

Company Learning about Corporate Social Responsibility

Jacqueline Cramer*

Erasmus University Rotterdam, The Netherlands, and National Initiative for Sustainable Development, The Netherlands

ABSTRACT

This article analyses the learning experiences gained by 19 Dutch companies when implementing the concept of corporate social responsibility in their own business practices. It is concluded that learning processes took place at individual level and, in certain cases, at group level. Learning at the level of the organization as a whole was still one bridge too far for practically all companies. Moreover, the analysis showed that transferring first-order learning experiences turned out to be relatively easy. Getting across the fundamentals behind corporate social responsibility that could lead to second-order learning was much harder. Much depended on the extent to which the concept of corporate social responsibility had become an integral part of the business culture. Copyright © 2005 John Wiley & Sons, Ltd and ERP Environment.

Received 16 May 2003; revised 23 December 2003; accepted 11 March 2004

Introduction

CORPORATE SOCIAL RESPONSIBILITY IS BECOMING MORE AND MORE WIDESPREAD. IT IS A TREND THAT reflects changing social attitudes regarding the responsibilities that firms have towards the societies in which they operate. More than before, firms are now expected to account explicitly for all aspects of their performance, i.e. not just their financial results, but also their social and ecological performance. Openness and transparency are the new key words (Elkington, 1997).

A growing group of companies is acknowledging this trend towards corporate social responsibility. However, they are faced with the problem of how to put the concept into practice. 'What does it really mean for companies to shift their attention from financial to sustainable profit?', they ask. This problem led the National Initiative for Sustainable Development (NIDO) to launch a large programme in the Netherlands entitled 'From financial to sustainable profit'. The National Initiative for Sustainable Development (NIDO), established in 1999, is specially funded by the Dutch government. The purpose of the foundation is to structurally anchor sustainable initiatives in society. Several programmes have been set up within the framework of NIDO, including the programme 'From financial to sustainable profit'.

* Correspondence to: Professor J. M. Cramer, Erasmus Centre for Sustainability and Management, Erasmus University Rotterdam, PO Box 1738, 3000 DR Rotterdam, The Netherlands. E-mail: jmcramer@xs4all.nl

1 The objective of this programme was to initiate and support change processes among companies
2 wishing to create a link between their financial performance and their record in ecological and social
3 matters (Cramer, 2001). In order to meet this objective NIDO organized monthly meetings at which
4 companies could learn from each other as well as from interacting with external stakeholders. Through
5 such learning processes it was considered possible to help initiate leaps in corporate social responsibil-
6 ity that individual companies would probably not have triggered so easily of their own accord. Moreover,
7 every company carried out its own project in the company. The programme ran from May 2000 until
8 December 2002 and was coordinated by the author of this article.

9 The representatives of the 19 companies involved in the NIDO programme were usually also the ones
10 who took the lead in implementing corporate social responsibility within their organizations. In order
11 to institutionalize their efforts, these individuals needed to connect the experiences that they had gained
12 in the NIDO programme with those of others in the company. This article discusses how these indi-
13 viduals tried to manage this transformation process, and identifies the conditions for success.

14 The analysis is based on the extensive minutes made of all NIDO meetings. Moreover, the programme
15 manager visited every company three to four times to keep track of the progress made. The informa-
16 tion gathered during the monthly meetings and the visits to the individual companies provided the input
17 for analysing the learning experiences gained (Cramer, 2003).

18 The article starts with explaining how the group of companies has conceptualized the meaning of cor-
19 porate social responsibility and structured the implementation process. Second, a brief overview of rel-
20 evant literature in the field of organizational learning will be provided, as this theoretical approach is
21 the main source of inspiration in structuring the analysis presented here. Next, the various experiences
22 of implementing corporate social responsibility at company level will be described from this theoretical
23 perspective. Finally, conclusions will be drawn on the basis of this analysis.

27 **The Concept of Corporate Social Responsibility**

29 All representatives of the 19 companies that joined the NIDO programme were interested in a practical
30 elaboration of the concept of corporate social responsibility. During the programme the participating
31 companies learned that corporate social responsibility is not just a procedural exercise in which an addi-
32 tional paragraph is added to the existing quality systems. They admitted that it requires a new posi-
33 tioning of the company with regard to its environment. The companies had to look ahead and determine
34 for themselves which environmental and social measures they were able or willing to take. They pre-
35 ferred to choose those measures that fitted in with their own vision and business strategy, and they
36 wanted to communicate openly about these things with their employees and with the diverse societal
37 groups that directly or indirectly have a stake in their company (the 'stakeholders'). According to the
38 company representatives the new thing about corporate social responsibility was not so much the atten-
39 tion paid to social and environmental issues. The companies had already dealt with this for some time.
40 In this respect, corporate social responsibility seemed nothing new at first glance. The difference mainly
41 concerned the way in which the companies had to work out these themes on the basis of their own
42 vision and ambition, and therefore had to go beyond mere compliance with regulation.

43 No general procedure was available at the start of the programme for how to set up a structured
44 approach towards corporate social responsibility. What should the components of such an approach be,
45 and in which sequence should they be put in place? To bridge this knowledge gap the group jointly
46 designed a structured approach towards corporate social responsibility, consisting of the following six
47 ingredients:

- to list the expectations and demands of the stakeholders 1
- to formulate a vision and a mission with regard to corporate social responsibility and, if desired, a code of conduct 2
- to develop short- and longer-term strategies with regard to corporate social responsibility and, using these, to draft a plan of action 3
- to set up a monitoring and reporting system 4
- to embed the process by rooting it in quality and management systems 5
- to communicate internally and externally about the approach and the results obtained. 6

The sequence of implementing these various ingredients differed among the companies. Each company followed its own route towards formulating the process of corporate social responsibility. It greatly depended on the specific circumstances in which the company found itself and on the support within the organization. The representatives of the participating companies made their own assessment as to which activities would be best to start with and would attract most support. Therefore it was, for instance, likely that a company would first organize training programmes and issue an internal annual report to strengthen internal communication before setting up a monitoring and reporting system. However, all companies realized that in the end all six main activities mentioned above should fall into place like a jigsaw puzzle.

The Organizational Learning Perspective

The adoption of corporate social responsibility is bound to have an impact on a firm's corporate culture. It requires the development of new shared values, norms and attitudes, as well as a strategic embedding within the organization of the three pillars 'people', 'planet' and 'profit'. What once were separate sets of actions carried out at operational level now needed to be harmonized at all levels in the organization. The process of studying this type of strategic renewal within an organization is no easy matter. There are two closely related schools of thought that can help us to understand the subject: first there is the theory of organizational learning, and second we have the theory of the learning organization (Easterby-Smith *et al.*, 1999).

Published research on the learning organization is generally more action based and prescriptive (Tsang, 1997). The emphasis is on describing and assessing the quality of learning processes within organizations and using the findings to make suggestions for improvements (Garvin, 1993). The work of Pedler, Boydell and Burgoyne (1989) and Peter Senge (1990) are good examples of this type of perspective. In fact, the NIDO programme itself was also a group learning experiment based on similar principles.

The second perspective – the theory of organizational learning – will be taken as a starting point here. Studies in this field are mainly concerned with analysing learning processes within organizations. A key issue in the literature on organizational learning is the question of when one can speak of organizational learning. Some authors consider all forms of learning as organizational learning, while others include only those forms of learning that lead to the assimilation of new knowledge, and hence to a renewal of the organization. In analysing change processes that lead towards corporate social responsibility the latter view is more appropriate. In this context the evolutionary model designed by Argyris and Schön (1996) is particularly relevant. This is because embracing the principles of corporate social responsibility is not a question of 'single-loop' learning within a firm's existing practice, policy principles and standards. Rather, the adoption of corporate social responsibility requires what Argyris and Schön call

1 a 'double-loop' form of learning, i.e. a critical reflection on the fundamental values, policy principles and
2 operational procedures. Double-loop learning is associated with radical changes, which might involve a
3 major change in a strategic direction. Single-loop or first-order learning is linked to incremental change,
4 where an organization tries out new methods and tactics and attempts to get rapid feedback on their
5 consequences in order to be able to make continuous adjustments and adaptations. It is a form of prac-
6 tical learning that changes strategies for action or the assumptions underlying those strategies in ways
7 that leave the values of a theory of action unchanged. In contrast, double-loop or second-order learning
8 results in a change in the fundamental values of theory in use, as well as in its strategies and assump-
9 tions. Below we will evaluate whether the company representatives could transfer both kinds of learn-
10 ing experience to their own organization.

11 Moreover, the present analysis will focus on another major issue addressed in the literature on orga-
12 nizational learning – the relationship between the learning of individuals and that of the organization
13 as a whole (Kim, 1993; Argyris and Schön, 1996; Probst and Buchel, 1997). Although there is a rea-
14 sonable degree of consensus about the importance of individuals in organizational learning, differences
15 of view exist with respect to the relationship between individuals and their organizations. Some authors
16 use organizational learning as a metaphor for individual learning. They argue that the individual is the
17 primary learning entity in firms. Individuals create organizational forms that allow learning to take place
18 in ways that facilitate organizational change (Dodgson, 1993). However, authors such as Crossan *et al.*
19 (1999) argue that complex organizations are more than ad hoc communities or collections of individu-
20 als. Relationships become structured, and some of the results of individual learning or shared under-
21 standing developed by groups become institutionalized as organizational artefacts. This is the position
22 that we shall adopt in the analysis described here.

23 Crossan *et al.* stress the importance of distinguishing three levels of learning – individual, group and
24 organization – and of understanding the linkages between them. Their framework of organizational
25 learning contains four related (sub-) processes: intuiting, interpreting, integrating and institutionalizing
26 (the so-called 4I framework). *Intuiting* is the pre-conscious recognition of the pattern and/or possibili-
27 ties inherent in a personal stream of experience. *Interpreting* is the explaining, through words and/or
28 actions, of an insight or idea to oneself and to others. *Integrating* is the process of developing shared
29 understanding among individuals and of taking co-ordinated action through mutual adjustment. Dia-
30 logue and joint action are crucial to the development of shared understanding. *Institutionalizing* is the
31 process of ensuring that given actions are 'routinized'. According to Crossan *et al.* (1999), these four
32 learning processes operate over the three levels within the organization. Intuiting and interpreting occur
33 at the individual level, interpreting and integrating occur at the group level and integrating and institu-
34 tionalizing occur at the organizational level. These learning processes are dynamic and consist of many
35 feedback loops. Not only does learning occur across levels, but also over time. Changes in the organi-
36 zation (e.g. a shift of management) can hamper or accelerate the learning processes.

37 Learning processes that are required for the adoption of corporate social responsibility are a special
38 case in this respect. These are not simply internal processes that take place within an organization.
39 Rather, they are also based on a dialogue with stakeholders, who may, for example, play a role in design-
40 ing new, longer-lasting products or services (Polonsky and Ottman, 1998) or in forging alliances with
41 other firms as part of a joint marketing campaign (Hartman *et al.*, 1999). Equally, they may play a role
42 in formulating the firm's basic policy on corporate social responsibility. In all these cases, we are talking
43 about learning in action-based networks (Clarke and Roome, 1999).

44 In the pages that follow, the experiences gained in implementing corporate social responsibility at
45 company level will be analysed from the organizational learning perspective described above. We shall
46 focus in particular on single- and double-loop learning, and on the relationship between individual,
47 group and organizational learning within the company.

Learning Processes at Individual, Group and Organizational Levels

In the NIDO programme 'From financial to sustainable profit' 19 companies, which differed in size and type, participated. Both small and medium-sized companies (SMEs) and multinationals were involved, representing a variety of sectors. Among them were for instance Stora Enso Fine Paper Berghuizer Mill, Coca Cola Enterprises Nederland B.V., DSM (chemical company), Holding AVR-Bedrijven (waste management company), Interface (carpet manufacturer), KLM (airline company), Ordina (ICT company), Ouwehands Zoo and Rabobank Group (bank).

After a preparation phase (May 2000–October 2000) and the signing up of the participating companies (November 2000–December 2000), the execution of the NIDO programme was divided into the following phases:

Phase 1 – the start of the process – a zero assessment (January 2001–July 2001)

Phase 2 – follow-up activities within each company (August 2001–July 2002)

Phase 3 – social embedding of the results of the programme (August 2002–December 2002).

Within the framework of the NIDO programme, the company representatives took various initiatives to involve colleagues from their own organizations in the transformation process leading towards corporate social responsibility. From the very start possibilities were created to stimulate the interest of colleagues. In the first phase, for instance, the company representatives initiated co-operation with various other departments through the Sustainability Score Card initiative, which involved a zero assessment of the company's performance on the three Ps. Because people in these departments had to provide specific information for the Score Card, they became aware of the link between their own work and corporate social responsibility. Discussions were thus stimulated within the company as to what the concept means and why the organization should get involved.

Similarly, the next phase, when the NIDO participants focused on company-specific projects, increased the involvement of other people in their company. Depending on the particular issue being addressed by the participant, specific colleagues from the organization were called upon to help the effort. For instance, those participants who focused on re-formulating the current mission and vision so as to take account of corporate social responsibility needed the active involvement of the board of management. They therefore requested senior management to hold one or more special board meetings to discuss this matter. In cases where a company representative was trying to bring in a code of conduct, even more people, particularly at middle management level, had to be included in the process. In addition to this, the development of an action plan for corporate social responsibility required an exchange of views between the board of management and the middle managers, while the execution of particular actions was an issue for people from all levels of the organization.

The precise aspects that the company representatives selected for their NIDO project depended on their own assessment of what would be feasible in their own case. They were all very familiar with the degree of receptivity of their organization towards taking up the issue of corporate social responsibility. They were therefore very well placed to judge which projects would be most likely to lead to success. The experience of the NIDO programme was that the process of corporate social responsibility could be started from all kinds of place in the company. Motivated employees could generate bottom-up activities and also achieve concrete results within their own sphere of influence. However, to get corporate social responsibility off the ground within the whole organization, more than this was necessary.

Three pre-conditions turned out to be of major importance: the commitment of top management, manpower and money, and sufficient support within the organization. The more these pre-conditions were fulfilled, the better the NIDO participants were able to mobilize people throughout the company

1 to participate in corporate social responsibility activities. To illustrate this point, let us look at these three
2 pre-conditions in a little more detail.

3
4 *Pre-condition 1: commitment from senior management.* When the NIDO programme started, most com-
5 panies were already paying some attention to aspects of corporate social responsibility. For instance,
6 many participating companies had set up an environmental management system and a personnel
7 policy. Thus, at various points in the organization a number of activities were being carried out with
8 clear links to the issue of corporate social responsibility. However, what was usually missing was a
9 connection between these on-going activities and a higher vision of corporate social responsibility.
10 The bringing together of all sorts of previously unrelated operational activities into one coherent whole
11 within the organization requires the support of senior management. This is the body that determines
12 company strategy and therefore also judges how the company wants to position itself in society.

13 In an early phase of implementing corporate social responsibility people within the organization
14 can launch a number of activities themselves. For instance, they can make an inventory of the various
15 issues related to corporate social responsibility that are already being addressed by the company. They
16 can also take specific initiatives within such a framework. However, at a certain point the active
17 support of senior management is absolutely necessary in order to institutionalize a structured
18 approach towards corporate social responsibility at the strategic level. A number of participants of the
19 NIDO programme lacked this active support from senior management. Consequently, they had the
20 feeling of not really getting a lot done. To quote one of them, 'Corporate social responsibility is still
21 in its first phase in our company. Enthusiasm for the idea is very much bound up with myself. It gets
22 no support from the top. Therefore it's not possible to anchor corporate social responsibility anywhere
23 in the organization'. In those cases where senior management actively advocated the importance of
24 the issue, the participants of the NIDO programme encountered fewer obstacles on the road. As one
25 of them explains, 'Generally the process of implementing corporate social responsibility passes off
26 well. Senior management is committed. I don't have to fight for it. We share the feeling that the issue
27 is important. That is why the train is now in motion'.

28 *Pre-condition 2: manpower and money.* Anchoring corporate social responsibility in the organization also
29 requires manpower and money. One or more people need to have the time to coordinate this process.
30 These people should have some authority, charisma and perseverance in order to smooth the process.
31 As one of the participants stated, 'Within our company the process is co-ordinated by a group of four
32 or five committed people with the ability to think long-term and strategically. They are influential
33 people working just below senior management. That works perfectly'. Or, to quote another, 'The
34 implementation of corporate social responsibility works so well because an enthusiastic team is
35 involved. They consider it as a new challenge. They like to work with other disciplines and also see
36 career opportunities for themselves'.

37 For as long as corporate social responsibility is not a self-evident part of the overall business, spe-
38 cific people need to be appointed in the organization to stimulate the implementation process. The
39 response of one of the participants illustrates this point: 'The most important stimulus to get corpo-
40 rate social responsibility off the ground was the freeing up of our quality manager for this job. Because
41 he could also pursue this issue in the broader setting of the NIDO programme its merits became
42 visible more rapidly. As a result it became more worthwhile to give some attention to corporate social
43 responsibility. The topic is now better integrated in the organization. The internal communication of
44 such ideas has improved, resulting in more support from other employees'.

45 For some companies, the need to free up manpower can be a barrier to the implementation of cor-
46 porate social responsibility in the organization. This also turned out to be the case during the execu-
47 tion of the NIDO programme. In the course of the two years for which the companies worked

intensively together within the framework of the programme, many of them were confronted with all kinds of change, both inside and outside their own organization. Re-organizations, mergers, takeovers and management buy-outs, not to mention other urgent issues such as swine fever and foot-and-mouth disease, were frequently under discussion. The people who participated in the NIDO programme and also co-ordinated corporate social responsibility within their own organization were often given other, more urgent tasks to do at such times of crisis. In one extreme case they became so absorbed by this extra work that they felt the need to withdraw from the NIDO programme. Others continued to participate but sometimes at a reduced rate.

Pre-condition 3: sufficient internal support. Finally, sufficient internal support is necessary within the organization to get the process of corporate social responsibility off the ground. This not only holds true for the big companies but also for small and medium sized companies (SMEs), as is clear from the following quotation: 'Internal support, although an abstract concept, is indispensable for getting results. Our experience is that SMEs can create support for corporate social responsibility relatively easily when the advantages are made clear in terms of time and possible costs. However, it is crucial to convince the management team that corporate social responsibility is not a trick. It should be a deliberate decision to give proper attention to the issue, because it really has an impact on all existing business processes'. Next to top-level commitment comes the need for the involvement of a number of key people in the organization. When such people do not understand the importance of the issue, even the most enthusiastic employee can hardly get things off the ground. During the execution of the NIDO programme it was seen over and over again how difficult it sometimes was for participants to create the necessary support within their own organization. Some had the feeling of crying in the wilderness and said 'My company doesn't really support corporate social responsibility. It seems as if I'm the only one who wants to go for it. This worries me. Support is lacking. The structure of the organization is not attuned to the issue. I have to be very careful in what I do'. Another participant did originally gain some support, only for this to decline as the economic position of the company got worse. This was stated as follows: 'Just a very small group of people is still engaged in corporate social responsibility. The process continues, but the company is now very much oriented to short-term operational matters. The business units have got a three-month horizon'.

For other companies that were more advanced in the embedding of corporate social responsibility, economic set-backs did not seem to be a reason to put on the brakes. This is well illustrated by the following quotation: 'Despite the fact that our shares aren't doing so well just now on the market, money is still available for corporate social responsibility. This is because activities in that area are connected with the company's core business. So it sometimes reduces costs, and can lead to a closer relationship with customers and new product development. A pre-investment is usually enough to start up something new'.

Thus, the extent to which the three pre-conditions mentioned above were fulfilled largely determined the kind of learning process that developed in the company. In most companies at least some learning processes took place at group level, particularly within the specific department to which the company representatives engaged in the NIDO programme belonged. Support from colleagues working in the same department was usually easier to obtain than from other departments. When management commitment existed learning processes also took place at board level, and when other departments in the company also supported corporate social responsibility even more learning processes could be identified at group level. Because the process of implementing corporate social responsibility is still under way, learning processes at the level of the whole organization were still scarce, especially in large organizations. Only in a very few, exceptional, companies had learning processes started at organizational level. These were either smaller companies or big companies that belonged to the front-runners.

1 Although corporate social responsibility as a whole is difficult to institutionalize because of its com-
2 plexity, aspects of it could sometimes be quite easily built into routine operations at group level. One
3 example is the incorporation of the environmental dimension of corporate social responsibility within
4 ² the existing environmental management system. As suggested by the findings of Crossan *et al.* (1999),
5 we could identify learning processes at group level related to interpreting and integrating. Within the
6 different groups that learned about corporate social responsibility, individual learning took place as well.
7 These learning processes were related to the two processes that Crossan distinguished at the individual
8 level: intuiting and interpreting.

9 It is not only internal learning processes that play a role in coping with corporate social responsibil-
10 ity, but also the important interaction with external stakeholders. This was certainly visible among the
11 19 companies participating in the NIDO programme. Those, in particular, who felt under pressure from
12 stakeholders were keen to set up a dialogue with them or at least keep a record of their views. The chem-
13 ical company Uniqema provides a good example. This company is situated in the centre of Gouda and
14 is one of the main employers in the town. The former CEO of this company stated 'Open communica-
15 tion with our neighbours is vital for us. The company has a very obvious presence here and is very much
16 aware of that. We pay a lot of attention to communication with the neighbourhood, social organizations
17 and schools about our activities, and about related topics concerning the environment, health and safety.
18 Open days, interviews, placement schemes for university students and annual public reports are also
19 important elements of our communication policy'.

20 Not only is the approval of the surrounding neighbourhood crucial in keeping the operating license,
21 but also the acceptance of the product itself. Typical in this respect is the following statement from one
22 of the company representatives: 'Because of the type of product which the company makes, there is a
23 major link with social issues. People expect our company to play a role in sustainable development.
24 Therefore we need to take formal account of the expectations of our stakeholders'. Even more urgent
25 was the situation for the carpet company Interface. It had designed a carpet almost completely based on
26 ³ non-renewable resources, namely soya beans. The problem, however, lay in buying large amounts of
27 soya beans that were not genetically modified (GM). The European market in particular is very sensi-
28 tive to the issue of GM crops. To solve this problem the company had set up a dialogue with, among
29 others, Greenpeace to tackle the issue with sound judgment.

30 Thus, interacting with external stakeholders becomes a key issue for those companies that feel the
31 pressure to do so. Other companies may be willing to communicate with external stakeholders, but they
32 do not make it a major priority. For them the added value seems limited. Their orientation is still very
33 much towards establishing good relationships with government bodies.

37 **First- or Second-Order Learning**

39 Individuals involved in the NIDO process aimed at transferring two types of information to their
40 company: on the one hand information related to technical means and procedures, and on the other
41 that concerned with the fundamental principles underlying corporate social responsibility.

42 The implementation of technical means and procedures turned out to be relatively easy, especially
43 when the company was receptive to the issue of corporate social responsibility. For example, no prob-
44 lems usually arose in convincing colleagues of the relevance of the zero assessment on the basis of the
45 Sustainability Score Card. Virtually all of them were willing to provide the necessary information to
46 answer the questions raised in the Score Card. Neither was it hard to implement specific procedures
47 aimed at developing a structured approach towards corporate social responsibility. The main technical

bottleneck was the fact that the companies involved in the NIDO process could only rely upon limited available knowledge. 1

This held good, for example, for the design of an annual report on corporate social responsibility. As part of the Global Reporting Initiative, draft reporting guidelines were already available at the start of the programme (GRI, 2000, 2002). Nevertheless the generic character of the GRI guidelines caused problems. Moreover, deciding which indicators should be used for the purpose of monitoring corporate social responsibility as well as the relative weighting attached to each of these indicators turned out to be a difficult matter. The environmental indicators were relatively well developed. However, far less clear was which indicators would give a representative picture of the social and economic dimensions, especially from an international perspective. In spite of these reservations, the participants in the NIDO programme stressed the importance of trying to devise an internationally standardized system of monitoring corporate social responsibility. They argued that no form of effective benchmarking would be possible without proper, internationally accepted measuring and reporting systems. 2
3
4
5
6
7
8
9
10
11
12
13

Information concerning the fundamental principles behind corporate social responsibility was much more difficult to communicate with colleagues in the organization than were the technical means and procedures. The latter type of knowledge could be implemented without critical reflection on the existing values and principles applied in the company. Therefore this type of information exchange usually led to first-order learning. However, transferring the fundamental principles behind corporate social responsibility requires second-order learning, in which companies start looking at their activities in a new and fundamentally different way. They will then begin questioning what kinds of product the company makes and how these can be designed in a much more ecologically benign manner, and they will also raise fundamental questions about the well-being of their own people and those in the business environment. Posing such reflective questions is usually the starting point for promoting all kinds of creative innovation process in the organization in order to reposition the company according to the principles of corporate social responsibility. 14
15
16
17
18
19
20
21
22
23
24
25

This form of second-order learning sometimes occurred among the company representatives who participated in the NIDO programme. They came to see, for instance, that corporate social responsibility is not just a trick. As one of the representatives stated, 'The genie comes out of the bottle. It is not merely a question of filling in the forms correctly and then going back to work. That would be a lost chance. Instead, the meaning of corporate social responsibility turns out to be a search process. It is not a clear-cut set of starting-points that one can just apply gratuitously'. Moreover, the NIDO participants learned that corporate social responsibility shifts the attention from aspects of corporate social responsibility at operational level to an integral approach at strategic level. For them this implied that the three Ps should become an integral part of the strategic positioning of the firm and that therefore senior management involvement was essential. 26
27
28
29
30
31
32
33
34
35
36

Stages of Development of Corporate Social Responsibility

To transfer this latter type of fundamental insight to others in the organization is an extremely difficult job. You can make people understand rationally what such insights imply, but this does not mean that they fully take on board what you mean. Nevertheless, some NIDO participants were more successful in getting this message across than others. Besides certain differences among the participants in cogency and status, a major explanation for this diversity of response relates to the stages of development of corporate social responsibility within the different companies. 37
38
39
40
41
42
43
44
45

Those companies that can be classified as beginners are usually not very receptive to the more fundamental and often 'softer' arguments concerning the importance of corporate social responsibility. In 46
47

1 these companies corporate social responsibility found little response; only a few people had expressed
2 interest in the issue. Therefore, the NIDO participants had to be cautious about the kind of information
3 distributed within the organization to make people more aware of the issue. They had to attune this
4 information to the daily routines and practices with which the members of the company were familiar.
5 As a result they mainly produced information that was easy to understand or was related to hard facts
6 about the added value of the effort.

7 In the group of more advanced companies, the NIDO participants not only focused on technical issues,
8 but also tried to trigger discussions about the fundamental principles behind corporate social responsi-
9 bility. For example, the Rabobank Group organized training programmes for the managers of their local
10 branches. Besides providing tailor-made tools for implementing corporate social responsibility in the
11 local organization, the philosophy behind it was also extensively discussed. The same held for the multi-
12 utility company Nuon. This company paid a lot of attention to the introduction of its business princi-
13 ples. Workshops were organized for employees in the form of a 'dilemma game' to confront them
14 personally with the consequences of the firm's business principles. Similar initiatives to challenge the
15 mindset of people within the organization were taken by some of the other companies. Despite the fact
16 that these efforts were well thought out, the impact was sometimes disappointing. For those employees
17 who had to process the knowledge that was provided about corporate social responsibility it was one of
18 the many sources of information that they received. They were interested in discussing the fundamen-
19 tals of corporate social responsibility during special workshops or training programmes, but when they
20 were back in their office they had to keep up with all the other regular things to do. As a result the
21 impact of the training programmes or workshops was sometimes limited, as it often did not lead to a
22 shift in the way that employees viewed their company.

23 In some cases, however, the efforts did turn out to be successful. This was due to a complex set of
24 factors, which were all related to the culture of the organization. When corporate social responsibility
25 becomes rooted in the company's culture, the people in the organization are more receptive to the issue
26 and are inclined to act accordingly. Moreover, the company's structure will be attuned to the new values
27 and norms of the organization. What we therefore see in these cases, for example, is that corporate social
28 responsibility becomes part of the reputation system to which staff should conform. When employees,
29 particularly middle managers, are held accountable for their performance on (aspects of) corporate social
30 responsibility, they are more willing to take the issue seriously on board. This is especially true when
31 the targets set leave room for genuine change and are not hampered by short-term profit motives. In
32 this respect the attitude of the CEO of the company is crucial. Without commitment from the top, middle
33 managers tend to be hesitant to take the lead.

34 The very few companies that were ahead of the rest in acting according to the principles of corporate
35 social responsibility had already made a lot of progress in incorporating the new way of thinking in the
36 company's culture. For the NIDO participants of these organizations it was no longer a problem to get
37 the message across internally. An example of this latter case is the carpet company Interface. Rudolph
38 de Jong, the marketing manager for Europe, describes his company's journey towards corporate social
39 responsibility as follows:

40
41 We formulated a policy stating that we shall by 2020 be the company which by its actions shows
42 the entire industrial world what sustainability is in all its dimensions – people, process, product,
43 place and profit. In doing so, we will become a power for good because of our influence. We real-
44 ized in an early stage that we needed all our employees to join with us on the journey towards sus-
45 tainability. Having a Chairman Ray Anderson who is committed is great – but this alone would not
46 be sufficient to drive us forward. We also realized that to achieve our aim of becoming sustainable
47 by 2020, we would need to harness the creativity of our staff. We needed to educate our people in

the subject to enable them to care and help us progress. This led to extensive sustainability training programmes for all our employees. This included taking them right back to some of the scientific principles that underpin the current crisis facing the planet. Today sustainability has a life of its own within the organization and many people within the company are now driving the agenda forward as sustainability simply becomes 'the way we do things around here'.

Conclusions

From the experiences gained by the participants of the NIDO programme 'From financial to sustainable profit' when implementing the concept of corporate social responsibility in their own companies, the following conclusions can be drawn.

The first phase ('the zero assessment') of the NIDO programme turned out to stimulate learning processes within the company both at the individual and group levels. Because information for the zero assessment had to be gathered from various departments within the organization, many people were involved in the process. This enhanced the exchange of ideas about the relevance and merits of corporate social responsibility at group level.

In the second phase ('follow-up activities') the companies had to further elaborate the idea of corporate social responsibility within their own structure. Depending on the receptivity to the issue within the company, especially among key figures, learning processes at group level occurred. For instance, when the board of management was committed, learning processes could take place at top level. At that point it was possible to start a process of developing shared understandings and co-ordinated action through mutual adjustment ('integrating'). When middle managers also recognized the importance of the issue, learning processes were noticeable at that level in the organization. It became clear that without the active support of key figures in all strata of the organization, the issue of corporate social responsibility would never become institutionalized at company level.

Thus, learning processes took place at individual level and, in certain cases, at group level. Up to now, emphasis has been placed on the first three Is of Crossan's 4I framework: intuiting, interpreting and integrating. For virtually all companies involved in the NIDO programme, the fourth I ('institutionalizing') was still one bridge too far.

A special aspect of corporate social responsibility is the fact that not only internal learning processes, but also processes of interaction with external stakeholders, play a role. The experiences with the 19 companies participating in the NIDO programme, however, showed that the need to intensify communication with stakeholders was particularly expressed by those that felt the external pressure to do so.

This article has also discussed the kind of learning that took place in the companies. The analysis showed that among the participants of the NIDO programme themselves both first- and second-order learning occurred. Transferring these experiences turned out to be relatively easy when it concerned first-order learning activities. This was particularly true when the company was receptive to the strategic renewal of the organization. However, getting across the fundamentals behind corporate social responsibility that could lead to second-order learning was much harder. Much depended on the extent to which the concept of corporate social responsibility had become an integral part of the culture. The more this was the case, the easier it was to communicate the norms and values underlying the concept.

References

- Argyris C, Schön DA. 1996. *Organisational Learning II; Theory, Method, and Practice*. Addison-Wesley: Reading, MA.
- Clarke S, N. Roome. 1999. Sustainable business: learning-action networks as organizational assets. *Business Strategy and the Environment* 8: 296-310.

- 1 Cramer J. 2001. *From Financial to Sustainable Profit; Programme Plan*. National Initiative for Sustainable Development (NIDO):
2 Leeuwarden.
- 3 Cramer J. 2003. *Learning about Corporate Social Responsibility; the Dutch Experience*. IOS Press: Amsterdam.
- 4 Crossan MM, Lane HW, White RE. 1999. An organisational learning framework: from intuition to institution. *Academy of Man-*
5 *agement Review* 24(3): 522–537.
- 6 Dodgson M. 1993. Organisational learning: a review of some literatures. *Organisation Studies* 14(3): 375–394.
- 7 Easterby-Smith M et al. (eds). 1999. *Organisational Learning and the Learning Organisation; Developments in Theory and Practice*.
8 Sage: London.
- 9 Elkington J. 1997. *Cannibals with Forks; the Triple Bottom Line of 21st Century Business*. Capstone: Oxford.
- 10 Garvin D. 1993. Building a learning organization. *The Harvard Business Review* 71(4): 78–91.
- 11 Global Reporting Initiative (GRI). 2000, 2002. *Sustainability Reporting Guidelines*. GRI: Amsterdam.
- 12 Hartman CL et al. 1999. Green alliances, environmental groups as strategic bridges to other stakeholders. In *Greener Market-*
13 *ing; a Global Perspective on Greening Marketing Practice*, Charter M, Polonsky MJ. Greenleaf: Sheffield; 164–180.
- 14 Kim D. 1993. *Creating Learning Organizations: Understanding the Link between Individual and Organizational Learning*. OL& IL
15 Paper v3.5. MIT Sloan School of Management, Massachusetts Institute of Technology: Cambridge, MA.
- 16 Pedler M, Boydell T, Burgoyne J. 1989. Towards the learning company. *Management Education and Development* 20(1): 1–8.
- 17 Polonsky MJ, Ottman J. 1998. Stakeholders' contribution to the green new product development process. *Journal of Marketing*
18 *Management* 14: 533–557.
- 19 Probst G, Buchel B. 1997. *Organizational Learning*. Prentice-Hall: London.
- 20 Senge P. 1990. *The Fifth Discipline: the Art and Practice of the Learning Organisation*. Doubleday: New York.
- 21 Tsang E. 1997. Organizational learning and the learning organization: a dichotomy between descriptive and prescriptive
22 research. *Human Relations* 50(1): 73–89.

21 Biography

23 Professor Jacqueline Cramer works as a part-time professor in environmental management at the
24 Erasmus University Rotterdam. Moreover, she has her own consultancy company, called Cramer Envi-
25 ronmental Consultancy. She is a member of various (inter-) national advisory boards of the government,
26 industry and non-profit organizations (e.g. crown member of the Dutch Social–Economic Council,
27 member of the supervisory Board of Royal Dutch Petroleum Company/Netherlands and non-executive
28 board member of the World Wide Fund for Nature (WWF)/Netherlands) and manager of the programme
29 'Corporate social responsibility in an international context' of the National Initiative for Sustainable
30 Development (NIDO). She can be contacted at Erasmus Centre for Sustainability and Management,
31 Erasmus University Rotterdam, PO Box 1738, 3000 DR Rotterdam, The Netherlands.
32 Tel.: 3110-4082050
33 Fax: 3110-4089104
34 E-mail: jmcramer@xs4all.nl
35
36
37
38
39
40
41
42
43
44
45
46
47

AUTHOR QUERY FORM

Dear Author,

During the preparation of your manuscript for publication, the questions listed below have arisen. Please attend to these matters and return this form with your proof.

Many thanks for your assistance.

Query References	Query	Remarks
1	Author: please provide keywords.	
2	Author: year inserted – OK?	
3	Author: OK? or ‘renewable’?	