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## 4 *Learning to be Responsible: Developing Competencies for Organisationwide CSR*

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### 4.1 Introduction

The classic divide between the state and the market is fading. Increasingly, companies are being held accountable for issues such as fair trade, environmental degradation and the socioeconomic situation in a region. Companies are asked to expand their corporate agenda. The corporate world realises that it cannot ignore this societal demand for a broader responsibility. It realises that companies could also benefit themselves from corporate social responsibility (CSR). Working on CSR means that an organisation tries to take into account additional values and responsibilities, with a long-term perspective, in order to anticipate the expectations and critical viewpoints of all parties involved. Implementing CSR requires a company's perspective to be reoriented so that new relationships can be formed, new values can be defined, and new strategies can emerge in order to redefine the corporate responsibilities. This is more than just another business project. Ultimately, it involves revisiting the very core of the organisation, and this poses some important challenges for organisations.

The question we put forward in this article is: how can an organisation become competent in terms of CSR? We argue that CSR is both process and content: companies learn in a stepwise manner how to strengthen CSR competencies such as integrity, loyalty, and quality. Further, it is assumed in this paper that individuals alone cannot meet the challenges in CSR. They also require certain competencies on a collective level, competencies that have to be developed organisationwide.

The structure of this article is as follows. Firstly, we present CSR as a strategic challenge (Section 2). We argue that an organisation needs new competencies in order to develop CSR. Next, we reason why these competencies need to be developed

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3 This paper stems from a research project that is currently being implemented by a consortium of the University of Twente, University of Nijmegen, and Nyenrode University (all in the Netherlands). It is part of a research programme on CSR by the Dutch Ministry of Economic Affairs. The focus of our project is on identifying strategies, mechanisms, and instruments that organisations may employ in embedding CSR. Particular attention is paid to the question of how organisations can ensure that CSR is not a one-off experience but becomes relevant throughout the organisation. The empirical part of the research consists of in-depth case studies within four Dutch companies. The experiences within these companies as well as the theoretical debate within the consortium have guided us when writing the paper.

into collective competencies (Section 4.3). We then propose a model through which these collective competencies can be developed (Section 4.4). Building on case study research in Dutch firms, we identify strategies, mechanisms, and instruments which organisations could use to develop these collective competencies (Section 4.5). We conclude with some final remarks in Section 4.6.

## **4.2 CSR as an organisational challenge**

### ***A company as a societal actor***

Looking at social aspects is not a new phenomenon for private firms. Industrialists have long looked at broader issues than just profits, whether it be housing for employees, their cultural development, or employment in general. Henry Ford at the beginning of the twentieth century already paid wages above the going rate, although one of his aims was to pay his workers enough to enable them to buy his product. In the Netherlands a famous example is Philips. In the city of Eindhoven, where the multinational originated, there are still numerous examples that reflect the company's social values: residential areas originally built for their workers, sports facilities, college grants for the children of employees, concert halls, etc. There are even examples of businesses in England that built towns, schools, and libraries for families and workers as early as the 18th century. Thus, including social and environmental issues in the business agenda is not a new phenomenon. What is new, though, is the intensity and breadth of the efforts made by private firms, as well as the increasingly strong societal demand, for behaving in a more ethical and responsible way, and the complexity and dynamics of the networks of stakeholders with which companies now have to interact. As a result, the social agenda has become of much greater strategic value for companies. It is no longer a strictly voluntary effort by a few companies with a strong sense of responsibility instilled by the founder of the organisation. Increasingly, paying attention to issues that are not automatically on the company's agenda becomes a factor in the long-term survival of that company, and a factor that can give companies a competitive edge (Cohen and Prusak, 2001).

The growing attention to CSR during the last two decades has coincided with the development of the concept of sustainable development. Whereas during the 1970s governments would produce material-specific legislation mostly based on permit systems (direct regulation), they soon realised that the effectiveness of these policies was inadequate. In the direct regulation model, governments retain sole responsibility for the quality of the environment. They give form and meaning to this responsibility by defining strict limits within which companies must act. 'Compliance to regulation' is, however, not an adequate approach for achieving sustainability. Rather, environmental policy must focus on how to use the creativity of all the actors involved beyond the level that is stimulated by command-and-control strategies. As a result, there is an international trend in environmental policies towards dialogue

and consultation, collaboration, and the formation of new partnerships (De Bruijn and Tukker 2002; Hartman et al. 1999). Over the past decade, governments worldwide have increasingly recognised that industry is not only a key contributor to environmental degradation, but also can be part of the solution through the development of new processes, technologies, and products. There is a visible trend from direct regulation towards co-regulation in which governments and industry share the responsibility (e.g. ISO 14001) (Lévêque 1996). The environmental role of companies within society is thus changing. The classic divide between state and market is fading. Private firms realise that they cannot ignore the societal and governmental demands for broader responsibility. They realise too that they might benefit themselves from acting on these demands. Consequently, a similar development has taken place in the social policy of many companies: the responsibility of companies no longer ends at the gate. Companies are increasingly aware of the chains and networks in which they operate. Many organisations have changed their attitudes towards subjects such as child labour or being active within local communities. Many companies nowadays condemn child labour; many companies are active in local communities, and so on. This is not only because of external pressures from consumer organisations and NGOs but also because of value changes within the companies themselves. Companies have changed from being a political and social factor into a political and social actor.

### ***Defining CSR***

The increased attention towards the corporate social and environmental agenda has led to a host of activities, mostly by trailblazers and, consequently, there are many different definitions of CSR available. CSR has become a concept with many different meanings in a multidimensional field. On a global level, CSR means looking at a three-way bottom line: taking care of social, environmental, and economic issues (Elkington, 1997). More specifically, it means incorporating such issues as human rights, labour rights, environmental protection, consumer protection and fighting corruption. A well-known definition of CSR was offered by the World Business Council on Sustainable Development (WBCSD 2000): “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large”. Through this definition, the WBCSD stresses the fact that CSR involves a continuous process, that it is based on ethics, and that it concerns the workforce as well as the local and global communities. It also makes a clear link between economic performance and CSR. CSR, thus, moves beyond philanthropy. It is essentially based on responsibilities related to the products, services, and primary processes of an organisation (SER, 2001). CSR is about the challenge of taking into account additional values and responsibilities. Following this line of reasoning, Karssing (2000) proposes that responsible behaviour can be strengthened in four different dimensions:

- Broader, when more values are respected and realised in order to take into account the interests of additional involved parties, and with more perspectives and alternatives being taken into account.

- Deeper, when the past and the long-term consequences are more fully taken into account.
- Richer, when additional arguments are used to underpin decisions.
- Better defensible, when behaviour is increasingly based on sound arguments taking into account the expectations of others involved.

This view on responsible behaviour provides an opportunity to reformulate and clarify our definition of Competencies for CSR: an organisation is more CSR competent when the organisational community is willing and capable of better defending its actual corporate behaviour towards those parties with justified and legitimate expectations of the functioning of the organisation through making broader, deeper, and richer decisions.

A central element in the aforementioned definitions of CSR is the readiness to respond to legitimate expectations of stakeholders coupled with a close interaction with a broad range of stakeholders. The expectations and demands of stakeholders define, to a certain extent, the actions that are needed by an organisation and what responsibilities are to be included. Stakeholder relationships are, thus, a crucial element of CSR (Donaldson and Dunfee, 1996). Only through dialogue with society at large (employees, governments, customers, NGOs, etc.), can an organisation establish a balance between its corporate governance and public governance. But how does this readiness to respond arise, and how is responsible behaviour embedded in organisational processes? Employees form a crucial stakeholder in this process; they have to learn what CSR means and how CSR can be achieved in their everyday behaviour.

### **4.3 Exploring competencies for CSR**

The strategic process of learning to become more responsible requires new competencies of organisations. Therefore, Jonker and Schoemaker (2004) view CSR as an organisational capability, as a way of operating as an organisation where CSR is an embedded value. Working on CSR requires capacities and talents that will make decisions and behaviour broader, deeper, richer, and more defensible. Somewhere in the process of managing CSR, as an organisationwide process, it has to be linked to the embedded behaviour of individual employees. However, because of the connectedness of departments and functions, managing CSR should never be limited to the individual level alone. It also requires certain competences at the organisational level. In line with literature on the resource-based view of the firm, an organisational competence can be defined as “a firm’s capacity to deploy resources, usually in combination, using organisational processes, to effect a desired end” (Amit and Schoemaker, 1993: 35). The coordination and deployment of resources

to intentionally perform tasks are thus key attributes of competencies. We expect certain organisational competencies to be important in enabling a firm to deal with the demands of corporate social responsibility. This shows a need for new combinations of competencies. From this perspective, CSR competence management becomes an important issue.

Competence management can bring together the talents of the employees and the work to be done. With competence profiles, organisations can define what competencies are needed in order to be successful as an organisation. Competence profiles are used to select, appraise, develop, and (sometimes) reward employees (Schoemaker 2003a). Through using competence profiles in their selection, appraisal, development, and reward systems, organisations can make their human resource management more competence- (or talent- ) based, and hence connect the organisational strategy, through the management of organisational processes, to the talents of its employees (Van der Heijden and Nijhof, 2004).

Although competence management is valuable for CSR, it also raises some issues. A difficult question to answer is what kind of behaviour is CSR-specific. One way of reasoning in order to answer this question is to analyse existing sets of competencies and identify those competencies that are specific to CSR. For this, the set of competencies provided by Hoekstra and van Sluijs (2003) is valuable because it is, both in theory and in practice, widely used as a standard set in competence management. This set contains about forty competencies, such as integrity, communication, learning orientation, and initiative. However, it does not provide CSR-specific competencies. Taking, for instance, the competence of communication, one could give equally strong arguments for and against this being a CSR-specific competence. Some competencies are fairly clear cut CSR-specific, while others are not (they are more in a somewhat grey area). Competencies such as initiative, independence, entrepreneurship, communication, reliability, co-operation, empathy, and adaptability are in this somewhat grey area. Other competencies such as planning, organising ability, presentation, listening, and creativity are not, from our point of view, CSR-related at all.

Another attempt to identify CSR components was made by Kaptein (1998). In his study of the ethical qualities of organisations, he distinguished seven elements:

- Clarity relates to the degree to which the organisational expectations towards the moral conduct of employees are accurate, concrete, and complete.
- Consistency concerns the degree to which the organisational expectations towards the moral conduct of employees are coherent, univocal, unambiguous, and compatible.
- Sanctionability refers to the degree to which negative or positive sanctions can be applied in connection with irresponsible or responsible conduct.
- Achievability concerns the degree to which responsibilities can be carried out.

- Supportability is concerned with the support to employees for the proper use of the corporate assets, for the close cooperation with immediate co-workers and supervisors, and for the active realisation of the interests of the stakeholders.
- Visibility relates to the degree to which the conduct of employees and the effects of employees can be observed.
- Discussability is the degree to which meeting responsibilities is open for discussion.

This overview by Kaptein presents elements that are relevant for becoming more responsible as an organisation, and which are therefore more CSR-specific than the general set of competencies drawn up by Hoekstra and Van Sluijs. Nevertheless, the question as to what competencies are CSR-specific remains salient. When asked to do so, the companies in our research project also find it difficult to identify CSR-specific competencies. They recognise that certain competencies become more relevant when working on CSR. However, most of the competencies they mention are process-based rather than those distinguished by Kaptein. This article will therefore continue to focus on how to develop the more process-based competencies required for CSR.

Further, the competence management methods adopted are primarily oriented at the individuals within an organisation. Many organisations have implemented competence management over the last five to ten years, but this competence management is based on the use of competence profiles to appraise the individual, to assess individual behaviour, and the use of so-called personal development plans. Linking these instruments to collective competencies is, although this may sound strange, a rare event (Schoemaker 2003b). Mainstream competence management can thus be seen as being oriented towards the individual. However, the main challenge in learning to be responsible as an organisation requires collective competencies. This claim is elaborated further in the next section before we turn to our central question of how to develop collective CSR competencies.

#### **4.4 From individual to collective competencies**

Being competent in terms of CSR concerns every part of an organisation. Although the commitment of individuals is essential for successfully implementing CSR, it is not sufficient. CSR cannot be implemented by individuals alone. Organisations need to develop a collective mind that expresses shared values, and coordinated behaviour and subordination. Weick and Roberts (1993) highlight collective mental processes in situations that require continuous operational reliability. In these situations, heedful co-operation between all individuals is necessary in order to prevent accidents as a consequence of unexpected incidents. Such cooperation originates in the process of association between members of a group. Associating within groups consists of contributing, representing, and subordinating. Members of a group determine their actions (contributing) in the light of the joint task (representing) and subservient to

their social systems (subordinating). A quotation from Asch (1952, p. 251-252) helps in clarifying the process of association:

*There are group actions that are possible only when each participant has a representation that includes the actions of others and their relations. The respective actions converge relevantly, assist and supplement each other only when the joint situation is represented in each and when the representations are structurally similar. Only when these conditions are given can individuals subordinate themselves to the requirements of joint action. These representations, and the actions that they initiate, bring group facts into existence and produce the phenomenal solidity of group process.*

The processes of contribution, representation, and subordination result in actions by members of a team as if they were one. A 'collective mind' arises that results in individual actions converging in joint action aimed at meeting the overall interest. Members of a collective mind act as if they are one. Sandelands and Stablein (1987) postulate that connections between actions are much more important for the emergence of a collective mind than connections between people. Based on joint experiences, shared history, and other forms of interrelationships, an understanding arises of the social system and the actions that should be fulfilled by the group. Four requirements are presented below for the building of collective competencies for CSR.

**a. CSR has to be anchored in a specific organisational identity**

The initial reason for making CSR a collective competence is based on the importance of CSR in building a strong organisational identity. Whereas organisational reputation relates to the image that 'outsiders' have of an organisation, organisational identity relates to the images that employees, managers and stockholders have of their own organisation. Organisational identity is about 'who we are' and 'what is central in terms of values, norms and behaviour'. Organisational identity defines an organisation and distinguishes it from other organisations. It tells us what kind of a community of work an organisation is. Organisational identity therefore serves as a guideline for employees in their day-to-day behaviour. It is the foundation of the social capital that employees and managers constitute: "Social capital consists of the stock of active connections among people: the trust, mutual understanding, and shared values and behaviours that bind the members of human networks and communities and make cooperative action possible" (Cohen and Prusak, 2001,4). These shared values are at the core of employees behaviour as this definition of social capital shows us.

In order to build collective competencies for CSR, CSR has to be anchored in a specific organisational identity. As with other values, CSR as a value should be expressed and discussed within the whole organisation in order to define responsibilities and guidelines for the functioning of managers and employees. As such, CSR (as a value anchored in the organisational identity) gives meaning to the functioning of everyone in an organisation (Schoemaker & Jonker 2004). "We care for our environment" or "A

world without child labour” can be company statements reflecting core values. Through the careful selection of these core values, it is possible to make them fit with the tradition of the organisation and the personal values of most of its employees. When there is no fit between the organisational values and personal values, a consequence might be that some individuals want, or have, to find new opportunities outside the organisation. Since organisational identity guides the collective behaviour, a strong organisational identity and the definition of CSR-specific values can create a sound base for collective competencies in CSR.

***b. CSR requires cooperation (between functional departments and organisational units)***

Another reason for organising CSR on a collective level is based on the fact that many responsibilities can only be fulfilled by the joint action of several departments. Especially in functionally organised organisations, with a high level of task division, many departments will contribute to a certain action. For example, when an organisation wants to introduce a product innovation in order to reduce the environmental impact, it needs not only input from the R&D department but also from sales, purchasing, and production. This connectedness between the various departments makes it necessary to have a joint understanding of the meaning of CSR within the organisation as a whole.

The required cooperation often even goes beyond the departments of a company. Only by cooperation and close interaction among the various parties involved in the commercial chain is it possible to improve responsible chain management. An illustrative initiative of responsible chain management is the Forest Stewardship Council (FSC) which aims to ensure the sustainable production of tropical hardwood. FSC is an international non-profit organisation founded in 1993 to support environmentally appropriate, socially beneficial, and economically viable management of the world’s forests. The FSC certificate implies the checking of the entire chain-of-custody: tracking the timber from the forest to the retailer.

The connectedness between the different parties involved raises questions about the scope of corporate social responsibility. When CSR is perceived as a collective competence, it is obvious that CSR awareness should encompass all departments within an organisation; but to what extent should it also encompass external parties such as suppliers and customers? Although this is necessary in order to achieve responsible chain management, many organisations still feel reluctant to enforce their view of moral responsibility on others. This will be addressed later when various strategies for CSR are presented.

***c. Awareness that individual acting constitutes organisational acting***

A further reason for making CSR a collective competence is based on the fact that individual actions take place in an organisational context and affect organisational

activities. Every act by an individual employee, and every interaction between an individual employee and another stakeholder, shows what the organisation is. This is especially true for the service industry where many employees interact with customers and other stakeholders every day. Individual acting constitutes organisational acting.

Furthermore, employees represent the organisation through their functioning. The action of one employee places expectations on other employees because they all represent the same organisation. For example, if one employee accepts bribes, then other employees lose their credibility when they claim that the organisation has a strict 'no bribe' policy. This also works the other way around: if an organisation has a reputation that it does not partake in bribery, then employees will not be bothered with corruption requests since others know that this is of no use. The fact that all the employees represent the one organisation is an important reason for making CSR a collective competence since deviant actions can undermine the CSR strategy of the whole organisation.

This connectedness, between individual and collective acting, raises the question as to whether an abstract entity, such as an organisation, can bear responsibility. An organisation has no feelings, no conscience, and cannot act by itself. Only the decision-makers within an organisation can act and evaluate the values involved. On this basis, Werhane (1985) claims that organisations can act only in a secondary sense. People in an organisation are the primary actors, albeit that they often act on behalf of the organisation. Hence, the reasons for acting are determined by the organisation. In this sense, corporate actions can be perceived as secondary actions because they are authorised by the charter, the goals, and the directives of an organisation (Werhane, p. 55). Using the same line of reasoning, French (1984) emphasises the importance of the formal decision-making structure and associated procedures. This structure focuses on the organisational interests, and therefore an organisation does have its own intentions that are distinct from the intentions of the individual employees.

This connectedness between individual and collective action makes it impossible for CSR to be organised on a strictly individual basis. It requires the organisation to be an intentional, moral actor aiming to realise social, environmental, and economical responsibilities. Further, it requires a collective learning process.

***d. Corporate accountability requires corporate responsibility***

A final reason for making CSR a collective competence is based on the fact that along with corporate accountability also corporate responsibility is introduced. When something goes wrong within an organisation it is not just the involved employees who are called to account. First of all, the organisation itself is called to account: this includes both a liability to pay compensation as well as the moral accountability for incidents. This second point has already been addressed in the previous paragraph

where the interdependencies between individual and organisational acting were explored. Here, it is important to note that corporate accountability requires an organisation, as a collective entity, to be prepared to bear corporate responsibility.

In order to develop the linkages between accountability and responsibility it is useful to reflect upon the preconditions necessary for bearing responsibility. Bovens (1990, p. 171) claims that in order to be held accountable it is necessary to have the opportunity to act in a responsible way. Lenk (1992, p. 15) emphasises this position when he postulates that the freedom to act and responsibility are indivisible. The responsibility that a person can reasonably bear is limited by the opportunities to fulfil the accompanying obligations: "ought implies can". Freedom to act in a responsible way is the overall precondition for responsibility. This overall condition can be divided into various aspects (see also Leede, Nijhof and Fisscher, 1999).

Firstly, the freedom to determine the reasons for acting, to be an intentional actor, is an essential part of bearing responsibility (French, 1984; Wempe, 1998). This emphasises the distinction between 'responsibility' and 'responsiveness'. In order to be responsive it is sufficient to react to external stimuli; to act in a responsible way requires a conscious evaluation of the values, objectives, and consequences of the various options in acting.

A second precondition for bearing responsibility concerns an awareness of the possible consequences. Thompson (1988) calls this the precondition of foreseeability. It extends the condition of intentionality, since it adds a responsibility for consequences that were not intended but could have been envisaged. Thompson (1988, p. 556) specifies foresight ability in terms of the responsibility of an advisor: "An advisor is responsible for the consequences of decisions based on his advice insofar as he could reasonably be expected to foresee that they would follow from his advice". Jonas (1984) builds on this same precondition in his analysis of the imperative of responsibility. If it is not possible to exclude a risk of dramatic consequences, however small that might be, then the actors should refrain from such action because it is not possible to bear full responsibility.

The third precondition refers to the situation. The situation should include options: if an actor has no possibility of fulfilling the expectations that accompany responsibility, then one cannot in all reasonableness attribute responsibility to the actor. In other words, in order to take responsibility it is necessary that there are options available to act in a responsible way.

Finally, responsibility requires certain capabilities from the actor. In this respect, the skills necessary to make a balanced evaluation between the various options are especially important. If an actor is not able to make such an evaluation, then it is not possible to take full responsibility.

This section started with the concept that corporate accountability requires an organisation, as a collective entity, to be prepared to bear corporate responsibility. The preconditions for bearing responsibility show the types of actions that are necessary in order to live up to this claim. For example, in a complex and highly departmentalised organisation, it is possible that no individual has the overview that is required to oversee and balance all the aspects related to a high-impact decision such as assessing the safety risks of a plant, or addressing environmental choices during the complete lifecycle of a product. In order to reach a decision on such issues, in an informed and balanced way, it is necessary to set up information and monitoring systems. Only when these organisational arrangements are in place is it possible to make responsible choices. In this way, bearing corporate responsibility requires the necessary actions be taken that enable responsible choices to be made.

**Figure 4.1 Preconditions for bearing responsibility**

Aspect	Capability	Examples of associated organisational actions
Intention-related	Conscious and intentional acting	Procedures for decision-making Division of formal authorities
Information-related	Forsight ability	Gathering information Monitoring system
Situation-related	Options to enable responsible acting	Lobbying for certain options Resource allocation
Person-related	Skills to make a balanced evaluation	Dilemma training Dialogue with an ethical officer

#### 4.5 Developing collective competencies for CSR

CSR implies a continuous learning process through which organisations learn how to deal with increasingly complex issues, in interaction with an increasingly wide range of stakeholders. Companies must learn how far they need to extend their responsibilities, what issues to take up, how to give meaning to those issues, and how to successfully combine economic, social, and environmental strategies. Each phase will require new combinations of competencies. Roome (2001: 3) states in this respect: “moving up the innovation hierarchy increases the complexity of the issues, the numbers of actors involved in change, and the number of linked, multiple technological and social options, the innovations and new practices that need to be undertaken and the uncertainties that have to be considered”. Whereas companies once interacted primarily with shareholders, its customers and local regulators, CSR now requires the involvement of all kinds of actors, and probably from beyond their usual production and consumption systems. This is not a move a company can make in one step; it needs to gradually learn how to cope with the increasingly complex issues.

Companies need to rediscover their role and responsibilities in conjunction with their stakeholders. They need to develop activities that are in line with this new perspective. However, most of all, they need to redirect the organisational processes so that CSR acquires a concrete meaning in every part of the company and for every employee within the company.

### ***A process model for CSR***

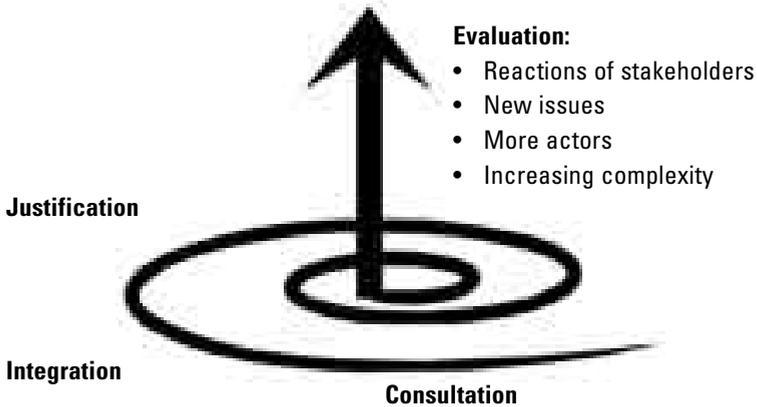
Based on the above analysis, we argue that collectivising competencies for CSR is a strategic process. It is strategic because individual acting has to be anchored in specific organisational values, and has to be transformed into collective action. It is a process because 'learning to be responsible' is the core of all individual and collective actions, and this learning (as a process) consists of a complex set of activities. Internal and external stakeholders will evaluate these activities. This evaluation will be positive or negative depending on the way in which the starting points for the CSR policy are discussed with stakeholders, how this is integrated into actual behaviour, and the results and the way in which these results are made transparent to the stakeholders. In this way, the evaluation, and the associated reaction of the stakeholders, is intertwined with processes taking place in the organisation. Based on this line of reasoning, we propose a process model for CSR consisting of four phases (Nijhof and Fisscher, 2001) containing the following processes:

- The consultation process: balancing the organisational identity and associated values with the claims and expectations of all types of stakeholders in order to determine the social responsibilities of an organisation.
- The integration process: integrating and anchoring the attention to social responsibilities in the relevant primary and secondary processes of an organisation.
- The justification process: justifying the choices and actions of an organisation through informing and communicating with the various stakeholders, based on monitoring and reporting actual corporate behaviour in relation to the various social responsibilities.
- The evaluation process: based on the other processes, all stakeholders can evaluate the actual behaviour and judge this behaviour in terms of being responsible or irresponsible. The outcomes of this evaluation process lead to reactions by the different stakeholders that can be either positive or negative for the organisation.

In order to develop competences for CSR, coherence between these processes is essential. For example, when representatives of an organisation have agreed upon certain responsibilities with its stakeholders and has integrated these into corporate behaviour but then neglect to communicate and justify the outcomes to the relevant stakeholder groups they should still expect, despite all their good intentions and efforts, a negative judgement from their stakeholders. In the same sense, it is a mistake to agree upon certain responsibilities but to report upon other,

less sensitive responsibilities. The relative coherence of the consultation, integration and justification processes determine whether stakeholders will come to a positive or negative judgement (Nijhof, 1999). As noted above, these processes have a cyclic character since new issues will gradually emerge, to an extent placed on the agenda by new stakeholder groups. The interconnectedness of these processes is visualised in Figure 4.2 below.

**Figure 4.2 Learning to be responsible as a strategic process**



At the heart of the model is the sequence from developing a CSR strategy in conjunction with certain stakeholders, through deploying the developed strategy in organisational processes, making its results transparent, and finally the stakeholders' evaluations of these results. Clearly, the model involves a continuous learning process. In this sense, the process model for CSR encompasses and exceeds the preconditions for responsible behaviour stated in Figure 4.1. In particular, the consultation and integration processes are focussing on making responsible behaviour possible. However, making the results transparent and then judging them are also essential parts of CSR.

The model is a normative one, and not a descriptive one. Organisations are not expected to go through the different processes sequentially, but rather to work on the various elements simultaneously. In our empirical work, we used the model to give the case study organisations a mirror in which to reflect on their CSR-related activities so far.

***Identifying collective competencies***

Given that an organisation needs to build collective competencies to achieve CSR, the core question we put forward in this paper is how can an organisation build these. If 'learning to be responsible' is a strategic process as suggested in Figure 4.2, then what specific activities are needed in each phase to develop collective competencies?

The model highlights the interdependence of two crucial elements in acquiring CSR competence: firstly, the interaction with stakeholders and, secondly, translating the resulting agenda into tasks, responsibilities, and behaviours for all members of the organisation. In defining the core of CSR as balancing the shared values central to the identity of an organisation with the readiness to respond to the legitimate expectations of stakeholders, it became apparent that CSR means that an organisation has to have the capability of entering a dialogue with its stakeholders as well as the capability of implementing the consequences of this dialogue. CSR is a continuous process and “learning to be responsible” therefore requires an organisation to have some of the process competencies listed in Figure 4.3 to enable them to complete the four phases highlighted above.

### **Figure 4.3 Process competencies required to develop CSR**

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#### *Consultation process:*

- defining which stakeholders are important
- listening to the expectations and demands of external stakeholders
- defining the relevant ethical dilemmas and issues
- defining the business case for CSR in the organisation
- defining the norms and values through bottom-up processes in such a way that they are relevant to the organisation and its stakeholders
- creating top-management commitment to CSR

#### *Integration process:*

- making the CSR strategy concrete for all the various processes and functions within the organisation
- developing the personal skills needed to deal with ethical dilemmas
- internalising the basic values and communicating these in a passionate way
- developing a personal position based on the shared values
- creating space for experimenting with CSR
- making the ambitions and basic values of the organisation concrete in the core processes
- making the CSR strategy relevant for the value chain
- checking the behaviour of all employees and rewarding or punishing them accordingly
- resisting the temptation for short-term results when these conflict with the basic values of the organisation

#### *Justification process:*

- monitoring results on economic, social and environmental issues
- acting effectively in the event of offences
- making the information that stakeholders want transparent
- creating trust through transparency

#### *Evaluation process:*

- gaining insights into the responses of stakeholders
  - learning from experiences and responses
  - adjusting policy and actions
  - remaining alert to new issues and risks
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This set of process competencies can be seen as a fairly comprehensive list of all possible competencies. Whether all these competencies are relevant for a specific organisation depends on their view and definition of CSR. In practice, there is no one model of CSR and therefore different competencies are relevant for different companies. This also fits with our idea of perceiving CSR as a learning process. Developing new competencies can be prioritised, based on the developments that an organisation has already undertaken and on the current challenges that it has to face.

As we noted before, the question remains as to what extent competencies are CSR specific. Some of the process competencies can be labelled as such, for instance the competency to define ethical dilemmas and issues. Others, such as the competency to create top-management commitment, are important in all organisational change processes. In between are competencies that are not strictly CSR-specific but that do have a specific meaning in CSR. An example is 'listening to external stakeholders': all companies to some extent already communicate with external stakeholders such as their clients, but CSR asks companies to become engaged with a new set of stakeholders (such as NGOs) and also change the content of the exchanges (to add moral and ethical issues alongside commercial ones).

#### **4.6 From model to practice**

The competences described in Figure 4.3 are derived from a theoretical analysis. In order to obtain a deeper insight into the relevance of the process model, case study research has been carried out in four Dutch organisations. What approaches and what instruments do organisations use to anchor CSR, and thus to develop collective competencies? In this section, we identify several instruments that these Dutch companies are using to anchor CSR.

##### ***Introduction to the case study organisations***

The goal of the empirical research was to gain insights into the actual process of developing collective CSR competencies. Therefore, we chose a research model based on in-depth case studies in four Dutch companies using the critical incident method proposed by Plessner (1970). Although the method was developed for a totally different context, it is well suited to those situations where the interviewee wants to gain a better understanding of the meaning of CSR for an organisation. An important assumption in this research methodology is that the development of collective competencies is most visible for the employees of an organisation during eye-catching activities or situations. Such situations can be real incidents, such as attacks by an NGO or casualties as a consequence of accidents, or more positive situations such as a key speech by a new CEO or a customer demand for environmentally friendly products. Therefore, we prefer to use the more neutral term 'critical event method' rather than the more common critical incident method. For each critical event found,

we have elaborated on the occasion, the situation or activity itself, and the effects. Furthermore, the validity of the outcomes is improved using methods such as data triangulation, checking the outcomes with members of the organisation, and having a theoretical basis for the selection of the case study organisations (Eisenhart, 1989).

The case studies were performed in the period between October 2003 and June 2004. In each of the four organisations between five and ten employees were interviewed, alongside an analysis of relevant documentation, and followed up by meetings to discuss the outcomes of the case study. The case study organisations were:

1. Coloplast NL: a fully-owned subsidiary of the Danish holding company Coloplast A/S. Coloplast develops, produces and sells medical products in the area of colostomy and incontinence supplies, dressings and skincare items. About 60 people work at Coloplast NL on the marketing, sales and product delivery of Coloplast articles produced elsewhere.
2. HEMA: part of KBB Vendex, the largest non-food retailer in the Netherlands. HEMA's range consists of 30,000 different products produced in 40 different countries, especially in Europe and Asia. The products are sold in about 300 locations in the Netherlands, Germany, and Belgium.
3. Achmea Pensions Funds: part of the Achmea Group. This group was created in 1995 as a merger of several insurance companies and is linked to the European Eureko alliance. The Achmea Group has about 13,000 employees, of whom about 1,500 work in the Achmea Pensions Funds business unit. The main 'products' of the business unit are the administration of pension rights and payments, and the governance of trust funds and other insurance products in this area.
4. Achmea Facility Management: part of the same group as Achmea Pension Funds. An important distinction for this research is that Achmea Facility Management is a service unit working for the business units of the Achmea Group. The main products of the unit are the management of buildings, parking, gardens, and purchasing.

#### **4.7 Instruments used for developing collective competencies**

In all the case studies, the critical events where employees perceived a change in their understanding of and commitment to CSR were inventoried. Through this focus, we not only explored the more traditional instruments for developing CSR such as codes of conduct, dilemma training, and auditing; but also other activities that were perceived to be relevant in stimulating collective CSR competencies by the interviewees were gathered. These uncovered instruments are presented below, clustered around awareness activities, claims of external stakeholders, policy instruments for CSR, HR-related instruments, and the actual deployment of CSR.

##### ***Awareness activities***

Some of the critical events mentioned in the interviews were primarily focused on

raising awareness about the meaning of CSR for the organisation. An overview of the activities mentioned in this area highlights the following points:

- Organising a kick-off meeting around CSR: this gives a clear signal to every employee that the management team wants to do something with CSR and is looking for ideas and initiatives.
- CSR-related topics are regularly introduced at unexpected moments such as in product presentations, brochures, and meetings. This keeps the topic alive and stimulates new initiatives in the field of CSR.
- Communication of stories concerning CSR on the intranet and in the employee magazine;
- Using games to discuss topics concerning the core values of an organisation. This facilitates discussion around dilemmas that are not normally discussed.
- Raising awareness of the central organisational values by giving every employee a passport with the values printed on it and setting up a poster campaign. However, the effect of such a communication strategy seems to be limited because it does not require an active role of the employees.
- Making CSR visible by organising specific projects such as building a school in a developing country, participating in social projects, or asking employees to vote on which projects the company will make a donation.

#### ***Claims of external stakeholders***

In the literature, the role of events where external parties, generally NGOs, publicly confront a company with its unacceptable behaviour (at least in the eyes of the other parties) is often taken as an important starting point for CSR. Notably, there was only one such incident that influenced the CSR processes in the case study organisations:

- A national TV station showed a documentary on the labour conditions at some of the suppliers to the organisation. Interestingly, this programme had almost no effect on the CSR-awareness and actions of the employees. Maybe this was because a manager from the organisation presented seemingly sound arguments in the documentary to show the kinds of actions that had already been put into practice by the organisation.

#### ***Policy instruments for CSR***

In any strategic change, process instruments focusing on policy development and deployment can be used. The case study organisations had used the following instruments:

- Making CSR an explicit topic on the strategy card used as part of the annual planning and control cycle.
- Strategic reorientation of the core of the company. This resulted in a repositioning of the organisation such that relationships with society were seen as crucial for the survival of the organisation.
- Setting up a project group or working group to develop actions for stimulating organisational and cultural change. Involving employees from different departments

and levels is important to develop a widespread feeling of 'ownership' in the organisation.

- Making CSR a fixed topic on the agenda for management meetings, and appointing a CSR ambassador in every organisational unit. Without these kinds of constructions, CSR can easily become overshadowed by the urgency of every day topics.
- Describing all the activities and results in the field of CSR in an annual report. This results in reactions such as "wow, I didn't know that we did so many things in this area".

### ***HR-related instruments***

With our focus on developing competencies, the use of HR-instruments (Human Resources) might be expected to be important for the case study organisations.

However, the number of instruments mentioned in this area is fairly limited:

- The importance of CSR and the related values are included in the selection phase for new employees. This is intended to result in a pre-selection of employees that fit with the way the organisation wants to do business.
- Putting down goals and concrete activities in personal development plans (PDPs), or in the annual plans set up by a CSR ambassador.
- Including organisational values in the guidelines used for the evaluation, functioning and appraisal discussions between managers and employees.
- Organising visits to experience certain topics in real life. For example, setting up a programme so that each new senior manager visits one of the major suppliers in a developing country. This results in very strong impressions and stimulates the abilities to empathise and put things into perspective.

### ***Actual deployment of CSR***

The actual deployment of CSR practices proved to be a powerful way of developing competences organisationwide:

- Clear choices based on the principles of the organisation: for example a manager who refuses to accept a reorganisation of his department because of the effects on the staff. However, if employees are not aware of concrete choices being made this can easily result in an atmosphere that CSR is nothing more than some nice words.
- Exemplary behaviour of managers is crucial, ideally linked to visible ambition and eagerness by managers to work on CSR. Actions by managers that are perceived of as being unfair or irresponsible can frustrate the progress of developing CSR competencies.

### ***CSR as an irreversible process?***

An important question that we discussed with the case study organisations was the extent to which the process towards learning to be responsible should be seen as an irreversible process. Although it is difficult to give an absolute answer, our respondents felt that embedding the will to act in a responsible way in the culture,

structure, and environment of the organisation is crucial in this respect. As soon as, for instance, CSR is a fixed topic at meetings (structure), stories on CSR are consistently told (culture) and the intentions and actions are made transparent (environment) it becomes much more difficult for companies to withdraw. By installing mechanisms that strengthen CSR internally and externally, CSR truly becomes a collective competency, and one that cannot easily be 'removed'.

### ***Challenges for the further development of CSR***

CSR is a continuous learning process in which organisations are faced with new challenges. Analysing such challenges gives a further insight into the way the case study organisations are trying to develop collective CSR competencies. The challenges mentioned here are related to the four processes described in Section 4.4.

#### ***Consultation process***

- One of the core issues in CSR is determining the limits to the responsibility of an organisation. Several of the case study organisations are still struggling with this question, and especially with the role of external stakeholders in this discussion. They want to intensify the involvement of, for example, interest groups and the end users of their products, but wonder about who to consult and how to start the discussion about CSR.
- Another challenge that occurs in the case study organisations, where CSR is more-or-less a top-down process, is to determine the real meaning and added value of CSR for the various organisational units. Until the understanding is 'internalised' there will be no feeling of ownership or any desire to make progress with CSR.

#### ***Integration process***

- Almost all the case study companies have difficulties in establishing the concrete implications of the CSR strategy for all their functions, employees, and/or processes. Naturally, certain motivated persons take the lead, but how can CSR acquire a useful meaning for all employees?
- Functional departments are working within their business scope on CSR-related topics. However, cooperation between various departments would result in more possibilities and could deliver better results. For example, while the internal cleansing department is working on the separation of types of waste, the impact on the environment would be much greater if the purchasing department was involved in considering the materials bought in.
- Changing the involvement of employees from 'being informed' to 'making an active contribution'. This challenge is first of all directed at the people communicating CSR to the employees: is the message 'look what has been done' or 'this might be an opportunity for you'?
- In one organisation, there was a cynical attitude towards anything that smelt of CSR because of certain previous incidents of irresponsible behaviour. Increasing the emphasis on expressing good intentions does not help in such an atmosphere. The

challenge is to find good examples of projects and choices that present concrete examples of corporate responsible behaviour, and making these known within the organisation.

#### ***Justification process***

- Increasing the visibility of the achieved results in the area of CSR, with the goal of increasing the enthusiasm for CSR.
- Improving the governance of suppliers. Given that this is such a complex issue, one organisation is trying to deal with this challenge through cooperation with competitors in several European countries.
- Measuring and evaluating the results of the CSR policies. A difficulty is to find good indicators because part of the policy is oriented towards almost invisible topics such as respect for each other.

#### ***Evaluation process***

- In one organisation, for some employees, CSR is related to social management and the way employees are treated (internal effects of CSR) while, for others, CSR is related to customer health and welfare and supplier relationships (external effects of CSR). Improving the link between these internal and external CSR components could strengthen the CSR development within the whole organisation.
- Although many issues are already integrated in the CSR policy of one organisation, new issues keep arising. Therefore, an important challenge is to stay alert for new societal issues and develop the standpoint of the organisation over time.
- In another organisation, CSR also has two distinct tracks. One track aims to increase awareness of organisational values but has had limited concrete results. The other track focuses on relatively easy concrete goals such as green energy and recycling waste. Both the awareness of values and the concrete results are needed to further develop CSR, but how can these be linked to each other?

#### ***Reflection on the challenges***

These challenges were put forward by the interviewees as the key questions for the future development of CSR within their organisations. For many of these challenges it is still unclear in what way to proceed. By reflecting on the challenges using the conceptual models presented in this article, we have given some feedback on possible interventions. Next, some of these interventions will be applied making it possible to measure whether they can deliver the expected contribution to the further development of collective competences for CSR.

Furthermore, it is noteworthy that only one of the organisations considered that its main challenges were in the latter processes of justification and evaluation. The other three case study organisations are still focusing on challenges related to the consultation and integration processes. The fact that all the companies have specific challenges in developing CSR competences underlines the comment that being

responsible is not an either/or issue. It is a continuous learning process where various activities can help in becoming 'more responsible' without probably ever reaching the ultimate stage of 'total excellence'.

#### **4.8 Towards an integrated framework for developing competencies for CSR**

Based on the empirical findings and the conceptual model presented earlier, we looked for patterns in order to come to an integrated framework for developing collective competencies for CSR. For this, our finding that the competencies actually developed depend on the definition of CSR gives an important anchoring point. In our empirical work, we could distinguish companies that developed competences for CSR based on their orientation towards strengthening their organisational identity and associated core values. For such organisations, dialogue with external stakeholders is of minor importance with respect to CSR. Other companies, partly also out of associated projects in the same research programme, focused much more strongly on identifying risks to their operations by closely monitoring external demands and by communicating with NGOs. Clearly, in the latter situation, the competencies related to dialogue with external stakeholders are of more relevance. A third group of companies, and especially visible in the silent leader project by Jonker and Roome (2004), particularly focus on the role of the various parties in the overall production and consumption chain in order to develop competencies for CSR. Whereas companies with an orientation towards their own identity, or on the potential risks, focus on the organisation itself as the primary actor, companies in the third category adopt a system orientation including a focus on the roles and responsibilities of suppliers, consumers and governments. In this sense, the third group uses an integrated approach while the other groups use an inside-out and an outside-in approach respectively. This conclusion results in the following overview of orientations or strategies towards CSR:

1. Outside-in risk orientation: in this strategy, CSR achieves meaning by the identification, monitoring and control of risks in order to prevent reputation damage or other costs;
2. Inside-out identity orientation: in this strategy, CSR achieves meaning based upon the organisation's own identity. Strengthening pride, loyalty and commitment towards the company are important goals in this strategy;
3. Integrated open system orientation: In this strategy, CSR achieves meaning by the reflection on the role and function of the organisation in the overall production and consumption chain. Reducing environmental damage, social inequalities or other socially undesirable situations are important goals in this strategy.

The three proposed strategies for CSR are mutually independent, however, conceptually, an organisation can perceive CSR from a risk orientation, an identity orientation as well as an open system orientation at the same time. In practice, we have the impression that most companies – at least so far – emphasise only one of these strategies.

The identification of the different strategies for CSR provides an opportunity to give an indication of the relevant competencies for an organisation. Depending on the strategy of an organisation, certain competencies will be more, or less, relevant for each of the processes for CSR. Some examples of competencies that correspond with specific CSR strategies and processes are given in Figure 4.3.

**Figure 4.4 Overview with examples of competencies related to CSR strategies and processes**

Strategy \ Process	Risk orientation (Outside-In)	Identity orientation (Inside-Out)	Open system orientation (Integrated)
Consultation	Issue-based dialogue to listen to the expectations and demands of external stakeholders	Internal dialogue to define the relevant ethical dilemmas and issues	Stakeholder dialogue to discuss the roles and responsibilities of all the parties involved
Integration	Initiating and maintaining projects for the identified risks, even when this conflicts with short-term results	Active involvement of all employees to make CSR concrete for all functions in the organisation	Integrating values in the core processes to make the CSR strategy relevant for the whole value chain
Justification	Acting and communicating effectively in the event of transgressions	Transparency with personal stories and experiences in order to strengthen employee pride and commitment	Monitoring results on economic, social and environmental criteria in the whole value chain

With the identification of different strategies for CSR, some alternative routes in the cyclic process model presented in Figure 4.2 become apparent. This has some important implications for identifying and developing collective CSR competencies. Furthermore, a dynamic perspective then becomes useful: in order to stay in line with frequently changing stakeholder demands and business requirements, the composition and quality of a firm’s resource and competence base need to be

maintained in a continuous effort. This requires a continuous realignment of existing competences with the preferred or required ones (Teece et al., 1997). With this statement, we want to emphasise that developing competencies requires addressing the existing competencies within an organisation. In the case studies, employees in all organisations referred to some important events in the past stating that CSR is not entirely new for the company: CSR redirects certain competencies already present within the organisation. This notion needs to be taken into account when managers within an organisation want to develop a plan of work for CSR. From this line of reasoning, we propose a six-step model for developing collective competencies for CSR:

*Step 1: Determining the importance of the distinct CSR strategies*

This step focuses on the relevance of the three strategies for CSR: a risk orientation, an identity orientation and an open system orientation. Given that these orientations are mutually independent it is possible that all three are relevant. However, most companies have one dominant strategy while the other strategies are only relevant in certain parts of the organisation or with regard to certain issues.

*Step 2: Identifying the competencies already developed in the consultation, integration and justification process*

All existing organisations have history with some relevance for the CSR processes. In this step, competencies already developed are identified. The overview of competencies presented in Figure 4.1 can function as a checklist for this step.

*Step 3: Determining what new competencies should be prioritised*

CSR is a complex change process addressing many parts of the organisation. Therefore, we suggest that the development of CSR competencies can best be perceived of as a learning process making gradual improvements. Based on the existing competencies, and the new challenges, an organisation has to face the fact that only a limited number of competencies can be prioritised.

*Step 4: Checking the effect by evaluating with the determining stakeholders*

In this step, the actions of the organisation are monitored and evaluated to see whether they have resulted in the desired reactions from the stakeholders. Depending on the strategy taken, the critical stakeholders are either internal, external or cover the whole production and consumption chain.

*Step 5: Adjusting, strengthening and anchoring the developed competencies*

In order to prevent a setback in the developed competencies, it is important to anchor these in the structure, culture and environment of the organisation. In this way, the development of CSR can become an irreversible process working towards an increased level of CSR competence. One that is both willing and capable of better defending the actual corporate behaviour towards those parties with justified and

legitimate expectations of the functioning of the organisation through making broader, deeper, and richer decisions.

*Step 6: Periodic evaluation to see whether it makes sense to place more emphasis on one of the other CSR strategies*

Due to societal and organisational developments, new issues by new stakeholders will gradually emerge. Therefore, it might become relevant for a company to adopt, for example, a risk orientation whereas previously only an identity orientation was relevant. In this step, it is assessed whether there are developments giving rise to a need to change strategy. If this is the case, then new competencies will become important that must be addressed as in steps 2 to 5.

It is our hope and intention that this model assists companies in developing CSR as a learning process using a step-by-step approach. Given the normative character of the underlying CSR process model, certain actions can be advanced once the dominant CSR strategy and existing CSR competencies are identified. Nevertheless, prioritising new competencies, and associated instruments to anchor these competencies, within the whole organisation should be adapted to the requirements of the organisation-specific situation.

#### **4.9 Some final remarks**

This paper was given the title “Learning to be responsible: developing competencies for organisationwide CSR”, and throughout we have emphasised that learning to become responsible is a strategic process involving fundamental changes within an organisation. It requires a willingness to explore the borders of one’s organisation in order to engage in new relationships, to develop alertness for new issues, probably from elsewhere than the usual production and consumption systems, and to set new strategies and deploy them in day-to-day operations. This is not a move a company can make in one step. For this reason, the focus of this article has been on developing competencies that enable companies to gradually learn how to cope with these challenges.

Although the competencies needed for CSR are ultimately based upon individual actions, it has been stressed that the learning process requires competencies on a collective level, because:

- CSR is anchored in a specific organisational identity.
- Organisational units have to cooperate in order to become more responsible.
- Individuals have to be aware that their acting constitutes organisational acting.
- Corporate accountability requires an organisation, as a collective entity, to be willing to bear corporate responsibility.

These four requirements frame the strategic process of developing CSR competencies and of extending them throughout an organisation. Still, for many organisations, it is difficult to find their way in engaging in this learning process. In order to conceptualise this, a process model was presented together with a list of relevant process competencies. During the empirical research, it became clear that this list is reasonably comprehensive but that, depending on the specific orientation taken to CSR and the stage of development, certain process competencies are at times more relevant than others.

Another topic addressed in this article is whether competence management, as nowadays used as a tool of management in many organisations, is of value for developing collective CSR competencies. We conclude that the concept of competence management, as a method, can be of some use in learning to become responsible because it is an instrument that can link strategic choices to individual tasks. However, when organisations want to use competence management for CSR purposes, the content of the existing set of identified competencies needs to be expanded with the addition of additional CSR-specific competencies based on the central organisational values.

Furthermore, competence management should never be the sole instrument for developing collective CSR competencies. Alongside establishing linkages between strategic choices and individual tasks, organisationwide CSR requires actions in other areas such as developing a shared understanding of the identity of the organisation, and setting the preconditions for responsible behaviour in the sense of adequate information exchange, allocating resources, and establishing an appropriate division of tasks, formal responsibilities, and authorities.

Collective competencies can be developed by using a set of appropriate instruments. The empirical research showed that organisations can use different approaches, instruments, and tools to develop process competencies for CSR. Further research could elaborate on this, and put forward specific configurations of instruments that are appropriate for tackling the ongoing challenge of learning to become more responsible.

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