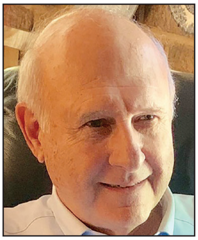
PIONEER INTERVIEW

Archie B. Carroll

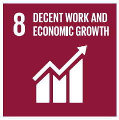
Interviewer: Oliver Laasch



Courtesy of Archie Carroll

Archie B. Carroll has been a leading figure in the responsible management and CSR movements for decades, including his signature creation, the CSR pyramid.

From corporate to management responsibility? It is true that, historically, the sphere or domain of responsible management has concentrated primarily on the organization-level rather than the (lower) managerial levels. This may be because the Business and Society and Social Issues in Management academic disciplines have been more closely aligned with the broader field of Strategic Management, for example, in the Academy of Management (AOM), than with the fields of Organizational Behaviour (OB) or Human Resource Management (HRM). In the past couple of decades, however, that has begun to change and we are now observing researchers addressing managerial and behavioural levels, which more closely align with middle management and supervisory management. Academics from OB and HRM are now more frequently addressing RM issues and they naturally pivot towards the management processes.



Responsible management means implementing CSR. One major reason the attention is shifting towards the managerial level of responsibility is because most firms today have pretty much accepted the paradigms of CSR, sustainability and responsible management, and now increasing attention is being given to the implementation stage and that occurs at the managerial level and the employee level. So, it's a natural that the entire hierarchy of the organization is now being researched and taught. Coming from a 'management' academic background, I sought to pursue this topic early on with my book of readings titled *Managing Corporate Social Responsibility* [98] and I guess that has influenced my attention on the managerial levels in my own work. Related to this, much of my writing and teaching has focused on the managerial level in the topic of business ethics where it has a natural fit. In fact, I think the topic of business ethics is more a managerial one than a philosophical one. In other words, I think it is easier to know what is the right thing to do (philosophy) than to actually do it (management). Of course, some of my philosophy colleagues may not agree with this. In any event, both are important.

The business case for responsibility. If you talk to most folks today, especially business people who are our primary target audience along with those training to be business people, the 'business case for CSR or RM' is pretty much accepted and appears to be the primary driver in business decision-making. There are a few 'true believers' who still argue via ethical reasoning, but in business schools, at least, the business case seems to dominate. Having said that, we cannot abandon the business case thinking as a done deal. We need to provide a business rationale for what organizations are doing. Businesses began as the primary economic institutions in society though they are now multipurpose, social institutions. This is one reason I have placed the economic responsibility at the base of my Pyramid of CSR [99]. Research has demonstrated that business people agree with this and most see this as the starting point in discussing responsible management or corporate responsibility. In capitalistic societies, the shareholders or owners are still a primary stakeholder who must be considered. In addition, the focus on tensions and paradoxes are inevitable and also vitally important.

The many names of responsible management. In our 2008 article, Schwartz and I summarized some of the key characteristics of the dominant competing and complimentary frameworks to CSR. These include but are not limited to, Business Ethics, Corporate Citizenship, Stakeholder Management, and Sustainability. More recently, others have arrived on the scene: Creating Shared Value, Conscious Capitalism, and Purpose Driven Business … We did point out the overlapping nature of the different frameworks and their interrelatedness, and we attempted to disaggregate each of them to identify what we thought were the core ideas holding each of them together. An examination of each demonstrates their perceived fundamental importance by business-and-society theorists and practitioners.

In spite of the commonality of the various responsible management models and frameworks discussed, I do not expect there to be a developing consensus for using one over the other. Each has its adherents and advocates. This is simply not in the nature of scholars in our area as they come from diverse backgrounds and interests. All these frameworks are popular and I don't expect any of them to go away. In fact, more are likely to come as scholars and practitioners think through these concepts and various splinter ideas develop with respect to each. For example, a special topic, Political CSR (PCSR), is gaining hold among some scholars and it has received great attention with the explosion of global business. Corporate social activism and CSR is another emerging topic as is the concept of Corporate Social Irresponsibility (CSI or CSiR).

Core concepts of responsibility. We extrapolated three core concepts that we thought were present in each. We concluded that each included these core concepts: *v*alue, *b*alance, and *a*ccountability. We then named this a VBA model or framework.

We thought the fundamental element underlying the entire business-and-society field, and these concepts, appears to be the generation of value. *Value* is created when business meets society's needs by producing goods and services in an efficient manner while avoiding unnecessary negative externalities. Each of the constructs is concerned about business generating value or benefit to society.

We also thought each concept rested on the notion of *balance*. A degree of balance is necessary in addressing and responding appropriately to potentially conflicting stakeholder interests and/or ethical standards. The concept of *balance* is not new. Drucker argued that the notion of balancing stakeholder interests dates back to the 1920s and Berle, Means [100] indicated that while serving the interests of society as a whole, corporations must balance a variety of claims by various groups in the community. We argued that balance was a process component to the VBA framework whereby businesses would be required to take active steps to achieve appropriate balance among competing stakeholders' interests and claims. We think the concept of balance is present in all these competing and complementary frameworks. Acting in an accountable manner is the third notion common to all the frameworks.

Accountability implies that business and its agents, while attempting to fulfil their economic, legal, ethical, and philanthropic responsibilities [101] must acknowledge and take responsibility for their actions and decisions and take steps to rectify failures and ensure that they don't happen again. Accountability also implies the importance of trustworthiness and transparency.

Remark: This text is an abridged version of the interview conducted with Archie B. Carroll by Oliver Laasch, published in full as part of the *Research Handbook of Responsible Management* [102].

Questions

1. How does Archie Carroll connect the topics of managerial responsibility and ethics?
2. Do you agree with his view that responsible management equals 'just' implementing CSR? Is there more to it that is not covered by CSR? Should CSR actually *be* a part of responsible management?
3. What other drivers of responsible management activity could you imagine that are *not* related to the business case for responsibility?
4. How do you think a professional manager could use the VBA framework? Give an example.
5. What do you think management can learn from the related and overlapping notions like citizenship, CSR, CSiR, or PCSR?

PIONEER INTERVIEW

Simon Zadek

Courtesy of Simon Zadek

Interviewer: Oliver Laasch

Simon Zadek is a co-creator of main stakeholder management standards like the AA1000 series. His *Harvard Business Review* article 'The Path to Corporate Responsibility' outlines the stages of organizational learning for responsibility, which have been discussed in this chapter.

What stage of professional organizing do you think organizations are typically on nowadays? Many major corporations, notably those stewarding premium brands, have reached the managerial level on many issues, beyond denial and compliance. A small number have strategic aspirations for selected aspects of their sustainability footprint that can be inverted to create business value. First-generation companies are starting without legacy constraints and are racing ahead, albeit at smaller scale. Just a small number of companies, or more correctly their leaders, see that the real deal is one that has to include broad-ranging changes in our economic governance, and profound changes in our financial system.

How to reach scale? The simple answer is product, process, people, and public policy, the four Ps. New products, redesigned business processes, citizens who behave differently as consumers and voters, and public policies that shape markets to incentivize the right business behaviour.

Green organizing in a green economy? After all, the US push back on China's renewables exports, the fierce international response to Europe's attempt to set carbon taxes on all flights into and out of the continent, and practically everyone's objection to Ontario's moves to establish industrial development conditions to its green energy feed-in tariffs all illustrate how much is at stake. Today`s green opportunities are constrained by fossil fuel subsidies and short termism in financial markets. But no one doubts the rise of the green economy, it is all about when and how, and who will be the winners and losers.

Responsible organizing standards. AccountAbility, with others, brought to the forefront the nexus of sustainability and accountability, and not only stewarded its own standards, notably the AA1000 Series, but helped to shape many other standards, from reporting to corruption and commodities. These standards are an important part of the solution, but you cannot design great buildings from the plumbing upwards. That is why in the later years of my leadership of AccountAbility, we focused increasingly on corporate governance, business strategy, investor governance, and nations` tools for advancing economic transformation.

Accountable organizations? Businesses are in general very accountable, but the right balance of what they are accountable for has been lost. Intended beneficiaries of private financial capital deserve a decent return, but not at any cost, just as fund managers should be incentivized but not to take excessive risk or to trade at the cost of the real economy. We need different accountability, not more or less, if sustained prosperity and reasonable equity is to be ensured. And no, we do not have that right balance of accountabilities today. We have made some gains, but the sway of history remains in the wrong direction.

Questions

1. How can you use the organizational development paths presented in this chapter to interpret Simon's first statement about the stage of professional organizing?
2. What parallels do you see between the four Ps of Simon's organizing and the professional organizing described in this chapter?
3. What are the implications of Simon's statement about 'accountability' for professional organizing?

PIONEER INTERVIEW

Roy Suddaby

Interviewer: Oliver Laasch

Roy Suddaby is a pioneering thought leader in the field of organizational institutionalism. He has been recognized, among others, for his research understanding 'institutional work' [129–131], how people can change what is 'normal' and 'taken-for-granted' around them, including what is considered rational or logical. As alternatives to pure rationality, he has explored re-enchantment [132] and 'magical thinking' [133].

Myths of economic rationality. Let me back up a little bit here and talk about this idea of myths of rationality, which really comes from Max Weber [134] and his discussion of this process of ongoing rationalization of the world. We understand quite well what that means in present day terms, and that is that we are subject to these inexorable processes of industrialization of the world. Sometimes it's referred to as McDonaldization [135], but it's based on this economic rationality that we need bigger factories to get these ever increasing economies of scale so that we can feed the world. Meyer and Rowan [136] in their paper talk about this as being rational myths because we don't know where these myths of rationality come from. While there is some kind of *prima facie* demonstration of effectiveness of industrialization and rationality, what we tend to forget is that Weber talked about this process as producing this massive disenchantment with the world, this feeling of ennui. It sometimes is referred to as this iron cage that we get trapped in, these webs of meaning of our own making.

Imagining alternative management worlds. I think that the role of the manager is to understand that these myths of rationality are not above and beyond human agency, that we have the capacity and ability to change our world view. So, responsible managers' job is really to re-enchant our institutions, re-enchant our government, re-enchantment of our institutions of commerce. In part, that means stepping away from this idea that bigger and cheaper is the way to human salvation. There are alternative realities out there that allow us to create a viable means of human existence and a viable means of feeding the world, but it doesn't have to occur on an industrial scale that involves this degree of disenchantment. I think that there are opportunities for re-enchantment in modes of production that don't rely on this sort of mix of rationality that everything has to be done on a massive industrial scale. That is, we need to change the dialogue or discourse by which we have this conversation about what it means to be a manager. I think that managers need to acquire this idea of moving away from a notion that we're trapped by the world the way it is and to imagine alternative worlds.

Thinking institutional reflexivity. We need to develop a degree of institutional reflexivity rather than the focus on this ongoing process towards legitimacy that we're doing things just because other organizations or other actors are doing it. We need to think a little bit about authenticity and ideas to do things because they're the right thing to do, not necessarily because everyone else is doing it. I have written about this in a paper about *Craft, Magic, and Re-enchantment of the World* [132], but it really is designed to look at the other half of Weber's argument. That is that it isn't always about inexorable rationalization. There is a humanistic element to industrialization that tends to get overlooked.

Questions

1. Do you think Roy suggests that managers should generally not be rational?
2. On what kind of criteria do you think decisions are taken in the ‘normal’ world, and how is this different from the decisions to be taken in the ‘alternative worlds’ Roy suggests managers should imagine?
3. Can you spot instances of intuitive, creative, rational, and relational decision-making in what Roy describes?

PIONEER INTERVIEW

Geert Hofstede

Interviewer: Oliver Laasch

Geert Hofstede was a pioneer studying the cultural dimensions of management. Many of the concepts bear important insights for responsible managers, which is why his work provides excellent guidance for all who aim to be interculturally responsible managers.

Localized growth-profit-sustainability preferences. My article [66] showed that perceived goals of business leaders differ considerably across countries. In countries where power is seen as more important, staying within the law is less important; where personal wealth is important, responsibility towards employees counts less; where innovation is stressed, patriotism is not stressed; a stress on this year's profit opposes profits ten years from now; and growth is not sought everywhere to the same extent, and too much striving for growth opposes responsibility towards society, which to me includes sustainability. My article is not about how to change these things, but about how the changing economic weight of the various countries will affect the global picture.

Colonialization through management myths? My 1993 article [67] was not about management practices but about management theories. It showed how management books were based on American values and preached management practices that did not fit the culture of many other societies, including some that even in the USA itself were not really applied.

Going glocal and back. Responsible managers should learn about cultural differences when dealing with other societies, and might learn from other societies when operating in their own. And the USA is no longer the world's example, on the contrary. Management schools should teach about culture, and management students should get international experience.

No universal standard of responsibility? What is responsible in one culture may not be responsible in another. Long-term orientation is certainly an asset. I am not sure differences along the dimension of indulgence versus restraint are relevant to sustainability; more research would be needed to prove that.

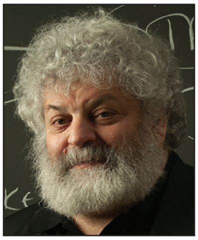
A new base for economics! Management is rooted in economic thinking, but economics itself needs a new base – it is not a matter of rational choices because there is no universal rationality; it is not an exact science but a social, even a moral science. Fortunately, the number of economists discovering this is increasing. Examples are books like by the young Czech economist Tomás Sedlácek published in Czech in 2009 and in English as *Economics of Good and Evil: The Quest for Economic Meaning from Gilgamesh to Wall Street*. Two Dutch professors of economics have written books on economics and culture in which they use my categories: Eelke de Jong, *Culture and Economics: On Values, Economics and International Business* (London: Routledge, 2009) and Sjoerd Beugelsdijk with Robbert Maseland, *Culture in Economics: History, Methodological Reflections, and Contemporary Applications* (Cambridge: Cambridge University Press, 2011). And there is more.

Questions

1. Have a look at Geert Hofstede's article on perceived goals of business leaders he discusses. How are the dynamics he describes in this article important for glocalizing?
2. Can you think of examples of US or Western-style management theories and practices that are a poor fit in other locations and cultures?
3. What do you think would be features of a new economic thought that can provide the base for truly glocally responsible management?

PIONEER INTERVIEW

R. Edward Freeman



Courtesy of R. Edward Freeman

Interviewer: Oliver Laasch

R. Edward Freeman is one of the most influential responsible and ethical management thinkers. He is the father of stakeholder thinking.

Inventing management that 'rocks'. I would take 'management sucks' to be a subsidiary of the 'business sucks' story. The principles are probably not terribly different. The problem is what management is, Dan Pink has a great way to say it: 'Management is like the television, not a tree. We invented it.' One way to get out of management sucks is to get out of the idea that management is about telling people what to do. Maybe it's about enabling people to manage themselves and to lead themselves. I think that's built-in in organizations around, not extrinsic, if-then-rewards. But, building an organization around intrinsic rewards where people are trying to master a particular thing, and they have autonomy to do it. They have some sense of purpose. Again, it's just Dan Pink [137] in his book named *Drive*. We know that works. 'If–then rewards' work. They work in certain circumstances, but for most of twenty-first-century jobs, they don't work. In fact, they made things worse. So, understanding how we go from management in this old view of telling people what to do, to enabling people to manage themselves and to lead themselves, to think about leadership in their organization, not leaders. Right? To think about how that evolves and emerges I think is – Again, we see this happening in places where, the idea of the manager knowing more, telling people what to do is just not true. So, I'm very encouraged by some of the places where you see this sort of enabling self-leadership, self-management.

Innovating the role of money. In the old story of business where it's all about the money, we try and bolt on anything that will make it more morally acceptable. Some people bolt on ethics. 'Spend the money, but don't screw people.' Or some people try to bolt on sustainability: 'It's really about the money, but don't ruin it for our children.' Some people try to bolt on responsibility: 'It's really about the money, but don't do these bad things.' It seems to me the problem in all of that is, to make a difference here, it's not about bolting on one of those three things or all three of them. It's about changing the idea that this is about the money. Money is important: I have got to make red blood cells to live, but the purpose of my life is not to make red blood cells. Business has to make profits to live, but making profits isn't the purpose of business.

If the purpose of business is not to make profits, then why do entrepreneurs start a company? They start it because they want to make a difference. They see the world differently. So, changing the edges of this by bolting on ethics, or sustainability, or responsibility, or all three is a little like moving the deck chairs on the *Titanic*. What you really have to do is change the basic idea. To change the basic idea, I think you have to among other things change the unit of analysis. This is not about economic transactions. It's about creating value in relationships with stakeholders over time and seeing how those interest grow together and doing it around with a sense of purpose and doing it with a sense of values and ethics all at the same time.

Remark: This text is an abridged version of the interview conducted with R. Edward Freeman by Oliver Laasch, published in full as part of the *Research Handbook of Responsible Management* [138].

Questions

1. How do you think we would need to reinvent management so that it rocks?
2. If we use the metaphor of management that is more like 'red blood cells' to come up with innovative ideas, what would the new management look like?
3. How could we use ethics, responsibility, and sustainability as a basis for innovating management in a way that is not 'just like moving the deck chairs on the *Titanic*'?

PIONEER INTERVIEW

Michael Braungart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Michael Braungart and William McDonough are the creators of the cradle-to-cradle (C2C) concept, which has become the underlying principle and credo of sustainable supply chain management. Central concepts related to 'C2C' are the triple top line and eco-effectiveness.

Biological versus technological nutrients and systems. From my perspective there is no limitation because there are two types of products, the products which can be consumed like food, shoes, or detergent. Those can be designed as part of the biological system. The second type, like a washing machine or like a TV set can be designed as a technical nutrient for the technosphere.

The first thing is to look if the products are either going into biological or technical systems. You need to define the type of product because if you mix technical and biological systems you will contaminate the biosphere dramatically. Just to give you an example, the copper is extremely dangerous in biological systems but in technical systems it can be used endlessly. So that's why the first thing is to define technical cycle, biological cycle; technical nutrient, biological nutrient.

Sprinting towards C2C. There are some difficulties when you have very complex supply chains that you need to organize differently. The only real difficulty is that the expertise and knowledge, which we have based on only 40 years of environmental discussion, basically starting 50 years ago with Rachel Carson's book *Silent Spring* 40 years ago and with *Limits of Growth* by the Club of Rome.

We will be able to handle these issues. It is amazing how fast people learn about C2C thinking compared to other learning curves. If you see between the declaration of human rights and women's right to vote in Germany, it took 130 years. So people didn't understand that women are humans for 130 years. We can be really happy how fast C2C thinking actually becomes implemented, thanks to great scientific work.

The dangers of 'efficiency' thinking. People think it is environmental protection when they destroy less, please protect the environment, reduce your water consumption, please protect the environment, reduce your waste production, reduce your energy bill but that's not protecting. It is only minimizing damage. This leads in a lot of cases to optimizing wrong things. You make the wrong things perfectly wrong. As an example, it is not really protection of your child when you beat your child only five times instead of ten times. So you need to reinvent things not just optimize existing things.

So don't optimize wrong things. That is why the first important thing to understand is not about efficiency; it is not about resource efficiency. It is about what is the right thing to do instead of doing things right and that's really important to understand because otherwise efficiency gains always lead to rebound effects.

Make sure that people are not just managing what they see. All people who are in management positions need to first ask: 'What is the right thing?' *If you optimize wrong things you make them badly wrong.* If we are able to learn from natural systems and learn it's not about efficiency gains because it's really about effectiveness that is one of the key things.

Needs-based reinvention. From there it is important to find out what people actually want if they buy something to what is the intention of what people have, for example if you really want to have a carpet or you only want a different acoustic or a different optics. So do you really want to have a washing machine or want to wash your clothes? It is about understanding intentions.

The next thing is to define the status quo. You need to find out how good the product is, which you have right now from that benchmarking perspective and then you need to look at a product from the whole supply chain in a way in which you include your customer as your partner. That means you can reinvent everything that you see around you.

A carbon-positive human habitat? First of all, what I use as a picture for innovation that has been picked up by a lot of architects. Let's talk about the built environment around us as a system; let's have buildings like trees; buildings which clean the air, buildings which clean water, buildings which become habitable for other species, buildings which are carbon positive not carbon neutral.

What's humanity's role on this planet? Secondly, what is important is to look at the culture and social needs of people even before that. The key thing is to understand the human role on this planet. A lot of people in the field who see humans as a burden for this planet end up with minimizing damage but they threaten human dignity by that. So the first thing is to understand that, if we are able to manage material flows differently, we could even be 20 billion people, easily, on this planet. People have fear when you question their existence, for instance, if you say let's minimize your impact to zero; you tell somebody it's better not to exist. Out of fear, when you question the existence of people they become greedy and aggressive. On the other hand, people are willing to share if they feel safe and accepted.

But the real key question behind that is really not the system per se but it's a discussion about what is the human role and impact on this planet. For being that bad we are far too many people on this planet. So that's why before we go on to specific systems, it is more about asking: What is our role? How can we celebrate the human footprint on this planet? The key question is: How can we become native to this planet? This question will then change our lifestyles. So it is key to ask, what do we really want for this planet? What is our role on it? How can we be supportive for other species and supportive for other humans as well?

Questions

1. Highlight all of the contents Michael mentions that relate to sustainable supply and demand. Briefly elaborate on the relationship you see for each.
2. Reflect if you have ever 'optimized' the wrong thing, or maybe, you have witnessed someone else doing just that.
3. Michael talks about how we should keep biological and technical systems apart. Conversely, do you think there might actually be sustainable 'cyborg' systems combining elements from both? If so, give an example of what that might look like.

PIONEER INTERVIEW

Sandra Waddock

Courtesy of Sandra Waddock

Sandra Waddock is arguably the most prolific academic author on corporate social responsibility (CSR). She has been an influential player in developing the field of CSR for decades and with attention to many different topics. In her recent work in collaboration with Charles Bodwell, she provides practical advice on, how (total) quality management, one of the main tools of operations management, can be applied to become 'total responsibility management'.

What responsibility practitioners can learn from quality management. The main lesson as I see it is that you can manage responsibilities just as you can manage quality. You may remember (from reading if not experience) that there was a lot of scepticism about quality management when it was first introduced. Managers raised issues like – our customers don't care about quality. You can't measure quality. You can't manage quality. Well, along came the quality movement, and today, it turned out that you could, in fact, do all those things. Indeed, today quality management is a fundamental imperative for companies – you can't do business in most markets without paying attention to quality. I would argue that the same dynamic is affecting responsibility management, particularly with respect to the integration process.

So, responsibility practitioners can begin to think systematically about managing responsibilities to stakeholders and the natural environment, just as they manage quality and, increasingly, environmental issues. The processes and steps are actually quite similar.

Similarities between quality and responsibility. There are great similarities between the ways in which managers in companies learned to manage quality and the way that they now need to learn to manage their responsibilities to stakeholders and the natural environment. If you think of responsibility management as something totally new, it can become totally overwhelming. But if you view it as managing the company's relationships with a variety of stakeholders much as you have already learned to manage, for example, your employee relationships (and indeed, responsibility management includes employee relationships), then you realize that you are *already* managing those responsibilities. It's just that without explicit attention to the whole system of important stakeholder/natural environment relationships, you may not be doing that management process very well.

So you can think of responsibility management, which my collaborator Charlie Bodwell and I called TRM for total responsibility management (in our book by that name), just to make the connection to TQM or total quality management, as another set of managerial processes, though I'm going to make this sound more linear than it actually is.

Stages of TRM. You begin with envisioning what you see as the company's important responsibilities, and identifying who the key stakeholders are (including the natural environment as one of them, even though it's not a person). Then you construct a vision, based on the core values of the company, that articulates how you want to treat those stakeholders, and you can even begin a stakeholder engagement process at that point to determine what they see as the issues, if any, in their current relationship to the company. We call this stage the inspiration process. When you've got a clearer sense of what you think the company stands for with respect to stakeholders, you can articulate your vision for managing stakeholder and environmental responsibilities, and move to the next stage.

The next stage we called integration, because it is the process of more deeply embedding explicit responsibility management into the company's human resources practices as well as the other systems that support the mission of the firm. So, you have to think about the processes and practices of the company that affect each stakeholder group and what the responsibility issues embedded in those practices are. How well are you treating your employees, customers, local communities, shareholders, and suppliers? Do they trust you? If not, why not? Where are the problems? What needs to be done to resolve those problems, which are signals that some sort of responsibility is falling through the cracks? What are your environmental practices? Is there waste? Are there activists raising concerns that need attention? Yes, the integration process is more complex than with managing quality because there are more stakeholders involved. With quality, you are mostly concerned about employees and customers, but that list does expand considerably when you think about your responsibilities. It is through integration that quality and responsibility practices get embedded into the firm – and where the most changes need to take place.

And, of course, as with quality, you can't determine how well you're doing with responsibility management unless you develop appropriate metrics. As my colleague Charlie Bodwell would point out, you're already gathering a lot of the relevant metrics, though probably not all of them, but they are typically not consolidated into a systematic approach to managing responsibility until you begin to think about developing the whole approach to responsibility management. And, also as with managing quality, responsibility management does not lend itself to perfection – it is a process of continuous improvement based on on-going assessments and feedback loops to see how well you are living up to your own standards and vision.

The responsibility imperative. Since that time, corporate responsibility has indeed become more of a business imperative, although it doesn't' always seem so when we look at all the scandals associated with corporations. But surveys show today that most of the world's largest corporations are now issuing multiple bottom line reports of some sort and virtually all of them have actively engaged CSR – what I call the new CSR, corporate sustainability and responsibility – programmes. So, especially in the realm of large multinational firms, yes, I think that there has been continued growth in that direction. Are we fully there – where 'there' means fully responsible firms? Obviously not, but the external pressures on firms, the visibility that creates transparency, and the demands for accountability are like the genie that has been let out of the bottle – and is now too big to get back in.

Questions

1. What main similarities and differences between managing responsibility and managing quality can you spot in Sandra's interview? Which ones does she leave unmentioned?
2. From what Sandra explains, is there a perfect way of implementing responsible management with which it stays stable once and forever, or does it need continuous tinkering and adjustments? Which one is it and why?
3. Do you agree with Sandra that responsibility is a management imperative nowadays, or maybe, rather a 'nice to have' that you can well do without?

PIONEER INTERVIEW

Liz Maw

Courtesy of Liz Maw

Liz Maw was CEO of Net Impact 2004–2019, a large network of students and practitioners of 'more than 30,000 changemakers using our [their] jobs to tackle the world's toughest problems'. Net Impact aims to foster the CSR profession and to create careers with a positive impact.

Responsible employer branding. In a 'Talent report' study Net Impact released on 'what workers want', nearly half of student respondents said they would take a pay cut to work for a company that makes a higher social or environmental impact. And recruiters are paying attention. The majority of campus recruiters used to know little of corporate sustainability priorities. Due in large part to student questions and interest, today most recruiters are able to effectively tell the story of a company's CSR priorities.

Young professionals' and students' roles in changing the economic system? Recruiting and retaining talent is a top priority and concern for global CEOs. CEOs know that their growth and market leadership will be delivered by ensuring talented people fully engaged in their company priorities.

Young professionals and grad students care deeply about making an impact on social and environmental causes. At Net Impact, a global non-profit that empowers a new generation of leaders to drive positive social and environmental change, we work with tens of thousands of young people who want a meaningful career that delivers impact and business results. These young people have the opportunity to voice their values and encourage their colleagues, managers, and executives to bring sustainability and responsibility into the workplace. And even though they have less experience than their colleagues and bosses, they have the attention of the leadership. They are the talent pipeline that will drive growth and results. That's a powerful position to be in.

The role of business schools. Over the past ten years, business schools have added a significant number of elective courses on topics related to business and society, such as social entrepreneurship, impact investing, and ethical sourcing. While these courses have provided a much better knowledge base for students committed to responsible management, a large opportunity remains to more fully integrate these themes into the core or required curriculum. Many leading MBA programmes are working on that challenge now by introducing sustainability cases in core classes and inviting guest lecturers to speak about responsible management topics. In a recent Net Impact study of graduate business programmes, over half reported that social and environmental issues are discussed in core classes.

Responsibility skills. In the study, *Business Skills for a Changing World*, published by Net Impact and the World Environment Center, we outlined a number of critical competencies that leaders in Fortune 500 companies told us they needed from MBA graduates. One set of skills we termed 'inside-out' skills, which refer to the technical and behavioural skills for day-to-day business management that enable an employee to make responsible decisions with a sustainable lens. In addition, leaders spoke of the need for 'outside-in' skills that help an employee understand

and process external realities and factors that can reshape its business strategy. Finally, 'traverse' skills are necessary to apply systems thinking, communicate with stakeholders, and manage social interactions and networks to influence change.

Towards a responsible management profession? Several leading practitioners in the field are currently in discussion of 'professionalizing' the corporate responsibility profession. These positions have evolved organically in many companies, and as the demands on these positions become more complex, some believe the field would benefit from greater formal training and standardization. That said, the corporate responsibility or responsible management function has also been integrated into many business positions. For example, supply chain professionals are increasingly asked to understand ethical supply chain opportunities, and operations professionals must learn about energy efficiency.

As a result of these two trends, students who are passionate about responsible management will have the opportunity to both enter into a more defined 'profession' with CSR colleagues as well as choose to work on sustainability from many different day jobs. The most important step students can take is to ensure that they work for companies authentically committed to a holistic and integrated approach to sustainability – companies that engage employees at all levels with responsible management. In the right kind of open culture, all employees are able to meaningfully contribute to responsible management progress.

Net Impact offers a number of resources to help students to successfully find and succeed in an impact position. Our Career Center, student competitions, student chapters, and conference are all designed to support students in their job search, and we invite you to email us if you'd like more information (info@netimpact.org).

Questions

1. Do you believe Liz's observation that recent graduating students' favour for responsibility changes means that companies adjust their behaviour to the better, or do they simply mention 'the same old' CSR initiatives they are doing anyway to attract employees?
2. What do you think is the role of student organizations like Net Impact, OIKOS, or PRME in fostering responsible people management?
3. Could you imagine working in a specialized corporate responsibility role like the ones Liz described? If so, what attracts you in a role like this? If not, why not?

PIONEER INTERVIEW

Robert Costanza

Courtesy of Robert Costanza

Robert Costanza is a pioneer of the monetary evaluation of the environmental factors. He made the topic of ecosystems services and their financial evaluation famous. Monetizing non-monetary indicators is a main pre-condition for responsible financial management.

Rethinking capital(s). We should all recognize that there are *four basic types of assets or capital that contribute to sustainable human well-being and to sustainable business practice*: (1) conventional 'built' capital like buildings and factories – the kind of capital that businesses usually worry about; **(2)** human capital – the individual people that make up the community or company and their skills, knowledge, health, and creativity; **(3)** social capital – the networks, relationships, cultures, and institutions that connect people – the business culture embedded in the larger regional, national, and global cultures; and **(4)** natural capital – ecosystems that produce a range of valuable and essential goods and services upon which our economy and society depend. All human benefits depend on a combination of these assets and sustainable business practice must recognize and understand these interactions, even though most social and natural capital assets are 'off the books'.

Managing non-financial capitals. I'm the chair of the advisory board of Trucost, a company that estimates the external environmental costs of businesses based on a sophisticated model of the complex interactions in the economy and environment. Trucost estimates both the environmental costs of the companies' operations and the indirect cost of the companies' entire supply chains. Puma has recently used Trucost to estimate their environmental costs and has made this information public. Companies can use this information to recognize and then decrease their environmental impacts. This will *prevent companies from confusing externalized costs with profits* and allow them to pursue truly sustainable social profits. It will also allow investors to recognize companies that are behaving in truly sustainable ways and not just 'greenwashing'.

How can companies restore natural capital? By recognizing the value of natural capital assets, companies can begin to invest in conserving and restoring those assets. If these assets can be brought 'on the books', companies will have a much easier time of doing this. Imagine a company shareholder report that includes all four types of capital assets mentioned above. Even though most social and natural capital assets are (and should not be) owned by companies, these common assets are extremely important to everyone's well-being. *We need to harmonize our social and private books in order to manage all or our assets sustainably*.

Ecosystems creating economic value? If anything, this value has only increased. Even though global GDP has increased over this time [since 1997 when Robert published a report about the economic value of ecosystems services], ecosystems have continued to be depleted, and the services they provide have become more scarce and valuable. We have estimated the benefit/cost ratio of preserving and restoring global natural capital as at least 100:1. There are not many better investments than that. If we adequately account for *all* our assets, we would put much less emphasis on GDP (which was never designed as a measure of economic well-being and is a very misleading proxy) and think more about maximizing the value of our total global portfolio of assets. An Earth Shareholder Report would do something like that and would be a better guide to investment policies.

Questions

1. What implications does Robert's work have for financial management?
2. How could financial management connect to natural capital?
3. What does Robert mean with companies understanding external costs as profits? What's the mechanism behind it?