Managing responsibility: What can be learned from the quality movement?

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Since the 1980s, competitive pressures and widespread consumer attention to quality have meant that companies cannot compete successfully without paying close attention to the quality of their products and services. Today, demands for enhanced corporate responsibility[1] come from corporate critics, social investors, activists, and, increasingly, customers who claim to assess corporate responsibility when making purchasing decisions. These demands go beyond product/service quality to focus on areas such as labor standards, environmental sustainability, financial and accounting reporting, procurement, supplier relations, environmental practices, and supply chain management.

Further, the recent corporate scandals have generated significant public concern about corporate responsibility, transparency, and accountability. External critics raise the specter of reputational damage, as Nike, Levis, Gap, Adidas, and other global brands found in the 1990s when activists focused attention on abusive labor and human rights practices in developing nation suppliers.[2] These global brands were forced to adopt new systems for managing supply chain companies, auditing them to ensure that they live up to Nike's own code of conduct. Most large brand-name companies are adopting internal responsibility management systems to avert similar criticisms.[3]

Corporate responsibility is defined as the ways in which a company's operating practices (policies, processes, and procedures) affect its stakeholders and the natural environment.[4] External and internal demands for changes in company practices can provide an opportunity for organizational learning.[5]

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Managing stakeholder relationships and natural resources is quickly becoming a more significant part of the modern corporate landscape, much as managing quality did in the early 1980s.[6] While some progressive managers are paying attention to it, many still believe explicit responsibility management is not necessary.[7] Despite similar reservations in the history of the quality movement, by the end of the 1980s, total quality management (TQM) had become a business imperative for most major corporations. From early skepticism, managers gradually realized that quality was important to customers. The quality movement was boosted by major European Union companies requiring suppliers to meet ISO quality standards.[8]

There are significant signs that responsibility management is following a similar trajectory and could conceivably become the new business imperative[9] of the early 2000s. The recent scandals in the U.S. further these pressures by creating a public policy context in which there is specter of greater regulation of corporate responsibility. Clear differences exist in the extent to which companies in different parts of the world and different industries emphasize their corporate responsibilities. Many companies with brand names to protect now recognize that there are multiple stakeholders who can and will exert pressures on them for greater responsibility if they do not take voluntary action.

Managing responsibility, however, is more complex than managing quality. First, the borders of responsibility can be extremely difficult to define. Who is responsible for the working conditions in a firm supplying only one subcomponent of a product, where the buyer represents only one of dozens of customers? Who is responsible for the working conditions of that supplier's suppliers? Managing quality starts with customer demands, which is a simple task compared to determining responsibility objectives that must satisfy a range of stakeholders with incompatible goals.

Demands to manage responsibly are increasing.[10] Much as quality management once offered competitive advantage for early movers, so today can responsibility management provide a similar basis for competitive advantage. In comparing emerging total responsibility management (TRM) approaches with existing total quality management (TQM) approaches, we focus on initial responses to managing quality, skepticism about responsibility management approaches, and common values underlying both quality and responsibility management systems.[11] Research undertaken by the International Labour Office illustrates that companies that appear to be in the lead in adopting integrated responsibility management approaches are those managing long supply chains. These companies have been subjected to much anti-corporate activism, e.g., footwear, apparel, and sports equipment companies whose brand names are readily recognizable.

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TRM approaches[12] start with a *vision* that includes the company's responsibilities to stakeholders and the natural environment. The company must then manage those responsibilities by articulating them explicitly and developing a code of conduct with specific standards. The responsibility vision represents an effort to achieve management commitment throughout the corporation and to create a set of benchmarks to which stakeholders can hold the firm and its suppliers accountable. Vision also involves determining which values provide the appropriate *foundation* for a company's stakeholder-related practices and performance, frequently expressed in company-specific statements of values, aspirations, or codes of conduct or by adherence to international standards (such as the principles of the UN Global Compact).[13] Companies inform their visions and obtain feedback about their operating practices through *interaction* with relevant stakeholders. They then incorporate this feedback into operating practices and performance improvement strategies. One company in the lead on such activity is Royal Dutch/Shell through its "Tell Shell" web site.[14]

Just as with TQM, TRM includes continuous *innovation and improvement* processes that are extended to all stakeholder and environmental management systems. These processes allow for remediation where necessary and create a feedback loop so that the company can learn from past mistakes. Innovation and improvement mean designing responsibility objectives for each of the company's core stakeholders and establishing appropriate goals and indicators to measure performance. For example, audit systems could be created to ensure external supplier compliance with the company's code. Audits in turn can lead to corrective action plans that provide suppliers with objectives for improvement.

The Quality/Responsibility Analogy

Managing responsibility is not new. Managers *already* manage responsibility, just as they were already managing quality when the quality revolution began. Responsibility is already being managed when, for example, employee policies are developed, when customer relationship strategies are implemented, and when supply chains are managed.[15] The more explicit responsibility management approaches emerging in many multinational companies[16] help firms manage those practices that affect stakeholder relationships and the natural environment openly and directly. Responsibility management systems can be compared to quality management systems along multiple dimensions.

Multiple Meanings

Multiple definitions of quality management have evolved during the past quarter century. Juran's definition of quality is "fitness for use," which has two elements: product (or service) performance that results in customer satisfaction; and freedom from product/service deficiencies, which avoids customer dissatisfaction.[17] Other definitions focus on superiority or excellence of the product/service by some reasonably abstract criteria, specific, measurable variables associated with the product/service, or on user-based criteria associated with what the end user desires.[18] Another definition emphasizes particular values (e.g., a value to usefulness criterion that compares one product or service to another), while other definitions emphasize adherence to product specifications.[19] Quality associations and many companies have come to use a simple criterion, according to the leading textbook on quality: "Quality is meeting or exceeding customer expectations,"[20] putting much of the rationale for quality management into the customer relationship.

Like quality, responsibility can have multiple meanings. In one sense, responsibility means taking blame or accepting accountability for activities and actions, which assumes that the impacts of those activities are negative. However, accepting responsibility can also mean taking charge of something. Responsibility also implies having the capacity for making morally acceptable decisions and being accountable for actions and impacts. This latter connotation provides a rationale for creating positive visions and constructive values as key ingredients of responsibility management, much as meeting customer expectations implies creating products that provide value(s) and satisfy real customer needs. Managing responsibility thus sets a fairly high standard of performance with respect to the relationships that a company develops with its stakeholders through its strategies and operating practices.[21]

Satisfying Stakeholders

Achieving customer satisfaction is a cornerstone of the quality revolution. In the words of the management guru Tom Peters, leading companies put in place "systems that focus unmistakably on building long-term customer loyalty."[22] To achieve that objective, companies need to understand what customers want and provide it, using employees' loyalty, productive capabilities, and skills. Similarly, responsibility management systems help companies deal with the demands and expectations of stakeholders, including customers and employees.

Responsibility management approaches incorporate processes of mutual engagement and dialogue with relevant stakeholders on issues of concern, using processes termed "stakeholder engagement" or "stakeholder dialogue."[23] Engagement can involve a trade union representing a factory's workers in a process of collective bargaining on pay levels, or it can involve meeting with community leaders on access to local resources.

From a company's perspective, managing responsibilities with stakeholders makes increasing sense. Given the rapidity of communication across the Internet, the likelihood is that certain (especially activist) stakeholders will be critical of the company unless (and sometime even if) they are constructively engaged with it. Without greater transparency[24] (and engagement) on the part of the company, such critics can diminish the company's reputation.

Measuring the "Unmeasurable"

Measurement is a cornerstone of the quality movement. Quality guru W. Edwards Deming was famous for his efforts at reducing or even eliminating variation through a process of continuous improvement that depended on statistical process control. As with quality, determination of responsibility requires a measurement and assessment system that provides a basis of understanding, accountability, and information for stakeholders. With effective measurement of responsibility-related practices, a company can: improve its stakeholder-related performance; determine where opportunities for innovations lie and where remediation is needed; and account for its stakeholder and environmental impacts, practices, and outcomes.

In the early days of the quality movement, there were concerns about how to measure quality—and some even debated whether it could be measured at all. Similarly, many managers today believe that "you can't measure this responsibility stuff," and therefore it is unmanageable. Yet recent advances in social auditing[25] (including the balanced scorecard,[26] strategic audits,[27] holistic performance assessment,[28] and the Global Reporting Initiative (GRI)[29]) contradict this assessment. For example, social auditing processes can help companies identify where environmental resources are being wasted or where discontented employees are wasting time, absent, or leaving the firm and taking their knowledge and skills with them. Balanced scorecard tools can help companies develop a set of objectives that relate to specific stakeholders (especially customers and employees) to determine their satisfaction with the company's products and services and ultimately to maintain their loyalty. The GRI provides a structure for companies reporting on stakeholder and environmental issues that is more holistic and standardized in its external reporting structure than internally generated reports (which are often inconsistent). Some integral responsibilities (such as human rights, labor rights, and animal rights) require qualitative rather than quantitative assessment that are derived from the perspectives of stakeholders (such as activists and workers).

Measurement techniques help companies align their responsibilities with their practices. For example, techniques that some companies are using include: performing external audits on supply chain companies (e.g., companies in the Fair Labor Association); monitoring customer reactions to products and services; engaging critical NGOs in dialogue to explore concerns (e.g., Shell with its stakeholder engagement); and assessing resource usage through environmental management systems.

Making a Business Case

In the early days of the quality movement, many managers questioned whether there was a business case for quality. It is now clear, of course, that quality products and services are demanded by customers if the company is to keep its franchise. Similar questions arise about the business case for responsibility management. It is not always clear to managers what the benefits of responsible employee or labor practices are, whether savings can accrue from more environmentally sound approaches, or why deceptive practices might hurt a company's long-term profitability. Yet improving the responsibility of company practices can sometimes generate positive effects on both productivity and quality. For example, improving worker management relations through the strengthening of social dialogue, eliminating discriminatory practices that block promoting the most suitable employees, and improving health and safety conditions at the factory level can benefit productivity.[30] One company, where responsibility management systems have been put in place, illustrates the linkage between improving working conditions at the factory level and increasing productivity:

> For getting companies to realize the value of doing things the right way, top management has to be made aware that eventually it will benefit the company. Safe workplaces are more productive. . . . We improved the ventilation in [a production area] and this resulted in defects falling to 2% from 7 or 8%, while productivity went up 20%. We improved airflows, which resulted in a two-degree temperature drop. This along with other changes resulted in, according to our estimate, an increase in productivity of 10 to 15 percent while cutting defect rates by 75%.[31]

Assurance Personnel

There are structural similarities between TRM and the quality movement. In the early days of quality control, companies created a separate quality structure, incorporating a quality check by a quality assurance person at the end of the production process. Similarly, in their own early days, responsibility management systems are implemented in supply chains when companies appoint corporate responsibility officers charged with "assurance" that the code of conduct, principles, or values of the firm are being upheld in practice.[32] Some firms appoint small compliance teams charged with enforcing corporate codes of conduct, often operating under the responsibility of the legal department, separate from manufacturing or purchasing.

It was not until quality was considered an essential responsibility of everyone involved in production that it truly became part of the production processes. Very likely, only when responsibility is truly considered integral to all company practices will responsibility management be considered a core element of business practice, rather than just an add-on.[33] An example of a company's vision that incorporates its understanding of responsibility is Johnson & Johnson's famous Credo, which articulates its stakeholder responsibilities explicitly.

TQM/TRM as Frameworks for Systemic Management Processes

Certainly, no single approach represents the concept of quality management, just as there is no single responsibility management approach, no "one-size fits all" methodology. However, there are general frameworks for managing both quality and responsibility systemically, as shown in Table 1.

Table 1 compares the major processes involved in responsibility management with those used in quality management through three widely accepted frameworks of evaluation—the Baldrige Quality Award, the Deming Prize (Japan), and the European Quality Award. These frameworks provide an

TABLE 1. Schematic Comparison Principles and Processes in TRM, the Baldrige Award, Deming Prize, and European Quality Award

Total Responsibility Management	**Baldrige Quality Award**[a]	**Deming Prize**[b] **(Major Criteria Only Listed)**	**European Quality Award**[c]
Inspiration Processes 1. Responsibility Vision, Values 2. Leadership Built on Foundational Values 3. Stakeholder Engagement Integration Processes 4. Strategy 5. Human Resource Responsibility 6. Integration into Management Systems 7. Responsibility Measurement Systems Innovation and Improvement Processes 8. Improvement: Remediation, Innovation, and Learning 9. Results: Performance, Stakeholder, and Ecological Outcomes and Responsibility 10. Transparency and Accountability	1. Leadership 2. Strategic Planning 3. Customer and Market Focus 4. Information and Analysis 5. Human Resource Focus 6. Process Management 7. Business Results	1. Top Management Leadership, Vision, Strategies 2. TQM Frameworks 3. Quality Assurance System 4. Management Systems for Business Elements 5. Human Resources Development 6. Effective Utilization of Information 7. TQM Concepts and Values 8. Scientific Methods 9. Organizational Powers (Core Technology, Speed, Vitality) 10. Contribution to Realization of Corporate Objectives	1. Leadership and Constancy of Purpose 2. Customer Focus 3. People Development and Involvement 4. Continuous Learning, Innovation and Improvement 5. Management by Processes and Facts 6. Partnership Development 7. Public Responsibility 8. Results Orientation

a. Source: 2001 Criteria for Performance Excellence, Baldrige National Quality Program.
b. Source: Deming Prize Criteria, Ichiro Kotsuka, 2000, JUSE.
c. Source: European Foundation for Quality Management .

overview of the critical elements of quality management at the firm level to guide firms in implementation. All include leadership, as does the TRM framework. Similarly, each of the systems links quality with strategy or planning, as does TRM. Stakeholder orientations are evident in all, with the quality approaches focusing predominantly on customers and employees, while TRM approaches also emphasize attention to (and engagement with) additional external and internal stakeholders.

These frameworks represent optimal approaches for quality management. Each approach relies on measurement and information to develop a results orientation. Similarly, TRM approaches add measurement and indicators to the multiple-stakeholder orientation. All approaches represent holistic management systems. Finally, all four build in feedback loops and continuous improvement as core elements.

Responsibility management practices can be extensively observed in the modern supply chain management practices of major global brands and retailers,[34] partly as a response to notoriety that these companies received for such practices since the early 1990s. Thus, though the TRM framework is not new in its fundamental design, it does provide an explicit focus on managing responsibilities, values, and stakeholder (and environmental) practices and impacts, emphasizing the arenas of primary responsibility.[35]

Resistance to Managing Quality/Responsibility

Some managers strenuously resisted managing quality early on, just as some managers today resist managing responsibility. Indeed, it took more than 30 years from the time that Deming sold his ideas to Japanese managers before the importance of quality to competitive success was finally fully impressed on U.S. companies,[36] and even longer before the ISO quality standards became accepted practice in Europe. Among the reasons for initial resistance to quality management were incomplete information, the persistence of misguided beliefs despite evidence to the contrary, the need for managers to make difficult cognitive leaps,[37] and perceptions that quality was unimportant and the cost of quality would be high. Additionally, when quality was first introduced, management norms did not legitimate learning from the Japanese, solutions were framed in ways that inhibited learning, and poor judgment created inadequate responses, all of which was combined with what one observer terms "heavy doses of arrogance."[38]

Managing responsibility includes everything from doing nothing (or, worse, doing the wrong things) to the full integration of responsibility into the range of processes across the organization. At either extreme company management has made a decision, consciously or unconsciously, on how to deal with labor, the environment, integrity, and other issues that involve impacts on and relationships with key stakeholders. Of course, sometimes added costs are incurred to manage responsibility, as when a new auditing system is put in place or stakeholders are brought together in focus groups. One perspective holds that there is a necessary trade-off between "doing well and doing good," i.e., between responsible practice and strong financial performance. However, a growing body of evidence shows that this trade-off is mostly mythical. Indeed, more responsible practice may be synonymous with the good management that actually leads to positive financial performance. Evidence from research on social and financial performance[39] and the social investment movement[40] suggests that there is either no difference in the performance of share prices of more responsible firms or that these firms may actually slightly outperform those of less responsible firms.

The perspective that managing responsibly costs more than not doing so contains an assumption similar to the one that underpinned much of the initial resistance to quality management: that higher quality would add unrecoverable costs.[41] In part, the problem with TQM, as defined by Robert Cole, was that as long as quality was solely associated with outcomes (the product and its attributes), managers had a difficult time conceiving of improving quality while actually lowering cost. The transition to understanding that low cost and high quality could co-exist took years to make. It required a mindset shift towards a process orientation and the dismantling of a second assumption that continual improvement could not be cost-effective.[42] We can expect a similar evolution with respect to managing responsibility.

Responsibility management approaches can potentially provide for a solid basis of competitive advantage, especially for early movers. They can more easily recruit and retain talented employees, keep existing customers (less costly than gaining new customers),[43] attract social/ethical investors, improve community relations by becoming neighbors of choice, and even improve productivity.[44] Benefits can come because employees and management are not distracted by external attention from day-to-day business operations. The potential for competitive advantages thus derives from the possibility that better stakeholder relationships will have positive long-term performance implications. For example, improved employee relations have provided significant evidence of better productivity, despite that some costs might be incurred in implemented relationship management systems.[45] Further, numerous studies now indicate that companies with better responsibility management outperform their competitors.[46]

Consumers are becoming increasingly sophisticated about how, where, and under what conditions their goods are made.[47] Yet since the costs associated with irresponsible corporate behaviors are often hidden or unrecognized, the apparent benefits of cutting corners may sometimes seem obvious to managers, at least until the reputational costs related to customers, investors, and employees become obvious.

What Is Different about Responsibility Management?

There are several elements in responsibility management approaches that differ from quality management systems. Managing responsibility makes implicit responsibilities explicit.[48] Responsibility management demands open articulation of the values that underpin corporate practices, demonstrated integrity in living up to those values, and reports on performance with respect to implementation of those values. Quality approaches provide explicit attention to values associated primarily with employee participation and customer satisfaction, while responsibility management has the considerably more complex task of negotiating among the values and expectations of a wide array of stakeholders.

The measurement and assessment task for responsibility management is also more complex than for quality. Thus, some of the approaches being developed for social auditing tend to involve stakeholder perceptions and input, while others encompass more readily measurable factors such as safety violations, resource usage, and measurable aspects of working conditions and pay. Because multiple stakeholders' interests are involved in responsibility management, current measurement and reporting systems (such as the Global Reporting Initiative) are still being criticized for their complexity of application. In addition, stakeholders can differ on what constitutes responsible performance as is often reflected in the social screening undertaken by the social investment community. Some stakeholders question whether animal testing should be allowed at all, while others believe it is the only way to advance human progress; some believe that military contracting is inherently irresponsible, while others believe that self-defense is necessary to national security and should be supported as a responsible activity. Unfortunately, the reality of managing responsibility for multiple stakeholder impacts and relationships suggests that this complexity is unlikely to diminish.

The business case for responsibility management is also more subtle than the case for quality management. Poor customer relationships resulting from poor quality standards means lost revenue, a direct linkage. When social investors choose not to invest in a company, when customers avoid purchasing because a company has a reputation for using sweatshop labor, or when talented potential employees choose another company because of a poor responsibility reputation, the impacts are much less obvious or direct.

Further, companies using responsibility management approaches need to be open to input from stakeholders on some actions, decisions, and impacts that typically occur behind closed corporate doors. Unlike the quality management process, which is largely internally generated, the stakeholder engagement process involved in responsibility management opens the company up to outsiders. The engagement process means that company managers need to be willing to make internal changes to satisfy concerns of external stakeholders. It requires a willingness to be in a give-and-take power-sharing relationship with stakeholders that is atypical of many current management strategies.

Finally, because external demands for greater transparency and corporate accountability have been growing rapidly and are likely to continue to do so, responsibility management means being transparent in reporting out results to stakeholders. Transparency signifies accountability. Initiatives such as the Global Reporting Initiative[49] are providing new means for companies to report out their social, ecological, and economic results consistently. Implementing explicit systems for managing responsibility can provide a basis for improved stakeholder relationships, better stakeholder-related corporate practices, and—in the end—more competitive advantage.

Going Forward

Many managers and employees have been through hours of TQM training, thus they can readily understand the systems approach that TQM entails. Responsibility management expands this systems approach to all of a company's important stakeholders, moves values from theory into practice, and emphasizes the importance of stakeholder relationships. Both quality and responsibility management rely on linking the overall vision of the company to implementation of that vision through specific standards. By now, quality standards in most industries have become obvious. Responsibility, transparency, and accountability standards are less clear.

There is as yet no global standard for responsibility, no global code of conduct that is universally accepted, no standard reporting system for social, ecological, and economic (so-called triple bottom line) reporting, and no generally accepted monitoring mechanisms. There are still many companies for whom responsibility management and external accountability (other than financial accountability) remain a distant and even unidentified target. Many brand name companies have suffered significant reputational damage from lack of attention to important issues related to corporate responsibility and have made changes. For other companies, it is possible that it will take mandated rather than voluntary action to move them forward. Just as European Union companies demanded that suppliers meet ISO quality standards, thereby moving quality to the center of corporate life, so might it take a similar action to move responsibility to the fore. Indeed, the ISO organization made just such a move in 2004 when it announced that it would be developing (voluntary) corporate responsibility standards.

Notes

1. Here we use the term corporate responsibility in lieu of the older term corporate social responsibility, which carries with it connotations of explicitly doing good for society and can, in that usage, tend to overlook the integral responsibilities associated with day-to-day business practices that are implied by the more generic term corporate responsibility.
2. There is a great body of literature in the academic and general press discussing labor practices and global production chains. For example, see Debora L. Spar, "The Spotlight and the Bottom Line" *Foreign Affairs,* 77/2 (March/April 1998): 7-12; also, for contrasting views on the corporate social responsibility/supply chain debate, see Richard Wokutch, "Nike and its Critics: Beginning a Dialogue" *Organization & Environment,* 14/2 (June 2001): 207-237.
3. For detailed analysis and insights, see Ivanka Mamic, *Implementing Codes of Conduct: How Firms Use Management Systems for Social Performance* (Sheffield, UK: Greenleaf, forthcoming).
4. See Sandra Waddock, *Leading Corporate Citizens: Vision, Values, Value Added* (New York, NY: McGraw-Hill, 2002).
5. Peter Senge, *The Fifth Discipline* (New York, NY: Free Press, 1990).
6. Sandra Waddock, Charles Bodwell, and Samuel B. Graves, "Responsibility: The New Business Imperative," *Academy of Management Executive*, 16/2 (May 2002): 132-148.
7. For an instructive look at the mental models that prevented managers from adopting quality management in the early days, see Robert E. Cole, "Learning from the Quality Movement: What Did and Didn't Happen and Why?" *California Management Review*, 41/1 (Fall 1998): 43-62.

8. A detailed analysis of the evolution of the quality movement, on which this paragraph is based, can be found in James R. Evans and William M. Lindsay, *The Management and Control of Quality*, 4th edition (New York, NY: West, 1999).
9. Waddock, Bodwell, and Graves, op. cit.
10. See Waddock, Bodwell, and Graves, op. cit.
11. The TRM framework is derived from research undertaken by the International Labour Office's Management and Corporate Citizenship Programme, and reported in Ivanka Mamic, *Implementing Codes of Conduct: How Firms Use Management Systems for Social Performance* (Sheffield, UK: Greenleaf, forthcoming). For explicit introduction of the TRM framework, see Waddock, Bodwell and Graves, op. cit.; Sandra Waddock and Charles Bodwell, "From TQM to TRM: Emerging Responsibility Management Approaches," *Journal of Corporate Citizenship*, 7 (Autumn 2002): 113-126.
12. Waddock, Bodwell and Graves, op. cit.; Waddock and Bodwell, op. cit.
13. See <www.unglobalcompact.org> for further background.
14. See, for example, Philip H. Mirvis, "Transformation at Shell: Commerce *and* Citizenship," *Business and Society Review*, 105/1 (2000): 63-84; Ann T. Lawrence, "The Drivers of Stakeholder Engagement: Reflections on the Case of Royal Dutch/Shell," in Jörg Andriof, Sandra Waddock, Bryan Husted, and Sandra Rahman, eds., *Unfolding Stakeholder Thinking: Theory, Responsibility and Engagement* (Sheffield, UK: Greenleaf, 2002), pp. 185-200.
15. Recognizing that the natural environment is not a stakeholder per se, we nonetheless use the term stakeholder to reflect a company's treatment of both its human stakeholders and the natural environment to simplify the language. As one reviewer pointed out to us, this definition of responsibility relates to consequences vs. more of a duty-based standpoint. Here, we take a relatively instrumental perspective on the morality of managing responsibility, recognizing that sometimes it is simply important to do the right thing for its own sake.
16. For a detailed analysis of these systems, see Mamic, op. cit.
17. Cited in Evans and Lindsay, op. cit.
18. Evans and Lindsay, op. cit., pp. 11-12.
19. Evans and Lindsay, op. cit., pp. 12-13.
20. Evans and Lindsay, op. cit., p. 13.
21. Waddock, op. cit.
22. Thomas J. Peters, "The Simple Truth," *Office Systems*, 12/4 (1995): 78.
23. See Mamic, op. cit.; also, Jerry M. Calton and Steven L. Payne, "Coping With Paradox: Multistakeholder Learning Dialogue as a Pluralist Sensemaking Process for Addressing Messy Problems," *Business and Society*, 42/1 (March 2003): 7-42; Stephen L. Payne and Jerry M. Calton, "Towards a Managerial Practice of Stakeholder Engagement: Developing Multi-Stakeholder Learning Dialogues," in Jörg Andriof, Sandra Waddock, Bryan Husted, and Sandra Rahman, eds., *Unfolding Stakeholder Thinking: Theory, Responsibility and Engagement* (Sheffield, UK: Greenleaf, 2002), pp. 121-136.
24. Of course, some things are likely to remain proprietary and therefore undisclosed, but demands for greater transparency with respect to operating practices are clearly on the rise.
25. Kim Davenport, "Social Auditing: The Quest for Corporate Social Responsibility," in James Weber and Kathleen Rehbein, eds., *Proceedings of the International Association of Business and Society*, 1997, pp. 197-207.
26. Robert S. Kaplan and David P. Norton, "The Balanced Scorecard—Measures that Drive Performance," *Harvard Business Review*, 70/1 (January/February 1992): 71-79.
27. Timothy Bell, Frank Marrs, Ira Solomon, and Howard Thomas, *Auditing Organizations Through a Strategic-Systems Lens: The KPMG Business Measurement Process*, KMPG Peat Marwick, 1997.
28. Patsy Lewellyn and Maria Sillanpää, "Holistic Performance Model," presented at the International Association of Business in Society Annual Meeting, March 2001, Sedona, AZ, 2001.
29. Global Reporting Initiative, see <www.globalreporting.org/>.
30. See Mamic, op. cit.
31. These quotes are from managers in the same study reported by Mamic, op. cit., undertaken by the International Labour Office.
32. Waddock and Bodwell, op. cit.
33. See also N. Craig Smith, "Corporate Social Responsibility: Whether or How?" *California Management Review*, 45/4 (Summer 2003): 52-76.
34. Mamic, op. cit.; Waddock and Bodwell, op. cit.; Waddock, Bodwell, and Graves, op. cit.

35. Lee E. Preston and James E. Post, *Private Management and Public Policy* (New York, NY: Prentice-Hall, 1975).
36. Cole, op. cit.
37. Ibid.
38. Ibid.
39. The definitive study, summarizing nearly 130 empirical papers (many of which have significant methodological problems), is by Joshua Margolis and James P. Walsh, "Misery Loves Companies: Rethinking Social Initiatives by Business," *Administrative Science Quarterly*, 48/2 (June 2003): 268. This meta-analysis is based on their book *People and Profits? The Search for a Link between a Company's Social and Financial Performance* (Mahwah, NJ: Lawrence Erlbaum Associates, 2001). See also M. Orlitzky, F.S. Schmidt, and Sara L. Rynes, "Corporate Social and Financial Performance: A Meta-Analysis," *Organization Studies*, 24/3 (2003): 403-441.
40. David Diltz, "The Private Cost of Socially Responsible Investing," *Applied Financial Economics*, 5/2 (April 1995): 69-77.
41. Cole, op. cit.
42. Cole, op. cit., pp. 50-52.
43. One study shows that satisfied customers tell six people while dissatisfied customers tell 22 of their experience with a company. See Armand V. Feigenbaum, "Changing Concepts and Management of Quality Worldwide," *Quality Progress*, 30/12 (December 1997): 45-48.
44. See, for example, Jeffrey Pfeffer and John F. Veiga, "Putting People First for Organizational Success," *Academy of Management Executive*, 13/2 (May 1999): 37-48. Also see Gary Dessler, "How to Earn Your Employees' Commitment," *Academy of Management Executive*, 13/2 (May 1999): 58-67.
45. See Pfeffer and Viega, op. cit.; Jeffrey Pfeffer. *The Human Equation: Building Profits by Putting People First* (Boston, MA: Harvard Business School Press, 1998).
46. See Margolis and Walsh, op. cit., who state: "A clear signal emerges from these 95 studies. There is a positive association, and certainly very little evidence of a negative association between a company's social performance and its financial performance. The question about this empirical relationships seems to be answered." (Margolis and Walsh, 2003, op. cit., p. 10, on manuscript). These authors also note the sometimes significant methodological and measurement problems besetting many of these studies, and they note that the causal relationship remains uncertain, e.g., do more profitable companies simply invest more in corporate responsibility activities.
47. See, for example, R.T. Rust, V.A. Zeithaml, and K.N. Lemon, *Driving Customer Equity: How Customer Lifetime Value is Reshaping Corporate Strategy* (New York, NY: Free Press, 1999); Charles Fombrun, *Reputation: Realizing Value from the Corporate Image* (Boston, MA: Harvard Business School Press, 1996).
48. Thanks to an anonymous reviewer for this wording suggestion.
49. See <www.globalreporting.org>.