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Strategic Global Strategy: The Intersection of General Principles, Corporate Responsibility and Economic Value-Added

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ABSTRACT

An ongoing argument often made by business ethicists is that a singular preoccupation on profitability, will lead, in the long run, to disvalue for all the stakeholders and the communities it affects, and often (but alas not always), economic challenges for the company. On the other hand, we argue, a preoccupation with ethics and CSR as the primary aims of a for-profit company, it is, on its own, like a preoccupation with profitability, unsustainable. Indeed, without economic viability, a company will fail. Both of these contentions point to our conclusion that one must take care in

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changing habits and rethinking business models. We illustrate through case examples, that merely being ethical and socially responsible is insufficient for the long-term well-being of business just as a preoccupation with profits for their own sake also is insufficient. What is realistic, practical, pragmatic, sustainable and profitable for corporations, and what also serves the interests of multiple stakeholders including those in the communities they serve, is a true balance of ethics, CSR, and economic value-added. Expanding on the recent work of Husted and Allen (2011), we call this a strategic global strategy approach.

The theme at a recent international business conference was "Changing habits, rethinking business models." The conveners explained, "we want to explore the interrelationships between developing new, sustainable and ethical business models, and the changes in habits (values, mind-sets, and life-styles) required for such business models to succeed." In the description that followed, the conveners implied that what is at stake is changing corporate mind sets and business models to reflect more explicitly the ethical and corporate social responsibility (CSR) dimensions of business. In this article, we will defend a more nuanced analysis of the stake referred to above. We make two arguments. First, using Prahalad and Bettis's notion of "dominant logics" (Bettis and Prahalad 1995; Prahalad and Bettis 1986), we argue that changing corporate habits and the minds sets that ground them entails changing a corporate dominant logic underlying these habits. One viable methodology to achieve this end is to operationalize and engage in the process of moral imagination.

Second, we take issue with the implicit thesis prevalent in the literature suggesting social and economic values are dichotomous. An ongoing argument often made by most business ethicists is that a singular preoccupation on profitability without taking into account the context in which a company operates, its stakeholders, or a consideration in broad terms of social and environmental value added, will lead, in the long run, to devalue for all the stakeholders and the communities it affects, and often (but alas not always), economic challenges for the company. This perspective is exemplified by Weber's (1904) observation, "…capitalism is identical with the pursuit of profit, and forever *renewed* profit, by means of continuous, rational, capitalistic enterprise." In contrast, while we do not dispute the critical importance of ethics and CSR in commerce, we contend that these have become a preoccupation of academia, nongovernmental organizations, and international voluntary mandates such as the UN Global Compact, the Caux Principles, various other international sets of principles, most recently the UN Sustainable Development Goals for 2030, and various other mandates and codes of conduct for CSR. This preoccupation has led to a diminished focus on the importance of economic viability, albeit perhaps unintentionally. And, this theoretical entrenchment dichotomizing these perspectives has disrupted the ability of researchers to leverage this tension in positive ways (Clark et al. 2016).

Thus, we argue that when the preoccupation with CSR becomes the primary aim of a for-profit company, it is, on its own, like a preoccupation with profitability, unsustainable. Indeed, without economic viability, a company will fail. Both of these contentions point to our conclusion that one must take care in changing habits and rethinking business models. We illustrate through case examples, that merely being ethical and socially responsible is insufficient for the long-term well-being of business just as a preoccupation with profits for their own sake also is insufficient. What is realistic, practical, pragmatic, sustainable and profitable for corporations, and what also serves the interests of multiple stakeholders including those in the communities they serve, is a true balance of ethics, CSR, and economic value-added: corporate social strategies (CSS).

DOMINANT LOGIC

"[A] dominant logic is a mindset or a world view or a conceptualization of the business and the administrative tools to accomplish goals and make decisions in that business. It is stored as a shared cognitive map (or set of schemas) among the dominant coalition…as the way in which managers conceptualize the business and make critical resource allocation decisions—be it in technologies, product development, distribution, advertising, or in human resource management" (Prahalad and Bettis 1986, pp. 485, 490).

In contrast to a mindset, which may be held by an individual *or* a group, dominant logics, then, are socially constructed, organizational *shared* assumptions about how the world works, assumptions firms and managers hold and utilize in their decision-making processes. This cognitive orientation governs how and why decisions are made. A corporate dominant logic predisposes managers toward the strategic choices they make as they engage in problem-solving behavior. Ultimately, this orientation becomes an integral part of all of the firm's decision-making processes, including reward systems, promotion, and critical resource allocation decisions, sometimes reinforcing behaviors that may not be healthy or even ethical for an organization.

If a firm's dominant logic does not adequately represent its surroundings, then firm performance will be adversely affected. As an organization's operating environment grows more complex, increasingly competitive and volatile, its mental conceptions of reality must keep pace with these changes or the firm is at risk of serious impediments to future success. Prahalad and Bettis (1986) argue that the relative stability of a firm's operating environment will affect the ease of transition to a new dominant logic. But because a dominant logic is often deeply embedded in the organization so as to be almost invisible, "dominant logics tend to become rigid ideologies, reducing strategic adaptability and locking firms in existing business models…" (Fawcett and Waller 2012, p. 175).

Regardless of how beneficial a dominant logic may be initially, its usefulness often declines over time due to changes in the operating environment. "If the competitive environment is subject to rapid changes … the blinders of dominant logic make it hard to recognize new threats and opportunities"(Prahalad 2004, p. 172). Thus, a dominant logic can lead to habitual behavior that may be harmful to a company's long-term survival and well-being. Worse, "…the more successful organizations have been, the more difficult unlearning becomes" (Prahalad and Bettis 1986, p. 498). Precisely because a dominant logic can impair an organization's operations, firms and individuals must at times *unlearn* previously held mental maps (Weick 1995). We suggest engaging in the process of moral imagination can unlock an existing dominant logic.

MORAL IMAGINATION

Moral imagination is the ability in particular circumstances to discover and evaluate possibilities not merely determined by that circumstance, or limited by its operative mental models, or merely framed by a set of rules or rule-governed concerns" (Werhane 1999, p. 93; *see also* Johnson 1993; Werhane 2008).

Moral imagination entails heightening awareness of situational contexts, schemas, in use, envisioning and evaluating different cognitive frameworks, reframing the situation, and creating new potential solutions that are feasible, economically viable, and morally justifiable (Werhane 1999). In short, moral imagination requires that the firm be able to assess in a disinterested manner a given situation, to recognize its strategic and moral components, step back from its particular schema, engage different paradigms, develop novel solutions, and successfully to implement them. Each of these steps is crucial to the process of changing a dominant logic (Rest and Narvaez 1994).

Why do we use the term "moral" imagination? Why not merely argue that rethinking one's dominant logic requires imagination, which it obviously does? Our argument for utilizing the term "moral" is as follows. A dominant logic is a socially constructed frame for organizational thinking. As such, it is incomplete and can be revised. A particular dominant logic is but one of myriad points of view. Because it selectively filters out some data and other perspectives, it is also normative. That is, it presents, albeit usually unconsciously, a selective and often felt to be preferred or "correct" (thus "good" or "right" or "moral") point of view. Although we do not always identify organizational dominant logics as normative, in less dramatic ways they certainly are. For example, business philosophies such as "customer first" or "profit maximization" are value statements, that is, normative points of view. Engaging in *moral* imagination, then, helps one disengage both from a dominant logic and its norms or implicit values, and to question those as well. Thus, we use the term, "*moral* imagination," which we delineate below.

Moral imagination entails at least four processes: recognition, disengagement, envisioning novel perspectives, and evaluation. Recognition entails the ability to identify the operative dominant logic and underlying schemas in an organization. This capacity mandates a realization that dominant logics are operative in any organization and then requires that one step back to analyze its operative habits and procedures.

This process of stepping back involves disengagement—becoming cognitively detached from the dominant logic and immersed in a more critical perspective. It may turn out that the operative dominant logic is in fact flexible and adaptable to new environments, but such an evaluation is, nevertheless, necessary to ensure the organization is not mired in nonproductive habitual behaviors.

The ability to disengage from whatever context or situation in which one finds oneself is the most important step in developing moral imagination. If one cannot disengage and evaluate a firm's practices and principles, managers become mired in habit and a firm will eventually atrophy. This ability enhances our power to take an alternate organizational perspective, partially freeing us from our own dominant logic, and helping us to understand that our particular set of circumstances and schemas is but one of many. The very act of stepping back, reframing the situation, envisioning novel solutions, and evaluating them is a creative process. The strategic and moral implications of being able to more fully understand another's perspective and situation therefore are vital to innovation. The ability to disengage is particularly important to successful adaptation to disruptive technologies. According to Bower and Christensen (1995), the main reason firms frequently fail at this effort is because they evaluate the new technology through their existing financial and customer models and, therefore, through existing and sometimes stagnant dominant logics rather than framing new possibilities. That is, these companies begin the process, yet fail to challenge their existing dominant logics.

This step is the hardest, because "It's all about change of mindset" (Karunakaran 2016). This sort of change often is triggered by an internal or external challenge, such as a competitor's disruptive technology. For example, Tesla's operationalized electric automobile has challenged the rest of the industry to consider seriously the reality of electric cars.

Awareness of a problematic dominant logic often occurs when there is a critical or triggering event such as an internal or external threat to a company's products, future, or well-being (Isabella 1992). There are many examples of external threats, by media discoveries, for example in the recent case of Volkswagen's practice of manipulating emissions software in their cars. In the case of Danone yogurt, its efforts to increase its market share and a social mission to help malnourished children in Mexico combined to trigger its affordable yogurt drink program. illycaffé, the Italian upscale coffee maker, had a competitive demand for the highest quality coffee beans, which triggered an impetus to partner with Brazilian farmers to achieve that end. Bayer CropScience's Indian operations faced an unforeseen bilateral challenge from both internal and external forces. Massive employee protests forced a choice between a lucrative opportunity for linseed seeds harvested in India under conditions using child labor and adherence to Bayer's mission statement, which explicitly prohibited the practice. Sometimes there is a benign challenge from within the company. Unilever's triple-bottom-line initiatives were prompted by a middle manager who questioned the company's financial preoccupation as its dominant logic (Werhane 1999).

Other times, the mission of a company is or becomes its DNA. The Female Health Company, a for-profit venture, was jarred out of its focus on profitability when it confronted the massive need for HIV protection for women in Sub-Saharan Africa. The Grameen Bank, already a profitable social enterprise, revised its preoccupation with microlending when trying to lift Bangladeshi beggars out of poverty. And sometimes, of course, mature companies do not evaluate their dominant logics at any point, usually to the long-term detriment of that organization. It is also possible that, in stepping back, a company reverts to an old logic that will lead to organizational failures. There is no guarantee that this process will always produce positive outcomes. But, we would argue, a failure to engage in this sort of thinking will eventually simply reinforce organizational habits and produce atrophy in the company.

The third important dimension of moral imagination is to become truly imaginative—to play with new ideas, to envision novel perspectives. The creative imagination allows organizations to see themselves in different situations, as different organizations, even as living in different time/space continua, with different needs and desires. And because of the ability to disengage, the creative moral imagination can evaluate new possibilities and well as critique present dominant logics.

It would have been difficult to think, for example, that cell phones would become ordinary tools of communication and enabling movement of currency in remote parts of Africa, because of a prevailing dominant logic that these phones are only for the middle class or only used for a singular purpose. But, because of imaginative thinking that challenged that logic, providers were able to develop inexpensive phones that are now almost ubiquitous through Africa, and are invaluable for both communications throughout that continent and for financial management.

All four of these steps in developing moral imagination are necessary in order for managers and firms to evaluate and/or escape their dominant logics. Moral imagination assists us to see the strategic and moral components of a particular situation, as well as to assess contextual factors. It also aids in categorizing the situation-based dominant logic, based on one's previous experiences, to allow us to disengage from the particular to view current events in the abstract, and to understand how they fit with our existing categories. Moral imagination gives managers and organizations tools to evaluate both their existing dominant logic and new perspectives as adaptive, viable, and socially acceptable. Finally, creative imagination can generate and help to evaluate the novel solutions integral to the definition of moral imagination (Werhane 1999, 2002). In this way, dominant logics can and do co-exist and in doing so result in greater creativity in problem solving for a firm (Clark et al. 2016).

The moral imagination model proposes that participants must creatively imagine *and* evaluate alternative dominant logics, to the extent the existing logic diverges from present operating conditions. Prahalad focuses brilliantly on creativity in developing or revising new dominant logics. But, after arriving at a dominant logic that best reflects current business trends, the firm and its managers must then evaluate it for long-term viability and congruence with the basic mission and values of the firm before disseminating it throughout the organization. An essential element of that process is the review, evaluation, and, if necessary, the alteration of an organization's revised or proposed new dominant logic (Prahalad 2004). This evaluative dimension of moral imagination is critical in judging the viability of these proposed new strategies and value creation so that a firm not only can be adaptable to new markets, and ultimately improve performance, but also, sometimes at least, avoid some of the pitfalls of creative but mismatched ideas. For example, the creativity of developing driverless autos fortunately has been decelerated while companies work out liability issues and other possible externalities of its new technology. Moral imagination, we conclude, is essential to those sorts of processes.[1]

THE CHANGING FOCUS OF CORPORATE DOMINANT LOGICS

There may have been a time when companies focused exclusively on profitability and, in the financial industry in particular, this still may be the case. However, a careful look at the history of Western industrial capitalism demonstrates that the best and most successful companies, at least in the long run, have focused on producing good, and competitive products and services (see, e.g., Collins and Porras 1994). But until fairly recently, the dominant logic of most companies, at least in the United States, did not internalize explicitly corporate ethics or consider seriously their societal responsibilities, despite the academic pleadings to the contrary. However, a number of recent studies have shown that, in the United States and Western Europe, nearly 95 percent have corporate codes of (ethical) conduct. Most of these companies pay at least lip service to some sorts of commitments to social responsibility, and environmental issues (often identified with CSR, interestingly is a topic for another article) (Crane 2014; Smith 2014).

While the question would appear to be whether and how companies internalize ethics and social responsibility as part of their dominant logics and actually operate accordingly, that data is rather scarce. Recently, researchers demonstrated empirically that in practice, perspectives traditionally in tension—specifically, stockholder and stakeholder views—can co-exist without wholesale domination or suppression in the context of annual reports (Clark et al. 2016). This research lends support to the view that "isolating *social issues* as separate from the economic impact which they have, and conversely isolating *economic issues* as if they had no social effect, misses the mark" (Freeman 1984, p. 40). Thus, the issue we seek to explore is how and in what dimensions and scope *should* such internalization take place or be optimized through a change in a company's dominant logic. We argue that the goal should be to produce initiatives that integrate economic, social and ethical strategies, what we will call "corporate social strategies." In what follows we will suggest a number of such strategies. (See Figure 1.)

Before examining these strategies, we build on the notion that, to change a company's dominant logic, high profile organizational actors express a particular institutional logic by communicating

FIGURE 1 Structural Approaches to Corporate Social Strategy.

1. **A deliberate strategic initiative** of a MNE to pursue economic value through limited social action. [TAU Investments]
2. **A hybrid strategic initiative:** the pursuit of ***both*** economic and social value through simultaneous or overlapping social and economic actions. [Bayer CropScience]
3. **Less intentional or deliberate**, but arises inadvertently as the outcome of an economic strategy. [illycaffé in Brazil]
4. **Intentional social engagement** and action; firm finds – *ex poste* – that its social engagement results in economic (or other strategic) value. [Abbot Fund in Kenya]
5. **Triple-bottom-line efforts,** where social, environmental and financial initiatives are calculated quantitatively and ***equally*** by the firm. [Unilever]
6. **Social enterprises,** where a firm adopts a primary mission to create and sustain social value through for-profit or not-for-profit ventures. [Grameen Bank, Female Health Company]
7. **Creating shared value efforts**, when businesses enact "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates" (Porter & Kramer, 2011, p. 67).

assumptions, expectations, and knowledge in ways that encourage common meanings and identities around this logic (Fligstein 1997). Thus, the board of directors are in the position of high profile actors most capable of making this change.

Corporate board directors increasingly are perceived to be responsible not only for financial performance but also for firms' legal and ethical behavior; their individual and collective accountability also comprise integral components of corporate governance. The ability of firms to achieve market acceptance and legitimacy depends on these leaders' ability to demonstrate moral and relational responsibility (Aguilera et al. 2007).

A relational-based system of governance is understood to incorporate considerations of integrity and sets the moral tone for decision making and accountability (Luo 2005). Specifically, culture-based governance, as distinct from market-based governance, refers to the statements, visions, slogans, values, role models and social rituals unique to a firm (Luo 2005), which are viewed as a distinctive and valuable set of relational capabilities of an organization's board. Likewise, beyond its monitoring of management role, the board is in charge of providing strategic input and guiding strategic implementation, strengthening the status and reputation of the firm, and gaining access to external resources (Haynes and

Hillman 2010; Zahra and Pearce 1989; Zona et al. 2015). Combined, these roles make the board of directors an appropriate body from which to engage the changing or safeguarding of the dominant logic and in the decisions related to CSS.

CORPORATE SOCIAL STRATEGY

In a recent set of publications, Husted and Allen have written extensively on corporate social strategy, concluding that CSR often is interpreted as only social performance, and any societal benefits are mere "unintentional spillover[s]" (Husted et al. 2015, p. 149; *see also*, Husted and Allen 2011). Husted and Allen define corporate social strategy as those corporate strategic initiatives where "firms create competitive advantage via social action in pursuit of economic and social value creation. . . . Social strategy focuses on activities where the social dimension of corporate activity may be joined with the economic dimension in such a way as to enhance both economic and social value creation" (Husted and Allen 2011, pp. 11, 13–14). Citing Danone, they contend that, if a company has an effective social strategy, and given certain conditions, it can create superior financial returns as well as social value-added. Husted, et al., have identified several key factors that support the economic value accessible through social strategy (2015). Included in these variables is success through the use of "firm resources and capabilities to meet both social objectives and financial performance objectives" (2015, p. 149).

According to Husted and Allen, corporate social strategy is a deliberate intent to pursue social and economic value through social actions, and not the reverse. To be successful, according to this argument, CSS should be announced and deliberate. That is, a strategy that intentionally focuses on economic value-added but inadvertently produces social value-added, as well, is not, according to Husted and Allen, what they mean by corporate social strategy. Moreover, as they carefully point out, not all companies engage in social strategies, and that is not necessarily a bad thing.

Husted and Allen do not spell out how companies could incorporate social strategies as part of their dominant logics. We argue this orientation requires rethinking and evaluating whatever dominant logic is in place through moral imagination via an example in the next section.

Moreover, Husted and Allen's approach is most worthwhile, but it could lead, although perhaps not deliberately, to a strategy that focuses primarily on a social mission to the peril of profitability.

Let us look at a new company, TAU Investments, which is an example of a *deliberate strategic initiative*, our first strategic form. TAU Investments is a newly formed private equity firm established to generate above-market returns by investing in and upgrading the world's low-tech supply chains. TAU's aim, according to its web site, is "to invest fresh capital into local manufacturers to upgrade them to become the factories of the future: bigger, better, faster, cleaner, and fairer." TAU plans to engage directly with major global brands to identify companies in their supply chains that would greatly benefit from increased orders if upgraded and expanded. "TAU's goal is to deliver commercial returns to investors AND demonstrable positive impact on workers and the environment" (Tau Investment 2016)

> TAU does not sacrifice returns for impact; rather, at TAU, we believe positive social impact drives superior returns. The most profitable garment manufacturers are often high-tech, high-quality, high-margin operations that have skilled workers, modern IT and management systems, advanced industrial engineering, higher wages, and high social and environmental standards. Given that most garment manufacturers are low-tech, low-skilled operations with limited access to capital, there is a major opportunity to increase revenue and expand margins through improved productivity, efficiency, and quality. Seeking to increase manufacturers' profitability, TAU intends to improve the lives of workers and the environment, and through that, deliver superior returns to investors. (Tau Investment 2016)

Its new CEO is Oliver Niedermeier who has teamed with George Soros's son Alexander Soros to raise $1 billion for this venture. TAU's aim, according to CNBC is "to change the world. . . ..by tackling inefficiencies in the global supply chain (CNBC 2014).

TAU has great intentions, but can it deliver on its promises such as plans to improve the lives of workers, create a "positive social impact," and demonstrate that this approach will produce profitable returns for its investors? Can one continue to attract investors with this strategy? The ultimate question is whether TAU can operationalize its ideals and stay in business. All of these questions remain to be answered as

TAU launches its first efforts in spring 2016. As business ethicists, we pray this strategy will be fruitful for TAU, for its investors, and for the communities it hopes to impact.

RETHINKING CORPORATE SOCIAL STRATEGY: SOME ADDITIONAL MODELS

We propose six other propitious approaches to CSS that build on Husted and Allen's original formulation. While the first strategic structure we discussed above was a deliberate strategic initiative, the second structure we will discuss are those circumstances where CSS is implemented as a strategy that seeks to pursue *both* economic and social value through simultaneous or overlapping social and economic actions. For example, The German chemical company, Bayer, needed and sought cotton seeds for an important and profitable chemical process. The best source of these seeds were small farms spread throughout India. So, Bayer bought Crop-Science, an Indian company that distributed these seeds. However, Bayer subsequently discovered that the seeds were harvested by children, a customary practice throughout most of the farms in the region, but patently against Bayer's mission, which explicitly states that child labor will not be condoned anywhere throughout the company's operations.

Accordingly, Bayer created a social strategy that was beneficial to the children, the farmers and to its bottom line. It partnered with an Indian non-government organization (NGO) that provided remedial schooling for the children of the farmers, children who formerly worked in the fields, so that they would be prepared to enter government schools; and it paid the farmers a premium to use adult labor. The farmers soon found out that their efficiency was improved with adult labor; the children went to school; and the company gained a valuable product (Dhanaraj et al. 2011; Subramanian et al. 2011).

Interestingly, Bayer did not have to change its dominant logic to achieve these social as well as profitable results. It merely had to operationalize its code, which prohibits child labor in all its global operations. When its German-based workers discovered that its new acquisition, Crop-Science, condoned child labor, there was an uproar, because, workers argued, not only was this exploitative, but it also was against the philosophy and explicit code of the parent company, an excellent example of an embedded dominant logic. These internal pressures pushed Bayer to adhere to its own policies and, thinking imaginatively, also achieve an economically effective end.

The third structure we will examine is where CSS occurs as an *inadvertent* strategy wherein the social value arises from economic necessity. Although Husted and Allen (2011) discount the use of strategies that focus primarily on enhancing economic returns but inadvertently produce social value, we distinguish firms that seek their financial gains through partnering with suppliers and other stakeholders. Companies may find that, in the pursuit of increased profitability, social value is an additional—and valuable—unplanned, unintended byproduct. For example, illycaffè's quality initiatives in Brazil began as an economic pursuit of better coffee beans. However, in the course of that pursuit, the firm inadvertently created social benefits for the Brazilian coffee farmers through its natural market consequence of paying the farmers higher premiums for good beans, and through the establishment of an education program designed to improve productivity. These initiatives have improved the economic well-being of these farmers.

Illycaffè began by pursuing a singular and deliberate economic strategy, without any specific intent toward social action. But illycaffè engaged in social action that inadvertently resulted in positive economic value for multiple stakeholders and also positive in social value for Brazilian farmers. illycaffè originally entered the Brazilian market for its own economic reasons—to reduce the cost of obtaining good beans. Ernesto Illy admits that "[t]he impact of our initiative has been much greater than what we had foreseen. We simply wanted to solve our problem but, in fact, we changed the mentality of the Brazilian market" (Andriani et al. 2012, pp. 198–202, 2015). Thus Illy's dominant logic, an orientation toward creating the best quality coffee, was amended by circumstances and by moral imagination.

A fourth approach entails intentional social engagement and action, where a firm finds—*ex poste*—that its social engagement also results in economic (or other strategic) value. For example, the Abbott Fund, a NGO established and funded by the Abbott Corporation, some years ago created clinics in Kenya that provide assistance and medication to HIV-infected pregnant women (Global Health Progress 2012). This strategy is effective because Abbott

Corporation is an expert in these sorts of pharmaceuticals and has resources—both in the form of knowledge and capital. Abbott's efforts comprised a deliberate social action that initially anticipated no economic benefits, but they now have expanded to involve a healthcare service for over 150,000 Kenyans. These initiatives have resulted in Abbott Corporation's development of new and more effective HIV medications and in the sale and distribution of other Abbott medications to their healthcare facilities and throughout Africa (Global Health Progress 2012).

Fifth, a more familiar form of CSS is comprised of the now-prevalent triple-bottom-line efforts, where social, environmental, and financial initiatives are calculated quantitatively and *equally* by the firm. Companies such as Unilever engage in this approach and it is becoming a widespread model for corporate responsibility globally. But Unilever did not think about adapting this strategy until recently. Rather, a middle manager at the company suggested this approach as an alternative dominant logic; and, because of his insights, he changed the dominant logic at this giant corporation and the resulting triple-bottom-line thinking has become part of their new operational logic (Werhane 1999).

Sixth, there are social enterprises, where firms adopt as their primary mission an objective to create and sustain social value though the auspices of (what is usually) a profitable enterprise. The most famous of these this is the Grameen Bank, in business since the 1970s, which makes microloans mostly to women and only to people who have no capital. An audacious idea that violated all principles of sound finance, this enormously imaginative and courageous venture has created a for-profit bank that has never lost money while, at the same time, has raised over 6 million Bangladeshi families out of abject poverty.

Another example of a social enterprise is The Female Health Company, a small for-profit company whose mission is to improve women's health through HIV prevention. It manufactures and distributes a heretofore unheard of product, the female condom, for protection of women against HIV infections in over 100 countries; and it makes a small profit, as well.

In the United States, there is a new corporate model called the benefit corporation, which refers to companies that, by state charter, have a social mission as their primary focus. There are over 4,000 benefit corporations now chartered in America. One of these is "Give

Something Back," an office supply company that competes favorably in the market, pays over living wages, and gives back 80 percent of its profits, by its company charter, to various local charities.

There is a seventh possible framing of corporate social strategy, Porter and Kramer's proposed "corporate shared value" (CSV). Porter and Kramer explain that shared value is created when businesses enact "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates" (Porter and Kramer 2011, p. 67). CSV does not seek to redistribute the economic profits of business to society, but rather it encourages business decision-makers to develop strategies that generate profit by improving the social conditions in the communities in which they operate, and also by creating marketable products or services that are aimed directly at solving entrenched social problems in the specific area in which their business has expertise. While a comprehensive critique of CSV is not the topic of this article, our main concern with this form of CSS is the top-down perspective implicit in Porter and Kramer's articulation of CSV. (For an extensive analysis and distinction of CSV, see Hartman and Werhane 2016; see also Gugler and Shi 2009; Ramamurti 2004; Ramamurti and Singh 2009).

CHALLENGES TO A CSS APPROACH

Pursuing a corporate social strategy approach that involves intertwined social and economic goals can sometimes be difficult, at best. Teknor Apex is a privately held global company founded in 1924 and headquartered in Pawtucket, Rhode Island. According to its web site, Teknor Apex is "an international custom compounder of advanced polymer materials" (Teknor Apex 2016) It manufactures in the United States, Belgium, China, and Singapore and has offices in many other locations as well. Teknor is a global supplier to a number of Fortune 1,000 companies, with over 3,000 customers and revenue of $1 billion dollars in 2014 (Teknor Apex 2016). It employs approximately 2,000 workers worldwide and 25 percent of its business is outside the United States (Teknor Apex 2016). Some of its key vendors include companies such as Exxon, Eastman and Occidental Petroleum.

In a personal interview with Teknor's CEO, Jon Fain, we learned that Teknor did not initially develop a strategy of explicit socially responsibility. Rather, its focus was to produce high quality products in compliance with various American and international laws (Hartman 2016; Hartman and Werhane 2016). As a supplier to a significant number of Western corporate customers, Teknor is required to comply with each purchaser's "vendor code of conduct" (though the name of the document may vary) to qualify and maintain its contracts. Soon Teknor discovered that maintaining profitable contracts and also maintaining higher standards than competitors posed a challenge.

> The impact of the codes of vendor conduct are almost exclusively seen from companies supplying consumer products who have substantial overseas sourcing. Looking only at our business outside of the US, which is compound business, the requests come from customers representing approximately 5% of our sales outside of the US. Nevertheless, it impacts 100% of our operations outside of the US. In the US, interest in codes of vendor conduct stem from the same roots but is primarily a concern from the major retailers we serve in the garden hose business.
> The annual cost to comply with codes in the US is approximately $300,000 from hiring additional employees to comply with a maximum work week of 60 hours. Reduction of overtime has decreased employee satisfaction and may increase turnover (Teknor Apex 2016).

As an example, a large multinational purchaser includes in its codes of vendor conduct the proviso that workers will be limited to a maximum of 60 hours of work per week. Teknor was not a direct vendor to this purchaser, but produced products that were supplied to this company though another supplier. The multinational purchaser aimed to implement its code throughout its entire supply chain. The challenge for Teknor, Fain explains, was in China, one of the countries where Teknor manufactures its product. Its workers in its China facilities travel a great distance for their jobs and live in dorms on the premises. They prefer to work to make as much money as possible and to send those funds back to their families. When Teknor limited the workers' hours. Teknor experiences tremendous turnover. As a result, they found the 60-hour requirement to be counter-productive. In this circumstance, Teknor was trying to abide by the code, but experienced a cost to their compliance and, in the end, had to hire more workers to meet this particular customer's demand. Code compliance in this case cost Teknor about $300,000 per year. Beyond this single example, Fain explains that many of the codes conflict with one other, so this makes compliance both costly and challenging.

On the other hand, according to Teknor, "The primary value of compliance with vendor codes of conduct is retention of business with key customers." These are important customers, and doing business with them is critical for the company. And doing business with one top tier company often generates business with others where margins are higher than with second-tier companies" (Hartman 2016; Hartman and Werhane 2016). This, too, is a utilitarian strategy that inadvertently produces socially sound results as well.

CONCLUSION

In this article we have made the following arguments. There is an increasing demand for companies to incorporate ethics and social responsibility initiatives as part of their missions and operating procedures. But, changing corporate habits and mind sets entails changing their dominant logics. Engaging in the process of moral imagination is a propitious method to do so. However, we argue, the aim should not be to refocus business to be primarily about social responsibility or merely preoccupied with ethics. These dimensions of commerce are essential, necessary conditions to create long-term value for its stakeholders, including the communities in which it operates or affects. Yet, without an equally sustained focus on delivering goods and services at a profit, companies will fail, and fail in their social responsibilities as well as fiscal agents. Pursuing a social strategy balances ethics, profitability, and social responsibility. Pursuing such strategies is not only propitious but, in an ever-growing global economy, such strategies offer new models for free enterprise that fit well in this changing environment.

NOTE

1. The discussions of dominant logic and moral imagination derive from another forthcoming paper, "The Role of Moral Imagination in Organizational

Adaption to Changing Societal Expectations" by Timothy Hargrave, Craig VanSandt, Mukesh Sud and Patricia H. Werhane.

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