

A typology of institutional frameworks supporting corporate sustainability

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Abstract

According to Dr. Clare Graves, mankind has developed eight core value systems¹, as responses to prevailing circumstances. This phase wise orientation to (environmental) contexts and value systems suggests that a one-solution-fits-all concept of corporate sustainability is not adequate. This chapter introduces an integral business framework – a sequence of ideal type organizations - each characterized by specific institutional arrangements – supporting and enabling particular sets of sustainability efforts aligning organizational development phases. Each phase presents a specific definition and manifestation of sustainability, linked to particular (societal) circumstances and related value systems.

§ 1. Introduction Corporate Sustainability and Corporate (Social) Responsibility

1.1 Various notions

An intensive debate has been taking place among academics, consultants and corporate executives resulting in many definitions of a more humane, more ethical and a more transparent way of doing business. They have created, supported or criticized related concepts such as sustainable development², corporate citizenship³, corporate sustainability (CS), sustainable entrepreneurship, Triple Bottom Line⁴, business ethics⁵, and corporate social responsibility⁶ (CSR).

The latter term particularly has been thoroughly discussed (Göbbels, 2002b) resulting in a wide array of concepts, definitions and also lots of critique. It has put business executives in an awkward situation, especially those who are beginning to take up their responsibility towards society and its stakeholders, leaving them with more questions than answers.

1.2. A historical perspective

Past eras have shown acts of charity, fairness and stewardship, such as the medieval chivalry and Scholastic view on pricing, the aristocracy's *noblesse oblige*, the early 20th century paternalistic industrialists and the contemporary ways of corporate (and private) sponsoring of arts, sports, neighbourhood developments, etcetera.

¹ The term "value system" in this article encompasses a consistent system of values, beliefs and corresponding behaviour. Alternative terms could be "world model" or "levels of existence"; the latter term was used by professor Clare W. Graves.

² World Commission on Environment and Development's (Our Common Future, Brundland-1987): Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

³ Marsden and Andriof (2001) define good corporate citizenship as "understanding and managing a company's wider influences on society for the benefit of the company and society as a whole"

⁴ Elkington (1997): 'Triple Bottom Line' or 'People, Planet, Profit', refers to a situation where companies harmonize their efforts in order to be economically viable, environmentally sound and socially responsible.

⁵ Kilcullen & Ohles Kooistra (1999): business ethics is "the degree of moral obligation that may be ascribed to corporations beyond simple obedience to the laws of the state" (p. 158).

⁶ EU-Communication July 2002: "CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis."

In academic literature, various authors⁷ have referred to a sequence of three approaches, each including and transcending one other, showing past responses to the question to whom an organization has a responsibility.

According to the *shareholder approach*, regarded by Quazi and O'Brien (2000) as the classical view on CSR, "the social responsibility of business is to increase its profits" (Friedman, 1962). The shareholder, in pursuit of profit maximization, is the focal point of the company and socially responsible activities don't belong to the domain of organizations but are a major task of governments. This approach can also be interpreted as business enterprises being concerned with CSR "only to the extent that it contributes to the aim of business, which is the creation of long-term value for the owners of the business" (Foley, 2000).

The *stakeholder approach* indicates that organizations are not only accountable to its shareholders but should also balance a multiplicity of stakeholders interests that can affect or are affected by the achievement of an organization's objectives. (Freeman, 1984)

According to the *societal approach*⁸, regarded as the broader view on CSR (and not necessarily the contemporary view), companies are responsible to society as a whole, of which they are an integral part. They operate by public consent (licence to operate) in order to "serve constructively the needs of society - to the satisfaction of society"⁹.

The philanthropic approaches might be the roots of CSR, but the different approaches to corporate responsibility clearly show that CSR is a new and distinct phenomenon. Its societal approach especially appears to be a (strategic) response to changing circumstances and new corporate challenges that had not previously occurred. It requires organizations to fundamentally rethink their position and act in terms of the complex societal context of which they are a part. This is a new perspective.

In *Concepts and Definitions on CSR and Corporate Sustainability*, Van Marrewijk (2003a) supports this view as he introduced a philosophical distinction discussed by among others Ken Wilber (1995). "These are the Principle of Self-determination (or agency, self-preservation) and the Principle of Communion. In combination, the two principles allow each entity, individual or group to act according to its awareness, capabilities and best understanding of its situation, provided it does not conflict with current regulations or interfere with the freedom of others to act in obtaining a similar objective. The right to be, the right to define its role within a given situation – the manifestation of agency or autonomy – is balanced by the moral obligation to be accountable for its impact on the environment. It is communion that stops freedom when it interferes with the freedom of others. Being an entity among other entities, obliges one to adapt to the environment, adjust it self to changing circumstances and be accountable for one's impact on others."

When a chosen role and corresponding awareness appear not to be adequate responses to current circumstances, the system, other related entities in this situation, will influence the subject and try to correct and, as an ultimate response, bring the existence of the subject into jeopardy and oblivion.

1.3. CSR and CS as two sides of a coin

Keijzers (2002) have indicated that the notions of CSR and CS have shown separate paths, which recently have grown into convergence. In the past sustainability related to the environment only and CSR referred to social aspects, such as human rights. Nowadays many consider CS and CSR as synonyms. I would recommend to keep a small but essential distinction: Associate CSR with the communion aspect of people and organisations and CS with the agency principle. Therefore CSR relates to phenomena such as transparency, stakeholder dialogue and sustainability reporting, while

7 See e.g. Göbbels (2002), Van Marrewijk (2001), Quazi & O'Brien (2000), Freeman (1984)

8 With early contributions of McGuire (1963), Goodpaster & Matthews (1982) and Committee for Economic Development - CED (1971), but also van Marrewijk (2001) and Göbbels (2002)

9 Committee for Economic Development - CED (1971: 16)

CS focuses on value creation, environmental management, environmental friendly production systems, human capital management and so forth.

In general, both corporate sustainability and CSR refer to company activities - voluntary by definition - demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders. This is the broad - some would say 'vague' – definition of corporate sustainability and corporate responsibility.

1.4. European Corporate Sustainability Framework (ECSF)

In 2001 Van Marrewijk initiated an international research project assigned by the European Commission to develop a multi level framework of CS/CSR. Instead of a 'one solution fits all' definition for CSR and CS he tried to develop a sequence of specific definitions aligning the development, awareness and ambition levels of organizations. These definitions were the following (van Marrewijk 2003ab):

1. *Pre-CS/CSR (Red)*: At this level there is basically no ambition for CS/CSR. However, some steps labelled as CS/CRS might be initiated when forced from the outside (e.g. through legislation or a buyers strike). Close monitoring and constant reinforcement will be required.
2. *Compliance-driven CS/CSR (Blue)*: CS/CSR at this level consists of providing welfare to society, within the limits of regulations from the rightful authorities. In addition, organizations might respond to charity and stewardship considerations. The motivation for CS is that CS is perceived as a duty and obligation, or correct behaviour.
3. *Profit-driven CS/CSR (Orange)*: CS/CSR at this level consists of the integration of social, ethical and ecological aspects into business operations and decision-making, provided it contributes to the financial bottom line. The motivation for CS/CSR is a business case: CS/CSR is promoted if profitable, for example because of an improved reputation in various markets (customers / employees / shareholders).
4. *Care-driven CS/CSR (Green)*: CS/CSR consists of balancing economic, social and ecological concerns, which are all three important in themselves. CS/CSR initiatives go beyond legal compliance and beyond profit considerations. The motivation for CS/CSR is that human potential, social responsibility and care for the planet are as such important.
5. *Synergy-driven CS/CSR (Yellow)*: CS/CSR consists of a search for well-balanced, functional solutions creating value in the economic, social and ecological realms of corporate performance, in a synergistic, win-together approach with all relevant stakeholders. The motivation for CS/CSR is that sustainability is important in itself, especially because it is recognised as being the inevitable direction progress takes.
6. *Holistic-driven CS/CSR (Turquoise)*: CS/CSR is fully integrated and embedded in every aspect of the organization, aimed at contributing to the quality and continuation of life of every being and entity, now and in the future. The motivation for CS/CSR is that sustainability is the only alternative since all beings and phenomena are mutually interdependent. Each person or organization therefore has a universal responsibility towards all other beings.

The agency-principle defined above allows each and everyone to respond to outside challenges in accordance to its own awareness and abilities. Any organization has the right to choose a position from 1 to 6. However not all these positions are equally adequate responses to perceived challenges offered in the environment. The principle of self-determination is balanced by the principle of communion: entities are part of a larger whole and thus ought to adapt it self to changes in its environment and respond to corrective actions from its stakeholders.

The right to be and the capacity to create added value equals the duty to be responsible for its impact and to adjust itself to changes in its environment. Without conforming to this principle, organizations ultimately risk extinction.

A differentiated set of CS/CSR definitions implies that there is no such thing as *the* features of corporate sustainability or CSR. Each level practically manifests specific CS and CSR activities, manifesting the corresponding intrinsic motivations. In other words, the various CSR and CS activities can be structured into coherent institutional frameworks supporting a specific ambition of CS/CSR.

The coherent institutional frameworks supporting specific levels of CS/CSR, can be difficult thresholds preventing companies from adopting higher performance levels of corporate sustainability. This might explain why, according to worldwide research by Ernst & Young¹⁰ among 114 companies from the Global 1000, 73% confirmed that corporate sustainability is on the board's agenda; 94 % responded that a CS strategy might result in a better financial performance, but only 11 % is actually implementing it.

Objective and structure of this chapter

A differentiated set of CS definitions implies that there is no such thing as *the* features of corporate sustainability. Transparency, public disclosure, stakeholder engagement, waste management, societal approach to business, human capital, any CS/CSR activity or intervention can be implemented effectively only in supportive contexts and situations.

In this chapter the authors will further elaborate on the ECSF matrix, published earlier in the Journal of Business Ethics (Van Marrewijk 2003b). Paragraph 2 shortly introduces Graves' value systems model. Subsequently in paragraph 3 the ideal types are introduced, each showing a coherent set of ambitions, relating institutional structures and corresponding business practices, demonstrating different levels of corporate sustainability. The summary is included in the appendix.

In paragraph 4 Van Marrewijk presents the successor of ECSF's Transition Matrix, a more sophisticated integral management framework – coined the Cubrix – which support a further analyses of institutional arrangements in practice. This chapter includes a set of tools developed by ValueManagement with which one can measure value patterns.

§ 2. Value systems

2.1. Graves' value systems model

In the 1950s through 1970s Professor Clare W. Graves performed extensive empirical research regarding values and levels of existence (value systems). The focus of his research – *how does the mind process reality* – resulted in a overall framework for 'healthy adult behaviour' which he coined the "Emergent, Cyclical, Double-Helix Model of Adult BioPsychoSocial Systems Development". He rarely published his findings. In 1996, his successors, Don Beck and Chris

¹⁰ Press release at September 6, 2002: www.accountingweb.nl

Cowan¹¹, introduced Graves' Emerging Cyclical Level of Existence Theory – the shorter title of his model - as Spiral Dynamics.

Based on Graves' research they concluded that mankind has gradually developed eight core value systems so far. A value system is a way of conceptualizing reality and encompasses a consistent set of values, beliefs and corresponding behaviour and can be found in individual persons, as well as in companies and societies.

The development of value systems occurs in a fixed order. These are tagged as follows: Survival; Security; Energy & Power; Order; Success; Community, Synergy and Holistic life system. Each new value system includes and transcends the previous ones, thus forming a natural hierarchy (or holarchy).

In most occasions, A value system develops in reaction to specific environmental challenges and threats: the systems brighten or dim when life conditions (consisting of historic *Times*, geographic *Place*, existential *Problems* and societal *Circumstances*) change. Transformations, that is shifts of contexts, actually occurs when life conditions (LC) have build up a sufficient level of urgency among entities to leave behind their proven patterns of behaviour. Secondly, these entities must have a supportive mind capacity (MC) to be able to match the new challenges life conditions offer and generate new adequate behaviour and subsequent institutional arrangements.

It is all about balancing MC and LC. Psychologically, people might not be able to match changes in the environment, so they remain 'arrested' towards future needs or even 'closed' to less complex value systems that – naturally - should have been included in their repertoire.

Entities such as people and organisations will eventually have to meet the challenges their situation provides or risk the danger of oblivion or even extinction. If for instance societal circumstances change, inviting corporations to respond and consequently reconsider their role within society, it implies that corporations have to re-align their value systems and all their business institutions (such as mission, vision, policy deployment, decision-making, reporting, corporate affairs, etcetera) to these new circumstances.

The quest to create an adequate response to specific life conditions results in a wide variety of survival strategies, each founded on a specific set of value assumptions and demonstrated in related institutions and behaviour.

Out of the eight core Gravesian value systems, we are only taking the six most recent ones as these are most relevant in the context of corporate sustainability. The same colour codes as introduced by Beck and Cowan (1996) are used to label the value systems, respectively red, blue, orange, green, yellow and turquoise. In table 1 a short description of each value system is given, in relation to the (perceptions of) the environment (life conditions) which induce the value system.

VALUE CHART	Tabel 1: Development of human and organizational value systems (van Marrewijk, 2003b)					
Main Themes – Labels	Energy & Power (Red)	Order (Blue)	Success (Orange)	Community (Green)	Synergy (Yellow)	Holistic life system (Turquoise)
Environment: Life Conditions	Limitless challenges about boundaries of the territory and to be dominant over self and others within the territory.	Ordered relationships requiring legitimization in order to ensure stability and security for the future	Many viable alternatives for progress, prosperity and material gain since change is the nature of things	The gap between people and their (material) possibilities has become disproportionately large	Complex problems that cannot be solved within the current systems as awareness of broad interconnections grows.	The consequences of human actions threaten the planet's living systems and demand coordinated effort.
Life force	Conquering Domination	Belief	Achievement Changeability	Belonging	Understanding	Interconnections

¹¹ See for a detailed description of the Graves model Beck, D. & Cowan, C. *Spiral Dynamics* (1996), Blackwell Publishers.

Main Focus	Individual/self	Group/collective	Individual/self	Group/collective	Individual/self	Group/collective
Thinking system: Mind capacity	egocentric / cunning	Absolutistic / linear (consequential)	Multiplistic / calculating	Sociocentric / affiliative	Systemic / existential	Holistic / experimental
Typical values	Courage, vitality, strength, respect, personal power, rivalry, territorial, intimidation, hedonism, loyalty to persons	Clarity, discipline, one truth, loyalty, duty, guilt, justice, conformity, obedience, orderliness, quality, craftsmanship	Results, reward, entrepreneurial, image, career advancement, productivity, guts, creativity, control, satisfaction	Consensus, conflict avoidance, teamwork, equality, participation, honesty and openness, being a decent person, harmony	Insight, integrity, learning, long-term orientation, ability to reflect, flexibility, tolerance for uncertainty and paradoxes	Inspiration, interdependence, future generations, ability to forgive, wisdom, sufficiency, responsible living

§3. Organisation Types

3.1. Thinking systems

It is absolutely essential to understand that Gravesian value systems are distinguishing types of thinking *in* people and not types *of* people. It is about the intentions and awareness of people and their thinking systems that are active to match the issue at hand. A person is not Blue. No, a blue way of thinking is dominant within this person.

When the coping possibilities a value system offers are no longer sufficient to provide an appropriate response to the existing circumstances, there is an incentive to move on to the next value system. The awareness that a current pattern of behaviour or a certain institution is no longer adequate to tackle a problem can propel a change in the perception of reality. Increasing complexity requires more complexity of the value systems in coping with the situation. More complex value systems allow more degrees of freedom to act in accordance with the environment.

The question is often posed: “Is a more complex value system better than a basic one? In general, the answer is no. When the life conditions are adequately dealt with in less complex value system there is no need to aim for a higher value system. However, in highly complex environments, Yellow can provide a more adequate response to outside challenges than Blue because it offers more degrees of freedom to act appropriately under varied circumstances. The real issue therefore is ‘adequateness’, the ability to provide a balance between Life Conditions and Mind Capacity.

The gradual move to a new value system facilitates new patterns of behaviour and the creation of new institutions in line with the emerging value system. In other words, challenged by changing circumstances and provoked by new opportunities, individuals, organizations and societies develop adequate solutions, creating synergy and adding value at a higher level of complexity. Since instability increases at higher complexity levels, entities can shift to lower levels if circumstances turn unfavourable or if competences fail to meet the required specifications. Charles Darwin once concluded: “It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change”.

When one studies particular expressions (e.g. certain behaviour) within an organisation one should not deduct automatically that the related value system is functioning. Since a particular value system includes and transcends previous ones, a basic expression can be found in all contexts. For example rules and regulations will be found in every organization, not only in organizations with a dominant Blue value system. The key question when certain behaviour is displayed is: “Why is it important for you to do this?” In the example of rules and regulations, in the case of a Blue value system, the answer to this question could be: “Because rules provide me with the desired order and stability; rules are important by themselves and must be followed”. In an Orange value system the answer might be: “Because the rules we use ensure smooth functioning and lead to success and high profit; rules can be followed as long as they help us in achieving our goals (and can be bent when not)”.

In presenting ideal type organisations we will focus on the institutional structures and arrangements of four core value systems, for which we use the colour codes, introduced by Christopher Cowan, the co-author of Spiral Dynamics. The selected systems are Order, Success, Community and Synergy, i.e. blue, orange, green and yellow. The transition zones between core value systems are also not included in the analyses. Each context is introduced by the underlying value system, its dominant worldview and related, often psychological explanations, which brings forth supporting institutional arrangements and structures.

3.2. Compliance-driven, based on Order (Absolute Order – Blue)

Introduction of the value system

Before mankind experienced Order, it was able to function at three previous levels of existence characterized by the Survival, Security (bonding order) and 'Energy & Power (powerful self). Historically, loose tribes evolved to clans, seeking refuge in kinships, rituals, holy ancestors and mystical nature. The value system supporting Security can also be observed in the mother and child relationship, in feelings of pride and belonging and in the identity of organizations. Its colour code is Purple.

Freeing themselves from kinships and family ties, people gradually experienced ways of expressing themselves guiltlessly and selfishly, so as to find immediate pleasure and avoid shame in a world of domination, threats and ego. Power & Energy - indicated with Red - can be easily recognized in feudal states, in perseverance when the going gets tough and in negative manifestations such as in traffic (road rage), hooliganism and 'party animals'. Red lacks the capacity for long term sequential thinking. They feel no guilt, only the need to gratify impulses and senses immediately. Individual persons tend to manifest these energies especially when they are young (set limits and they will test it!) or in adverse times (CEOs, admirals). These manifestations relate to an environment with limited possibilities, with a shortage of sources, provoking entities to fight in order to gain control and get their share.

When people learn to transcend the self, experience consequential thinking, they are able to live up to 'higher ideals', find pride and fulfilment in their work and accept sacrifices now so as to obtain rewards later. New values emerged that matched a quest for order, meaning and purpose. History have shown empires transcending the feudal states. Christianity, communism, armies and bureaucracies represented absolute order, providing a master plan that puts people in their proper places. Impulses are controlled through discipline, guilt and punishments. The rightful authorities seek order and stability and succeed in making their people believe to sacrifice their selves for future rewards.

People 'with a lot of blue' live by the book. They try to comply with the laws, regulations, procedures and agenda's that structure their lives. Life is relatively simple: for each problem there is a proven practice and a guidebook to help them solving it, step by step.

Organizational features associated with Order

Organizations grounded in Order have a clear purpose, often explicitly or implicitly founded on principles, which often find their background in history and religion. Organization-wide there is a strong sense of moral duty.

These organizations are structured in strict bureaucracies, with the status of each individual linked to its position in the hierarchy. The archetype leadership style is 'manager': formulating top-down planning schemes and policy deployment, determining control systems and budgets and designing and maintaining procedures and a clear division of tasks.

Taylorism is an approach typically linked to Order. His principles of standardization, specialization, maximization, concentration and centralization are typical features according to which business is run. Furthermore, the Deming's Quality Circle and other traditional quality tools as well as

optimisation techniques and resource allocation are applied in order to economize on costs and expenditures.

Focusing on the various departments within an organization, one can observe that the production system is based on internal priorities and mainly technology-oriented in order to create economies of scale and vertical integration. They often dominate or try to include the supply chain within the hierarchy. Innovations are often of incremental nature and mainly apply to product development.

The people department is mainly an administrative unit, while the employees fulfil their tasks provided by line managers. Corporate behaviour can often be characterized as authoritarian and custodial¹². The market strategy is primarily a supply push approach, charging consumers a price based on integral costs plus a justifiable margin.

It is a goal oriented system, with a focus on assigned tasks, not on persons.

Success in Order is measured in terms of material wealth. The traditional scorecard format, relating to Order, is the annual financial report organizations have to show to Tax Authorities, the Chamber of Commerce or the Stock Exchange, in case the organization is publicly listed. The format is determined by law and carefully described by accountancy boards, such as the ACCA.

Organizations in Order expect governments to provide clear legislation and subsequent enforcement, which is effective and visible (law and order). Business' role in society is more or less independent and social welfare is the exclusive responsibility of the state.

The 'license to operate' is applicable to organizations who are compliance-driven, thus matching Order.

Certain things are best done in the 'blue way', such as maintenance, bookkeeping, chemistry, refineries, energy production and transport. The banking system and court's practices, the judge and jury, are all embedded in Absolute Order. Also private companies rely on a basic blue fundament: "a deal is a deal". Contracts are important ways to conclude arrangements between people and organizations.

Furthermore, many public services flourish within a hierarchical environment, but fail once these services are privatized and left to compete within a market environment.

With too much emphasis on linear thinking and values such as discipline, one truth, loyalty, duty, guilt, conformity, justice, obedience and orderliness the blue way attracts adverse effects such as:

- Limited problem solving capacity and reluctant creativity;
- Suffocating rules and procedures for employees and customers;
- Planning and regulation is more important than the objective;
- One truth, one right way, always categorical.

These omissions created the seeds for a new value system to emerge. It awaited the right circumstances to change paradigms once more. Instead of being what you are meant to be, more and more people longed to be who they could become.

3.3. Profit-driven based on Success & Entrepreneurship (The Enterprising Self – Orange)

Introduction of the Value System

In a world with plenty of viable alternatives for progress, prosperity and material gain, people and organizations with a sufficient level of Orange realize that change is in the nature of things and (personal) success within reach of anyone with talents and guts. When you are born a 'dime' the 'Enterprising Self' knows how to grow into something larger and gain control over its destiny.

¹² Davis (1967): Authoritarian refers to the authority of the CEO (or minister), and the custodial (paternalistic) on the organization as a whole securing the (basic) needs of the employees.

Success is the new name of the game in an environment offering plenty opportunities to compete, win and make things better and better.

In Success multiplistic thinking evolved offering many options and choices. In Order, people compared to the standard, but here they benchmark themselves against competition and the number one. People with a lot of Orange recognize change is the nature of things, creating new niches and introducing new technologies, enhancing life for many.

They work hard - preferably make others work hard for them - and risk time and money (not their life, as in Red) to achieve prosperity and material gain. They seek out the 'good life' and abundance, rather than rewards Hereafter. The expression 'keep up with the Joneses' is typically Orange. Both people and organizations act in a calculated way while striving for autonomy and independence, seeking for progress and success with the best solutions. If they are allowed to, they try to master nature and exploit its resources.

Organizational features associated with Success and Entrepreneurship

Organizations with a dominant level of Orange make use of an active hierarchy, with informal and pragmatic lines of communication. The matrix and business unit structure are Orange varieties to open up and loosen the hierarchies, while maintaining a firm grip on business processes.

Through typically Orange values such as image, productivity, creativity, career advancement, entrepreneurship and control companies are result-oriented through (gradual and continuous) improvement, stimulating a desire to compete and to become better.

The archetype role of leaders is the Entrepreneur: discovering niches as opportunities for success, putting together new 'combinations', creating the necessary means and enjoying the fruit of their labour. Burton Klein's *'Happy Warrior'* and Schumpeter's "*perennial gale of creative destruction*" are classic illustrations of the entrepreneurial drive behind capitalism.

Success in this context is primarily measured in terms of money and commercial assets. Organisations, having already established a sound – Blue – production system tend to focus on marketing efforts in trying to gain market share. Related practices such as communication, and advertising are also important activities in Success, with often pretending and 'make believe' as its underlying intentions. 'Window dressing' is invented in Orange!

Organizations engage with suppliers in a market environment, with contracts primarily based on prices and secondly, on specific quality requirements. Product development takes place, especially diversification, moreover Orange gained the competences to enhance process innovations and apply them in the context of quality management.

Human Resource Management treats employees as full time equivalents, as resources, and as costs, carefully selecting where each employee fits best. Employee satisfaction is the crucial standard for HR-performance measurement. HR managers might support its employees with bonuses, various benefits, training facilities and alike, when they are convinced it will lead to higher revenues, lower (turnover) costs and corporate success. In the same way, CS/CSR is accepted only as an opportunity to gain success, significantly reduce risks or enhance reputation, image, prestige and personal esteem. Thus, companies tend to embrace CS/CSR, the moment CS/CSR activities are supported with business case evidence.

A commonly applied measuring format, typically matching Success and Entrepreneurship, is the Business Balanced Scorecard, introduced by Kaplan & Norton. Its anchor point remains the financial position of the organization, but it also identifies three contributory elements: customers, people & processes and corporate learning

Organizations expect governments to abstain from over-regulating their markets, as these are jeopardizing their profits and interfere with their sense of freedom. Governments should create and maintain 'level playing fields' and allowing companies a 'license to grow'. According to Orange

norms, the voluntary character of corporate sustainability and responsibility particularly must never be violated.

Activities best done in Success are entrepreneurship and marketing, sales and promotion activities in order to boost the commercial capacity of the organization.

People with a lot of Orange tend to be pragmatic. This attitude gives rise to ethical issues since the end is more important than the means. With profits gained at the expense of the weaker, the Entrepreneurial system generates dropouts. Tending to elitism, Orange is inattentive to a fair distribution. With a hang to quantity and profits instead of quality and durability, Success creates 'consumerism' and a huge waste stream. Moreover striving for success often becomes compulsive, leaving orangists no time to enjoy their fruits.

The success of the entrepreneurial way gave rise to a new value system, shortly introduced in the next section.

3.4. Care-driven, based on Community (The Egalitarian Order – Green)

Introduction of the Value System

The Purple reciprocity and Orange accumulation of material wealth paved the way for Green redistribution of society's resources among all. The self is once more being sacrificed, but this time in a world where love and belonging are paramount, where everything is relative and 'truth' is a matter of context and the group's needs. Community liberates humans from dogma and greed, promoting a sense of community and unity. Solidarity is felt with the weaker and dropouts, victims of a system exploiting resources and causing an unequal distribution of material wealth.

People and organizations with a lot of Community-sense try to explore the inner beings of themselves or others. They refresh spirituality and seek to bring New Harmony. Generally Community is anti-dogmatic, and since everyone is unique, anti-labelling and anti-hierarchy, but highly tolerant.

Organizational features associated with Community

In Community, the process of organizing has become an end in itself. Not the organization as such matter that much, but a group of people engaged in a process of organizing. It implies the involvement of all others, within and outside the organization. Community values support competences enhancing the ability to involve everyone (engagement) and listen carefully (dialogue). In Community one tend to recognize the human being 'behind' the employee and the customer. As Peter Drucker already noticed in 1952 'when hiring a worker, one gets a whole man': along with the muscles and brainpower comes the emotional and spiritual dimensions. These capacities allow persons to better understand one other, to create a two-way flow of information, turning conversations into dialogues. Teamwork improves, as people are better able to work together.

Persons and organizations with a lot of Green are convinced that individual achievements alone are not sufficient to adequately confront the challenges Community Organizations are facing. In Community one believes that cooperation beats competition: 'together we stand strong'. Fairness is a highly regarded value, both in the supply chain, especially when suppliers come from emerging economies, and in the pricing policy towards customers.

Success organizations mainly exploit their own resources and existing competences in trying to become better and better, while Community organizations learn to collaborate first internally and secondly by engaging with outside stakeholders. Examples for increasing internal coherence are quality orientations shifting from process to organization-wide, a people-driven philosophy and significantly improving workplace culture and practices. The newly acquired skills in dialogues and teamwork, support the engagement with outside stakeholders such as customers, suppliers, and

neighbourhood representatives. The engagement primarily commences as a consequence of corporate responsibility, expressing that the organization is accountable for its impact on others. By effectively working together with internal and external stakeholders, thus tapping into their competences and capacities, organizations find new opportunities to boost their performance. This time with respect to the triple bottom line: people, planet and profits.

The archetype leadership style in Community is ‘coaching’ – the servant leader. The servant leader, a term coined by Robert Greenleaf, implies a state of being, not doing: the first and important choice a leader can make is the choice to serve, without which one’s capacity to lead is profoundly limited (Jaworski, 1996: xv). Hierarchies are replaced by supportive structures. A typical expression is: “We take care of the people, the people take care of the business.”

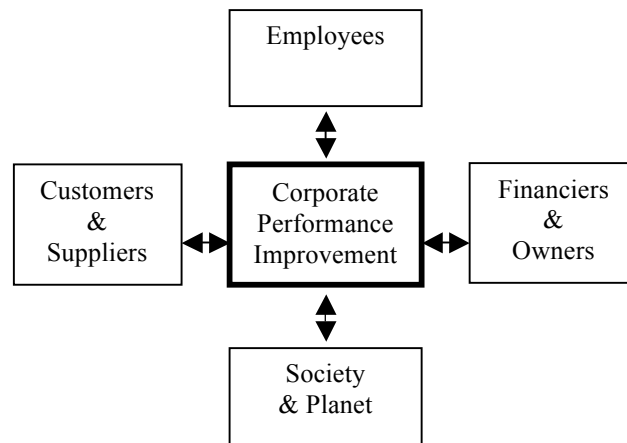
Instead of providing solutions, managers should allow the group to create the answers. With typical values such as consensus, conflict avoidance, teamwork, equality, participation, honesty, openness, being a decent person and harmony, decision making in the context of Community is an - often time consuming - group process. Once the decision is reached, the buy-in is guaranteed and implementation can be done quickly. This type of consensus oriented decision-making implies that a new type of corporate governance structure has emerged, including a new role of management, a flat organization structure and shareholder value being balanced against the interest of other legitimate stakeholders.

In Community Organizations, the term Human Resources is no longer applicable to employees, and their satisfaction as indicator is surpassed by the level of trust which (ought to) exist between management and employees, between employees and among stakeholders such as customers, suppliers, shareholders and neighbours. Human Talent Management is more appropriate, indicating its emphasis on the development of individual employees and the recognition of employees being assets instead of costs.

The traditional focus on the material and commercial organisational competences are fading somewhat in favour for the socialization (Hardjono, 1996) among employees and other stakeholder groups: the ability to engage with people and uniting them in an attempt to achieve common goals. Previous organisation types were resource oriented, but organisations applying engagement and collaboration as key concepts in Community strategies are stakeholder oriented. Stakeholders have become co-makers and co-creators. Strategic partnerships are common and institutional arrangements on sector level emerge.

The bulk of management tools supports Order and Success. Community related tooling is still rare. The ECSF project created an innovative measurement format: the Responsive Business Scorecard. This format includes four stakeholder groups, each with an interactive relationship with a fifth entity, the organizations itself. See figure 1. The box in the middle – Corporate Performance Improvements – functions as an anchor point linking Community with Success, as much as Financiers and Owners linked the Balanced Business Scorecard with the Financial Report (Order). The word ‘responsive’ emphasize the Communion principle (van Marrewijk, 2003a) and represents its willingness to interact with stakeholders and be accountable for their actions and impact to others. The Responsive Business Scorecard emphasizes the relationships with the main stakeholder groups and the extent to which these outcomes contribute to the improvement of the corporate goals.

The relationships with the stakeholders can be managed by applying the old Deming learning cycle Plan – Do – Check – Adapt, or more appropriate to Community: Identify – Engage – Involve – Agree – Deliver – Learn & Apply.



Responsive Business Scorecard

Figure 1.

Trying to be a decent person, nice and loving, are highly regarded qualities in Community. Conflict avoidance, however, also have negative consequences. With criticism smothered by love and judgments made relative to the situation at hand, decision-making risk non-functional and abstract outcomes.

Using each other's qualities for mutual growth, Community is able to create good learning conditions. However, the aura of an expert is badly regarded in Green: consensus is more important than expertise and incompetence is not a reason to be laid off. With rising complexity levels, Community does no longer provide the ultimate solutions to the problems at hand. Furthermore, equality and consensus building may lead to pooling of ignorance.

Being confronted by chaos in a world at-risk, typical Community features such as the lack of leadership and expertise and the emotional and economic cost of caring are important arguments to develop new ways to cope with more complex challenges.

3.5. Synergy (The Integrating Self – Yellow)

Introduction of the Value System

Comprehension, understanding and synergy are the buzzwords of Synergy. A person and organization with a lot of yellow, express itself, but never at the expense of others or the earth, so that all life may continue in the most natural, sustainable, and fitting ways. They recognize the inevitability of nature's flows. They understand that the complexity of today's world cannot be solved within the current systems, as their awareness of broad interconnections grows.

Synergy can find its way in a mix of conflicting "truths", for it is able to see more colours and uses more senses at the same time. By focusing on functionality and applying competencies to get buy-in from others, Synergy is able to create win-win options, seeking self-interest without doing harm to others and nature.

In discussing ideas, persons with a lot of yellow do not get personalized. They will not say: "These people can't cook", but "This food is not of good taste". Furthermore, in Yellow there is room for authenticity, since internal motivations matter a lot. Existentialism is strong.

Organizational features associated with Synergy

In order to meet its drive - to be, to learn and to discover - persons with a lot of Synergy function best in a network with a strong sense of direction: Yellow demands flexibility and open systems. Values such as insight, long-term orientation, ability to reflect and tolerance for uncertainty and

paradoxes support the drive for self-development and boost people's ability to learn and apply knowledge. They are able to learn from any source. With a mind that quickly wanders, they have difficulty in maintaining focus.

Larger organizational entities transforming - or breaking up - into network structures, demonstrate the drive behind Synergy. The Hollywood movie scene is a good example of a once highly successful oligopoly which broke up in numerous small professional clusters, who work together in a network for the duration of a project. Not far from Hollywood, in Silicon Valley, one can witness a network structure that emerged bottom up, independent professionals clustering into networks, creating the necessary competences to meet the challenges facing Synergy.

The archetype activity in Synergy is the 'Emergence Leader', who is both 'visionary' and able to link the various qualities into one effective and coherent approach. The leadership style dominated by Synergy causes breakthroughs, supports transitions, directing its organisation into new innovative ways that alter business. Jim Collins' (2001) 'Good to Great'- concept of level 5 leadership fully coincides.

Real leadership is no longer confined to what people *do*, but grounded in who people *are*. An authentic choice *to serve life* increases one's capacity to lead by allowing life to unfold through you. The hierarchy between the leader and the led remains healthy: leadership is never dominating or abusing raw power. The leadership potential can be developed in everyone. It implies identifying the personal responsibility and the alignment between one's personality and ambitions with one's role within the network. Therefore, essentially, leadership is about learning how to shape the future (Senge, Jaworski, 1996).

The basic guiding principle between people and their organization is the alignment between collective and individual needs and motives. Alignment also takes place between the various entities within the network, including the stakeholders. Corporate behaviour associated with this context can be characterized as 'motivational' (Timmers, 2003). Managers support their employees, often professionals, in order to bring them into the flow, accomplishing both their own as well as their organization's objectives and creating a feeling of self-actualization.

Employees accept career advancements only when they feel they are competent and when it is a nice job. Typical negative manifestations of synergy-driven people and organizations are the lack of commitment to organization and colleagues. They might appear aloof and uninterested or operate as loners. When they do not get enough interesting work they will abandon their position. Furthermore they are intolerant to rigidity and demands open access to information.

§ 4. The Cubrix: an integral model for diagnosing performance improvement and organisation development

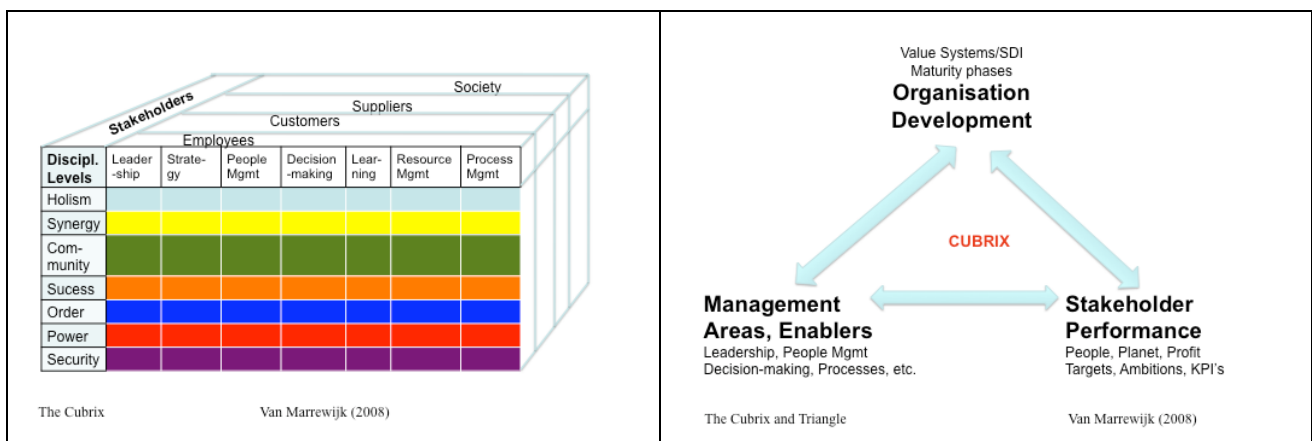
4.1. From Transition Matrix to the Cubrix

Van Marrewijk and Werre (van Marrewijk 2003b) introduced the so-called Transition Matrix, an overview of corporate manifestations per discipline and paradigm. It summarizes the content of the ideal type organisations presented above. Kindly refer to the appendix for an updated version. Having established a new research institute Van Marrewijk elaborated the Transition Matrix, into an integral, multi-level, multi-disciplinary and multi-stakeholder management framework, that supports the various research tools 'Research to Improve' is offering. This conceptual framework is coined, the Cubrix. It is based on a phase-wise development approach as described by Clare Graves' Levels of Existence Theory, Ken Wilber's Four Quadrant Theory and the author's Global

Excellence Model, the GEM. The latter is a variety to the European Model for Business Excellence. The GEM includes seven enablers, core disciplines or management attention areas, instead five. These are

1. Leadership & Integrity
2. Strategy
3. Communication, Information & Decision/making
4. People Management
5. Learning & Innovation
6. Resource Management
7. Process Management

Especially # 3 and 5 are added as additional enablers. Each discipline is structured according to their paradigms or development phases. Most of Research to Improve's surveys, monitors, scans and assessments are structured by the basic concepts of the Cubrix. See figure 2, below:



The next paragraph will focus on a particular assessment method with which one can measure people's value profiles. This method has been developed by ValueManagement BV's founders Ed Peelen and Gert Bij.

4.2. Value Management

The Values Profile helps to analyse the value drivers of individuals, their teams and organisations. It unveils the hidden potential; it clarifies limiting conceptions and barriers to grow and contributes directly to the personal development of and cooperation between your employees.

The Values Profile is the core of three assessments based on prof. Clare W. Graves' Values System theory:

The Individual Values Profile gives an insight into a person's drive and dominant values. It reveals the depth behind employees' behaviour: their feelings, conceptions and thinking systems that caused their actual behaviour in their working environment.

The Team Values Profile shows the interaction between people and within the team and offers clear starting points for improvement of team efforts, based on employees' individuality.

The Organisation Values Profile gives an insight into the current culture and interaction between different parts of the organisation.

The dynamics between the three profiles largely determines an organisation's functioning. Actual action points for an effective development are offered through the Values Profile.

Values Profile Plus

The difference with the previous assessment is that employees answer both the current position as well as the espoused situation. The Values Profile Plus therefore gives you valuable insights into what actual items there are in your organisation (*ist*) and offers actual tools for further development (*soll*).

Attracting and Attaching is the theme in a labour market. What do you offer newly recruits? How do you retain your best people and how do you stimulate people to development themselves and offer their best efforts to the organisation?

Especially in the transition phase from regarding employees as expensive resources to collaborating with them as professionals, organisations feel a need to start an engagement with their employees, build up a dialogue and a culture of trust. This assessment, focussing on how to attract and attach employees, one need to understand the motives and personal values of these employees. What do people want to achieve and how can organisations support them?

The Attracting and Attaching Monitor gives an insight in employees' perceptions and up to what extend they feel fascinated or bound with the organisation. This gives an important input for the organisation in order to work with a focus on improvement of e.g. talent and competence development, work contents and atmosphere.

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