consequences fall into the category of societal harm, or harm done to the community, when using Satz’s framework. That does not mean that there is no harm for individuals, however. While already touched upon when it came to weak agency in the market, the example of Wagner recruits being sent to warzones with poor equipment and poor food is an example of how a profit-driven company can cause great harm for its employees, whereas a national military is more likely to take better care of its soldiers (if it can). Employees of PMCs also find themselves with less rights than those that fight for a nation's military: they do not fall under the international laws of the Geneva Conventions that legally protect captured soldiers as prisoners of war from things such as torture or the death sentence, and are instead considered as civilians, which subjects them to national criminal laws in the area that they operate in, with significant potential harm to individuals working to these companies as a result, outside of the inherent risks that come with the occupation that one would expect.

The harmful outcomes of the market for force that PMCs operate in have also been briefly touched upon when it came to the matter of weak agency. Those nations that have little choice as to whether or not they make use of the services of PMCs become susceptible to the profit-driven whims of the leadership of PMCs: a nation that is in need of a humanitarian relief effort and seeks a PMC to carry this out might run into trouble when none of them are interested because it is not profitable enough, or the company they hire might suddenly decide to cease its work because it, for example, decides that the risk for the company's employees is too great, such as happened during the Iraqi war when the American army suddenly had to use its own personnel to compensate for the sudden departure of PMCs that had up to then been providing security services for diplomatic- and other non-combat staff (Machairas, 2014).

The existence of the market that PMCs operate in, itself, can be damaging for nations as well. The Colombian military, for example, finds that many of its veterans and more experienced members leave to instead work for a private company, which greatly compromises the government’s own ability to use military force, despite a pressing need for it in the face of insurgents and drug crime (Bristow & Syeed, 2015).
The rule of law within nations that PMCs operate in might also be negatively affected, as illustrated by the case of American Blackwater operators during the Iraqi war being responsible for numerous civilian deaths that were deemed unnecessary, excessive and unjust by the Iraqi government due to American law ruling that the employees of PMCs working for the US government could not be persecuted by foreign governments (Macharias, 2014). With the rule of law as one of the core concepts of a modern democratic nation, significant harm done to the justice system in manners such as these can have major consequences for the democracies affected, which are often fragile already within the conflict zones that PMCs work in.

Lastly, there is also the issue of a lack of transparency, which is twofold. Governments that hire the services of PMCs are often not fully aware of the actions of these companies on, or close to, the battlefield, which makes it hard for governments to hold the people employing force on their behalf accountable (Wulf, 2007). The lack of transparency surrounding the use of PMCs by governments is similarly problematic as the public is far less aware of the actions of PMCs working on behalf of their government than it is of its own military or police, which damages the ability of the public to hold their government accountable, a cornerstone of modern democracies. In this way, PMCs and the way they operate are detrimental towards individual democracies and global democracy as a whole.

CONCLUSION

The potentially severe harmful outcomes for global democracy and individual nations and communities, as well as the overall lack of agency of many nations as well as individual people operating within the market for (military) force make it a noxious one. Through the often weak agency held by nations enlisting Private Military Companies and the low level of accountability these companies are subject to, the market can be detrimental to democracies, especially those that are already weakened as is often the case in the conflict zones in which PMCs operate most frequently.

As such, it is a market that needs to be strongly regulated, if not outright banned. Realistically speaking, however, it is highly unlikely that such services will be banned from the international market due to the fact that various major global powers, including several that are seated on the UN Security Council, make use of these companies and their services and that they will likely be opposed to increased regulation on such, or banning the market as a whole.

The biggest shortcoming of this paper is that it does not take into the account the effects of war and conflict in general on democracies, and how much of the negative outcomes of the market for PMCs can be attributed to conflict and war as well, or how significant a role PMCs play in the creation of these negative outcomes in regions that are already subject to great damage to society, which offers a window for future research and investigations.

Nevertheless, we believe that this paper has shown that the market for private military force is one that has the potential to be severely detrimental for democracies across the globe and that increased regulation or a ban on this market in full is necessary if the international community wishes to protect the concept of a global democracy and the sovereignty of individual nation-states and their peoples.
REFERENCES


Bristow, M., & Syeed, N. 2015. Recruiting Mercenaries for Middle East Fuels Rancor in Colombia. Retrieved 5 October 2019, from https://www.bloomberg.com/tosv2.html?vid=&uuid=56f07b30-e7ad-11e9-a677-87dd69feced24&url=L25ld3MvYXJ0aWNsZXMvMjAxNS0xMi0zMS9yZWNydmVzdGlvbc1mdWVscy1yYW5jb3ItaW4tY29sb21iYXI=


IABS LEADERSHIP 2020

IABS Board Meeting Attendees: 2019-2020

**Elected Board Members:**
- Past President – Vanessa Hill, University of Louisiana-Lafayette, USA
- President – Brad Agle, Brigham Young University, USA
- President-Elect – Karen Maas, Erasmus University, The Netherlands
- Conference Chair – Harry Van Buren, University of New Mexico, USA
- Conference Chair-Elect – Tara Ceranic Salinas, University of San Diego USA
- Representative-at-Large (2015-2018) – Robert Phillips, University of Richmond, USA
- Representative-at-Large (2015-2018) – Barrie Litzky, The Pennsylvania State University, USA
- Representative-at-Large (2016-2019) – Linda Rodriguez, University of South Carolina Aiken, USA
- Representative-at-Large (2016-2019) – Nikolay Dentchev, Vrije Universiteit Brussel, Belgium
- Representative-at-Large (2017-2020) – Craig VanSandt, University of Northern Iowa, USA
- Representative-at-Large (2017-2020) – David Wasieleiski, Duquesne University, USA
- Representative at Large (2018-2021) – Katherina Pattit (University of St. Thomas), USA
- Representative at Large (2018-2021) – Lutz Preuss (University of Sussex), UK

**Other Official Board Members:**
- Treasurer – Jeanne Logsdon
- Membership Director – Tara Ceranic Salinas, University of San Diego, USA
- Publications Committee Chair – Andrew Crane, York University, Canada
- Fellows Representative #1 – James Weber, Duquesne University, USA
- Fellows Representative #2 – Craig Dunn, Western Washington University, USA

**Non-Voting Board Attendees / Leaders:**
- Secretary – Anke Arnaud, Embry-Riddle Aeronautical University, USA
- Operations Manager – Kim Rodela, Brigham Young University, USA
- Audit Committee Chair – Patsy Lewellyn, University of South Carolina Aiken, USA
- *Business and Society* Editor – Andrew Crane, York University, Canada
- *Proceedings* Editor – Craig V. VanSandt, University of Northern Iowa, USA
- *Newsletter* Editor – Caddie Putnam Rankin, University of Maryland-Eastern Shore, USA
IABS Past Presidents, Conference Chairs, and Proceedings Editors

Listed below are the former presidents, conference chairs, and proceedings editors, whom IABS recognizes for their important contributions to the formation and growth of this group of scholars. IABS has recognized the contribution of the conference chair as a proceedings co-editor since 1992. The conference chair, in conjunction with many reviewers, is responsible for selecting the papers contained in this volume. The second proceedings co-editor is responsible for organizing the conference materials into this final published document. Beginning in 2011, a proceedings associate editor position was created to facilitate a smooth transition of the editorship.

Past Presidents
1992-1993 John F. Mahon, Boston University
1993-1994 Steven N. Brenner, Portland State University
1994-1995 Jean Pasquero, Université du Québec à Montréal
1995-1996 Steven L. Wartick, University of Missouri-St. Louis
1996-1997 Douglas Nigh, University of South Carolina
1997-1998 Jeanne M. Logsdon, University of New Mexico
1998-1999 Jim Weber, Duquesne University
1999-2000 Jerry M. Calton, University of Hawaii-Hilo
2000-2001 Donna J. Wood, University of Pittsburgh
2001-2002 Kathleen A. Getz, American University
2002-2003 Craig P. Dunn, San Diego State University
2003-2004 Duane Windsor, Rice University
2005-2006 Kelly C. Strong, Iowa State University
2006-2007 Lori Verstegen Ryan, San Diego State University
2007-2008 Bryan W. Husted, Tecnológico de Monterrey and Instituto de Empresa
2008-2009 Ben Wempe, Erasmus University
2009-2010 Kathy Rehbein, Marquette University
2010-2011 Jamie R. Hendry, Bucknell University
2011-2012 Robbin Derry, University of Lethbridge
2012-2013 Stephen Brammer, Warwick University
2013-2014 Gordon Rands, Western Illinois University
2014-2015 Melissa Baucus, University of Otago
2015-2016 Colin Higgins, Deakin University
2016-2017 Vanessa Hill, University of Louisiana at Lafayette
2017-2018 Brad Agle, Brigham Young University
2018-2019 Karen Maas, Erasmus University, The Netherlands
2019-2020 Harry Van Buren, University of New Mexico
2020-2021 Tara Ceranic Salinas, University of San Diego
IABS Past Presidents, Conference Chairs, and Proceedings Editors

2020 Proceedings of the International Association for Business and Society

Past Conference Chairs

1990 Philip L. Cochran, Pennsylvania State University
1991 John F. Mahon, Boston University
1992 Steven N. Brenner, Portland State University
1993 Jean Pasquero, Université du Québec à Montréal
1994 Steven L. Wartick, University of Missouri-St. Louis
1995 Douglas Nigh, University of South Carolina
1996 Jeanne M. Logsdon, University of New Mexico
1997 Jim Weber, Duquesne University
1998 Jerry M. Calton, University of Hawai'i-Hilo
1999 Donna J. Wood, University of Pittsburgh
2000 Kathleen A. Getz, American University
2001 Craig P. Dunn, San Diego State University
2002 Duane Windsor, Rice University
2003 Patsy G. Lewellyn, University of South Carolina Aiken
2004 Kelly C. Strong, Iowa State University
2005 Lori Verstegen, San Diego State University
2006 Bryan W. Husted, Tecnológico de Monterrey and Instituto de Empresa
2007 Ben Wempe, Erasmus University
2008 Kathleen Rehbein, Marquette University
2009 Jamie R. Hendry, Bucknell University
2010 Robbin Derry, University of Lethbridge
2011 Steve Brammer, Warwick University
2012 Gordon Rands, Western Illinois University
2013 Melissa Baucus, University of Otago
2014 Colin Higgins, Deakin University
2015 Vanessa Hill, University of Louisiana at Lafayette
2016 Brad Agle, Brigham Young University
2017 Karen Maas, Erasmus University
2018 Harry Van Buren, University of New Mexico
2019 Tara Ceramic Salinas, University of San Diego
2020 Harry Van Buren, University of St. Thomas

IABS Past Presidents, Conference Chairs, and Proceedings Editors

2020 Proceedings of the International Association for Business and Society

Past Proceedings Editors

1990 William Martello, University of Pittsburgh
   Donna J. Wood, University of Pittsburgh
1991 John F. Mahon, Boston University (no co-editor)
1992 Sandra A. Waddock, Boston College
Steven N. Brenner, Portland State University
1993 Jean Pasquero, Université du Québec à Montréal
Denis Collins, University of Wisconsin-Madison
1994 Steven L. Wartick, University of Missouri-St. Louis
Denis Collins, University of Wisconsin-Madison
1995 Douglas Nigh, University of South Carolina
Denis Collins, University of Wisconsin-Madison
1996 Jeanne M. Logsdon, University of New Mexico
Kathleen Rehbein, Marquette University
1997 Jim Weber, Duquesne University
Kathleen Rehbein, Marquette University
1998 Jerry M. Calton, University of Hawaii-Hilo
Kathleen Rehbein, Marquette University
1999 Donna J. Wood, University of Pittsburgh
Duane Windsor, Rice University
2000 Kathleen A Getz, American University
Duane Windsor, Rice University
2001 Craig P. Dunn, San Diego State University
Duane Windsor, Rice University
2002 Duane Windsor, Rice University
Stephanie A. Welcomer, University of Maine
2003 Patsy G. Lewellyn, University of South Carolina-Aiken
Stephanie A. Welcomer, University of Maine
2004 Kelly C. Strong, Iowa State University
Stephanie A. Welcomer, University of Maine
2005 Lori Verstegen Ryan, San Diego State University
Jeanne M. Logsdon, University of New Mexico
2006 Bryan W. Husted, Tecnológico de Monterrey and Instituto de Empresa
Jeanne M. Logsdon, University of New Mexico
2007 Ben Wempe, Erasmus University
Jeanne M. Logsdon, University of New Mexico
2008 Kathleen Rehbein, Marquette University
Ronald M. Roman, San Jose State University
2009 Jamie R. Hendry, Bucknell University
Ronald M. Roman, San Jose State University
2010 Robbin Derry, University of Lethbridge
Jamie R. Hendry, Bucknell University
2011 Steve Brammer, Warwick University
Jamie R. Hendry, Bucknell University
2012 Gordon Rands, Western Illinois University
Jamie R. Hendry, Bucknell University
2013 Melissa Baucus, University of Otago
Jamie R. Hendry, Bucknell University
2014 Colin Higgins, Deakin University
Jamie R. Hendry, Bucknell University
2015 Vanessa Hill, University of Louisiana at Lafayette
Craig V. VanSandt, University of Northern Iowa
2016 Brad Agle, Brigham Young University
Craig V. VanSandt, University of Northern Iowa
2017  Karen Maas, Erasmus University
       Craig V. VanSandt, University of Northern Iowa
2018  Harry Van Buren, University of New Mexico
       Craig V. VanSandt, University of Northern Iowa
2019  Tara Ceranic Salinas, University of San Diego
       Craig V. VanSandt, University of Northern Iowa
2020  Harry Van Buren, University of St. Thomas
       Craig V. VanSandt, University of Northern Iowa
31st Annual Meeting of the International Association of Business and Society
July-September 2020

Venue: Various laptops and desktops around the world

Message from the 2020 conference chair

2020 was the first year of the COVID-19 pandemic, which turned the world upside down. IABS 2020 was meant to be held in Lisbon, Portugal in June, a city that many people have long dreamed of visiting. As the implications of the pandemic for global travel became clearer, the IABS board and executive committee decided in February to cancel the conference as an in-person event and to hold it virtually instead. Like every academic society, IABS had to adapt its conference planning quickly to adjust to the pandemic. An unanticipated change in conference chair leadership then necessitated a different approach to organizing and holding the conference.

The IABS board wanted to hold some sort of event to (1) allow early-career scholars to present their work and get feedback, (2) provide for interactions among IABS members, and (3) facilitate the creation of a conference proceedings. IABS 2020, therefore, became a conference in which sessions unfolded from July to September, session chairs used their institutions’ Zoom accounts to organize the sessions to which they were assigned, and sessions often spanned multiple time zones. (One session included participants from Asia, South America, and Europe, and required the U.S.-based chair to set an alarm for 2:00 am.) The conference required flexibility and kindness from everyone involved to succeed in any way, and all who were part of it exhibited both. More than anything else, we did not want 2020 to be a blank space in the history of IABS.

This program therefore includes all of the sessions that were created from the accepted proposals for papers and discussions, whether or not the authors chose to present their work in one of the virtual sessions. A majority of the proposals submitted were presented by authors, and for that I am grateful to the many, many people who helped in some way:

- Tara Ceranic Salinas, who helped keep the online program organized and on track, and who ensured that the members who wanted to participate in sessions had the information needed to do so.
- The other members of the 2019-2020 executive committee: Nikolay Dentchev, Heather Elms, Barrie Litzky (who joined the executive committee over the summer), and Karen Maas, for their steadfastness in helping IABS navigate the challenges associated with the 2020 conference.
- Kim Rodela, who as IABS administrator dealt with the problems associated with cancelling an in-person conference and managing a virtual one.
- Craig Vansandt, who once again edited the conference proceedings.
And everyone who participated in the virtual conference, whether as an author, reviewer, or session participant. All of you made the conference what it was.

The pandemic has had profound implications for the world, including the world of academia. These implications will be with us for decades to come. My hope is that International Association for Business & Society members will be at the forefront of scholarship and teaching of the relationship between business and society as that relationship continues to change in response not just to the pandemic, but also to other emerging social and political forces.

Harry Van Buren
IABS President, 2019-2020
Barbara and David A. Koch Endowed Chair of Business Ethics
Opus College of Business
University of St. Thomas

Discussion Sessions

Discussion session 1: Sustainability and Sustainable Business Models

Anne Norheim-Hansen and Saïd Yami: Green Product Innovation: Senior Managers’ Sensemaking of Alliance-Partner Scarcity and Resulting Actions

Kajsa Ahlgren Ode, Jennifer Goodman, and Céline Louche: Alternative Lifestyles: Living on the Outskirts of the System

Nikolay Dentchev and Claudia Alba Ortúño: We Need Transdisciplinary Research on Sustainable Business Models

Alisha Tuladhar: Addressing Societal Impact of Circular Economy

Neda Muzho, Nikolay Dentchev, and Rumen Gechev: Sustainable Business Models for Renewable Energy

Riikka Tapaninaho and Anna Heikkinen: Stakeholder Approach to Sustainable Circular Economy Business: Case Biogas

Discussion session 2: New Perspectives on CSR and CSP

Jorge Tarziján, Rajat Panwar, and Cristian Ramírez: Corporate Social Responsibility, Buyer’s Type, and Firm Competitiveness

Stelios Zyglidopoulos, Fanny Salignac, Ioana Ramia, and Taieb Hafsi: CSR Impact: A Capabilities Approach Perspective

Stefan Schaper and Irene Pollach: Modern Slavery Statements and Corporate Social Performance
Juan Francisco Chavez R.: Organizational Responses to Legitimacy Claims in Plural and Complex Institutional Environments

Tara Ceranic Salinas: The Metamorphosis of Mezcal

Natalie Schneider: Corporate Social Responsibility as Stigma Management

Discussion session 3: International Issues in B&S Research

Anna Mineeva and Marielle A. Payaud: Rethinking the Role of Global Business Actors in Governing Business Conduct

Michela Limardi: Business and Low Corruption: Evidence from Southern Italy

Isabel Fischer: The Role of Ethics and ESG Criteria When Developing AI-Based Models to Encourage Impact Investing

Tanusree Jain and Harry Van Buren: Trust, Institutions, and Shared Prosperity: The Challenges for Business in Post-Colonial Environments

Jay Joseph and Harry Van Buren: Entrepreneurship and Peace: The Role of Micro-Small to Medium Enterprises

Lara Gonzalez Porras: A Stakeholder Approach to the Social License to Operate in Megaprojects: A Case Study from the Forest Industry in Uruguay

Lara Gonzalez Porras and Elisabet Garriga: Dynamic Business-Stakeholder Networks in Megaprojects: A Case Study from the Fracking Industry in Spain

Discussion session 4: New Topics in B&S Research

Kendall Park and Allison Elias: Sustainability and Diversity Leadership: The Role of Job Design and Firm Structure in Achieving Organizational Outcomes

Margaret McKee and Wendy Carroll: Women’s Representation on Boards of Directors: Shifting Emphasis from the Business Case Question to Effective Diversity and Inclusion Interventions

Tyler Wasson: The End of Corporate Political Activity

Meike Siegner, Rajat Panwar, and Robert Kozak: Common-Pool Resource Problems and Social Enterprise: A Conceptual Discussion in Light of Hybrids and Hybrid Organizing

Viviana Pilato, Matthew Murphy, and Enrico Fontana: Is Fair Trade Adding Value?

Afra Mehwish and Elizabeth Kurucz: Exploring the “Black-Box” Surrounding Workplace Experiences of Menstruation: A Qualitative Inquiry
Discussion session 5: Organizing Responsibility and Responsibly

**Francesco Scarpa:** The Role of the Media in Corporate Responsibilization: The Case of Corporate Taxation

**Outi Vehka-Aho:** Understanding Experienced Impact of Social Enterprises Through Stakeholder Narratives

**Jorge Salas, Nikolay Dentchev, and Abel Alan Diaz Gonzalez:** Entrepreneurial Competencies at the Base of the Pyramid

**Philippe Eiselein, Nikolay Dentchev, and Claudia Alba Ortuño:** Social Enterprises and the Stakeholder Engagement Process

**Abel Alan Diaz Gonzalez and Nikolay Dentchev:** The Support Archetypes of Social Entrepreneurial Ecosystems

**Coralie Fiori-Khayat:** Thinking about Whistleblowers from a Platonist Standpoint: Social Justice, a Root of Humanistic Management?

**Laquita Blockson:** When No Home is the Best Home: Taking an Interdisciplinary Approach toward Social Innovation Education

Discussion session 6: The Future of B&S Research

**Debbie Haski-Leventhal:** The Future of CSR

**Romel Brun and Nikolay Dentchev:** Bilateral Trust at the Bottom of the Pyramid

**John Katsos and George Christodoulides:** Luxury Marketing and Sustainability: The Implicit Paradoxes

**Anja Bodenschatz, Matthias Uhl, and Gari Walkowitz:** Scapegoat Punishment Through and Within Organizations

**Oyinkansola Ige, Andrew Crane, and Pierre McDonagh:** Authenticity in Corporate Social Responsibility: Towards an Existentialist Perspective

**Lailani Alcantara and David Guttormsen:** Towards Responsible Management: Exploring the Inclusion and Exclusion of Global Talents in Japan

Paper Sessions

Paper session 1: Business and Human Rights
Judith Schrempf-Stirling and Florian Wettstein: Public and Private Governance in Business and Human Rights: Shades of Transformation

Kathleen Rehbein, Michelle Westermann-Behaylo, Tricia Olsen, and Annie Snelson-Powell: What Motivates Firms to Adopt Human Rights Policies?

Frank Hubers and Thomas Thijssens: Human Rights Reporting Under Increasing Institutional Pressure


*Paper session 2: Themes in BHR: Privacy, Modern Slavery, and Business in Conflict Zones*

John Katsos and Jason Miklian: Repression, Recruitment, and Riots: The Role of Social Media Firms in Conflict Zones

Luis Sousa Gomes: Privacy in the Digital Age: A Normative Understanding as a Collective Good

Steven van Klooster and Ben Wempe: Conflict as Business: The Moral Implications of the Privatisation of War

Johanne Grosvold, Frederik Dahlmann, and Jens Roehrich: Supply Chain Responsiveness to Modern Slavery: Does Legislation Make a Difference?

*Paper session 3: Voice, Inequality, and Economic Insecurity in the Employment Relationship*

Atul Mitra and Mary Connerley: Inequality and Corporate Social Responsibility

Barrie Litzky, Lynne Andersson, Larry Keiser, John Deckop, and Cassie Haynes: Pay Check to Pay Check: Economic Insecurity in American Workers


Cedric Dawkins and Yoona Youm: Keeping them Honest: Labor Union Impact on CSR in Large Firms

*Paper session 4: Accounting and Reporting*

Paul Dunn: Is Deception a Valued Competence?

Jamie O’Neill and Annie Snelson-Powell: Compliance and The Threat to Accountability: The Paradox of High-Quality Reporting Standards

Michael Greiner and Jennifer Cordon Thor: An Ethical Duty to Pay Taxes? A Normative Analysis

Jilde Garst, Vincent Blok, and Onno S.W.F Omta: Changing the Rules of the Game: How Revising CSR Standards Might or Might Not Support Their Long-Term Effectiveness
**Paper session 5: Education in B&S**

**Sumeet Jhamb, Teresa Stephenson, and Stacy Bibelhauser:** Ethical Dilemmas in Business: A Study of Ethical Recognition, Ethical Reasoning & Moral Judgment, and Ethical Intentions to Act, through the lens of Rest’s (1986) Four-Component Ethical Reasoning Process

**Patsy Lewellyn:** Ethical Issues in Online Accounting Education

**Patricia Kanashiro, Gordon Rands, and Mark Starik:** We Academics Should Walk Our Sustainability Talk

**Paper session 6: Philosophy in B&S Research**

**Robert Gould:** Metamodernism and Business and Society

**Silvana Signori and Francesco Vittori:** Fostering Social Connection Responsibility: Lessons from the Assessment of a Local Participatory Guarantee System (PGS)

**Adrian Gombert:** A Rawlsian Interpretation of Multi-Stakeholder Governance

**Matthew Caulfield:** Why Should Firms Pay for Employees’ Wrongdoing?

**Paper session 7: Organizational Behavior-Inspired Research**

**Robert Kudlak:** Institutions, Intrinsic Motivation and Socially Responsible Behavior

**Atul Mitra and Mary Connerley:** Construal Level Theory and the Triple Bottom Line: Not All Ps Are Created Equal

**Johanna Jauernig, Matthias Uhl, and Michael von Grundherr:** An Experimental Investigation of the Evaluation of Corporate Hypocrisy

**Agnes Ceccarelli, David Wasieleski, and Sara Krivacek:** Unstructured vs Structured Interviews: Addressing the Justice Paradox Through Organizational Justice

**Paper session 8: International B&S Research**

**Pierpaolo Parrotta, Marianna Marino, and Frank de Bakker:** Entrepreneurship as Emancipation: Countering the Mafia

**Bryan Robinson, Bennett Cherry, and Catalin Ratiu:** Sustaining Cameroon’s Exotic Wood Species: A Case Study on Transmogrifying Suboptimal Product Aesthetics into Desired Aesthetics

**Valentina Varbanova:** The Effect of Corporate Social Responsibility on the Internationalization of Small and Medium-Sized Agribusiness Enterprises in India

**Lutz Preuss:** How Does Corporate Social Responsibility Diffuse Internationally? Insights from the Spread of a UK CSR Framework
Paper session 9: Empirical Research on Sustainability

Sümeyye Kuşakci and Ali Osman Kuşakci: Assessment of Ibn Haldun’s Model for Sustainability using Structural Equation Modelling

Krista Lewellyn: Believing in Climate Change: Help or Hinderance for Entrepreneurial Resiliency?

Breeda Comyns, Naeem Ashraf, and Paola Sakai: How Do Identity, Frames and Sentiment Influence Social Status on Twitter? An Examination in the Context of the COP21

Kimberly Reeve and Dami Kabiawu: Corporate Sustainability as Legitimacy in the Oil and Gas Industry in Sub-Saharan Africa: A Longitudinal Analysis of CS Initiatives and Stock Prices

Mette Morsing and Annemette Kjaergaard: Organizational Identity into the Unknown: A Micro-Level Study of Ethical Closure and Silence on Sustainability

Paper session 10: B-Corps and New Organizational Forms

Garima Sharma, Natalia Vidal, Wellington Spetic, and Karen Patterson: Local Challenges within an Existing Institutional Field: The B Corp Movement in New Mexico

Rebecca Elliott: Pathways to Businesses for Society: How Traditional Corporations Transition to Hybrid B Corp Status

Caddie Putnam Rankin: The Benefits of Benefit Forms: Legal, Peer, and Stakeholder Benefits

Anne-Laure Winkler and Kara Dellacioppa: Witchy Business: Exploring Women Creating Their Own Ventures

Paper session 11: Empirical Research in CSR and CSP 1

Karen Paul: How Does the International Business Literature View Ethics, CSR, and Social Responsibility? Four Themes


Stelios Zyglidopoulos, Naomi Gardberg, Maria Fotaki, and Laura Illia: Atoning through CSP and Emotions: The Social Performance of Stigmatized Firms

Christa Thomsen, Anne Ellerup Nielsen, and Irene Pollach: Towards the Institutionalization of Occupational Practices in Sustainable Organizations? A Content Analysis of CSR Job Descriptions

Paper session 12: Empirical Research in CSR and CSP 1

Julia Croce: Corporate Social Responsibility: The Role of Small and Medium Sized Enterprises in Building Democracy in Post-Conflict Countries
Maria Fernandez Muiños, Kevin Money, Anastasiya Saraeva, Irene Garnelo-Gomez, and Luis Vazquez Suarez: Exploring how Leadership Gender impacts the Corporate Social Responsibility (CSR) Activities of Spanish Franchise Firms

Susana Esper, Frank de Bakker, and Nico Heuvinck: CSR as “Empty Actions”: How CSR Managers Perceive and Cope with Decoupling

Lutz Preuss and Isabel Fischer: Measuring the Complexity of Students’ Mental Schemas of Corporate Social Responsibility

Paper session 13: Conceptual Research in CSR and CSP

Onna van den Broek: CSR Opens Political Doors: Is it Really that Simple? Information as an Intermediate for Gaining Access to EU Commission

Silvana Signori, Francesco Scarpa, and Gianluigi Bizioli: A Citizenship Perspective in Corporate Income Tax Avoidance

Rob Barlow: Democracy, Legitimacy and the Standing of the Corporation in Corporate Global Governance

John Holcomb and Hugh Grove: Corporate Purpose: Business Roundtable Statement and Its History and Impact

Paper session 14: New Models for Thinking About Sustainability


Carla Vidinha: Engaging Companies for Urgency on Sustainability: What Can Be Learned from the Activist Campaign “Zero Pesticides”

Konstantinos Iatridis, Effie Kesidou, and Annie Snelson-Powell: Goldilocks and International Sustainability Standards: How Much Certification is “Just Right?”

Saeed Rahman, Stefano Pogutz, and Monika Winn: Inventing Regenerative Sustainability Through Exploration and Collaboration Across Sectors

Paper session 15: Communities – The Neglected Stakeholder

Trine S. Johansen and Anne Ellerup Nielsen: Corporate Volunteering as a Local Community – Remapping a Familiar Territory

Andreas Georgiou and Daniel Arenas: Reconceptualizing Communities in Management: A Literature Review and an Integrative Framework

Matthew O’Meara Wallis, Nadia Kougianou, and Rupert Matthew: “To Hell With It”: Trust and Institutional Logics – A Case Study of Extractive Industry Firms and Dependent Communities
Jaehyun Choi and Mike Valente: Local Media Decline and Corporate Wrongdoing: The Role of Regional Social Ties

*Paper session 16: New Thinking in Stakeholder Theory*

Daniel Laude, Sybille Sachs, and Antoinette Weibel: An Index on Relational Models of Stakeholders and Organizations

Tiziana Gaito: The Role of Context in Distrust-Ridden Stakeholder-Firm Relations

F. Adrien Bouchet and Timothy Hart: Simultaneous Multi-Stakeholder Value Creation: How Volkswagen Made it Happen in Wolfsburg

Jason MacDonald: A Typology for Influence-Ally Choice by Secondary Stakeholders

John Mahon and Richard McGowan: Revisiting the Environment as a Stakeholder: Some Representation Issues

*Paper session 17: Shareholder and Corporate Governance Issues in B&S Research*

Jegoo Lee: Executive Compensation, Managerial Discretion, and Corporate Irresponsibility

Marco Minciullo: The Commitment of the Board of Directors towards Sustainability: The Influence of Legislation


Maria Goranova and Lori Ryan: Diverging Shareholder Interests and Shareholder Empowerment

*Paper session 18: Stakeholder Engagement*

Roman Kurdyukov, Jill Brown, and Cynthia Clark: Managerial Discretion in Stakeholder Engagement: A Meso Level Story of Opportunities and Challenges

Rebecca Ruehle and Adrian Gombert: Understanding the Concept of Empirical and Normative Legitimacy in the Context of Multi-Stakeholder Initiatives


Lara Gonzalez Porras, Johanna Kujala, Anna Heikkinen, Riikka Tapaninaho, Maili Marjamaa, and Hanna Salminen: The Role of Stakeholder Engagement in Sustainability Transitions: The Case of Circular Economy

*Paper session 19: Research on Innovative Business Models*
Romi Kher, Shu Yang, and Scott Newbert: Accelerating Emergence: An Empirical Test of the Effect of Social Impact Accelerators on Nascent Startups

Felix Carl Schultz and Sebastian Everding: Governance as a ‘Game Changer’ for the Circular Economy – Value Creation by Collaboration in the Plastic Value Chain

Clara Etchenique: Love under Swipes & Algorithms: Sugar Daddies and Disillusions

Hussein Fadlallah: Governance of Voice in Digital Platforms

Paper session 20: Managing Sustainability and Environmental Issues

Anna Eckardt and Daina Mazutis: Banking for a Low Carbon Future: Explaining Variation in Corporate Climate Change Responses in a Low-Salience Industry

Juan Francisco Chavez R., Belaid Moa, and Matthew Murphy: Institutional Plurality and Complexity: Lessons from the Canadian Pipeline Industry

Philippe Coulombel and Andrew Barron: From Ideas to Implementation: Exploring the Role of Individuals in the Emergence of Cascading Meta-Organizations in Response to Sustainability Issues

Chitra Singla and Jennifer Griffin: Firms’ Environmental and Social Activities under Different Governance Structures: A Cross-Cultural Study of ESG in Family and Non-Family-Owned Firms

Paper session 21: Challenges to Dominant Business Strategies

Juelin Yin: Near and Dear: The Influence of Politicians’ Hometown on Corporate Philanthropy in China

Yoshiki Shinohara and Lailani Alcantara: Gender Differences in Strategic Orientations of Social Entrepreneurs’ Strategies

Jamie O’Neill: Unintended Impacts of Fringe Stakeholders’ Powerlessness on Legitimacy: A Multi-Level Conceptual Model

Ben Neville: Shareholder Primacy under Siege: A Legal CSR Change Framework

Anne Barraquier: Maintaining Legitimacy: An Exploratory Study

Paper session 22: Leadership, Ethical Decision Making, and Ethics Management

Philip Cochran, Tara Ceramic Salinas, and Melissa Baucus: Explaining How a Syntopical Reading & Reflection Practice Develops Ethical Leadership

Yan Bai, Elena Reutskaja, Antonino Vaccaro and Daniel Fernandes: Back to the Future: Can Awareness of Previous Unintentional Unethical Decisions Improve Subsequent Intentional Ethical Decisions?
**Miguel Alzola**: A Third Approach to Corporate Ethics Programs

**Sami Ghaddar**: The Influence of Director Age on Corporate Social Performance: A Quantile Regression Approach

**Workshop**


**Thank you to the 2020 IABS reviewers!**

<table>
<thead>
<tr>
<th>Kajsa Ahlgren Ode</th>
<th>Matthew Caulfield</th>
<th>Susana Esper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amer Alaya</td>
<td>Juan Francisco Chavez</td>
<td>Clara Etchenique</td>
</tr>
<tr>
<td>Laura Albareda</td>
<td>Jaehyun Choi</td>
<td>Sebastian Everding</td>
</tr>
<tr>
<td>Miguel Alzola</td>
<td>Cynthia Clark</td>
<td>Hussein Fadlallah</td>
</tr>
<tr>
<td>Lynne Andersson</td>
<td>Phil Cochran</td>
<td>Coralie Fiori-Khayat</td>
</tr>
<tr>
<td>Daniel Arenas</td>
<td>Breeda Comyns</td>
<td>Isabel Fischer</td>
</tr>
<tr>
<td>Poonam Arora</td>
<td>Mary Connerley</td>
<td>Tiziana Gaito</td>
</tr>
<tr>
<td>Naeem Ashraf</td>
<td>Philippe Coulombel</td>
<td>Jose-Carlos Garcia-Rosell</td>
</tr>
<tr>
<td>Rob Barlow</td>
<td>Andrew Creed</td>
<td>Naomi Gardberg</td>
</tr>
<tr>
<td>Anne Barraquier</td>
<td>Julia Theresa Croce</td>
<td>Jilde Garst</td>
</tr>
<tr>
<td>Andrew Barron</td>
<td>Frederick Dahlmann</td>
<td>Irene Garnelo-Gomez</td>
</tr>
<tr>
<td>Melissa Baucus</td>
<td>Cedric Dawkins</td>
<td>Sami Ghaddar</td>
</tr>
<tr>
<td>Vikram Bhargava</td>
<td>John Deckop</td>
<td>Peter Gianiodis</td>
</tr>
<tr>
<td>Stacy Bibelhauser</td>
<td>Frank de Bakker</td>
<td>Samantha Goethals</td>
</tr>
<tr>
<td>Laquita Blockson</td>
<td>Nikolay Dentchev</td>
<td>Adrian Gomont</td>
</tr>
<tr>
<td>Vincent Blok</td>
<td>Lucien Dhooge</td>
<td>Abel Alan Diaz Gonzalez</td>
</tr>
<tr>
<td>Anja Bodenschatz</td>
<td>PJ Dillon</td>
<td>Maria Goranova</td>
</tr>
<tr>
<td>Jeffrey Bone</td>
<td>Friederike Doebbe</td>
<td>Robert Gould</td>
</tr>
<tr>
<td>Doug Bosse</td>
<td>Paul Dunn</td>
<td>Michael Greiner</td>
</tr>
<tr>
<td>Claire Bright</td>
<td>Anna Eckhardt</td>
<td>Jennifer Griffin</td>
</tr>
<tr>
<td>Jill Brown</td>
<td>Philippe Eiselein</td>
<td>Johanne Grosvold</td>
</tr>
<tr>
<td>Romel Brun</td>
<td>Rebecca Elliot</td>
<td>Timothy Hart</td>
</tr>
</tbody>
</table>
Debbie Haski-Leventhal  
Anna Heikkinen  
Colin Higgins  
Vanessa Hill  
John Holcomb  
Frank Hubers  
Johanna Jauernig  
Sumeet Jhamb  
Jay Joseph  
Dami Kabiawu  
Patricia Kanashiro  
John Katsos  
Ivar Kolstad  
Nadia Kougiannou  
Sara Krivacek  
Johanna Kujala  
Jegoo Lee  
Krista Lewellyn  
Patsy Lewellyn  
Barrie Litzky  
Jeanne Logsdon  
Céline Louche  
Karen Maas  
Jason MacDonald  
Jason Jahir Roncansio  
Marin  
Maili Marjamaa  
Afra Mehwish  
Elli Meleti  
Marco Minciullo  
Anna Mineeva  
Nicola Misani  
Atul Mitra  
María Fernández Muiños  
Neda Muzho  
Anne Norheim-Hansen  
Jamie O’Neill  
Claudia Alba Ortuño  
Kendall Park  
Karen Paul  
Rob Phillips  
Viviana Pilato  
Lara Gonzalez Porras  
Gordon Rands  
Caddie Putnam Rankin  
Kimberly Reeve  
Kathleen Rehbein  
Bryan Robinson  
Rebecca Ruehle  
Lori Verstegen Ryan  
Tara Ceramic Salinas  
Hanna Salminen  
Francesco Scarpa  
Judith Schrepmpf-Stirling  
Natalie Schneider  
Felix Schultz  
Garima Sharma  
Meike Siegner  
Yoshiki Shinohara  
Annie Snelson-Powell  
Riikka Tapaninaho  
Thomas Thijsens  
Jennifer Cordon Thor  
Kimberly Tribou  
Alisha Tuladhar  
Matthias Uhl  
Harry Van Buren  
Onna van den Broek  
Steven van Klooster  
Valentina Varbanova  
Outi Vehka-Aho  
Natalia Vidal  
Carla Vidinha  
Sandra Waddock  
David Wasieleski  
Tyler Wasson  
Jim Weber  
Ben Wempe  
Anne-Laure Winkler  
Michelle Westermann-Behaylo  
Florian Wettstein  
Monika Winn  
Yoo Na Youm  
Ambika Zutshi  
Stelios Zyglidopoulos