Organizational Dynamics, Vol. 37, No. 2, pp. 125–144, 2008

www.organizational-dynamics.com
ISSN 0090-2616/$ – see frontmatter
doi:10.1016/j.orgdyn.2008.02.002

Understanding and developing strategic corporate social responsibility

PETER A. HESLIN[1] JENNA D. OCHOA

Creation of shareholder wealth, once considered the ultimate corporate objective and yardstick of organizational value, is slowly becoming overshadowed by a broader conception of organizational success. In 2006, about one in every ten dollars of assets under management in the U.S. – an estimated $2.3 trillion out of $24 trillion – was invested in companies that rate high on some measure of social responsibility. In 2007, 64% of the *Fortune Global 100* published a Corporate Social Responsibility (CSR) report outlining their economic, environmental, and social performance. Many large companies, such as General Motors, Procter & Gamble, and Vodafone, now have a senior level corporate officer who is charged with directing the organization's corporate social initiatives.

In contrast to debates over the last decade about whether organizations have a social responsibility and whether CSR performance predicts corporate financial performance, business leaders are increasingly concerned with how their organization can prosper from addressing social and environmental challenges. One widely accepted guideline, advanced by Michael Porter and Mark Kramer, is to undertake CSR in a strategic manner by making social and environmental contributions only in ways that also enable tangible business benefits. However, imitating other organizations' strategic CSR ''best practices'' would be imprudent for the same reason that benchmarking often leads to disappointing results. Organizational leaders tend to inadequately appreciate the subtle differences in organizational competencies and contexts whereby a given practice enables one organization to fly, but leads others to flounder. Thus, we argue that effective CSR initiatives are those derived from careful analysis of each organization's unique culture, competencies, and strategic opportunities. Fortunately, organizational leaders do not have to reinvent the wheel. While the particular CSR *practices* that some organizations adopt might not necessarily be useful for others, many of the *principles* underlying them are applicable to a wide range of organizations. After briefly reviewing the history and nature of strategic CSR, as well as why many organizations are striving for CSR, we outline a range of examples of strategic CSR undertakings. The 21 exemplary CSR practices we discuss are

Acknowledgments: We thank Peter Cappelli, Carolyn Jennings, John Slocum, and Theo Vermeulen for valuable input on an earlier draft of this manuscript. This paper is dedicated to the lifetime of inspiring social contributions made by the Australian Distinguished Professor Dexter Dunphy.

[1] The authors contributed equally and so are listed alphabetically.

clustered into seven principles for enacting strategic CSR. These principles could serve as a guiding stimulus for other organizations intent on discovering and capitalizing on their unique opportunities to do well by doing good.

THE ROOTS AND NATURE OF CORPORATE SOCIAL RESPONSIBILITY

CSR has roots in a pivotal 1953 decision by the New Jersey State Supreme Court which removed legal restrictions on corporate philanthropy. A shareholder who objected to Standard Oil donating money to Princeton University brought a lawsuit against Standard. The court ruled in Standard's favor, accepting the argument that its donations to Princeton's Engineering Department were intended to benefit Standard Oil by helping to educate future potential employees. This decision paved the way for other companies in the United States to engage in corporate giving. CSR initiatives increasingly involve strategically directed donations of equipment or core employee skills.

There are various definitions of CSR, but most share the theme of engaging in economically sustainable business activities that go beyond legal requirements to protect the well-being of employees, communities, and the environment. Strategic CSR seeks to do this in ways that simultaneously create tangible business benefits, thereby being financially self-sustaining and less prone to eliciting outcries about squandering shareholder wealth. Granted that CSR includes both environmental *and* human sustainability components, we follow CSR scholars who use the terms corporate sustainability and CSR synonymously.

Environmental sustainability involves using scientific insights to reduce the environmental footprint of an organization's operations and products. Doing so can help to address issues including the earth's diminishing supply of nonrenewable resources and capacity to absorb the waste from our production and consumption. *Human sustainability* involves creating an equitable, developmental, and healthy workplace for employees, as well as adding value to stakeholders including suppliers, customers, and other community members. Such value-added initiatives can be delivered to external stakeholders through avenues including the provision of educational, health, career, energy-saving, pollution-reducing, or environmental beautification opportunities.

According to Chad Holliday (2001, p. 134), chairman and CEO of DuPont:

> *Sustainable growth should be viewed not as a program for stepped-up environmental performance, but as a comprehensive way of doing business; one that delivers tremendous economic value and opens up a vast array of new opportunities. Capitalizing on these benefits may require relentless determination and tenacity, but ultimately companies will find that they can generate substantial business value through sustainability, while both enhancing the quality of life throughout the world and protecting the environment.*

By virtue of being self-sustainable, strategic CSR can become an integral and invaluable part of business strategy and operations, rather than merely off-the-shelf or spontaneous ''good deeds.'' Developing prudent CSR is thus much less a matter of organizational imitation than real-time customization.

Complicating Factors

Many organizations appear to be strong in some areas of CSR performance yet weak in others. Should Wal-Mart Stores be deemed socially responsible for providing low-priced goods for impoverished and budget conscious customers, or irresponsible for paying its employees low wages, providing minimal health care benefits, and for adversely affecting independent merchants? Does BP exhibit CSR by recognizing and striving to address global climate change, or is it irresponsible for continuing to produce fossil fuels? Is Hewlett-Packard socially responsible because of its community development initiatives, or lacking CSR for abandoning its long-standing policy of guaranteeing job security? Given the complexity of such issues, our intention in this paper is to offer principles to guide the identification of strategic CSR initiatives, rather than to imply judgments regarding the overall CSR of particular organizations.

Enron undertook admirable social initiatives, such as making substantial charitable donations, while simultaneously defrauding its investors. Ford Motor publicized a strong commitment to reducing its environmental impact while also lobbying against increases in federal fuel economy standards. Besides apparent hypocrisy, these examples illustrate that to optimize progress in addressing social and environmental challenges, organizational initiatives, public policies, and corporate regulators must work in concert. The Human Rights Watch 2006 annual report revealed that firms such as Google have concluded that CSR can place them at a competitive disadvantage by shutting them out of certain markets. If Google did not comply with the Chinese government's censorship policies, they could not operate in China, keeping them from doing business in the largest emerging market for e-commerce and Internet use. As a result, large organizations' CSR initiatives increasingly include lobbying for legally enforceable corporate standards that apply to all firms. Starbucks provides healthcare benefits to all employees who work at least twenty hours a week and spends more on healthcare than on coffee beans. Not surprisingly, Starbucks actively advocates for national healthcare legislation. Wal-Mart, General Electric, DuPont and a growing number of other organizations similarly all back some form of carbon regulation.

DRIVERS OF CSR

Powerful social and political forces encourage organizations to act more responsibly. These include growing consumer demand for responsibly made products, challenges to organizations' reputations by nongovernmental organizations (NGOs), industry codes of conduct, assessments and rankings of CSR performance, pressure from socially responsible investors through public interest proxy resolutions, as well as the socially conscious values of organizational managers and employees. Issues such as disparities in access to quality education, employment, and healthcare are gaining increasing media attention, as is the need for technological and other innovations that address pressing environmental challenges. These challenges include air and water pollution, unsustainable fishing and harvesting, as well as increasing greenhouse gas emissions that according to the 2007 Intergovernmental Panel on Climate Change almost certainly lead to global warming.

Catastrophic consequences likely to result from global warming include increasing Category 4 and 5 hurricanes, rising sea levels devastating coastal areas worldwide, and the spread of harmful insects such as malaria-carrying mosquitoes. There is an emerging consensus that such critical environmental and social issues must be addressed without delay and that, in addition to public policy changes, organizations have a responsibility and key role to play in identifying and implementing remedial actions. This responsibility is underscored by the increasing realization that both governments and individuals can also ''vote'' their social preferences through what they purchase, where and how hard they choose to work, and where they invest.

Enhancing organizational reputation was once the prime motivator for CSR. It is relatively easy to contribute money to a cause or place it in a corporate foundation without a mandate for how the funds are to be spent or what outcomes are expected. With growing recognition of looming human and environmental crises, there is a groundswell of public and private sector organizations striving to make measurable contributions to sustainability issues. Over 4,000 organiza-

TABLE 1 THE 10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

Businesses should:

Principle 1:	*Support and respect the protection of internationally proclaimed human rights*
Principle 2:	*Ensure that they are not complicit in human rights abuses*
Principle 3:	*Uphold the freedom of association and the effective recognition of the right to collective bargaining*
Principle 4:	*Eliminate all forms of forced and compulsory labor*
Principle 5:	*Abolish child labor*
Principle 6:	*Eliminate discrimination in respect of employment and occupation*
Principle 7:	*Support a precautionary approach to environmental challenges*
Principle 8:	*Undertake initiatives to promote greater environmental responsibility*
Principle 9:	*Encourage the development and diffusion of environmentally friendly technologies*
Principle 10:	*Work against corruption in all its forms, including extortion and bribery*

tions from more than 100 countries are now members of the United Nations Global Compact (UNCG), established in 1999 by U.N. Secretary General Kofi Annan. UNGC is an international initiative that brings together companies, UN agencies, labor organizations and civil society in support of 10 principles covering human rights, labor, the environment, and corruption. UNGC member organizations pledge to abide by and integrate into their business practices the 10 principles outlined in Table 1.

Besides value-driven small to medium-size companies, large corporations that are active members of the UNGC include BHP Billiton and Foster's Group (Australia), Aracruz Celulose and Petrobras (Brazil), Toshiba and Nissan (Japan), Cemex and Corporacion Durango (Mexico), BP and Royal Bank of Scotland (United Kingdom), as well as Cisco Systems and Coca-Cola (United States). Thousands of other organizations strive for CSR in concert with institutions that include the 1% for the Planet Alliance, America's Promise, Ashoka, the Aspen Institute, the Clinton Global Initiative, Net Impact, the Social Venture Network, the Organization for Economic Cooperation and Development, and the World Business Council for Sustainable Development. Each of these institutions provides helpful guidelines for effective CSR initiatives that are reflected in the following discussion.

Organizational myopia regarding short-term profitability can be addressed by exploring how five key drivers of business prosperity can be positively affected by CSR initiatives. These include the need for growth in market share, organizational learning, committed and engaged employees, supportive external stakeholders, and positive investor relations.

Growth in Market Share

Positive consumer responses to an organization's CSR efforts have resulted in increased sales of premium priced products and services. These include Fair Trade products, whereby producers are paid an above-world-market price for their produce. In Great Britain, sales of Fair Trade products – including coffee, bananas, chocolate, and flowers – increased by 51% between 2003 and 2004.

CSR initiatives can also open up new markets, especially in developing economies. Companies who find a way to engage with the world's poorest citizens have been helping to alleviate poverty and improve the economies of these countries, while also profiting from their efforts and creating new customers and markets for their goods. Aravind Eye Hospitals in India perform 200,000 cataract surgeries per year for roughly U.S. $50 per patient. In 2001–2002, the hospitals posted a profit of U.S. $46.5 million. By creatively using economies of scale, high productivity and top quality medical equipment, these hospitals restored the sight of hundreds of thousands of people. This in turn stimulates the Indian economy by freeing up both the blind, as well as those who cared for them, to enter the labor force and potentially earn an income that ultimately helps to increase consumer spending. In concert with public policy makers, healthcare organizations can explore viable business models for broadening the base of essential healthcare consumers within a range of other developing and developed economies.

Organizational Learning

Cutting edge CSR is more than corporate philanthropy. Strategic CSR programs provide opportunities for organizations to learn from the projects they invest in and use that knowledge to build the organization's core competencies, while simultaneously improving social or environmental conditions. CSR initiatives can be used as learning laboratories to study different ideas, methods, and processes without the time pressure and other typical constraints on the delivery of commercially contracted products and services. Knowledge gained through CSR endeavors can flow back into the organization and drive new innovations throughout the company. When Bell Atlantic undertook Project Explore in Union City, New Jersey in the early 1990s, it strived to improve inner city children's learning with technology. During the process, Bell Atlantic developed new insights about networking technologies that more than justified the cost of the project. These insights led to a patented and profitable technology that became Bell Atlantic Infospeed DSL. Strategic CSR undertakings provide fertile ground for organizational learning and innovation, while also benefiting humanity and our deteriorating biosphere.

Committed and Engaged Employees

A company attitude of fairness and compassion often influences how employees feel about the organizations, as well as how they act while performing their work. Research has shown that potential employees are more attracted to socially responsible organizations, and some are willing to receive less pay to work for a socially responsible firm. Peter Drucker once argued that CSR may become increasingly necessary to attract the best available workers. A 2006 survey of 2,100 M.B.A. students by Net Impact revealed that 59% of respondents planned to seek socially responsible work immediately upon graduation, and 79% indicated that they would seek out socially responsible work at some point in their careers. These results signal the growing importance of social and environmental engagement to the generation now entering the workforce.

Besides enabling organizations to attract employees who are driven by socially conscious values, CSR can also keep them engaged and eager to become increasingly valuable to the organization. Anne Mulcahy, chairman and CEO of Xerox, chose to work at Xerox because of the reputation of the sales department as a meritocracy, rather than an old boy's club. But she has stayed for more than 30 years and counting because of a culture that broadly defined citizenship to include how you treat your people, your customers, your suppliers, and the communities where we work and live. Because of its commitment to corporate citizenship, Xerox did not just get a talented salesperson in Mulcahy. Instead they attracted and retained the future acclaimed CEO of the company.

Highlighting to employees an organization's positive social contributions can be a powerful route for motivating and retaining committed and productive employees. The medical technology company Medtronic conducts annual parties at which employees meet patients whose lives have been improved by their products. According to the company's founder and Director Emeritus, Earl E. Bakken, ''All Medtronic employees have a 'defining moment' in which they come face to face with a patient whose story deeply touches them.'' Research by Adam Grant and colleagues has shown that when organizations provide employees with opportunities for appreciative contact with the beneficiaries of their work, employees exhibit greater effort, persistence, and job performance, compared with those who have less opportunity to see how their work makes a positive difference.

External Stakeholders

Acknowledging the need for CSR shows a company's recognition that business and society need each other if both are to thrive. External stakeholders can powerfully affect organizational survival and prosperity. Healthy societies expand demand for business as more human needs are met and aspirations grow. Successful businesses contribute to robust economies and livable communities, without which there would be fewer consumers of goods and services, resulting in less need for many businesses to exist.

External stakeholders often view CSR programs as a measure of the trustworthiness of an organization. Thus, a favorable opinion of a company's CSR practices can solidify a positive relationship between an organization and its stakeholders. Engaging stakeholders proactively can thereby help insure the success of a project. In 2007, when two private equity firms sought advice for their bid on the large utility company TXU, Goldman Sachs advised that the buyout plan be modified to accommodate more environmentally sound practices. Specifically, Goldman Sachs urged their clients to insist that the number of new coal-powered energy plants TXU planned to build be drastically reduced from 11 to 3, and that the dollars saved be invested in an alternative energy source such as wind power. Acceptance of this advice pleased the environmental advocacy group Environmental Defense and paved the way for TXU board members to accept the buyout offer.

The potential peril of ignoring external stakeholders is illustrated by the notoriously huge costs of CSR activist protests and boycotts against firms such as Dow Chemical, Levi Strauss, Nike, and Shell Oil. In 2007, BP agreed to pay over $60 million in fines for violations of the U.S. Clean Air Act in Texas and Alaska. In addition to collecting the largest fine ever assessed for clean air violations, the U.S. Environmental Protection Agency successfully prosecuted BP under new laws requiring chemical plants and refiners to proactively identify where potential accidental spills or toxic releases could occur and design preventative safeguards. BP committed to investing an additional $400 million in safety upgrades geared towards future accident prevention.

Financing and Investor Relations

An organization's CSR performance attracts attention from financial analysts and investors. Ceres, a coalition of over 80 investor, environmental and public interest organizations, periodically ranks 100 global corporations on their strategies for curbing greenhouse gases. There is a growing trend for investors to direct their money towards explicitly socially responsible organizations. The amount invested in ''green'' mutual funds in the U.S. rose 695% in the last six years. During the last three years, the amount of money invested in clean energy has reached U.S. $70.9 billion globally. Firms such as Citibank and Goldman Sachs carefully assess the foreseeable environmental impact of their lending decisions in developing countries. Banks such as Wainwright Bank and Trust in Boston, as well as the New Resource Bank of San Francisco offer discounted financing for projects that will be built using ''green'' construction standards. ShoreBank Corp of Chicago employs a triple bottom line manager who assesses implications for people, planet, and profits of loans for green building projects. These trends highlight the increasing awareness of the need for environmental stewardship and financiers' desire to sponsor companies that adopt CSR business practices.

Poor CSR performance can conversely have significant negative financial implications. In May 2006, the California Public Employees' Retirement System (CalPERS) – the largest public pension fund in the U.S. – banned investments in nine companies that do business in Sudan, until the government of Sudan halts the genocide that has resulted in egregious human rights violations. For the same reason, major universities including Harvard, Yale, and Stanford also sold their shares in firms with substantial investments in Sudan. In 2002, even before the start of the Darfur conflict, Talisman Energy of Canada withdrew from the Sudan after CSR-driven divestments by investors in the U.S. and Canada led to a 35% decline in its share price. Wall Street and investors worldwide are paying attention to CSR. Their opinion of a particular business' CSR is likely to increasingly impact its access to capital and the resulting fortune of companies who excel, fail, or fall in-between with regard to CSR performance.

STRATEGIC CSR PRINCIPLES

Seven strategic CSR principles and 21 examples of CSR initiatives that illustrate these principles are presented in Table 2. These principles should not be interpreted as a checklist of best practices, but as a springboard for organizational initiatives aimed at creatively identifying and developing viable, value-adding and self-sustaining strategic sustainability opportunities. In addition, the organizations mentioned are not being endorsed for necessarily having high overall CSR. As mentioned, many organizations are strong in some areas of CSR performance and weak in others. Instead the following examples are offered merely to illustrate our seven strategic sustainability principles.

Principle 1: Cultivate Needed Talent

Like Standard Oil, Marriott International and Microsoft both undertake targeted CSR initiatives that cultivate suitable future employees for their businesses. In 1999, Marriott initiated a program called ''Pathways to Independence'' that taught chronic welfare recipients life and job skills. In return, Marriott offered each program graduate a job from its employment openings. Topics covered during the program include managing

TABLE 2 STRATEGIC CSR PRINCIPLES AND EXEMPLARY PRACTICES

Strategic CSR principles	Corporation	Exemplary strategic CSR practices
1. Cultivate needed talent	*Marriott*	Provide extraordinary career opportunities
	Microsoft	Nurture required IT talent
	GlaxoSmithKline	Expand access to medications
2. Develop new markets	*Philips Electronics*	Produce resource-efficient products
	Globe Telecom	Create first-time consumers
	Whole Foods	Specialize in organic products
3. Protect labor welfare	*Levi Strauss*	Replace exploitation with education
	Odegard & Rugmark	Certify ethical production
	Starbucks	Enhance farmers' productivity and welfare
4. Reduce your environmental footprint	*DuPont*	Create more value and less ''stuff''
	Ethel M	Produce abundant life from wastewater
	Norsk Hydro	Renew raw materials
5. Profit from by-products	*Fuji Xerox*	Redesign products for learning and profits
	Shaw Industries	Adopt cradle-to-cradle manufacturing
	Manildra	Convert grain and starch waste to fuels and food
6. Involve customers	*Target*	Enable customers to improve education
	Hewlett-Packard	Reduce the environmental cost of IT use
	Patagonia	Educate and engage customers
7. Green your supply chain	*Nestle*	Optimize transportation
	Wal-Mart	Reduce packaging across the supply chain
	S.C. Johnson	Identify, publicize and reward greener alternatives

finances and a household budget, how to search for a job and improve one's interviewing skills, workplace etiquette, and standards of professional conduct.

Marriott benefited from a wide pool of more diverse and eager employees who have filled positions in a broad number of areas including reservations, housekeeping, restaurant serving and cooking, grounds keeping, luggage service, reception, and maintenance. Pathways to Independence also opened up career development opportunities for participants by allowing them to begin obtaining the experience needed to enter the ranks of Marriott management. The program substantially decreased turnover at Marriott. Seventy percent of program participants were still working for Marriott after one year of employment. This retention rate is almost 50% better than the hotel industry average for hourly employees. Pathways to Independence also helped revitalize inner city economies by providing stable, well-compensated employment opportunities to the chronically unemployed. Marriott in turn obtained the reciprocal benefit of growing future employees and managers who are fully immersed and largely committed to Marriott's "Spirit to Serve" corporate culture. Marriott has also benefited from a range of other community outreach partnerships aimed at helping individuals (e.g., racial minorities and those with a disability) who face barriers to employment, as well as by addressing environmental issues that affect the communities in which it operates.

Microsoft has long experienced the need for a robust supply of skilled information technology (IT) workers. In 1997, Microsoft pursued a collaborative opportunity to bolster the IT education infrastructure and make it possible for more college students to receive the training necessary to prepare them for an IT career. In light of antiquated technology, IT curricula, and faculty skills within community colleges across the U.S., Microsoft contributed software, volunteered expertise, and provided $47 million to help the American Association of Community Colleges address these issues. In 2003, Microsoft made a $15 million software grant to the African-American collegiate community. The resulting better-educated community college graduates help Microsoft address its significant shortage of IT workers, while simultaneously providing celebrated educational and career opportunities to traditionally underrepresented populations within the software industry.

Attracting and retaining top scientific talent is also a major challenge in the competitive pharmaceutical industry, especially in light of consumer backlash against the high cost of medicine. GlaxoSmithKline (GSK) has taken steps to improve access to needed medications and vaccines around the world. This sustainability commitment has resulted in drawing leading scientific talent to work for GSK. Initiatives include licensing local companies in Africa to produce generic versions of GSK's patented AIDS medications, selling vaccines at volume, nonprofit discounts to developing countries, and dedicating a team of researchers to develop a malaria vaccine.

It is rather unusual to find a pharmaceutical company directing R&D resources to diseases such as malaria or avian influenza, as the bulk of the people who can benefit from the vaccine cannot pay cost, much less the established retail price for inoculation. Many companies claim that drugs are so expensive because of the high cost of R&D. Therefore, they do not look into developing compounds unless they can be sold at a price that at least recoups the company's cost of capital. GSK is somewhat unique in looking beyond immediate profits to provide its employees with an opportunity to work towards eradicating menacing diseases. Employees claim to value working for GSK because their work is making a positive difference to the lives of millions.

A hallmark of our knowledge economy is organizations engaging in a war for talent. Three broad strategies for building an organization's capacity to attract and retain a motivated, skilled workforce are to offer extraordinary career opportunities, make community-based collaborative investments to cultivate required talent pools, and provide employees with opportunities to use their professional or occupational skills in ways that directly help people in most need of assistance.

Principle 2: Develop New Markets

Philips Electronics is a leading producer of energy efficient appliances, lighting, and medical equipment. Philips is also becoming a leader at expanding the market for its goods and services by tailoring its offerings to the local infrastructure and economy of developing countries. One project involves the development of traveling medical vans that bring primary healthcare to isolated villages in rural India. Using satellite technology, the vans link up with doctors in an urban center, allowing them to diagnose and treat patients remotely. Additionally, Philips has introduced a low-cost water purification system and a wood-burning stove that is smokeless, which helps to decrease deaths related to pulmonary disease from exposure to cooking smoke. These are desperately needed items that many companies have not invested in because the bottom line does not appear to justify the cost. However, as seen with the Aravind Eye Hospitals in India, substantial volume *can* drive profit. Meeting the needs of the developing world is a natural fit for the intersection of CSR and volume-based revenues.

Globe Telecom's ''G-Bank'' program is another example of this principle. This business capitalizes on the fact that the infrastructure for mobile telecommunications has expanded exponentially across the globe during the past decade. The same cannot be said for bank branches or traditional land-line telephone infrastructure in remote second- and third-world villages. Located in the Philippines, Globe Telecom enables customers to use text messaging and prepaid phone cards to send and receive cash via their cell phones. They can also pay bills or purchase goods at stores. This innovative program makes money for Globe, which charges 20 cents for transactions below $20, and 1% of transactions $20 and above. The program allows over 1.3 million people who cannot afford to have a bank account, or do not live near a bank or landline telephone, to now engage in banking and other consumer transactions.

Beyond land-line infrastructure accessibility issues, a large percentage of the world's population is functionally illiterate, making the complexities of banking as practiced in developed economies a significant challenge. Even illiterate individuals, however, often become competent and comfortable at banking by cell phone. Savvy companies such as Globe Telecom, as well as Vodacom in South Africa, have discovered that there is an enormous untapped market for providing products and services to often overlooked and underserved populations.

New markets can also be found in niche areas that attract the business of consumers seeking a more socially and environmentally responsible lifestyle. A leader in one of these niches is Whole Foods Market—an Austin, Texas-based retailer of natural and organic foods that was founded in 1980 and is now a *Fortune 500* company. Whole Foods operates close to 200 stores in locations throughout the U.S. and the U.K., making it the world's largest natural and organic food supermarket chain. Whole Foods' dramatic growth provides compelling evidence that a serious commitment to CSR can be financially viable.

Whole Foods is selective about the products it sells and is dedicated to maintaining the highest quality standards, while requiring fair labor standards and sustainable agriculture. Central to the Whole Foods philosophy is the belief that ''companies, like individuals, must assume their share of responsibility as tenants of Planet Earth.'' This is a primary reason for the company's active support of organic farming, which is widely seen as the best method for the promotion of sustainable agriculture. Organic agricultural practices provide tangible benefits to the health and safety of farm workers, who are no longer exposed to dangerous chemicals and pesticides that are often used by large industrial agricultural companies.

Whole Foods' social and environmental credentials are increased by habitual engagement in community initiatives, such as supporting local area food banks, sponsoring neighborhood events, and contributing a minimum of 5% of total net profits to not-for-profit organizations. Whole Foods additionally provides employees paid time off for community service work. Whole Foods was rated by *Fortune* magazine as one of the ''100 Best Companies to Work For'' for the tenth consecutive year in 2007. The employee enthusiasm and commitment reflected by this achievement probably fueled Whole Foods' growth and retention of its socially conscious customer base.

Growth is often essential to organizational prosperity. Anticipating and catering to the emerging markets for eco-friendly products and services, as well as adapting offerings and business models to tap previously neglected markets, are opportunities for business growth that also sustain humanity and our biosphere.

Principle 3: Protect Labor Welfare

Ensuring that products are made without child labor is a concern for many companies, especially those that have been caught in the crosshairs for doing so in their overseas factories. One classic case of how this predicament can be addressed involves Levi Strauss, a company that tackled this legal and public relations problem with a creative CSR solution. To address the substantial backlash against employing children younger than 15 years of age, Levi Strauss considered simply firing all the child laborers. However, analysis of the labor market in Bangladesh made clear that in a significant number of families, these children were the sole breadwinners. Losing the factory work would have had dire consequences for the children and the family members who depended on the childrens' wages.

Realizing the devastation this would cause, Levi Strauss developed an innovative solution. All children under age 15 went back to school, while the company continued to pay their wages. Upon completion of their schooling, a job awaited them at the factory, provided that the applicant could provide their school completion certificate. Because many Bangladeshi people appear younger than their chronological age, the company provides dental exams to help screen applicants who do not have a school certificate, but are old enough to be employed. This helps prevent the unnecessary rejection of age-qualified potential employees. Encouraged by Levi Strauss's example, the Bangladesh Garment Manufacturers and Exporters Association and other trade groups have given $1 million to support underage workers' education.

Odegard addresses child labor exploitation issues in the luxury rug industry. Stephanie Odegard started a design company that promotes rugs that are certified as being made under fair labor conditions. Many developing countries in the Middle East and South Asia count fine rugs as one of the backbones of their economies. Children are valued as laborers for several reasons: their small fingers and sharp eyesight make them gifted at the detailed work of crafting rugs and they have greater stamina than adults to work hard for long hours in hot, dusty, and cramped factories. Odegard decided to take her mission a step further and so helped to found a nonprofit organization, Rugmark, which certifies that rugs are made without child labor. The certification provides interior designers and consumers with assurance that the rugs they purchase are not the product of child exploitation. The growth of Rugmark certified products as a fashionable choice in the design industry helps to promote the reduction of child labor in rug manufacturing. The initiative has helped take 10% of an estimated 300,000 child rug laborers away from the loom and put them back in school. It also potentially helps raise awareness and concern with eliminating exploitative labor practices in other industries.

Starbucks takes a holistic approach in their efforts to enhance labor welfare. The company has a range of programs designed to help coffee farmers build profitable and sustainable businesses. The Farmer Support Center in Costa Rica offers training and technical support on farming practices that result in the growth of high quality coffee. Starbucks' policy is to pay premium prices for coffee beans in order to provide farmers with a living wage that allows them to support their families and grow their business. The company also has programs that provide farmers with affordable loans, increasing their ability to invest in their farms and build a sustainable business. To reward farmers who practice socially and environmentally responsible farming practices, Starbucks has established guidelines that allow suppliers to qualify for preferred seller status.

One of Starbucks' overarching business philosophies is that the health of their business is only as robust as that of the many farmers from whom they purchase coffee. Thus, money invested in fostering the long-term welfare, viability, and prosperity of their suppliers is considered as an essential business investment. The rapid growth in demand for the premium-priced coffee products sold by Starbucks illustrates the potential viability of this business policy.

During the closing decades of the 20th century, minimizing labor costs was widely seen as imperative for organizational prosperity and even survival. Levi Strauss, Odegard & Rugmark, as well as Starbucks, highlight that organizations can indeed do well while striving to safeguard the livelihood and well-being of their labor force.

Principle 4: Reduce Your Environmental Footprint

DuPont seeks to increase its financial prosperity through strategies that simultaneously produce demonstrable reductions in the organization's environmental footprint. Strategies for sustainable development include integrated science and knowledge intensity. DuPont integrates the scientific fields of chemistry and bioengineering to produce a new line of polymers, called Sorona, that have most of the desirable characteristics of older materials such as nylon, Dacron, and Lycra. However, unlike its predecessors, Sonora is produced using fermented corn sugar, a renewable resource, rather than the petrochemical-derived materials it replaces. Knowledge intensity is increased by initiatives including the creation of Simplyengineering, which generates revenue from selling copyrighted engineering guidelines, calculations, and models, as well as SafeReturns, a DuPont consultancy that helped Texas Instruments reduce its workplace injuries by 65%.

The environmental sustainability attained by DuPont's integrated science and knowledge intensity strategies is assessed with a customized metric called the ''shareholder value added per pound of production'' (SVB/lb). According to DuPont chairman and CEO Chad Holliday, this metric helps DuPont focus on shareholder value creation through increased productivity, waste reduction, and the development of new services and other sources of revenue generation, while helping meet this chemical company's stretch goals for decreasing energy consumption and toxic emissions—all essentially by producing ''more value and less stuff.''

Ethel M operates a uniquely designed wastewater treatment system at its chocolate factory in Las Vegas, Nevada. Adjacent to the factory is the ''Living Machine,'' an ecosystem containing plants, snails, bacteria, fish, and other organisms. Distributed throughout an acre of tanks, marshes, and reed beds, the factory's wastewater enters the Living Machine and is ''treated'' by being processed through and by the living inhabitants inside. The water is then reused for industrial purposes. Visitors to the factory can take a self-guided tour, view the chocolate manufacturing process, sample the company's products, and then explore the Living Machine and view examples of ''before'' and ''after'' treated water. Treated water is reused within the factory where appropriate, as well as to wash the company's vehicle fleet and provide irrigation for the botanical cactus garden located on the property. The company makes a positive environmental difference, while also cultivating its reputation and sales by reclaiming a natural resource and educating its visitors on environmental sustainability.

Norsk Hydro strives to become more energy efficient while meeting the world's increasing demand for aluminum. When the company did a life cycle assessment, it discovered that recycling aluminum used just 5% of the energy needed to produce primary aluminum. It is well known that aluminum has a key advantage of outstanding recyclability, whereby its composition and quality is not changed or altered in the recycling process. It can be remade into usable material over and over again, without any loss of its integrity. Aluminum is used for airplane bodies and propellers, door and window frames, furniture, beverage containers, power lines, and in components of televisions, radios, refrigerators, and air conditioners. Granted the widespread use of aluminum and the small fraction of energy used to recycle versus produce it, the potential positive environmental impact of recycling aluminum is enormous. Of the 3.9 million tons of aluminum Norsk Hydro delivered to customers in 2005, approximately 1.8 million tons or 46% had been recycled. In doing so, companies such as Norsk Hydro have both flourished and protected the earth from some of the unnecessary toxic by-products of superfluous aluminum production and landfill.

Whether through new business strategies, reduced energy consumption (not illustrated because examples and opportunities abound in this area), reuse, or recycling of products and materials, there are countless ways for organizations to benefit from initiatives that serve to reduce their environmental footprints.

Principle 5: Profit from By-products

Fuji Xerox Australia exemplifies how new business models that are good for the environment can also help a company improve its technology and bottom line. After changing their corporate strategy from selling to only leasing office equipment, Fuji Xerox began servicing rather than disposing of rented photocopying machines that no longer operated properly. Careful study and redesign of a few key components – which cost as little as $140 – resulted in reconditioned equipment being restored to better-than-original working order. This initiative saved the company $14 million in its first year. Studying the kinds of malfunctions and defects that occurred and incorporating this knowledge into new product and parts design led to R&D advantages that resulted in even more reliable generations of office equipment that cost the company less to maintain. Organizational learning is also heightened as employees discover what works and what does not when manufacturing, maintaining, and repairing products. The program has put machines back into use that would otherwise have been destined for landfill. The Australian division of Fuji Xerox is thus considered a model of strategic CSR for other Fuji Xerox divisions worldwide.

Shaw Industries' $150 million commercial carpet and tile business has adopted a ''cradle to cradle'' model. When carpet needs replacing, Shaw takes it back from the consumer, breaks down the materials, and then uses those materials to make new carpet. Often only heavily trafficked areas require carpet replacement; by servicing just those spots, Shaw saves its customers money and perfectly good carpet is not removed and discarded. By changing the incentive structure for keeping carpet for the full duration of its useable life, the human and natural resources consumed in providing quality carpeting is substantially reduced. This innovative approach saves Shaw a great deal of money, as the price of raw materials now exceeds the cost of recycling old carpet into new. Interface, the world's leading commercial and industrial carpet manufacturer also recycles through their ReEntry® Carpet Reclamation Project. To date, Interface has recycled 84 million pounds of carpet that would otherwise have gone to landfills, where it takes an average of 50 years to decompose.

Manildra developed a range of innovative reuse processes that allow the company to benefit by putting its by-products to productive use. Started as a single flour mill in the Shoalhaven region of Australia in 1952, Manildra has grown into an international processor of grains and starches, as well as a global leader in using wheat for industrial purposes. Manildra uses ''waste'' products from grain processing to make other useful substances, profiting from what would otherwise be discarded and helping to protect the environment by creating less waste. Manildra's ability to make comprehensive use of their raw materials comes from over 50 years of increasing vertical integration. Starting with grain and ''waste starch,'' Manildra manufactures ethanol and agricultural feed. Effluent wastewater from the mill, used to irrigate a farm located next to one of the processing plants, contains organic nutrients and replaces harmful chemical fertilizers typically used in agriculture. The farm annually produces over 10,000 tons of organic rye grass that is used for feed by the local cattle and dairy industries. By the time the wheat and all by-products have been processed, little waste is left over, achieving a minimal environmental footprint.

Adoption of Manildra's practices by other grain processors could help increase the availability of ethanol for alternative fuel, as well as reducing unnecessary and harmful CO_2 emissions. The sustainability initiatives of Fuji Xerox, Shaw Industries, and Manildra illustrate how useful lessons and valuable resources can be derived by the prudent analysis and utilization of an organization's by-products.

Principle 6: Involve Customers

Since 1997, Target has contributed 1% of all purchases at Target stores and 1/2 percent of all other purchases charged to a Target credit card to benefit the elementary, junior high, or high school of the cardholder's choice. In March and September each year, checks are mailed directly to school principals. This CSR program puts money into community schools across the United States. Over $200 million has been contributed since the program's inception. More than 2.5 million customers have enrolled in the program. This initiative allows an individual with no other connection to Target aside from being a consumer of Target's products to participate in a corporate wide CSR program and to choose the educational beneficiary of their purchases.

Hewlett-Packard (HP) involves its customers in recycling and energy reduction initiatives by offering educational content on their Web site. In ''5 Steps to Greener Computing,'' tips are offered for reducing the environmental impact of both business and personal computer usage, ranging from major initiatives to small changes in everyday practices. Advice is offered regarding organizational policies and checklists, recycling policies, methods for disposal of used equipment (e.g., batteries), and applicable government guidelines. HP provides a ''take back'' recycling program for all of its products and advocates recycling all used IT equipment. Small actions such as buying recycled paper, using both sides of paper before recycling, and utilizing the low power states on electronic devices can together substantially reduce energy consumption. HP also strives to raise awareness of sustainable issues and practices among all its employees, as well as throughout the IT industry. Beyond its educational initiatives, HP has recycled more than 1 billion pounds of electronic equipment. Its goal is to double that number by 2010.

Patagonia, a leading manufacturer of environmentally protective outdoor clothing and recreation equipment, involves its customers in its CSR by using a mail order catalog and Web site as forums for education about social and environmental issues. In 1972, the company published a catalog with an essay by founder and owner Yvon Chouinard entitled ''Clean Climbing.'' Chouinard advocated the use of climbing equipment that does not scar or destroy rock in the climbing process. He counseled his readers to heed the words of 19th century environmentalist John Muir: ''Leave no mark except your shadow.'' The response was so positive that Patagonia has continued to use the catalog, as well as more recently their Web site, as an avenue for dialogue with their customers. Chouinard is deeply committed to protection of the environment, and Patagonia's catalog and Web site have served as key media for advocating and guiding environmental involvement and preservation. Each issue of the catalog contains a balance of roughly 55% products and 45% ''message'' – the articles and original thought pieces related to social and environmental topics, often written by Patagonia customers. Interestingly, Patagonia documented that changing this balance in favor of devoting more space to products resulted in a *decrease* in sales. Patagonia thus identified a way to actively engage their customers with environmental issues and opportunities of mutual concern, while involving them in the company's growth and CSR efforts.

It is becoming undeniable that at least in certain markets, customers care about the environmental and human consequences of their buying and consumption habits. Providing customers with viable concrete actions they can take that will make a positive difference, as well as insights and information that illuminate the helpful consequences of their collective action, is a relatively inexpensive though socially and environmentally useful way to foster customer loyalty.

Principle 7: Develop a Green Supply Chain

Nestlé the largest food and beverage company in the world and a prominent member of the U.N. Global Compact, uses a variety of practices throughout their supply chain aimed at environmental protection. Beginning with raw materials and ingredients purchased for use in Nestlé products, strict quality controls include limiting potential environmental contaminants. Nestlé's factories employ processing technologies that focus on reducing waste and consumption of resources. Since 1991, Nestlé has reduced its use of packaging materials by 315,000 tons. To minimize impact after finished goods leave the manufacturing facility, Nestlé strives to optimize shipments and partners with other producers to share available space on trucks and rail cars to maximize the amount of goods that can be moved per trip. Another transportation efficiency tool is the use of software that optimizes pallet placement, which maximizes usable space and reduces the amount of travel needed to ship goods to their final destination. Each of these initiatives not only saves transportation costs, it also reduces the adverse environmental effects of transportation, which invariably include energy use and pollution.

Wal-Mart, often criticized for its practices towards employees and the environment, is attempting to use its power in the marketplace to proactively require more humane labor conditions, such as a living wage, as well as sustainable harvesting and production practices by Wal-Mart's suppliers. In 2008, Wal-Mart plans to begin measuring its 60,000 worldwide suppliers on how well they reduce packaging and conserve natural resources. Wal-Mart expects a 5% reduction in overall packaging to keep millions of pounds of trash from entering landfills, thereby keeping 667,000 metric tons of carbon dioxide from entering the atmosphere. This is the CO_2 equivalent of taking 213,000 trucks off the road, using 323,800 less tons of coal, and 66.7 million gallons less diesel fuel. Wal-Mart CEO Lee Scott elaborates on this point: ''Even small changes to packaging have a significant ripple effect. Improved packaging means less waste, fewer materials used, and savings on transportation, manufacturing, shipping, and storage.''

S.C. Johnson & Son has a long history of environmentally friendly practices, but their pinnacle achievement occurred in 2001 with the development of a unique and highly influential environmental reference document: the Greenlist™. It classifies raw materials based on their environmental impacts and is designed to improve the development process of S.C. Johnson products. The format of the Greenlist allows users to compare substances listed with one another in terms of their environmental and human health implications. The system rates ingredients on a scale of 0–3. A substance with a rating of 0 is classified as a restricted material and senior management must directly approve its use in a product. The culture at SC Johnson strongly discourages the request for approval of a ''0'' rated ingredient because the company is so dedicated to reducing its environmental impact. Substances that rate a ''1'' are deemed acceptable, ''2'' is better, and a rating of ''3'' indicates this is the best choice for people and the environment. The Greenlist is available on line to all S.C. Johnson scientists, allowing them instant access to the best-rated ingredients for the product or process under development. Employees receive incentives in the form of annual merit increases and bonuses for using the best-rated materials, and the company creates a greener supply chain by encouraging suppliers to offer products that rate highly on the Greenlist. Since the program started, S.C. Johnson has reduced the amount of volatile organic compounds (VOCs) in the environment by over 10 million pounds. Use of the Greenlist criteria reduces the amount of VOCs used by 2.6 million pounds annually.

Like Wal-Mart, Starbucks, and Whole Foods, S.C. Johnson is sharing its innovations with its suppliers so as to green the company's entire supply chain. S.C. Johnson has further leveraged the positive impact of its Greenlist by sharing it with the U.S. Environmental Protection Agency, Environment Canada, the Chinese EPA, the U.K.'s Forum for the Future, the World Business Council on Sustainable Development, industry associations, universities, corporations, and others. We predict that these examples of CSR undertakings by Nestlé, Wal-Mart, and S.C. Johnson merely foreshadow the types of logistical, incentive, role-modeling, standard setting, and information-sharing initiatives that innovative organizations will develop and apply to have a lucrative and substantial positive human and environmental impact.

MAKING STRATEGIC CSR HAPPEN

The organizational benefits of strategic CSR can be substantial, but so too are the potential challenges encountered in making the organizational changes needed to implement strategic CSR. Five guidelines for putting strategic CSR into action are as follows.

Focus your CSR Initiatives

Based on careful analysis of your organization's strategic challenges and opportunities, initially focus on just a few CSR initiatives with the most promise to yield both business value and social/environmental contribution. Prioritizing in this way can provide the focus needed to attain substantial positive CSR and business outcomes, rather than diluting organizational resources with an overly ambitious range of CSR initiatives.

Focus is facilitated by establishing a compelling CSR vision, together with clear statements about what that vision does and does not encompass. BP's vision of ''Beyond Petroleum'' is elaborated with the explicit statement that it does not mean that BP is abandoning oil and gas, getting out of hydrocarbons, or focusing only on alternatives (e.g., renewable energy sources). Rather, what Beyond Petroleum does entail includes developing new ways to produce and supply oil and gas – through clean fuels, through greater efficiency, and through substitution – as well as developing new fuels that can over the long term begin to provide new energy choices.

Identify and Engage Relevant Stakeholders

Stakeholders encompass employees, managers, suppliers, subcontractors, customers, shareholders, local communities, government regulators, and interest groups. Although interest groups do not necessarily have a contractual connection to an organization, their power to influence public opinion and organizational outcomes can be substantial. A Greenpeace campaign against Shell U.K. exemplifies the impact interest groups can have on organizational operations. Shell wanted to dispose of the Brent Spar, an off-shore oil storage tank, by sinking it into the deep waters of the North Sea off the coast of Scotland. After research identifying the deep-sea disposal method as the most environmentally sound option, Shell obtained the British government's support for this course of action. However, Shell failed to include environmental advocacy groups in the decision-making process, and Greenpeace mounted a costly campaign to stop Shell's proposed disposal of the tank.

After three months of falling share prices and public boycotts, Shell announced they would no longer pursue the deep-sea disposal of the Brent Spar. The storage tank was eventually moved intact to a Norwegian fjord, a process that probably led to more environmental harm than Shell's original plan. Both sides incurred battle scars in the process: Shell lost money, customers, and shareholders. Greenpeace lost credibility when investigations revealed it had grossly over-estimated the amount of oil left in the storage tank, thus misrepresenting the amount of potential environmental damage that could have occurred. Proactive engagement with environmental stakeholders early in the process – which is increasingly the norm, especially for potentially environmentally sensitive projects – would have saved Shell the substantial financial and other costs incurred by striving to merely meet environmental regulatory requirements.

Grapple with Inevitable Ethical Dilemmas

Implementing strategic CSR routinely poses ethical challenges for organizations. Conducting business directly in China enabled Google to dramatically increase its market share and ostensibly expand the potential access to information of over a billion people. Doing so in accordance with the Chinese government's strict censorship guidelines, however, raised cynicism about Google's corporate philosophies that ''Democracy on the web works'' and that ''You can make money without doing evil.''

Reducing costs by moving production overseas can trigger thorny ethical dilemmas. These include decimating the viability of small communities that are highly dependent on a particular manufacturing facility, as well as the challenge of ensuring that cheap production costs are not the result of human exploitation. Maintaining quality and safety standards is also more difficult when production is outsourced, exemplified by problems encountered with toys, toothpaste, and pet food produced in China.

Ethical issues will arise for organizations planning strategic CSR initiatives, so careful analysis and sound reasoning is required. Organizational leaders need to carefully consider relevant ethical principles that pertain to their business operations, such as those produced by the UNGC and outlined in Table 1, as well as other sources identified in the selected bibliography. After examining relevant ethical guidelines, one well-known heuristic is to avoid actions that you would regret seeing on the front page of a newspaper. Realize that in practice ethical principles often conflict, necessitating a reasoned assessment of the short-, medium-, and long-term foreseeable positive and negative consequences for *all* stakeholders of adopting a particular major organizational initiative. Engaging with stakeholders to craft unique solutions – as illustrated earlier by how Levi Strauss dealt with its child labor issue – can be challenging though prudent. Finally, appointing a devil's advocate can help highlight blind spots or flawed reasoning in ethical analyses.

Methodically working through ethical issues helps to ensure that CSR initiatives pass the scrutiny and win the approval of relevant stakeholders. Indeed, proactive management of ethics is critical not only for attracting employees, customers, and investors concerned with CSR, but also for avoiding the potentially devastating wrath of regulators, interest groups and investors who are eager to expose and dissociate themselves from organizations with questionable ethics.

Develop Appropriate Metrics

What gets measured in organizations is what gets done. Organizations first embarking on a path to strategic CSR need to make a fundamental shift in measurement systems beyond traditional operational and financial metrics. The triple-bottom-line perspective of assessing the impact of organizational operations on people and planet, as well as profits, can be helpful in this regard.

The Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ provides building designers, developers, owners, and operators with performance measures in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality. LEED materials selection criteria include using building materials that have been extracted or manufactured from within 500 miles of the project site, thereby supporting the use of indigenous resources and reducing the adverse environmental impacts resulting from transportation. Potential financial incentives for complying with such standards are illustrated by the Embrey Engineering Building at Southern Methodist University which received additional donations as a result of certification that it had been designed and constructed to the LEED Gold Standard. Similarly, Texas Instruments' (TI) new LEED-certified manufacturing facility in Richardson, Texas was built under budget and is expected to save TI $4 million in energy costs annually from the environmentally friendly innovations designed into the building.

Further ideas for CSR metrics may be gleaned from CSR institutions including SustainAbility (www.sustainability.com/), the United Nations Global Compact (www.unglobalcompact.org/), and the World Business Council for Sustainable Development (www.wbcsd.ch/). While such resources can be a useful source of CSR measurement ideas, quality metrics tend to be crafted to provide both financial and nonfinancial indicators of an organization's progress against its unique CSR goals.

Embed in Senior Leadership and with Rewards

Valuable strategic CSR opportunities can emanate from any level within an organization, or even from outside it. Senior management nonetheless needs to play a crucial role in championing, guiding, and nurturing potential CSR initiatives if they are to become a fundamental aspect of business operations – and thereby a strategic imperative, rather than merely a transient, ostentatious expression of ''good will.'' During the early implementation of CSR initiatives, at least some people tend to refuse to buy in. It can take time and perseverance for all organizational members to appreciate the business imperative and benefits of truly strategic CSR initiatives, rather than dismissing them as merely keeping up with business fashion, as manifested through cynical expressions such as ''this, too, will pass...''

To weave strategic CSR into the fabric of corporate culture, senior leaders need to unambiguously and consistently express their commitment to whatever strategic CSR initiatives an organization chooses to adopt. Involvement and commitment with CSR initiatives needs to be recognized through organizational reward systems, thereby helping to integrate strategic CSR into organizational culture. This persuasively communicates to employees the organizational value of pursuing and attaining strategic CSR objectives.

CONCLUSION

> *There is no business to be done on a dead planet.*
> –David Brower, Executive Director, Sierra Club

Exxon Mobil argues that other organizations have more competence at tackling environmental issues than it does, so it is better for Exxon to leave that market segment to them. Viewed in light of Exxon's recent financial triumphs, this perspective highlights that CSR is not a panacea for organizational prosperity with appeal to all organizations.

Jeff Immelt, the CEO who pioneered and champions GE's ''Ecomagination'' strategy was asked recently: ''Do you recycle?'' His response: ''I'm not sure. Maybe somebody in my house does. It's not like I'm Johnny Appleseed here. This is purely about the science of business. I don't consider myself an environmentalist. I'm a business leader who says this is an important trend.'' While Starbuck's chairman Howard Schultz clearly sees CSR as both a moral *and* business imperative, Immelt's comment illustrates how CSR can make good sense even to leaders who are not inherently passionate about addressing environmental or social issues. As mentioned, engaging in strategic CSR can yield growth in market share, increased organizational learning, retention of deeply engaged employees, support from external stakeholders, and favorable relationships with investors.

A growing multitude of organizations are finding innovative and prosperous ways to grow their business while simultaneously helping people in need and sustaining our fragile planet. The principles we have offered will hopefully inspire and guide many other organizations to identify unique, viable, and worthwhile opportunities to nurture their business prosperity, as well as the communities in which we and future generations live and work.

SELECTED BIBLIOGRAPHY

The relationship between CSR and financial performance is documented by Marc Orlitzky, Frank Schmidt, and Sara Rynes in ''Corporate Social and Financial Performance: A Meta-Analysis,'' *Organization Studies*, 2003, 24, 403–441, as well as in ''Misery Loves Companies: Rethinking Social Initiatives by Business,'' J. D. Margolis & J. P. Walsh, *Administrative Science Quarterly*, 2003, 48, 268–305.

For further useful insights about strategic CSR opportunities, metrics, and ethical principles, see: 1% For the Planet Alliance (www.onepercentfortheplanet.org/), America's Promise (www.americaspromise.org/), Ashoka (www.ashoka.org/), the Aspen Institute (www.aspeninstitute.org/), the Clinton Global Initiative (www.clintonglobalinitiative.org/), the Global Reporting Initiative (http://www.globalreporting.org/), Mayors for Climate Protection (www.coolmayors.org), the Global Sullivan Principles for Social Responsibility and Endorsers' Best Practices (www.thegsp.org), Net Impact (www.netimpact.org/), the Organization for Economic Cooperation and Development (www.oecd.org/), the Social Venture Network (www.svn.org/), SustainAbility (www.sustainability.com/), the United Nations Global Compact (www.unglobalcompact.org/), and the World Business Council for Sustainable Development (www.wbcsd.ch/).

''Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility,'' by Michael Porter and Mark Kramer (*Harvard Business Review*, 2006, December, 78–92), outlines the concept of strategic CSR and provides a framework for evaluating how a proposed CSR initiative fits into an organization's business strategy. C. K. Prahalad's *The Fortune at the Bottom of the Pyramid* (Upper Saddle River, N.J.: Wharton School, 2006) provides many examples of organizations that are creating viable business opportunities in poor, underdeveloped markets.

Comprehensive practical guidelines for leading the implementation of CSR initiatives are provided by Dexter Dunphy, Andrew Griffiths, & Suzanne Benn in *Organizational Change for Corporate Sustainability* (New York: Routledge, 2007). Analysis of the potential rewards and pitfalls of engaging in CSR are discussed by Daniel Vogel in *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility* (Washington, D.C.: Brookings, 2006). For insights on developing sustainable metrics to assess CSR attainments, see Chad Holliday's ''Sustainable Growth, the DuPont Way,'' *Harvard Business Review*, 2001, September, 129–134, as well as Dunphy et al. (2007).

To learn more about how CSR can contribute to organizational learning, see ''From Spare Change to Real Change'' by Rosabeth Moss Kanter, *Harvard Business Review*, 1999, May/June, 122–132, as well as Dunphy et al. (2007). Keeping employees engaged and committed to one's organization is discussed in Daniel Turban and Daniel Greening's ''Corporate Social Performance and Organizational Attractiveness to Prospective Employees,'' *Academy of Management Journal*, 1996, 40, 658–672; and Jeff Barbian's ''The Charitable Worker'' *Training*, 2001, 38, 50–55. ''Impact and the Art of Motivation Maintenance: The Effects of Contact with Beneficiaries on Persistence Behavior,'' *Organizational Behavior & Human Decision Processes*, 2007, 103, 53–67, by Adam M. Grant, Elizabeth M. Campbell, Grace Chen, Keenan Cottone,

David Lapedis, and Karen Lee, documents motivation as a function contact with the beneficiaries of prosocial work. For more on the relationship between CSR and external stakeholders, see Porter and Kramer (2006), as well as Michael Barnett's ''Stakeholder Influence Capacity and the Variability of Financial Returns to Corporate Social Responsibility,'' *Academy of Management Review*, 2007, 32, 794–816.

For information on the impact of CSR on investor relations, see Alison Mackey, Tyson Mackey, and Jay Barney's ''Corporate Social Responsibility and Firm Performance: Investor Preferences and Corporate Strategies,'' *Academy of Management Review*, 2007, 32, 817–835; ''How To Make a Buck Green'' by Jane Bryant Quinn, *Newsweek*, April 12, 2007, 63–66; and ''The Street Turns Green'' by Johnnie Roberts, *Newsweek*, March 12, 2007, 40.

To learn more about the exemplary strategic CSR initiatives featured in this paper, see Hewlett-Packard (http://www.hp.com/hpinfo/globalcitizenship/environment/index.html), Interface (www.interfaceflor.com/images/photos/ReEntry_demo.html, Levi Strauss (http://www.levistrauss.com/Citizenship/CaseStudies.aspx,), Manildra Group (www.manildra.com.au/frameset. htm), Nestle (www.nestle.com/Shared ValueCSR/), Norsk Hydro (www.hydro. com/en/global_commitment/environment/resource_management/), Starbucks (www.starbucks.com/aboutus/origins.asp), Target Stores (http://www.target.com), Wal-Mart (http:walmartstores.com/GlobalWMStoresWeb/), and Whole Foods (http://wholefoods.com/company/index.html).

Peter A. Heslin is assistant professor of management at the Cox School of Business, Southern Methodist University, Dallas, TX. He received his Ph.D. in organizational behavior and human resource management from the Rotman School of Management, University of Toronto. Heslin teaches graduate courses in organization behavior, leading organizational change, and managing across cultures. He has consulted in these areas to corporations including Citibank, IBM, Zurich Insurance, KPMG, and Procter & Gamble. Peter has authored or co-authored over a dozen articles published in journals such as *Applied Psychology*: *An International Review*, *Journal of Applied Psychology*, *Journal of Organizational Behavior*, *Journal of Occupational & Organizational Psychology*, *Organizational Dynamics*, and *Personnel Psychology* (Tel.: +1 214 768 4170; e-mail: heslin@cox.smu.edu; www.peterheslin.com).

Jenna D. Ochoa is a corporate relief pharmacist for Tom Thumb, a division of Safeway. She serves as an interim manager in a range of Tom Thumb pharmacies throughout the Dallas/Fort Worth Metroplex. Ochoa also serves as a volunteer pharmacist at the Collin County Adult Clinic, as well as a subject matter expert for the Health and Sciences Television Network. After completing a B.S. (Pharmacy) at the University of Texas at Austin, Ochoa worked as a staff pharmacist for three intensive care units at the Presbyterian Hospital of Dallas. Subsequently she worked as a consulting pharmacist at Merck-Medco, LLC. Since completing her Professional M.B.A. at Southern Methodist University, Ochoa is in the process of transitioning into a management and strategy consulting role, with a focus on addressing strategic sustainability opportunities within the healthcare industry (Tel.: +1 214 403 2846; e-mail: jenna.ochoa@gmail.com).