Sticky Ethics, Innovation, and Corporate Responsibility

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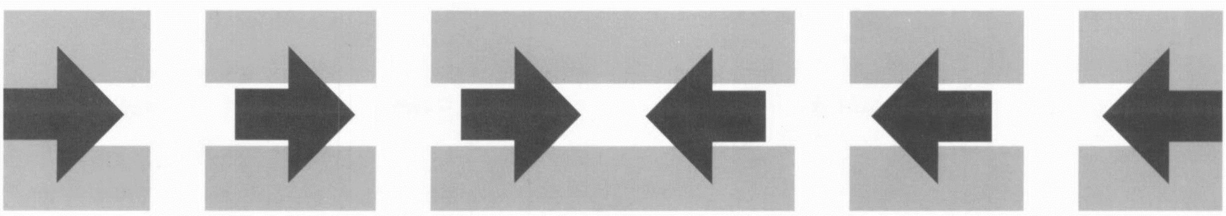


A recent Starbucks "Race Together" campaign was abruptly ended after it was met with "widespread vitriol and derision (Ember, 2015)." In contrast, Whole Foods' efforts to "support the health of their stakeholders and the environment (Cheretis and Mujtaba, 2014)," was met with "steady, strong, and sustainable, financial performance and growth over the last three years." Both of these efforts incorporate a "social responsibility" element, but why the difference in reception? And, what decides the ultimate fate of organizational attempts to do something "good" for society? This article presents some meta-theoretical observations for consideration of these questions. Using structural/functional theory as a foundation, the paper incorporates other interdisciplinary research to afford a global perspective on the construct of corporate responsibility. It is not the intent in this paper to offer a complete literature review on the subject, nor to introduce another theoretical model that attempts to stand alone; but rather, to present a model that affords synthesis, or context, to existing works. The attempt here is to present a perspective that exposes the many forms of corporate responsibility while also showing that these forms stem from the same source: reified, or "sticky" value systems that operate at different levels of social interaction. "Sticky ethics" are the foundation for many life decisions, including corporate responsibility; however, empirical analyses of corporate responsibility have tended to separate the construct from other areas of human interaction.

The notion that some norms in society are stickier than others is not new. In economics, the Keynesian Phillips curves depart from the classical model in recognizing that prices tend not to optimally follow market changes. Instead, prices remain sticky due to reliance on obsolete information, contractual commitments, buyer reluctance to adjust to newer pricing, etc. A reformulation of the sticky price model posits that sticky information, rather than pricing, lies at the heart of non-optimal monetary matching of supply and demand (Mankiw and Reis, 2002). The free market, which should rely heavily on full information symmetry, instead operates with a degree of non-optimization due to sticky information.

Extending this notion, decisions attached to corporate responsibility are also subject to sources of information not directly related to task environments. "Task environment" refers to the bundle of activities directly tied to production of services or products. Surrounding the communicative activity tied to task environment are value systems that vary in "ethical elasticity" and "ethical demand." "Ethical elasticity" refers to the bundle of activities where a given ethical value applies; "ethical demand" refers to the strength of a given ethical value itself. Ethical elasticity and demand can be associated with stickiness of a given ethical code. Some values are more institutionalized than others, rising to the level of legal mandates, while other initiatives are anchored to narrower or less institutionalized value systems. Consider, again, the example of Starbucks' "Race Together" initiative. The consumer with five minutes to buy her latte before the commuter train arrives waits while the barista engages another customer in a lively conversation about the latest developments in race relations. Which value system is more important or more sticky – discussing race relations with a barista who may or may not be well informed, or speedy service? Different markets, different values -- with some ethical codes more sticky than others in any given environment.

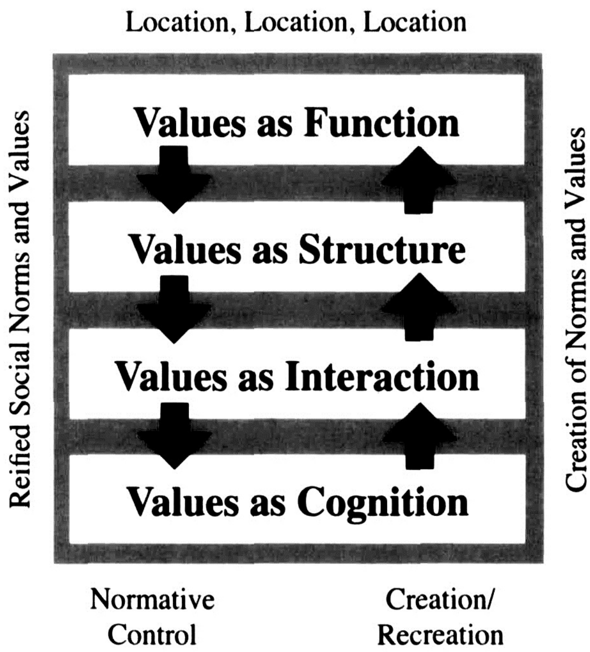
In this paper corporate responsibility is defined as organizational strategic initiatives that extend beyond the task environment, to encompass efforts that subscribe to moral and ethical mandates held by society. This expanded definition is needed because corporate responsibility is not limited to philanthropy or corporate responsibility initiatives launched by major corporations, but includes actions by any organization aimed at serving a public cause or issue. Under this definition, activities such as providing paid holidays for employees or greater pay and more aggressive efforts like funding initiatives for protection of flora and fauna are included. The small family-owned business sponsoring a Little League baseball team is engaged in corporate responsibility that is just as salient as Bill and Belinda Gates' Foundation funding for major public causes. In the case of the public sector, the definition can be extended to include performance that reflects exemplary commitment to serving a societal function. The *form* that corporate responsibility takes differs; the *substance* of corporate responsibility, as defined above, does not.

Ethical decision-making in dynamic fields fueled by innovation is a particularly challenging area of investigation. Innovative companies are at the leading edge of producing changes in their markets, be they in the private or public sector. Ethical mandates tend not to be set in definite patterns in new areas of human endeavors. New innovation springs from the cognitive abilities of private and public sector entrepreneurs. Therefore, it can be posited that ethics, at least initially, are tied to personal sources. Thereafter, however, explanations of what pools of ethics affect a given organizational effort become more complex.

Ongoing theoretical efforts are progressively mapping the literature on ethical decision-making and corporate responsibility. For example Hannafey (2003), following Gartner (1985), provides a useful classification of the entrepreneur-ethics literature by dividing it into two major categories: (1) entrepreneurship and society, which examines "broad questions related to the complex social and economic implications of entrepreneurship, and (2) ethics and the entrepreneur, which is "chiefly concerned with the ethics of individual entrepreneurs," including the entrepreneur's existence within a given organization or market environment. These efforts make clear that the manifestation of corporate responsibility is multi-faceted and subject to specific environments where the efforts are taking place.

Figure 1 is heavily influenced by theory surrounding the process of "structuration," especially the works of Anthony Giddens (see Torres, 1991, for a summary of this literature).

Figure 1. Ethics as Structuration: An Integrative Model



"Structuration" recognizes that organizations are in a continuous state of construction and reconstruction; their everyday existence is in continuous flux and subjected to dynamic internal and external forces. In Figure 1, the level of function represents the set of reified, or institutionalized, value systems reflected in law and policy. The level of structure represents value systems that are present at the level of organizations, for example, a strong corporate culture. Ethics as interaction represents the behavioral norms existing within societal groups and cultures. Ethics as cognition represents the norms and values of individuals. Dynamics at each level affect dynamics at other levels as constraints on behavior or catalysts for novel behavior, depending on where the activity takes place.

The right side of the model represents the process through which ideas become increasingly accepted as legitimate or sticky, as they evolve from individual ideas to institutionalized norms, while the left side of the model captures the influence of legitimated values and their effect on organizations, interest groups, and individual interaction. For example, a recent mandate under Obamacare to cover the use of contraceptives in health benefits represents a new functional legal mandate for corporations (function → structure). The introduction of this mandate can result in pushback from organizations like Hobby Lobby, leading to a Supreme Court decision siding with the company (structure → function). This example demonstrates the complexity of ethical environments, where values compete on the basis of the communicative power sustaining any given corporate initiative. *Sturm und drang* among ethical mandates is the stuff of societal and organizational evolution and change. Therefore, to assume that any given effort to do good will meet with applause would be naïve. A more complete explanation is to consider the many social forces that shaped and reshaped the final product, at various levels of interaction, and invoked through competing ethical standards.

At the level of structure and function, much political and economic power must be used to effect change. At lower levels, power gives way to influence, which may or may not be effective depending on the stickiness of employees' own value systems (interaction → structure). The decline of Hewlett-Packard, for example, has been attributed in large part to drastic change in corporate culture, from an emphasis on employee empowerment to one focusing on short-term financial performance (see, for example, Torres, 2013). The end result was that "HP was traumatized, its employees disengaged (Bandler and Burke, 2012)." In short, corporate responsibility efforts are embedded within organizations, where moral codes vary from being relatively explicit to environments where moral codes are fuzzy or tenuous because of unclear or competing value systems. Moreover, the intensity of exposure to competing value systems increases as organizations are subjected to more diverse layers of society.

An example of the creation/recreation process (right-hand side of graph) would be innovation of a new product, and with it the assumption of rightness to do so, such as efforts to discover new patterns of DNA sequencing or new variations of genetically modified food (cognition → interaction → structure → function). Such efforts are likely to be regarded as science for the sake of knowledge initially and not subject to greater ethical scrutiny. However, as the efforts are exposed to wider segments of society, they are likely to be confronted with other established value systems, be they from religion or codified law centered on the sanctity of life, consumer watchdogs advocating for safe food products, or individual values that promote or discourage a given organizational initiative. As the products come to market, they are likely to be met with regulatory mandates at the functional level, such as required labeling or outright prohibition. As will be shown later, social dynamics associated with innovating, organizing production, and marketing the product will differ at each level of interaction.

An example of normative control (left-hand side of the graph) would be new legislation attempting to regulate markets. For example, the financial crisis of 2007-2009 uncovered risky derivative instruments that were found to have contributed to the crisis. These practices were legal under existing law and therefore ethical so far as the functional level went. However, Congress enacted the Dodd-Frank bill to curb such activity in the future, at the behest of the many businesses and consumers that were severely affected. In this example, the major dynamics can be seen as operating at the functional/structural levels -- attempts to introduce new regulatory rules while other representatives from the structural level (financial firms and watchdog organizations) are engaging in vociferous struggle to promote or denounce the new measures. The interaction and cognitive levels in this example are marginal in terms of measurable dynamics. In other cases, such as an effort to ban smoking in a business organization, the cognitive and interactive levels would be more predominant, with the upper levels remaining more discreet, or moot. As opposed to following the money, the key to investigating corporate responsibility is to identify the sticky ethics that are invoked as the initiative is introduced and implemented.

Consider another example where social responsibility is in process of change. A recent incident in Charleston, South Carolina, involved one gunman killing nine African-Americans in a prayer meeting. Initially, the main question was at the functional level -- whether to classify the incident as murder, a hate crime, or a terrorist act. This incident invoked several structural level responses; however, for the sake of this argument, the chief focus is on reactions from business organizations after efforts to ban the Confederate flag at public places were announced. At the time of this writing, several national corporations have decided not to stock inventory involving the Confederate flag because it is perceived by some as a symbol contributing to racial strife. For these companies, the economic fall-out from these decisions is still unknown. This example highlights two important points. First, value systems are not confined to explicit strata or spheres of activity: value systems possess varying degrees of elasticity that connect social dynamics broadly to the business world. Second, value systems vary in strength, with some capable of causing quick reactions in society; they possess varying degrees of ethical demand. In this example, the heinous nature of the crime quickly invoked sticky ethics and pushback. However, other forms of corporate responsibility are not as anchored to explicit sticky ethics, making it difficult for organizations to predict which initiatives will yield intended results.

Utility of the Proposed Model

The integrative model proposed here can be used to explain both constraints and conduits to ethical behavior of firms, including corporate responsibility. Corporate responsibility initiatives can be analyzed by locating them in the integrative model. For example, corporate responsibility movements can be placed at the level of ethics as structure and then analyzed on the basis of how well a strategic focus interacts with existing law and social policies. Alternatively, the analysis can be located at the level of interaction, where the analysis would center on the question of how employees and consumers would react to any given initiative. How would a company that is conducting R & D on a cure for Ebola fare in a marketplace where (1) producing an Ebola vaccine is regarded as a priority for society, but (2) free-market dynamics do not sustain the project because it is not cost-effective? Would forcing the company to produce the vaccine, without regard for profit and loss be seen as right by stakeholders, including owners and shareholders, suppliers, and other adherents to the free-market system? Would the ethics of preventing a dangerous virus from spreading, and alleviating the suffering of those already afflicted, carry the day? At any given instance, impetus for change can emanate from any level. Note that the same social problem, in this example the Ebola crisis, invokes different social dynamics at each level of interaction – the form of interaction differs but the substance of the problem does not. In the sections to follow, ethical streams that operate at each of the levels of interaction are discussed.

Corporate Responsibility: Structure Meets Function

Undoubtedly, a firm unable to make a profit or meet operational strategic goals is doomed to failure. However, a degree of latitude exists with regard to strategic decision-making. In this section, attention turns to the market value system, or capitalism as function, as it interacts with strategic management of corporate responsibility at the structural level.

> "Have you ever asked what is the root of money? Money is a tool of exchange, *which can't exist unless there are goods produced and men able to produce them.* Money is the material shape of the principle that men who wish to deal with one another must deal by trade and give value for value. Money is not the tool of the moochers, who claim your product by tears, or of the looters, who take it from you by force. *Money is made possible only by the men who produce.* Is this what you consider evil? (From Atlas Shrugged, Ayn Rand, 1957, p. 410). [italics mine]

That speculation, risk, and investment in wealth creation are linked is nothing new. However, the interactive ethical environment in which this takes place has received less attention and warrants scrutiny. Max Weber notes in his *General Economic History* (Weber, 1984 [1927], p. 286), that "speculation ... becomes important from the moment when property can be represented by freely negotiable paper." Therefore, market crises generated as a result of overestimating future value is inevitable. He goes on to cite the Holland tulip crises in the 1630s and John Law's speculative project in France, the Mississippi Company venture in 1716, as examples. Weber notes that similar crises occurred often "after the conclusion of the Wars of Liberation, and since that time ... have recurred almost regularly at intervals of 10 years (p. 290). Of these crises, one must note that investors vastly overestimated the profit to be made; however, the link between "money made" and "men who produce" was still a prominent theme. In these cases, investment was made directly into a venture that promised to "create value" by means of acquisition of scarce resources to produce something of greater value.

This same definition of "wealth creation" is echoed in the works of Adam Smith (1776), and illustrated in his example of a pin factory:

> *"The value of any commodity, therefore, to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is equal to the quantity of labour which it enables him to purchase or command. Labour, therefore, is the real measure of the exchangeable value of all commodities. The real price of everything, what*

everything really costs to the man who wants to acquire it, is the toil and trouble of acquiring it (Smith, 2005)."

The definition of "wealth creation," as embedded in "producing something of value," or as a product of "the toil and trouble of acquiring it," has been transformed in contemporary treatments of market dynamics and prevailing norms that surround the activity. Georges Enderle (2009), addressing the question of "what is the creation of wealth?" notes, "Despite its centrality, however, the concept of wealth has never been a matter of general consensus." He goes on to state that "... a large proportion of this literature assumes the companies' objective of 'maximizing shareholder value,' giving it no critical examination in economic terms." Edmunds (1996), notes that securitization is having a profound impact on increasing wealth at the country level, where the state as a whole engages in activities to increase the value of stocks and bonds internationally. "The new approach requires that a state find ways to increase the market value of its stock of productive assets," cautioning later that "The cost of bad news is immense in terms of lost value in stock and bond markets. Hundreds of billions of dollars can be lost in a matter of hours or days." The fickle nature of the investment market, where group psychology can increase the velocity of trading, is at the root of the problem. Of importance to this discussion is the shift in focus from "wealth creation," a process of adding value tied to the cost of production, to a focus on price as a causal agent of wealth. The notion of price, as tied to what it costs to produce a new product or service to generate value, has given way to a focus on price independent of cost of production – to be raised or lowered on the basis of whatever speculation will allow.

The foregoing suggests that two competing capitalist value systems are now operating at the functional level. The classical notion of capitalism was based on the win-win proposition of trading based on exchange of one product or service for another of perceived equal value, with currency as the basis of exchange (Hoenig, 2012). The classical notion of profit-making remains inherently closer to marketplace dynamics, thereby allowing closer connection between producer, worker, and the social environment. Therefore, classic market dynamics allow potential for corporate responsibility more than speculation.

In his coverage of corporate responsibility in the early stages of capitalism, Jones (2013a) notes that "Self-interest co-existed with religious concerns in these endeavors, as entrepreneurs sought to build loyal and stable workforces inculcated with the values of industrial capitalism." In contrast, in the speculative market, focus turns away from production and focuses on valuation of securities. This is not to say that there is no connection between wealth creation and speculation; but rather, a shifting of emphasis such that wealth can be produced whether a business prospers or not. After deregulation of the securities markets in 1999, via abandonment of the Glass-Steagall Act, growth in proprietary trading skyrocketed. Growth of outstanding repos climbed from approximately $1 trillion to $4.3 trillion from 2000 to 2008 (D'Arista, 2011). Paul Wilmott estimates that, in 2013, the notional value of the derivatives market alone was $1.2 quadrillion, or 20 times the world economy (Publius, 2013). Considering gas prices alone, as much as 25% of spending at the pump may be attributable to such investing (Kelleher, Jarsulic, and Frenk, 2012). Clearly, these are two different ways of conceptualizing wealth, with one focusing on wealth creation and the other focusing on price fluctuation, *per se.* More important, the two types of wealth each possess their own value system.

Recent research is aiming an empirical lens at the emergence of value systems that are tied to speculative trading. Mason (2015) describes the emergence of two value systems:

> *In the managerial firm, more money coming in — from sales or from borrowing — typically means more money spent on fixed investment. In the rentier-dominated firm, more money coming in means more money flowing out to shareholders in the form of dividends and stock buybacks* (Mason, 2015).

It is justifiable, in a purely academic sense, to say that a company operating on the basis of borrowing to increase shareholder value is equal to the corporation using debt equity to invest in future growth and productivity, or to produce something of greater value. This is so because the legitimacy of the bifurcated functional value systems allows this. But are they equal with regard to opportunities to engage in corporate responsibility? Newbert (2003) notes that:

> *... entrepreneurs tend to temper their economic motives with more altruistic ones in*

creating successful new ventures, which significantly benefit society in a number of ways. Specifically, new firms have been found to provide the majority of all new jobs created, redistribute societal wealth by supplanting existing firms, and exhibit less discrimination than non-entrepreneurial firms. As such ... by engaging in the capitalist system with the spirit and the impact Adam Smith outlined in both The Wealth of Nations *and* The Theory of Moral Sentiments, *today's entrepreneurs are promoting an effective, morally intended system of economic activity.*

The greater normative latitude allowed smaller, entrepreneurial firms can be attributed to lower functional and structural pressures to comply with legitimated patterns of existence. However, this is not to say that all entrepreneurial firms will choose the path of corporate responsibility. This depends on the cognitive values of the entrepreneur, and her ability to establish behavioral patterns, or a corporate culture, that will sustain such activity. Smaller, entrepreneurial firms are located lower in the creation/recreation side of the model, where an initial idea (cognition) to engage in corporate responsibility operates less visibly (interaction) as an organization (structure). Larger firms have more profound effects on their markets and are more likely to invite scrutiny. However, the greater political muscle of multinational corporations has the capacity to influence the legitimization of value systems at the functional level, often in the form of industry pushback and regulatory capture, with little or no input from the interaction/cognition levels.

With the creation of two value systems, one based on the classical notion of wealth creation, or in J. W. Mason's (2015) terms, managerial firms, and the other based on increasing shareholder value, Mason's rentier-dominated firms, different value systems will prove to be more sticky in either of the two environments. Financial firms captured in the environment of speculative trading would consider it ethical to satisfy stakeholders interested in growing their retirement accounts on the basis of betting on the market, whether the bet is based on securities pricing going long or short. In contrast, wealth-creating establishments would be more dependent on their ability to compete in growth through efficiencies created by technology and motivated workforce and increasing demand for their products or services in the consumer market. A smart shopper will peruse every consumer product to ensure the health and safety of the family. The same shopper is less likely to be as diligent in examining money market accounts and other proprietary product investments, so long as expected ROI is realized. These are different environments, with organizations competing under old-school value systems being held closer to the fire of larger and more diverse segments of society and their ethical standards.

Public sector organizations deal very directly with (1) enforcing agreed-upon policies and laws, and (2) providing services to the public. In this regard, they are similar to the classical model of wealth creation and are subjected to similar dynamic social forces. Snowden's revelations of government surveillance of U.S. citizens, more recent revelations about torture tactics used against terrorists, and perceived inequalities in law enforcement practices are but a few examples where organizational codes of operation, assumed to be legitimate because they are sanctioned at the functional level, proved to be misaligned once they ran afoul of perceived fairness at lower levels of interaction. In these cases, outcries from lower levels, from the interaction and cognitive levels, often necessitate realignment at the functional level. The New York Police Department's "Stop and Frisk" policies, for example, were deemed unconstitutional, and new policies had to be formulated only after mass demonstrations and media coverage.

Corporate Responsibility: Structure Meets Interaction

In a seminal piece focused on the politics of regulation, James Q. Wilson (1980) introduces a framework that proves useful here. The chart captures this theme, modified for purposes of our focus on corporate responsibility.

	Benefits	
Costs	Narrow Benefits/Broad Costs: Client	Broad Costs/Broad Benefits: Majoritarian
	Narrow Costs/Narrow Benefits: Interest Group	Broad Benefits/Narrow Costs: Entrepreneurial

In the chart, corporate responsibility is segmented on the basis of who benefits and who pays for a project. Theoretically, an organization can exist solely for the purpose of contributing all of its output to social good, as in the case of a dedicated public agency, but the question remains, "Who benefits and who pays?" The question of success hinges on the degree to which output is truly applied to societal good, as in the case of, say, a thrift shop that keeps 80% of its profits for CEO and administrative compensation versus one that expends 90% directly on the cause. Success also hinges on the question of efficiencies, doing the most good with the funding at hand. Broad benefits with commensurate broad costs describes majoritarian dynamics.

In the case of for-profit firms, corporate responsibility hinges on the resources directed at purposes beyond the task environment, or activities directly tied to production. If the cost is borne by the organization for broad benefits, entrepreneurial dynamics are invoked. A remaining question is, "Will this investment in corporate responsibility net benefits for the corporation?" This question will be addressed in later sections of the paper. Interest group dynamics would involve, say, a company suing another company, or companies, for violation of laws or regulations – one wins at the expense of another. Ralph Nader's focus on the unsafe nature of the Corvair, in the book *Unsafe At Any Speed,* serves as an example. The Ebola crisis, where a few pharmaceutical companies are being tasked with developing a vaccine for a relatively small population with little expendable income and very small prospect of recovering R & D costs, also serves as an example and will be discussed later. Client group dynamics would involve efforts by an organization to procure resources from broad sources for narrow benefits. This latter category is most problematic in the study of corporate responsibility because it tends to run against the nature of philanthropy, or giving.

In the for-profit sector, whether the organization gains profits from corporate responsibility depends on how it engages its market environment. Pure philanthropic efforts, a form of entrepreneurial dynamics, may or may not affect an increase in the bottom line. More targeted, entrepreneurial dynamics that attach to sticky ethics of a desired market segment may, indeed, prove to be a win-win scenario. For example, Whole Foods, with a strategic focus on conscious capitalism, wraps around the following bright line standards: (1) selling the highest-quality natural and organic customers; (2) satisfying and delighting customers; (3) supporting team member happiness and excellence; (4) creating wealth through profits and growth; (5) caring about communities and environment; (6) creating ongoing win-win partnerships with its suppliers, and (7) promoting health of its stakeholders through healthy eating educational events and sessions (Mackey and Sisodia, 2013) as quoted in (Cheretis and Mujtaba, 2014). Through this targeted effort to identify a market niche and recruit employees with similar, committed, sticky ethics, Whole Foods has become "... one of the top 100 companies to work for 17 years in a row (Cheretis and Mujtaba, 2014).

A similar strategic tactic, focused more closely at the sticky ethics of the company's work force, was adopted by Marvin Windows and Doors. Marvin's Windows and Doors, a high-ranking company in its industry, decided not to lay off employees or cut health benefits, going against the grain in the industry during the last recession. Susan Marvin explains:

> *"You can't cut your way to prosperity. You can't grow if you are cutting your life-blood – and that's the skills and experience your work force delivers," she says, adding later: 'Today, I think, to a great degree, I think things have gotten out of balance. We see Wall Street almost punish companies that take the long view* (Martin, 2011)."

The foregoing examples reflect effective entrepreneurial dynamics, where the costs are borne narrowly by the corporation for a broader benefit of critical segments of society. The success of these companies offers concrete evidence that corporate responsibility initiatives can be win-win if the sticky ethics under consideration are robust enough to affect employee behavior patterns and draw from the strength of sticky ethics residing within a target market niche. Will the ethical values held by consumers, workers, and other stakeholders be strong enough to lead to market behavior that will sustain the organization? This depends on the stickiness, or ethical demand existing for given values.

Another variation of blending corporate responsibility with competitive strategy can be conceptualized as a subset of blue ocean strategy. The main thrust of this strategy is identifying market niches that remain untapped, so that organizations do not compete head on with other major companies, but rather operate on the basis of identifying and addressing unmet needs (Kim and Mauborgne, 2014). In similar fashion, Michael Porter et al. introduced the notion of shared corporate values, which focuses on matching unmet societal needs with the opportunity for wealth creation (Porter and Kramer, 2011):

The concept of shared value, in contrast, recognizes that societal needs, not just conventional economic needs, define markets. It also recognizes that social harms or weaknesses frequently create **internal** *costs for firms—such as wasted energy or raw materials, costly accidents, and the need for remedial training to compensate for inadequacies in education. And addressing societal harms and constraints does not necessarily raise costs for firms, because they can innovate through using new technologies, operating methods, and management approaches—and as a result, increase their productivity and expand their markets.*

This shared corporate value system is reminiscent of strategies used in the early days of capitalism. For example, Jones (2013b), quotes Wallace Donham, Dean of the Harvard Business School in 1919:

The solution of problems of business ethics, the task of learning how to conduct business so as to add to general security and happiness, must be undertaken primarily by business leaders. Their objective must be to do the job so well that the law and policeman are unnecessary... All business practices which put too great strains on human nature must be considered unethical, and men must be rated by their fellows less for their ability to appropriate economic power and for the success in accumulating dollars and more for their social imagination and institutional far-sightedness.

Finally, a win-win strategy for profit making to solve an unprofitable social problem was presented during the recent Ebola outbreak. Here, profit-making clashed with the greater social need of keeping the virus from spreading. Simply put, costs associated with research and development, conducting clinical trials, and opportunity costs outweighed the profit potential from marketing a new vaccine (Surowiecki, 2014):

And when a disease's victims are both poor and not very numerous that's a double whammy. On both scores, a drug for Ebola looks like a bad investment: so far, the disease has appeared only in poor countries and has affected a relatively small number of people.

Surowiecki's proposed solution is to redesign the landscape so that the narrow costs/narrow benefits balance of interest-group dynamics is transformed to broad costs/broad benefits of majoritarian dynamics:

... in the seventeen-hundreds, the British government successfully used a prize to find a method for measuring longitude at sea. But, in the past couple of decades, they've become more common, with prizes being offered for things like innovations in private space flight and an arsenic filter for safe drinking water ... Economists on both the left and the right see them as a useful way to spark innovation. They're cost-effective, since you have to pay only if the product works. They're well suited to encouraging investment in public goods—like antibiotics and vaccines—where the benefits of an innovation aren't reaped only by those who use it. (My family is safer if yours is vaccinated.) They rely on existing infrastructure. And, in economic jargon, they harness market forces by "pulling" research into neglected areas (Surowiecki, 2014).

This discussion is meant to introduce some basic, but important, observations. First, while it remains true that generating profit is essential to organizational success, this does not eliminate the potential for profit-making through engagement in corporate responsibility. This can be accomplished by inculcating corporate responsibility as a feature of the product or service itself, or by introducing corporate responsibility to motivate employees, netting increased efficiencies and innovation. Second, the discussion illustrates the importance of innovative strategies that reconstruct reality such that the ethics of the marketplace are more tightly linked to value systems in broader society. The examples suggest that social responsibility can be succinctly docked to sticky ethics not previously considered, with win-win resulting from the realignment. In the next section, I discuss the question, "Where do sticky ethics come from?"

Corporate and Social Responsibility: Interaction Meets Cognition

In many ways, treating corporate and social responsibility as an isolated phenomenon glosses over the fact that the value sets of individuals are arrayed across a wide spectrum linked not only to business affairs, but also to values created for living in society in general. Such values as fairness, equity, freedom, and the overall pursuit of happiness apply as much to the workplace as to religion, education, family life, and other pursuits in complex societies. This observation is linked to the notion of "ethical elasticity," referring to bundles of social instances where any one ethical code can apply. Ethical elasticity does not end at the doorstep of the business environment.

Learning about values requires pro-social behavior that gleans trustworthy information from the environment and creates a symbiotic relationship between the reliable sources of information and the recipient. Citing Simon (1993), Davide Secchi (2009) identifies this process as docility:

> *... [social] responsibility always needs to be accompanied by the word social. It is important to understand for what community the individual feels responsible. ...In order to use a stronger and provocative image, Mr. Capone was responsible to his mafia community in Chicago and his cognition worked on the basis of ties that bound that organization. How many business cases can be analyzed and better understood through this cognitive perspective?*

In other words, the business world is embedded in a larger context of meanings and morals. The key to formulating successful corporate responsibility is to seek meaning and ethical codes that resonate most profoundly within a given social environment. Contrary to the notion that the business of business is profit, which legitimates codes of conduct linked strictly to a task environment, the business of business is to create wealth through effective strategies and efficiencies within a given social environment. This requires rethinking how sticky ethics play a role in motivation and loyalty that can increase the bottom line.

Habermas (1981) casts the workplace as a "systems" world of instrumental logic and general task environment – getting things done. In contrast, he places everyday existence in the "lifeworld." Further, he argues that the system world attempts to colonize the value system of the lifeworld, which is problematic:

> *The colonisation of the lifeworld results in several dysfunctions that are all too evident in modern-day professional life. At the workplace this can manifest itself through a general sense of alienation from organization, and a lack of shared meaning of its purpose and goals* (Kailash, 2013).

Citing the Conference Board, Crowley (2013) estimates that over half of the U.S. population now hate their jobs, with the lack of employee engagement costing at least $300 billion in one year alone.

> *The devaluation of lifeworld properties is perverse because the instrumental rationality of the system depends on the communicative rationality of the lifeworld, even though it appears to function independently of lifeworld understandings and competences. At the very least, the system depends upon human beings who are capable of communicating effectively and who are not manipulated and demoralized to the point of being incapable of cooperation and productivity* (Alvesson and Wilmott, 2004, as cited by Kailash, 2013).

The foregoing supports the thesis that much workplace dysfunction occurs because of discontinuity between ethical codes of understanding and meaning *vis a vis* value systems in the workplace. Britt (2003) argues that "research consistently shows that even the most committed employees will rapidly become demotivated if they cease to find their work meaningful or they can't succeed at it." He further argues that the most engaged employees will be among the first to articulate such frustration and leave. "The ones who stay behind may well be the ones who just don't care (Britt, 2003)." On an optimistic note, the way out of this dilemma is to do what the organizations discussed in this paper have done – seek out shared corporate values, conscious capitalism, etc., so that sticky ethics are captured in the reality of the workplace and recognized in the marketplace as making significant contributions.

Discussion and Summary

In this paper, I have tried to connect the various strands of research to a general framework of understanding. First, it is clear that stakeholders, including investors, employees, and consumers, play a major role in embracing or shunning any given form of corporate responsibility. This is true because the social location of any given business entity brings its own set of sticky ethics. The decision to contribute to education, for example, would find better reception in a high-tech company than a fast-food joint. This is true also because of scale – a decision to contribute to a new small-town library would net greater economic benefits to a family-owned restaurant in that town than it would to a larger national corporation. Finally, it is true because ethics differ across spatial boundaries – a decision to support the taking down of a Confederate flag would garner praise in, say, Portland, Oregon, but rebuttal in Greenville County, South Carolina. Regardless of the intent behind corporate responsibility, stakeholders will interpret the action through their own value lenses. Second, sticky ethics operate on the basis of situation elasticity and ethical demand. The more consistently the organization applies corporate responsibility initiatives across critical value spectrums of its market environment, the more integrated it is to the value systems of society. If done right, this can lead to win-win. Finally, the key to positive reception of social responsibility is to identify and target ethical codes that are significantly meaningful and valuable to stakeholders, employee, and target markets of the organization under consideration.

Given the enormity of ethical codes surrounding the organization, docility is needed to gather reliable and trustworthy intelligence on sources of value meaning within given environments. For example, Secret, an app that allows users to post anonymously, was able to garner a valuation of $100 million from investors in a 16-month period (Isaac, 2015). The company's vision was "to create a world flowing with authenticity. Being more open with each other brings us closer together, builds understanding and ultimately makes the world a better place (Isaac, 2015)." Unfortunately, the company was forced to shut down and investor money returned after the app turned out to be "a playground for anonymous cyberbullies to take potshots at others," with a Brazilian court ordering Apple and Google to remove the app over concerns about cyberbullying. In short, merely voicing a message of social responsibility does not make it so. Stakeholders, including consumers, have the final say as to whether or not any corporate initiative will be successful. Docility is key to the formation of successful corporate responsible efforts.

Two caveats need to be presented. First, it bears repeating that ethical elasticity varies across societal groups. A drug lord is perceived as a criminal in countries that bear witness to the destructive side of illegal drugs; the same individual may be regarded as a savior in the host country because he contributes to things that are seen as beneficial in their environment. Wal-Mart may be regarded as a great company by shoppers; workers may focus more keenly on perceived lack of integrity in their labor practices. The final outcome is contingent upon which value system is stickier for a given situation. Which value system has more ethical demand?

The second caveat is tied to the levels of analysis presented earlier. While innovation is critical to reconsidering ways in which social responsibility can be wedded to other dynamics of an organization, and while innovative ways of incorporating corporate responsibility with other critical task elements of production may find more expediency in smaller organizations, it remains true that larger corporations have greater capacity to form their own social standards of acceptability. This is so because much political and social power is needed to realize change at the functional level of society. Take, for example, the argument that higher wages would net much beneficence in society. Many smaller companies are introducing higher wages; however, it would take a massive structural effort to introduce higher wages as law, at the functional level. Predictably, the value systems surrounding free market dynamics would compete with those emanating from other parts of the life world.

For academics, the metamorphic nature of the values that are connected to "corporate responsibility" makes empirical study of the phenomenon difficult. Success of any given corporate responsibility effort rests on the shoulders of its beholders or recipients. Innovative ways of capturing the true nature of corporate responsibility are being put forth, such as Porter et al.'s notion of "shared corporate values" and Cheretis and Mujtaba's "conscious capitalism." Both efforts emphasize reconnecting the value systems of the workforce and consumer market to the task environment of the organization. These and other efforts also return us to the classical win-win spirit of capitalism as introduced by Ayn Rand, Adam Smith, and other early proponents of capitalism. Above all, these new efforts in the study of corporate responsibility recognize that capitalism and wealth creation are intricately connected to broader communicative spectrums of modern societies.

Dr. Torres, who specializes in organizational theory, entrepreneurship, and small business growth, has edited five books and published articles in several journals. He also has consulted in crisis management for the Chicago Police Dept., the Illinois Dept. of Transportation, and the United Farm Workers of America, among others.

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Volume 80 Number 3 Summer 2015