Electronic Journal of Business Ethics and Organization Studies

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Manuscript Submission and Information for Authors

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Editorial objectives

Electronic Journal of Business Ethics and Organization Studies EJBO aims to provide an avenue for the presentation and discussion of topics related to ethical issues in business and organizations worldwide. The journal publishes articles of empirical research as well as theoretical and philosophical discussion. Innovative papers and practical applications to enhance the field of business ethics are welcome. The journal aims to provide an international web-based communication medium for all those working in the field of business ethics whether from academic institutions, industry or consulting.

The important aim of the journal is to provide an international medium which is available free of charge for readers. The journal is supported by Business and Ethics Network BON, which is an officially registered non-profit organization in Finland. EJBO is published by the School of Business and Economics at the University of Jyväskylä in Finland.

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Each paper is reviewed by the Editor in Chief and, if it is judged suitable for pub-lication, it is then sent to at least one referee for blind review. Based on the recommendations, the Editor in Chief decides whether the paper should be accepted as is, revised or rejected.

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• the spesific suitable conferences or
• based on a certain relevant theme

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As a guide, articles should be between 3000 and 8000 words in length. A title of not more than eight words should be provided. A brief autobiographical note should be supplied including full name, affiliation, e-mail address and full international contact details as well as a short description of previous achievements. Authors must supply an abstract which should be limited to 200 words in total. In addition, maximum six keywords which encapsulate the principal topics of the paper should be included.

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References to other publications should be complete and in Harvard style. They should contain full bibliographical details and journal titles should not be abbreviated.

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surname, initials and year of publication, title, publisher, place of publication: Lozano, J. (2000), Ethics and Organizations. Understanding Business Ethics as a Learning Process, Kluwer, Dordrecht.

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surname, initials, year "title", journal, volume, number, pages: Nielsen, R.P. (1993) "Varieties of postmodernism as moments in ethics action-learning", Business Ethics Quarterly, Vol. 3 No. 3, pp. 725-33.

Electronic sources should include the URL of the electronic site at which they may be found, as follows:
Pace, L.A. (1999), "The Ethical Implications of Quality", Electronic Journal of Business Ethics and Organization Studies EJBO, Vol. 4 No. 1. Available http://ejbo.jyu.fi/index.cgi?page=articles/0401_2.

From Theory to Practice in Business Ethics

FROM THE EDITORS

Marjo Siltaoja
Anna-Maija Lämsä

The conference for which the papers in this volume of EJBO were originally prepared was the European Business Ethics Network (EBEN) Research Conference 2010 held in Tampere, Finland, arranged jointly by the RESPMAN Research Group at the University of Tampere, University of Jyväskylä School of Business and Economics, and the Finnish Chapter of EBEN.

The topic of the conference was "From Theory to Practice – How does business ethics matter". The aim was to focus on research regarding the reasons for organizations to take business ethics seriously by concentrating on motivations, consequences and implications of business ethics. The multidisciplinary nature of business ethics was at present in the conference presentations.

The presentations covered a wide range of topics such as integration of business ethics in organizational networks, strategies, processes and practices; consequences of ethical and unethical behavior in and between organizations; ethical development of organizations and individuals; contradictions between ethics in strategy and in practice; communication of business ethics and ethical values; role of cultural values in business ethics. In addition, there were three special tracks in the conference: 'Virtue in Business and Management', 'Responsible Investments in Times of Turmoil' and 'ISO 26000 SR'.

Challenges of business ethics research

The conference topic adhered to an important question, the one being one of the major issues business ethicists have criticized in the past. For example in 1998 John Hasnas wrote that

"Critics of the discipline often point out that business ethicists are usually academics, and worse, philosophers, who speak in the language of abstract ethical theory. Thus, they are accused of expressing their ideas in terms of 'deontological requirements,' 'consequentialist considerations,' 'the categorical imperative,' 'rule utilitarianism,' 'the hedonistic calculus,' 'human flourishing' and other locutions that are essentially meaningless to the ordinary business person who possesses little or no philosophical training. Business people, it is pointed out, express themselves in ordinary language and tend to resist dealing in abstractions. What they want to know is how to resolve the specific problems that confront them." (Hasnas, 1998, p. 19.)

Indeed, the abstract language used by moral philosophers is not always readily transferrable to practical business life. Abstract principles of ethical theories are not easily applicable to practical dilemmas and problems. However, ethical issues are at present in business life as much as in any other areas of human life – and need to be properly solved. In addition, practical decision making of businesses involves and is firmly integrated to a vast amount of societal implications which influence other members of society and increasingly globally. All these issues increase the need for understanding ethics and its application in business.

Recent developments

Business ethics scholars have taken seriously the criticism Hasnas (1998) refers to. There seems to be an increasing consensus regarding the significance of business ethics. Business ethics issues are not only increasingly discussed by academics but also by people in practical business life (Crane and Matten, 2004, p. 13). Theories are discussed from more diverse perspectives than earlier including contributions from various contexts and cultures.

In addition, the importance of the topic has been acknowledged in educational settings, although several authors have similarly questioned the current state of business eduction whether business education can promote responsibility among students (e.g. McPhail 2001; Ghoshal, 2005; Pfeffer, 2005; Lämsä et al., 2008). Despite critisicm the topic seems to be discussed and taught increasingly in business studies and management development programs. The 'ethics profiles' of business schools are being used even as a tool for ranking business school programmes (Aspen Institute, Beyond Grey Pinstripes).

Articles by scholars taking the integration of theory and practice into consid-

eration were accepted for publication in this special issue. The review process led us to select six articles for publication. All of them participate in the above mentioned discussions.

Introduction to the articles in this issue

First, two papers authored by Kujala, Penttilä and Tuominen as well as Olkkonen and Luoma-Aho participate in the discussion about how responsible business is related to various intangible assets. In these articles business responsibilities and business ethics are associated with various kinds of inducements or justifications, such as various social capitals, for example, innovations, image, knowledge, trust and reputation assets (Gardberg and Fombrun, 2006; Orlizky, et al., 2003). Indeed, the link between responsible business and a company's competitive advantage has been under critical discussion since the 1960s (Cochran and Wood, 1984).

In their article Kujala et al. provide a model for building responsible brands emphasizing the internal perspective of the company. Despite increased interest in ethical consumerism, research into the concept of so-called 'responsible brands' is fairly new and undeveloped. The paper aims to integrate brand building as a more integral part of corporate responsibility. The authors argue that the building of a responsible brand requires not only transparency, but also a stronger vision, sounder value foundation, better internal commitment, and better implementation than is usually a case when brands are developed. Creating a responsible brand is thus a far more systematic and throughout process than a mere advertising plan.

Olkkonen and Luoma-aho focus on stakeholder expectations of corporate responsibility from a communication perspective. They suggest that companies can both exceed and manage expectations in practice by building up a corporate citizenship profile that guides their specialization in responsibility. According to them, the value of such specialization is that it can make the corporate responsibility of a company easier to communicate. Olkkonen and Luoma-aho highlight that communication has a key role in managing stakeholder expectations since communication can maintain, increase or diminish the expectations. The authors offer an interesting framework for stakeholder expectations and company response from the viewpoint of the role of communication.

The second theme in this special issue is sustainability and sustainable development. In particular, such topics whether and how businesses can provide a pattern of resource use that aims to meet human needs while preserving the environment are discussed. In their article Miguel-Molina, Miguel Molina and Rumiche-Sosa examine whether luxury resorts indicate sustainability in the Maldives where tourist attraction is very high but the nature is also specifically fragile. They studied luxury and non-luxury resorts websites reviewing the potential of sustainable tourism. As a result, the relationship between luxury and sustainability remains debatable. The authors suggest concrete policies to be made in order to increase sustainable policies.

Furthermore, Li, Toppinen, Tuppura, Puumalainen and Hujala discuss about the determinants and patterns of sustainability disclosure in an enviromentally sensitive sector, namely global forest industry. They conducted an empirical study of the topic by applying the Global Reporting Initiative (GRI) framework. Despite its popularity in practice rather few academic studies have been done drawing upon the framework. The authors argue that, in particular, socially oriented issues such as human

rights, labour practices and social responsibility are relatively weakly developed in the global forest sector reporting compared to environmental and economic issues.

The third theme offers new ways to looking previous theories. Particularly a topic how the new ways can contribute to our understanding of ethics and simultaneously diminish the tension between theory and practice is of interest. By drawing on authors such as Jung and Maslow, Rozuel provides a though-provoking argumentation by using the concept of 'transcendence' in order to examine the possibilities of this idea for business ethics research and praxis. She argues that a tension between the traditional view of a profit seeking firm and an ethically behaving, long-term goal setting is due to one-sidedness of arguments used in earlier discussions. By focusing on the transcendence at the level of an individual, a further discussion is opened towards the possibilities of business ethics created by transcenders.

Finally, in the seventh paper of this issue, Deslandes draws on the philosophy of Wittgenstein by arguing that previous literature of management and organizations have provided somewhat scant interpretations of Wittgenstain's ideas. Thus, he demonstrates how Wittgenstein's writings while emphasizing the significance of a context may indeed help in shaping the conceptualization of managerial ethics on the basis of practices. He concludes by offering further research suggestions.

A final comment

We appreciate the contributions which were received to this special issue. Further, we thank warmly the authors for participating in the ongoing dialogue about how to combine theory and practice in business ethics. We hope that readers find this special issue as enlightening as we did while preparing it.

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Creating a Conceptual Model for Building Responsible Brands

Johanna Kujala
Katriina Penttilä
Pekka Tuominen

Abstract

Despite the importance of brands in mediating corporate social responsibility, there has been relatively little research on how responsible brands are developed from the internal perspective of the company. Some research has been conducted from the external perspective, such as the link between ethical issues and consumer purchase behaviour, but there has been relatively little focus on brand-building itself. The present study addresses this gap in the literature by proposing a model for building responsible brands. After identifying the common features that emerge from the extant brand-building models, the study applies these to the building of responsible brands. The result is a proposed conceptual model for building responsible brands.

Keywords

Introduction

In making their purchasing decisions, consumers are increasingly conscious of ethical, environmental, and social issues, which they expect to see addressed in one way or another in the goods and services that they chose to buy (Crane, 2005). To meet these expectations, many companies are developing brands that are perceived to be 'socially responsible'. In doing so, firms are acting in accordance with the view of Kitchin (2003), who has contended that brands mediate the promises of organisations to consumers. In a similar vein, Fan (2005) has pointed out that a brand is no longer merely the interface between the company and its customers; rather, a brand represents the 'face' of the company.

The rise in 'ethical consumerism' has been associated with increased consumer activism, which has intensified the social and ethical responsibility placed upon companies and brands. Despite this increased interest in ethical consumerism, research into the concept of so-called 'responsible brands' is fairly new and undeveloped. The extant research in this field can be divided into two interrelated streams (Kujala & Penttilä, 2009): (i) the process of branding (which adopts the company perspective in studying the internal processes used to create brands); and (ii) the actual brands (which adopts the customer perspective in studying customer preferences, attitudes, and values). Although these two research streams ('branding' and 'brands') are conceptually separate, they are actually intertwined because the credibility of any professed responsible brand is dependent on there being a genuine correspondence between a company's words and its actions (Crane, 2005; Maio, 2003).

Most of the studies on responsible brands have adopted the second perspective identified above. By focusing on brand image or brand reputation, studies from the customer perspective have examined whether the professed responsibility of products has any effect on customer behaviour (Folkes & Kamins, 1999; Carrigan & Attalla, 2001; Klein & Dawar, 2004; de Pelsmacker et al., 2005). In contrast, there is a relative lack of research on the first perspective—that is, how responsible brands are developed.

The purpose of the study is to address this relative gap in the literature by proposing a conceptual model for building responsible brands. The paper is organised as follows. First, the key concepts of brands, branding, and responsibility are discussed. This is followed by a review of the brand-building literature. After identifying the common features that emerge from a consideration of the extant brand-building models, a conceptual model for building responsible brands is proposed. The paper concludes with a summary of the major findings and implications of the study.

Brands, branding and responsibility

According to the American Marketing Association (2009) a brand is: "… a customer experience represented by a collection of images and ideas; often, it refers to a symbol such as a name, logo, slogan, and design scheme. Brand recognition and other reactions are created by the accumulation of experiences with the specific product or service, both directly relating to its use, and through the influence of advertising, design, and media commentary."

A successful brand, according to de Chernatony and McDonald (2003: 25) is: "… an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely. Furthermore, its success results from being able to sustain these added values in the face of competition."

Both of these definitions emphasise the ultimate importance of how a brand is cognitively evaluated by the purchasers or users (de Chernatony & McDonald, 2003). In a similar vein, Meyers (2003) has pointed out that a brand is not merely an object of exchange; rather, a brand is viewed by stakeholders as the medium through which they interact with one another. This wider understanding of the concept of a 'brand' has been taken even further by Kitchin (2003: 71), who contended that: "Brands drive relationships, relationships liberate knowledge, knowl-

edge generates insight, insight drives innovation, innovation drives transactions, transactions create value, which reframes the brand and so on and so on."

This emphasis on the notion of 'relationship' with regard to brands has been extended to the process of branding. In this regard, Fan (2005: 342) defined the process of 'branding' at the corporate level as "… developing and managing the relationship between the organisation and its various stakeholders as well as the general public". This definition is clearly relational in nature. Fan (2005) has also pointed out that branding should no longer be seen as merely adding value to a product; rather, brands represent and promote lifestyles, and brands themselves become a kind of 'culture'. However, as Willmott (2003) has observed, branding decisions should be based on what suits the company or the brand. In other words, the circumstances of each business—such as previous activities and associations, the sector of operations, and the particular concerns and interests of employees and other stakeholders—should be taken into account in branding.

With regard to the issue of responsibility in branding, the terminology in the vast literature on corporate social responsibility (CSR) has led to such concepts as: (i) "citizen brand" (Willmott, 2003); (ii) "ethical brand" (Brunk, 2010; Szmigin et al., 2007; Fan, 2005; Crane, 2005; Maio, 2003); (iii) "sustainable brand" (Maio, 2003); and (iv) "CSR brand" (Brüggenwirth, 2006; Polonsky & Jevons, 2006). Crane (2005: 226) referred to so-called "ethical differentiation", which the author described as: "… essentially a process of creating an ethical image, a good reputation or what marketers typically refer to as a socially responsible or ethical brand." In a similar vein, Maio (2003: 239) described a responsible company in the following terms: "Responsible companies are not just participating in sustainable practices; responsible companies that have the trust of their stakeholders demonstrate attributes that go beyond what is sustainable."

The present study adopts the concepts of 'responsible brand' and 'responsible branding' as they cover the ethical, social, and environmental in addition to the economic aspects of being responsible to a variety of stakeholders (such as employees, customers, and the wider society) and include responsibility in general. Moreover, based on the above discussion, it is for each individual company to determine which aspect(s) of responsibility (ethical, social, environmental, etc.) it wishes to emphasise.

Review of the brand-building literature

Although there are substantial internal and external difficulties that make brand-building challenging for any company (Aaker, 2002), most of these problems are within the control of the company. As Hogan et al. (2005) have observed, the complexity of brand-building should not be seen as insuperable, and many brand leaders have shown that it is possible to create and sustain an asset that can have real long-term value.

Several models of brand-building have been suggested in the literature. Aaker and Joachimsthaler (2000) identified three fundamental brand-building tasks: (i) create visibility (which consists of recognition, unaided recall, and so-called 'top-of-mind' status); (ii) develop strong associations (to differentiate the brand); and (iii) develop deep relationships with customers (such that the brand becomes a meaningful part of each customer's life and/or self-concept).

Aaker (2002) created a brand identity planning model consisting of three major stages: (i) strategic brand analysis (which means that the brand strategy is based on customer analysis, competitor analysis, and self-analysis); (ii) brand identity sys-

tem (which includes creating brand identity, value proposition, credibility, and brand–customer relationship); and (iii) brand identity implementation system (which includes brand position, execution, and tracking).

de Chernatony (2003) identified eight stages in building and sustaining brands: (i) brand vision (defining the purpose of the brand and brand values); (ii) organisational culture (assessing whether the culture assists or hinders the brand's development; (iii) brand objectives (defining a target to be achieved and the information required to achieve it; (iv) audit 'brandsphere' (auditing the five key forces that are critical to the brand—corporation, distributors, customers, competitors and the macro-environment); (v) brand essence (identifying the central characteristics that define the brand); (vi) internal implementation (consideration of the organisation's structure in order to deliver the brand's promise); (vii) brand resourcing (considering the implementation in more detail—for example selecting vehicles of communication); and (viii) brand evaluation (regular monitoring of brand performance against key criteria.

Urde (2003) proposed a brand-building model based on the premise that a brand's identity is developed as a consequence of continuous interaction between the organisation and the customer. The model consists of ten stages: (i) mission (describing the brand's fundamental reason for existence in terms of the organisation's value base); (ii) brand vision (describing where the organisation wishes the brand to be in the next few years, thus providing inspiration and stimulus for development); (iii) organisational values (defining what the company stands for and what it is); (iv) core values (defining the functional, emotional, and symbolic core organisational values that are to be translated into the core values of the brand, which are then to be translated into customer added value); (v) brand architecture (deciding how the company organises and uses its brands in terms of the number of brands, types of brands, and the brand roles; (vi) product attributes (ensuring that the core values are built into the product to make the product exude the brand's identity); (vii) brand personality (ensuring that the impressions and values that the company claims to stand for are harmonised and communicated); (viii) positioning (ensuring that the brand is enduring by being deeply rooted in the organisation's values); (ix) communication strategy (ensuring that the core values of the brand identity are expressed in messages that interest and appeal to customers; and (x) internal brand identity (ensuring that everyone in the company understands and agrees with the core values of the brand and what they represent).

Schultz (2005) identified five phases of corporate branding: (i) stating (expressing the organisation's present identity and what it wishes to become in terms of its strategic vision); (ii) organising (supporting the stated vision and identity of the brand by reshaping organisational structures and processes); (iii) involving (engaging all relevant stakeholders in the realisation of the corporate brand); (iv) integrating (reducing gaps that might exist between the brand identity and the vision, culture, and stakeholder images); and (v) monitoring (measuring the performance of the brand in relation to all brand elements and the relationships among them).

Wheeler (2006) proposed a "complete guide to creating, building and maintaining strong brands". The process consists of five stages: (i) conducting research: (clarifying vision and values, researching stakeholders, conducting audits, and interviewing key management); (ii) clarifying strategy (synthesising learning, developing positioning, and achieving agreement); (iii) designing identity (visualising the future, brainstorming the big idea, designing brand identity, and finalising brand architecture); (iv)

creating touchpoints (finalising identity design, developing look and feel, designing program, and applying brand architecture); and (v) managing assets (building synergy around the brand, developing a launch strategy and plan, launching internally and externally, and developing standards and guidelines.

Ghodeswar (2008) developed a conceptual model for building brands in the Indian context. The model consists of four stages: (i) positioning the brand (defining the features, tangible and intangible attributes, product functions, and benefits of the brand); (ii) communicating the brand message (deciding on advertising campaigns, themes, celebrities, events, shows, and the consumer); (iii) delivering on brand performance (ensuring product and service performance, customer care, customer satisfaction, and customer delight); and (iv) leveraging brand equity (defining line and brand extensions, ingredient branding,

co-branding, brand alliances, and social integration).

Merrilees and Miller (2008), who focused on corporate rebranding, rather than the initiation of a newly formulated corporate brand, identified three dominant themes: (i) the need to revision the brand on the basis of a solid understanding of the consumer; (ii) the use of internal marketing (or 'internal branding') to ensure the commitment of the relevant stakeholders; and (iii) the role of advertising and other marketing mix elements in the implementation phase.

A summary of the various brand-building models described above is presented in Table 1.

It is apparent from Table 1 that certain recurrent themes can be found in virtually all of the models in the existing brand-building literature. In summary, six key stages can be identified in the brand-building process: (i) identifying vision; (ii) analys-

Table 1. A summary of brand building models

Author	Stages, elements or themes in brand building	Key concepts	Viewpoint
Aaker & Joachimsthaler 2000	1. Create visibility 2. Build associations and create differentiation 3. Develop deep customer relationships	Brand identity defined as a vision of how the brand should be perceived by its target audience	Brand identity
Aaker 2002	1. Strategic brand analysis 2. Brand identity system 3. Brand identity implementation system	Brand defined as a strategic asset that is the key to long-term performance and should be so managed	Brand identity
de Chernatony 2003	1. Brand vision 2. Organisational culture 3. Brand objectives 4. Audit brandsphere 5. Brand essence 6. Internal implementation 7. Brand resources 8. Brand evaluation	A successful brand defined as an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique, sustainable added values which match their needs most closely	An integrated brand, co-ordinating all value-adding activities
Urde 2003	1. Mission 2. Vision 3. Organisational values 4. Core values 5. Brand architecture 6. Product attributes 7. Personality 8. Brand positioning 9. Communication strategy 10. Internal brand identity	A corporate brand and its value foundation where the nature, role, and function of core values are considered as a central part	Core values
Schultz 2005	1. Stating 2. Organising 3. Involving 4. Integrating 5. Monitoring	Corporate branding defined as a process where an organisation can continually work out its purpose that is meaningful to people inside and outside the organization	Organisational change
Wheeler 2006	1. Conducting research 2. Clarifying strategy 3. Designing identity 4. Creating touchpoints 5. Managing assets	A brand defined as the promise, the big idea, and the expectations that reside in each customer's mind about a product, service, or company	Brand identity
Ghodeswar 2008	1. Positioning 2. Communicating 3. Delivering 4. Leveraging	A brand defined as a distinguishing name and/or symbol intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors	Brand identity
Merrilees & Miller 2008	1. Re-visioning 2. Ensuring commitment 3. Implementing	Corporate rebranding defined as disjunction or change between an initially formulated corporate brand and a new formulation	Rebranding

ing key stakeholders; (iii) creating brand identity; (iv) defining brand objectives; (v) implementation; and (vi) evaluation. These stages are discussed in more detail in the next section in the context of building responsible brands with a view to developing a conceptual model for the purpose.

Building responsible brands

Identifying vision

The brand vision is crucial for building responsible brands because it gives purpose and guidance to the company's efforts. A suitable brand vision satisfies the established core values of the corporate brand while simultaneously ensuring that the new brand is relevant to contemporary conditions (Merrilees & Miller, 2008).

To ensure that all employees are committed to its implementation, Yan (2003) has argued that companies should involve the whole organisation, not just senior management, in the formation of the brand vision. Yan (2003) has also suggested that the vision must be focused and believable if it is to have meaning for people; in other words, unrealistic claims about 'saving the planet' are inappropriate if a brand image is to be credible.

According to de Chernatony (2003), an effective brand vision consists of three components: (i) the desired future environment; (ii) the purpose; and (iii) the values. These components are interlinked and self-supporting. With regard to the first of these, the company should have a vision of the future environment ten years hence, including potential discontinuities that will result in changes. With regard to the brand purpose, de Chernatony (2003) posed the question: "How is the world going to be a better place as a consequence of the brand and will this inspire and guide staff?". The brand purpose, which is the brand's reason for existence, differentiates the brand and motivates staff over the long term. Finally, brand values are very important because people buy brands that they perceive as having values that correspond with their own; moreover, potential employees are attracted to organisations with similar values to their own. Problems can occur if managers announce what the brand's values should be, but fail to gain the commitment of personnel to enact them; as a consequence, the actual values of the brand will differ from those that were intended. (de Chernatony, 2003.)

Analysing key stakeholders

Companies need to audit their 'brandsphere' to identify the forces that might promote or impede the brand (de Chernatony, 2003). In this regard, Aaker (2002) recommended that brand strategy should be based on three perspectives: (i) customer analysis; (ii) competitor analysis; and (iii) self-analysis. The goal is to create a brand that resonates with customers, avoids competitor strengths (and exploits their weaknesses), and takes advantage of its own strengths (and neutralises its own weaknesses).

Ryder (2003: 156) pointed out that: "At the end of the day, for any commercial organization, the customer is the only reason you are in business." The organisation therefore needs to obtain information about its customers, their buying habits with regard to the brand, and whether the brand meets their needs (de Chernatony, 2003). This becomes more challenging in the context of developing responsible brands. According to Morsing (2006), consumers do not necessarily assume that there is organisational support behind an aesthetic brand promise, but they do expect an organisation to live up to its moral claims about a brand. Companies need to ascertain whether consumers really care about responsible branding. Although consumers generally do have ethical concerns, such concerns are not nec-

essarily manifested in their actual purchasing behaviour (Fan, 2005).

Companies also need to evaluate the differentiation of their brands against those of key competitors (de Chernatony, 2003). In the context of an ethical market, a company needs to determine whether it is wise to orientate its brand to the mainstream or whether it should seek to occupy an ethical niche. Because many companies are now seeking to differentiate themselves through responsibility, mainstream companies might have difficulties in sustaining a convincing ethical differentiation (Crane, 2005).

In building responsible brands, a company's self-analysis becomes even more important. The purpose of self-analysis is to ascertain whether the company is able to realise the vision it pursues. To be successful, there must be internal alignment among the organisation's values, the brand's values, and the employees' values (de Chernatony, 2003). According to Moore (2003: 111): "… the most common reason why employees are negative and cynical about the way they are managed is because the company articulates one set of values (usually hopelessly idealistic) and manages by a completely different set."

As companies move their corporate brands from aesthetic to responsible, the fulfilment of its moral promises is ultimately a concern for employees—because their personal morals become associated with the corporate morals (and vice versa) (Morsing, 2006). Other stakeholders that need to be analysed include distributors and suppliers. Indeed, the influence of distributors and suppliers becomes increasingly important as a company seeks to promote brand responsibility. Some of the biggest scandals in the field of CSR have derived from the practices of suppliers or distributors. Responsible companies are expected to ensure that the whole supply chain is ethical.

Responsible companies therefore need to engage in stakeholder dialogue and to listen before acting (Maio, 2003). Although the historical focus in such dialogue has been on customers and investors, the range of key stakeholders and active constituents has expanded dramatically due to globalisation. Corporations should therefore listen more actively to a wider range of stakeholders. In doing so, they need to understand that a brand is a dynamic asset that is effectively 'co-owned' by both the company and its stakeholders (Maio, 2003).

Creating brand identity

In responsible branding, brands are expected to demonstrate integrity in their values and characteristics. In other words, responsible branding must be reflected in the very content or identity of brands (Maio, 2003).

Brand identity consists of two components: (i) core identity; and (ii) extended identity. The first of these, core identity, is the essence of the brand, and includes the associations that are expected to remain constant as the brand moves into new markets and products. The values of the organisation and the core identity should be in close correspondence. The extended identity provides the 'texture' and detail that complete the brand and help to show what it stands for (Aaker, 2002).

A sense of responsibility can be built into the core identity and/or the extended identity. Most companies use responsibility as an added extra to the core business, which is a simpler way of incorporating responsibility. This is especially the case with existing companies because it is more challenging and risky to change the core identity. However, some brands are primarily based on responsibility. This is especially the case with new companies. New brands have the potential to establish responsibility as the core value of the company.

Defining brand objectives

According to de Chernatony (2003), the brand's vision should be expressed as clear long-term and short-term objectives to establish what the brand is expected to achieve at specified times. Definite long-term objectives should be established, and then constantly revisited during the brand-development process to ensure that all levels of the organisation are committed to them. The long-term objectives are then broken down into shorter-term goals.

Crane (2005) contended that the building of responsible brands requires the adoption of a holistic long-term approach. Because trust and credibility cannot be established instantaneously, corporate actions should be directed towards the longer term, rather than merely being a 'spur-of-the-moment' activity that aims to make a quick profit. This view was shared by Maio (2003), who also recommended that responsible brands require a comprehensive long-term strategy.

Implementation

No matter how thoroughly a company builds its brand internally, a responsible brand can succeed only if it is communicated effectively to potential consumers. The implementation stage is therefore crucial.

The implementation stage includes both positioning and execution (Aaker, 2002; de Chernatony, 2003; Urde, 2003; Schultz, 2005; Wheeler, 2006; Ghodeswar, 2008; Merrilees & Miller, 2008). Brand positioning refers to the creation of a perception of the brand in the minds of customers, and the achievement of differentiation; in other words, the brand must stand apart from competitors' brands and meet the needs and expectations of consumers (Ghodeswar, 2008). Brand execution refers to the communication of the brand's message and the management of assets to ensure that what is promised is actually delivered (Urde, 2003; Ghodeswar, 2008; Wheeler, 2006).

In summary, the implementation stage entails publicising the message of the brand, ensuring that the message reaches its target and making sure it is delivered.

According to Crane (2005), consumers and other stakeholders are demanding that companies show more responsibility while simultaneously being quick to denounce those same companies for perceived hypocrisy with regard to brand images and corporate activities. In a similar vein, Maio (2003) emphasised

the importance of matching the 'talk' with the 'walk', and Jahdi and Acikdilli (2009) have noted that organisations that choose to highlight their CSR credentials come under greater scrutiny than those that do not do so.

Evaluation

After implementation, the ensuing activities and results associated with the brand need to be evaluated. Because they are complex entities, no single parameter can be used for such evaluation; rather, a combination of internal and external dimensions needs to be measured to assess the success of the brand (de Chernatony, 2003). Schultz (2005) also advocated comprehensive monitoring, but took the idea further by suggesting that various stakeholders should be brought together in the monitoring. She also contended that the tracking of internal and external brand performance should be aligned. Finally, by comparing results with the vision, it is possible to evaluate whether the brand objectives have been reached. The evaluation stage also provides an opportunity to review the whole brand-building process with a view to identifying what needs to be improved.

A conceptual model for building responsible brands

To summarise the above discussion on building responsible brands, Figure 1 presents a model for building such brands. The model depicts the six key aspects of brand building as an interactive and ongoing process.

As shown in Figure 1, the process starts by identifying the brand vision, which is followed by analysis of key stakeholders. The next aspect, creating brand identity, can utilise a sense of responsibility as a core identity and/or as an extended identity. This is followed by identifying brand objectives, which should be set for both the long term and the short term. The next element, implementation, includes both positioning the brand and executing the brand message. Finally, evaluation of the entire process and the brand itself completes the process and leads to possible changes.

It would seem that every aspect of building responsible brands requires more thoroughness than building general brands. For example, the building of a responsible brand requires a stronger vision, value foundation, internal commitment, and implementation than is the case in developing brands in general. Moreover, responsible brands need to be transparent to enhance their
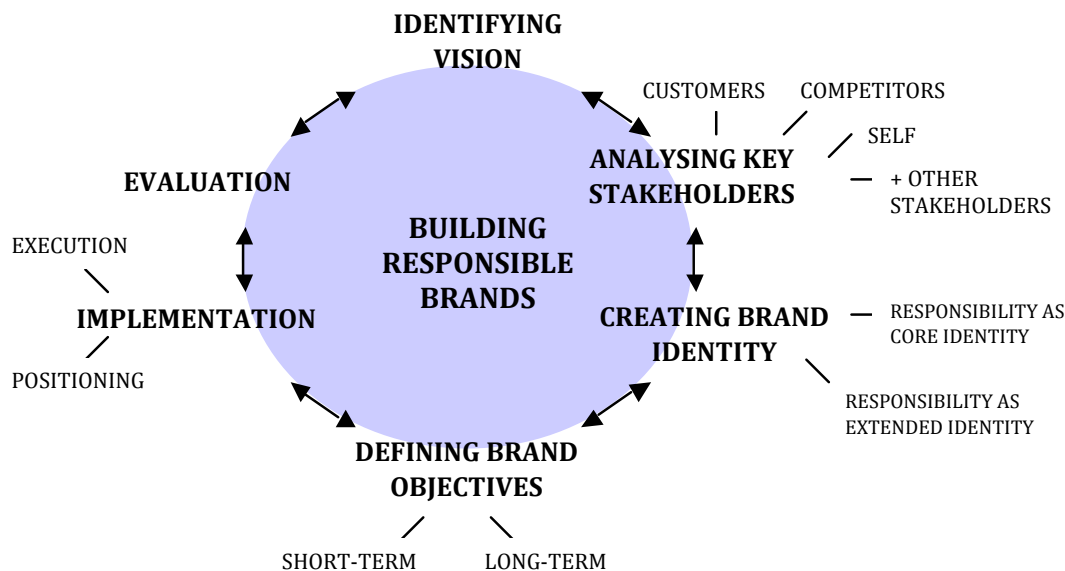

Figure 1. A conceptual model for building responsible brands.

credibility (Willmott, 2003). This means being as open and honest as possible in telling people what the company is doing and how this is overtly linked to the company's core values and activities. Transparency also implies having effective communication channels and mechanisms for dealing with possible crises (Willmott, 2003). As Gad (2003: 190) observed: "In a transparent world nothing is better from a communicative point of view than to have one message—one company—externally and internally". If there is only one message internally and externally, there is much less risk of the brand being exposed to charges of hypocrisy.

For the building of responsible brands, it is essential that the whole company feels a sense of ownership of the brand, and that senior management is prepared to act as champions for the development of the brand (Middlemiss, 2003). If the whole company is not committed to the process, the effort is unlikely to be successful, and without the commitment of senior management, it is virtually impossible to generate effective activity in brand-building. If these requirements are not fulfilled, the result is likely to be a lot of fine words without meaningful action. One of the most powerful values that a company can have is to promise only what it knows it can deliver (Ryder, 2003).

Discussion

The building of a responsible brand cannot be based on simple intuition, changing market preferences, and corporate self-promotion. To be successful, the building of a responsible brand requires systematic planning and coordinated actions, not mere advertising. In building a general brand, a company can choose to create virtually whatever identity it wants and communicate the brand however it likes; however, in building a responsible brand this is unwise. As Moore (2003) has noted, marketers

build a sort of 'fantasy value' that outstrips the reality of what they are promoting. In the case of responsible brands this is dangerous, because such brands need to be based on reality if they are to remain credible.

Responsible brands are likely to attract more cynical critics than other brands. It is therefore vital that the internal and the external perspectives are consistent. If promises are broken, the brand's credibility will be lost, and once lost it is difficult to regain. In building general brands, the consequences of betraying the trust of stakeholders are similarly damaging, but not to the same extent as occurs when a brand is ostensibly committed to being trustworthy.

Building responsible brands is thus challenging; however, there are many benefits to be gained if it is done well. The direct benefits include a more motivated workforce, more trusting relationships with suppliers, and more efficient processes. The indirect benefits include an enhanced reputation, increased perceptions of quality, and greater loyalty from more profitable customers (Willmott, 2003).

Finally, the responsible brand needs to be communicated to consumers and other stakeholders. In this regard, some of the more important sources of background information for ethical consumers are the media, campaign groups, and informal communication networks. New technologies and social media have extended consumers' access to information on brands (Berry & McEachern, 2005), and these should be utilised to promote responsible brands. Although companies have traditionally used corporate social reports as their main means of demonstrating their responsibility (Adams & Zutshi, 2005), ethical consumers are often sceptical of corporate self-promotion (Berry & McEachern, 2005). New technologies and social media should therefore be used to promote the responsible brands and CSR in general.

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Managing Mental Standards with Corporate Citizenship Profiles

Laura Olkkonen
Vilma Luoma-aho

Abstract

Stakeholder expectations of corporate responsibility are growing and thus understanding the dynamics of expectations is becoming important for companies. Stakeholder expectations that are met open doors for stakeholder favor, whereas unmet expectations may hinder or even prevent collaboration. While all companies are expected to be responsible enough to keep away from causing harm to others, a competitive edge can only be achieved if the minimum expectations are exceeded. The paper suggests that companies can both exceed and manage stakeholder expectations in practice by building up a corporate citizenship profile that gives direction to their specialization in responsibility. This niche can be labeled for example environmental, cultural or technological corporate citizenship. The value of such labeling is that it can make the corporate responsibility of an individual company easier to communicate. This is important, as creating competitive edge with responsibility sets high standards for communication, since stakeholders view messages concerning responsibility with a great deal of criticism, or even cynicism. As good deeds of today tend to turn into expectations of tomorrow, meeting stakeholder expectations can become crucial for company success. Thus, expectations need to be both understood and managed.

Keywords

Introduction

As societies become more diverse and fragmented, expectations of how business should be run are becoming more complex as well. The recent buzz around the responsibilities of business mirrors the current societal values and changes (Matten & Moon, 2008). Some have argued the society to have turned into a Risk Society (Beck, 1992) where principles for operating are questioned and criticized openly (Beck, 1992; Jones, 2002). As a result, companies need to find ways to answer to increasing expectations that might whittle away stakeholder trust, and through it erode their legitimacy (Deephouse & Carter, 2005). Stakeholder expectations of responsibility have been on the rise (De Man, 2005) and as they are changing they transform also the way responsibility is perceived. However choosing what to emphasize and what to communicate is not easy for business, as cultural aspects cause variation in the notion of responsibility (see e.g. the Edelman Trust Barometer, 2009; Williams & Zinkin, 2008) and what responsibility is considered to be may change over time (Matten & Moon, 2008).

Companies and their stakeholders affect each other directly and indirectly, as the theory of stakeholder thinking depicts (Carroll, 1993; Freeman, 1984). When talking about corporate responsibility and stakeholder thinking, companies need to find ways to combine two profound needs to function; the society's need for production and companies' need for societal consent. Problems arise, as expectations for responsibility are sometimes higher than companies are willing to meet (Blowfield, 2005; de Man, 2005). This gap poses a risk for business, and requires attention. The size of the risk depends on how large a gap the stakeholders are willing to accept.

When risks become more visible, stakeholders take more interest in how business operates. Communication becomes a critical asset, as stakeholders need more information on how companies are conducting their responsibility. Stakeholders want to be able to assess if their expectations match reality. The paper proposes the different stakeholder expectations

to form dynamic 'mental standards', that are sometimes congruent and sometimes very different from the standards used elsewhere (e.g. in reporting). Aligning these (mental & other standards) is of vital importance for companies wanting to succeed with corporate responsibility. As such, the underlying assumption of this paper is that corporate responsibility can only be effective if the different expectations toward it are managed. The paper suggests that one way to effectively manage expectations in practice could be through a corporate citizenship profile. But to manage expectations, they first need to be defined and understood.

To maintain basic legitimacy, companies need to achieve at least the minimum level of responsibility by causing no harm to others. However, this paper suggests that gaining competitive edge from responsibility requires not only answering to the minimum expectations, but exceeding them. What is more, responsibility does not end once a certain level of responsibility is demonstrated, but instead stakeholder demands may even rise (Dean, 2004). In fact, it is extremely challenging to get stakeholders to settle for less once a certain level of responsibility has been established (Morsing, 2003). That said, the management of stakeholder expectations can turn out to be crucial for successful corporate responsibility. Despite this, little research has focused on the dynamics of stakeholder expectations.

To address the issue of diverse and dynamic expectations, the paper proposes that companies can both exceed and manage stakeholder expectations by building corporate citizenship profiles that match the industry or the field of the company. By using such profiles stakeholder expectations can be given direction and kept realistic. The concept of corporate citizenship (CC) is used here, as it provides an analytical lens that locates companies into a societal context (Crane, Matten & Moon, 2008). The notion of "citizenship profiles" is derived from Gardberg & Fombrun (2006), but weighted for this paper's purposes with more profound communicative angles. In fact, the paper suggests communication to play a critical role for responsibility: first, communication can be of value when profiling the type of re-

sponsibility suitable for the company. Second, communication is the key to managing expectations through reputation.

As no communication can be successful without genuine actions behind it, companies need to know their stakeholders and listen to their expectations and demands. In addition, a company needs to know where it wants to focus and find a way to meet expectations with that focus. If a company fails to focus, responsibility can become a "slippery slope" (Frederiksen, 2010) with endless expectations. Thus, companies are not only required to know what the stakeholders are expecting, but also to know how the expectations can be filled while conducting everyday operations. This is challenging as stakeholders constitute an ecosystem that reforms itself whenever stakeholders' attitudes, values or expectations change.

The paper is organized as follows. To begin with, the paper sets out the scene for stakeholder expectations and their relevance for corporate responsibility. Next, attention is directed towards how company responses affect stakeholder expectations and why expectations need to be managed. Towards the concluding part, the paper discusses how companies can both exceed and manage stakeholder expectations in practice by specializing, and moreover, by building up a corporate citizenship profile.

Why expectations matter?

Companies are growingly interested in stakeholder expectations, since maintaining a good rapport with stakeholders is believed to strengthen organizational legitimacy and long-term performance (Donaldson & Preston, 1995; Suchman, 1995). In fact, the relative importance of stakeholder expectations seems to be growing (Sinaceur, Heath & Cole, 2005). Expectations can be defined as mental standards on what is considered important or as heavily invested beliefs and anticipations about what will occur in the future, or how others behave. What makes these mental standards tricky is that they are subject to change and affected by emotions. Expectations can be positive (trusting) or negative (distrusting) (Lewicki, McAllister & Bies, 1998) and they may derive from personal or mediated experiences. However, often the origins of expectations are hard to define clearly, as both weak signals and individual clues are combined to form a scenario of what is likely to happen. Thus, stakeholder expectations are more subtle than stakeholder demands; expectations might not lead to visible outcomes such as boycotts, but instead result in silent manifests of satisfaction or dissatisfaction. These are often demonstrated through choices in consuming, identification, and the willingness to cooperate.

What makes expectations worth understanding are the benefits they provide: fulfilled expectations are rewarded with the generation of trust, which in turn has a positive effect on reputation (Eisenegger & Imhof, 2008). Reputation is a record of trustworthy or untrustworthy past behavior (Andreassen, 1994; Sztompka, 2000; Webley, 2003), forming as a cyclical process: past experiences create a reputation based on which future expectations are matched (Luoma-aho, 2005). From the organization's point of view managing stakeholder expectations is important because suitable expectations among stakeholders open doors for stakeholder favor, whereas false expectations may hinder or even prevent collaboration.

As stakeholder expectations belong to the area of relationship management on the organizational agenda, they highlight the need to know and understand stakeholders that surround organizations. Communication becomes a central function, as relationships are maintained to a large part with the help of communication (Ledingham & Bruning, 2000). Furthermore, communication is essential in creating meanings and making sense (Schultz & Wehmeier, 2010) and in seeking support for actions (Hooghiemstra, 2000). From the point of view of communication the central questions relating to stakeholder expectations are what is communicated to the stakeholders, how the stakeholders react and how the stakeholders are placed in importance (Luoma-aho, 2008). Expectations are formed through experience and time (Vos & Schoemaker, 1999), but communication is what maintains, increases or diminishes them.

Stakeholders constitute the ecosystem for business operations – an ecosystem that reforms itself whenever stakeholders' attitudes, values or expectations change. It has been suggested that companies with strong brands face higher stakeholder expectations and through them more criticism than those with more decentralized trademarks (Haltsonen, Kourula & Salmi, 2009). Also companies with operations close to natural resources are considered prone to criticism (Peloza, 2006; De Villiers & Staden, 2006). Thus the expectations that companies face vary both in their content and intensity. Especially when corporate responsibility is monitored with intensity, honest communication and recognition of stakeholder expectations can provide room for organizational coping.

Expectations of responsibility

Previous research has suggested that there is an ideal level for conducting corporate responsibility that is related to attributes such as company size and industry (McWilliams & Siegel, 2001). As corporate responsibility is often defined with the help of "the Triple Bottom Line" (TBL) that acknowledges three different responsibilities businesses today have (economic, environmental and social) (Elkington, 1994), stakeholder expectations of responsibility can refer to different areas on the organizational agenda. In fact, as the Triple Bottom Line suggests, an organization's responsibility is towards all different stakeholders that are connected to the company with either formal or informal bonds. A stakeholder can hence be anyone who is influenced by or aims to influence, either directly or indirectly, the actions of the organization (Carroll, 1993; Freeman, 1984). These stakeholders constitute the audience for corporate responsibility and seek various arenas to voice their own opinions on responsibility.

Balancing corporate responsibility with stakeholder expectations is a challenging task, as a good deed done today can turn into a prevailing expectation for tomorrow (Luoma-aho, 2008). In fact, how responsibility is perceived can change over time. According to several studies (Blowfield & Googins, 2006; Boston College Center for Corporate Citizenship, 2009; De Man, 2005; Waddock, Bodwell & Graves, 2002) the direction of change has been constant for already some time: towards tackling ever more complex issues with corporate responsibility. Scholars have argued that responsibility has become a prerequisite for attracting investments (Matten & Moon, 2008, p. 16), a central tool to secure business in the long run (Fombrun, Gardberg & Barnett, 2000; Vanhamme & Grobben, 2009), and even an all-pervasive business imperative (Waddock, Bodwell & Graves, 2002). In accordance to this development, responsibility will soon become a condition sine qua non for conducting business no matter where the operations take place.

When talking about responsibility, stakeholders expect many things. To maintain basic legitimacy, companies need to achieve at least a minimum level of responsibility of causing no harm to others with their business (Elkington, 1994; Waddock, Bodwell & Graves, 2002). This can relate to different spheres of respon-

sibility, starting from environmental considerations such as pollution control to social considerations such as fair treatment of employees and safety of production. In addition to keeping away from harm, stakeholder expectations address rather complex issues, such as human equality, education, and tackling social problems. (Boston College Center for Corporate Citizenship, 2010.) Thus, business today is not faced only with demands on the minimum level (no harm done), but they are also expected to take part in promoting societal goals on a general level. To add to the complexity of stakeholder expectations, different stakeholders can expect different things, and what is more, the differing expectations might even contradict each other. This, if anything, makes it even more difficult to find the right responses to expectations from the perspective of an individual organization.

As companies cooperate with each other, they also have expectations for each other. To be able to ensure that expectations of responsibility are met throughout the supply chain and cooperation network, the business life has built self-regulatory systems to guide how much responsibility is considered as sufficient (Matten & Moon, 2008; Schultz & Wehmeier, 2010). For example, companies with operations abroad are usually expected to follow the laws and standards at least on the level of their country of origin. To prevent differing practices, international standardization systems have been established that oblige the certificate holders to follow them wherever they operate (Matten & Moon, 2008). Standards are a way to guarantee a uniform behavior that goes beyond national regulations, and as such, standards represent one to define how much responsibility can be expected.

Fulfilling minimum level of responsibility is especially vital for the formation of stakeholder assessments, and neglecting the minimums can cause permanent harm. If the minimums are not met, it is most often the stakeholders that bear the consequences e.g. in terms of health problems, contaminated living environment or economical loss. When companies gain in power they are also able to touch the lives of even more stakeholders. This, in turn, means bigger risks and bigger crises if the risks actualize. Especially in the wake of the 21st century, irresponsibility has been confronted with not only changes in attitudes (increased skepticism), but also with changes in regulation and legislation (Matten & Moon, 2008, p. 414-415; Rockness & Rockness, 2005). In fact, tolerance for violations on the Triple Bottom Line is getting ever lower, and support is given increasingly to those willing to exceed the minimum level. Unfulfilled expectations may not always be displayed flamboyantly, but by simply turning to the competitor who can deliver the product with satisfactory social and environmental level.

Managing expectations

To manage expectations they need to be understood and known. In particular, companies need to understand that different stakeholders can have different expectations. Thus, creating uniform standards is not always sufficient for expectations management, as all stakeholder expectations are not necessary in congruence with the prevailing standards. To find a way to operate in a legitimate way, both what is expected of the company and what the company is willing to deliver needs to be constantly negotiated between companies and their stakeholders.

To maintain stakeholder support, expectations should be met – to gain a competitive edge, expectations should be exceeded. Whether a company strives to meet or exceed expectations of responsibility is a strategic question. Some companies might be pleased just to stay on the minimum level and not to invest in proactive monitoring of expectations that concern responsibility. However, those companies wanting to exceed expectations need a have a plan in order to succeed.

Managing expectations is related to managing relationships

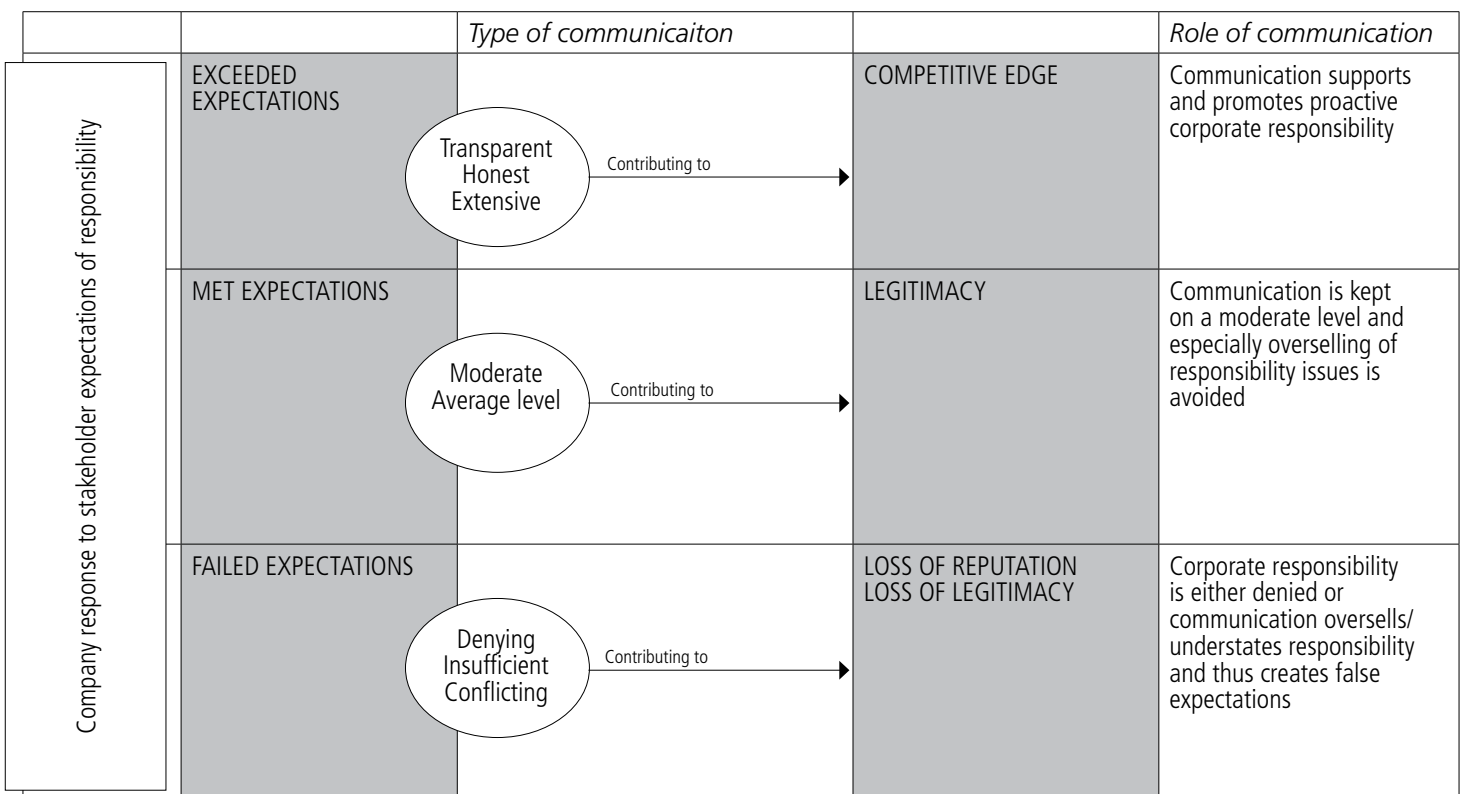|		Type of communicaiton		Role of communication
Company response to stakeholder expectations of responsibility	EXCEEDED EXPECTATIONS	Transparent Honest Extensive — Contributing to →	COMPETITIVE EDGE	Communication supports and promotes proactive corporate responsibility
	MET EXPECTATIONS	Moderate Average level — Contributing to →	LEGITIMACY	Communication is kept on a moderate level and especially overselling of responsibility issues is avoided
	FAILED EXPECTATIONS	Denying Insufficient Conflicting — Contributing to →	LOSS OF REPUTATION LOSS OF LEGITIMACY	Corporate responsibility is either denied or communication oversells/ understates responsibility and thus creates false expectations

FIGURE 1 Company response to stakeholder expectations of responsibility and effects

(Ledingham, 2003). What makes relationship management important is that an established and known relationship offers opportunities for predicting and following how expectations develop and change. In order to know and understand both relationships and expectations, communication is needed to be able to exchange information and to make sense of it. Furthermore, managing expectations is important as a company cannot only adjust itself into the demands of the surrounding society, but rather needs to find ways to balance company needs with stakeholder needs and to find common ground and mutual benefit between them (Frederiksen, 2010; Ledingham, 2003).

How a company behaves and acts affect stakeholder expectations whether a company is aware of expectations or not. Company responses contribute to whether expectations are on the positive or the negative side (Lewicki, McAllister & Bies, 1998), which in turn can affect organizational reputation and legitimacy, as well as stakeholder trust. Basically, companies can either fail, meet, or exceed stakeholder expectations. Communication has a role here, as it can maintain, increase or diminish expectations and stakeholders' perceptions of the organization as a whole. Figure 1 offers (a simplified) framework for stakeholder expectations and company response, as well as presents the most important perspectives for communication.

As figure 1 suggests, failing stakeholder expectations is connected with denying or insufficient communication, or communication that is somehow conflicting with actions (see for example Bradford & Garrett, 1995; Luoma-aho & Paloviita, 2010). Thus, a company can fail in meeting stakeholder expectations of responsibility not only by refusing to take up responsibility, but by taking it and not communicating about it, or by telling about it but not actually doing it. This level of not meeting the minimum expectations of responsibility has the potential to cause harm for both organizational reputation and legitimacy.

On the level of meeting the minimum expectations it is generally sufficient to keep an average level of disclosure and not to oversell responsibility if nothing extra is done (Morsing & Schultz, 2006; Schultz & Wehmeier, 2010). However, exceeding expectations does set higher standards for communication, as stakeholders need to be able to judge for themselves if what is claimed matches what they consider to be responsible (Dawkins & Lewis, 2003; Lewis, 2003). Expectations can be exceeded with an extension (or several extensions) of responsibility, i.e. taking voluntary actions on some level(s) of responsibility, or with a more detailed niche or a clearly defined area of specialization. Either way, exceeding expectations offers a chance to create competitive edge. However, compared to an extension a clearly communicated niche could offer a package that can be easier to manage. Next, the paper turns to suggest that in practice this niche could be a corporate citizenship profile that utilizes the many variants of citizenship, among them environmental and cultural citizenship.

Specialization and focusing: finding a niche in responsibility

As a certain amount of responsibility is expected from all, fulfilling the minimum expectations (no harm done) does not provide competitive edge, but still has the potential to cause harm when left neglected. Thus, those companies wanting to gain extra benefits from their responsibility efforts need to find areas where to outperform the competition. These extra benefits are found somewhere beyond maintaining the basic legitimacy, in areas such as reputational capital, social capital and competitive edge (Gardberg & Fombrun, 2006; Jenkins, 2009; Porter & Kramer,

2002; White, 2006). These benefits, also referred to as intangible assets, are the most difficult characters for competitors to copy, which is why companies are increasingly interested in finding ways to acquire them (Kaplan & Norton, 2004; Wernerfelt, 1984). However, exceeding expectations is no easy business: it requires both resources and time. As the gap between the perceived performance in responsibility and expectations on it continues to widen (de Man, 2005), companies need to work ever harder to be able to top the increasing expectations.

Companies have different methods when trying to exceed the minimums of responsibility. In the U.S., corporate philanthropy has been a popular approach, whereas many European countries have preferred responsibility functions more closely tied to their everyday operations, such as enhanced product quality, environmental considerations and employee health & safety (Maignan & Ralston, 2002). The latest literature on corporate responsibility emphasizes that the area where companies should exceed the minimum expectations should ideally be somehow linked to the company's core business (Gardberg & Fombrun 2006; Lozano, 2008; McManus, 2008; Schultz & Wehmeir, 2010; Timonen & Luoma-aho, 2010). Schultz & Wehmeier (2010) call this translation of responsibility to the organizational context, others call it integration (Boston College Center for Corporate Citizenship, 2009; Stephenson, 2009), or specialization (Timonen & Luoma-aho, 2010).

Linking responsibility into core business is recommended especially because it has the potential to create benefit for both the company doing it as well as to the surrounding society. When there is something for the company to gain and not just to give, companies might find more motivation to take up extra responsibility and actually commit to it. Moreover, an integrated approach might also become more believable from the stakeholders' view since faked or artificial responsibility is one of the most common reasons for criticism (Fombrun, Gardberg & Barnett, 2000; Vanhamme & Grobben, 2009). Thus, the integration of responsibility requires not only knowing what the stakeholders are expecting, but knowing how these expectations could be filled while conducting everyday operations.

From communications point of view, creating competitive edge with responsibility sets high standards for communication in particular, as stakeholders view messages concerning responsibility with a great deal of criticism, or even cynicism (Morsing & Schultz, 2006; Ortiz Martinez & Crowther, 2008; Pomering & Dolnicar, 2008). However, with successful communication based on genuine actions, stakeholders can be turned into supportive faith-holders (Luoma-aho, 2005) whose trust form the basis for organizational legitimacy. Thus, communication can be a powerful tool for both managing expectations and profiling the type of responsibility suitable for the company.

In sum, building competitive edge with the help of corporate responsibility means that a company needs to figure out how stakeholder expectations can be exceeded without compromising business. This is where strategically aligned corporate citizenship can help, since it provides a framework for both framing and naming the specialization of voluntary responsibility. Here, corporate citizenship does not stay on a general level of acting in the society as responsible citizens would do (Carroll, 1991), but recognizes that citizenship can take different forms. While scholars have remained in disagreement about the relations of corporate citizenship to other concepts of business responsibility (Matten & Crane, 2005; Mirvis & Googins, 2006; Thompson, 2005; Timonen & Luoma-aho, 2010), the definitions of corporate citizenship usually give added emphasis to voluntarism and especially activism (Mirvis & Googings, 2006; Moon,
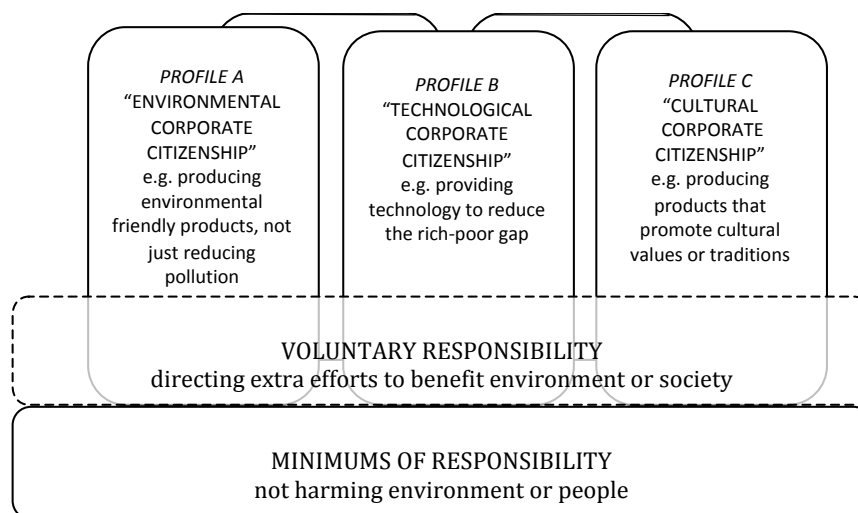
FIGURE 2 Examples of corporate citizenship profiles

Crane & Matten, 2005). It is exactly this activist nature where the potential of corporate citizenship lie with regard to gaining competitive edge.

Building competitive edge with corporate citizenship involves intensive, more than standard actions on one or more aspect besides making profit on the Triple Bottom Line: social or environmental. On a social level, the actions might be targeted to tackle problems such as the level of education or the rich-poor gap (Boston College Center for Corporate Citizenship, 2010, p. 3), and on an environmental level to developing products that have minimum negative impact on the environment (Crane, Matten & Moon, 2008). In addition to the responsibilities listed in the TBL, the concept of citizenship does offer room for even more diverse definitions, including such labels as technological citizenship and cultural citizenship (Isin & Wood, 1999). Hence, with its room for profiling, corporate citizenship can contribute to more than creating competitive edge, as it has the potential to help companies communicate the niche where they are exceeding the expectations.

Specialization in corporate citizenship has been suggested before by Gardberg and Fombrun (2006), but so far such profiling has been quite challenging to communicate clearly. One adaptation has been the division of corporate citizenship into three different kinds of citizenships: environmental, technological, and cultural corporate citizenship. Environmental corporate citizenship would be beneficial especially for those companies operating closely with natural resources (such as heavy industry), whereas cultural corporate citizenship could be a good profile for companies that have something to do with contributing to the cultural heritage (such as design industry), and finally technological corporate citizenship to those companies contributing to the societal development by generating and distributing technological applications (such as IT industry). By creating a communicative citizenship profile, companies could emphasize their individual strengths in the field of responsibility and give direction to stakeholder expectations. (Timonen & Luoma-aho, 2010.) This is vital, as companies should know their stakeholders well and stay close to the industry expectations and trends.

Figure 2 depicts different corporate citizenship profiles. Besides the examples presented above, it is possible that additional corporate citizenship profiles could be defined. The three examples are drawn from a study where different types of citizenship were identified and named from existing corporate reports (Ti-

monen & Luoma-aho, 2010). An important aspect is that all the examples profiled here rest on the minimums of responsibility, e.g. a level of minimum responsibility that is expected from all companies. While the profiles are based on the very minimums that often refer to rules that reduce the harm done, voluntary responsibilities lie in actions that aim to produce something good with responsibility not only by keeping away from harm but by having societal or environmental goals. Thus, a company with a corporate citizenship profile strives to have a positive (rather than a neutral) outcome from the area it has chosen to specialize in. Though companies can take voluntary responsibilities even without such profiles in more or less focused or strategic ways, the most important benefit of a profile is that it is clearly defined and structured – and easier to manage.

As companies continue to integrate corporate responsibility to their core business (Boston College Center for Corporate Citizenship, 2009), more communicative responsibility profiles are needed. This is needed especially because corporate responsibility remains to be an ambiguous and multifaceted field. The profiles could help especially with finding the most suitable area of specialization for individual companies, and with finding tools for communicating where expectations are intended to be exceeded. Without a responsibility profile, or as suggested here, a citizenship profile (explanation of where minimum expectations are exceeded), the field of responsibility might be difficult to manage and communicate.

Especially environmental forerunners could benefit from a responsibility profile of environmental corporate citizen, as it is the hardest to intuitively connect to the term of corporate social responsibility (CSR) due to CSR's emphasis on social issues. In addition to the profiles suggested here, citizenship profiling might open also many other interesting doors to companies that find their area of specialization, their niche in responsibility, from untraditional fields.

Discussion

In the paper it was suggested that expectations create 'mental standards' that affect not only consuming, but also partnering, cooperating and identification. Furthermore, it was proposed that the creation of specific corporate citizenship profiles that match the industry or field of the company could ease the management of stakeholder expectations in practice by giving expec-

tations direction and keeping them realistic. The paper suggested communication to play a critical role in responsibility as it provides tools to profiling the type of responsibility suitable for the company and as it can assist managing expectations through reputation. As stakeholders need to know what to expect, inconsistent communication can make the whole corporate responsibility function seem fuzzy. To solve this, corporate citizenship profiles were presented to help align expectations and give clarity to responsibility actions.

The value of corporate citizenship profiles reveals itself especially to companies wanting to gain competitive edge from their responsibility functions. If exceeding expectations and reinforcing intangible assets is something a company wants to accomplish, a niche in the form of a corporate citizenship profile could help to direct efforts. As Frederiksen (2010) has noted, listening to expectations and demands of responsibility can become a "slippery slope" for companies if they do not know where to focus. A niche that is easy to communicate, integrate and to define, could help to give suitable direction to stakeholder expectations and help to avoid the emergence of unrealistic expectations.

One very relevant question is whether the profiles presented here need to be named corporate citizenship profiles and if for example CSR profiles would be as suitable or even more fitting. No doubt both corporate citizenship and CSR profiles could be used to describe the specialization and niche that the paper has discussed. The benefits of corporate citizenship lie, however, in the active doer that it implies – responsibility is not just happening, but an actor (the corporate citizen) is taking responsibility of doing it. As such, corporate citizenship places companies into a societal context as citizens among citizens. What is more, citizenship theory offers tools for companies wanting to profile themselves as specialized citizens – citizens whose citizenship actualizes in the form of different practices and identities and not so much as an uniform package of duties and right (see Isin & Wood, 1999).

One of the paper's central points was that the profiling suggested could be used as a practical tool for clearer communication about companies' responsibilities. However, communica-

tion does not offer an instant fix as disclosure on responsibility can also open doors for criticism (Schultz & Wehmeier, 2010; Vanhamme & Grobben 2009). Despite the challenges, communication can be a powerful tool for both managing expectation and profiling the type of responsibility suitable for the company. Fredriksson (2009) has suggested that communication's centrality to responsibility lies in its ability to serve organizational expressivity, and reduce both uncertainty and complexity. In other words, communication helps to interpret the society and place organizations in it. The key for succeeding in this is to match communication with both expectations and actions; even the best communicative tools cannot help if they are not based on genuine action. Yet, if what is said is matched and profiled with what is done, communication can make or break the success of responsibility actions.

This attempt to better understand the link between expectations and corporate responsibility relates to an area that has not so far been researched extensively. Thus, it is an area where future research should shed more light on. For example where companies land in meeting stakeholder expectations could prove to be a useful area for future research.

In reality the expectations of different stakeholder groups can be very different from each other, which is also something future studies should address. In addition to this, more studies are needed on how stakeholder expectations affect corporate responsibility together with other factors such as isomorphism, peer pressure, institutionalization and cultural environments. While more work is needed to be able to understand the full dynamics of stakeholder expectations, this paper can be considered as a move towards tying stakeholder expectations more profoundly to the field of corporate responsibility, and especially to corporate citizenship.

Acknowledgements

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Does Luxury Indicate Sustainability?
An Analysis of the Maldives

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Abstract

The environment of small tourism islands, as climate and coastal resources, make them favourable locations for luxury resorts. However, tourism can cause a threat to these islands' local environment. Thus, the Maldives government has developed regulations to ensure a balance between resource protection and use. This study examines, from the conceptual framework of sustainable tourism, whether luxury indicates sustainability in the Maldives, that is, if there is a link between luxury and sustainability. To perform this analysis we have studied 91 deluxe and non-deluxe resorts in the Maldives using content analysis methodology. Then we have applied a Principal Components Analysis to determine whether the resorts can be grouped according to their tourist attractions and sustainable activities. Results show that we can not affirm that luxury implies sustainability, but we might conclude that both are possible.

Keywords

Small islands, Sustainable Tourism, Business Social Responsibility, Environmental Impact of Recreational Activities

Introduction

Tourism is a major economic driver in many small islands (Shareef and McAleer, 2005; Nurse and Moore, 2005; Belle and Bramwell, 2005; McElroy, 2006; Clampling and Rosalie, 2006). However, the economic and environmental aspects of tourism need to be balanced (Henderson, 2001) to guarantee long-term benefits to communities (UNWTO, 2004). While tourism can bring many economic advantages to small islands, there are many examples of rapid, unplanned tourist development which have produced over-reliance on this one industry, environmental degradation and excessive concentration at the lower quality end of the mass tourism market. As a result, in the 1990s many islands started to remedy this situation by showing greater commitment to planning, upgrading their facilities and developing new markets (Bull and Weed, 1999).

Both internal (tourism impact: Zubair et al., 2010; Belle and Bramwell, 2005; Georges, 2006) and external (climate change: Briguglio, 1995; Belle and Bramwell, 2005; Roper 2005) factors can have an impact on the environment of small islands, which can reduce the attractiveness of these coastal tourism destinations and may reduce the number of people who want to visit small islands in tropical and subtropical regions (Nurse and Moore, 2005). In an attempt to preserve its local ecosystem, the Maldives signed all the major international agreements promoted by the UN Environment Programme, and the Maldives Government established specific regulations to develop sustainable tourism: the Environmental Protection and Preservation Act of Maldives (Maldives Government, 1993), the Tourism Act of Maldives (Maldives Government, 1999) and the Regulation on the Protection and Conservation of Environment in the Tourism Industry (Maldives Government, 2006).

Small island states should readily accept on one hand that they are unlikely to be in a position to access substantial external resources to adapt their model of tourism to an eco-tourism model and on the other, that their strategies to combat climate change should be integrated into existing plans and programmes (Nurse and Moore, 2005). For example, municipal solid waste is the most significant waste stream in many small islands (Georges, 2006). In this sense, small islands could set an example for the rest of the world (Roper, 2005).

Up until now, studies about small islands, including the Maldives, have not analysed every island separately. When studying sustainable tourism, indicator analyses are based on national data so as to compare different countries (Buzzigoli, 2009). Thus, we have not found any studies that focus on the eco-friendly image that the resorts in the Maldives give to tourists or on whether luxury and sustainable tourism are compatible in the Maldives.

Thus, our paper's goal is to examine, from a conceptual sustainable tourism framework, whether luxury indicates sustainability in the Maldives, that is, if there is a link between luxury resorts and sustainability.

Small islands and the environment

Despite the literature on these small islands (Figure 1), there is no common definition about them in either quantitative or qualitative terms. Authors refer to them as SIDS – Small Island Developing States (Nurse and Moore, 2005; Roper, 2005; Fry, 2005; Belle and Bramwell, 2005; Clampling and Rosalie, 2006; Van der Velde et al, 2007) or SITEs – Small Island Tourism Economies (Shareef and McAleer, 2005; McElroy, 2006). McElroy and Albuquerque's definition of small islands (1998) included islands that have less than 500,000 inhabitants and a surface area of less than 2,000 km2 while McElroy (2006) included those with a population of less than one million inhabitants in a land area of less than 5,000 km^2.

Scheyvens and Momsen (2008) summarized the features that different authors have noted in the cases of the islands that have been studied. These characteristics are related to their economic and environmental vulnerabilities (McElroy and Albuquerque, 1998), including the effects on tourism activities associated with scarce natural resources and waste man-
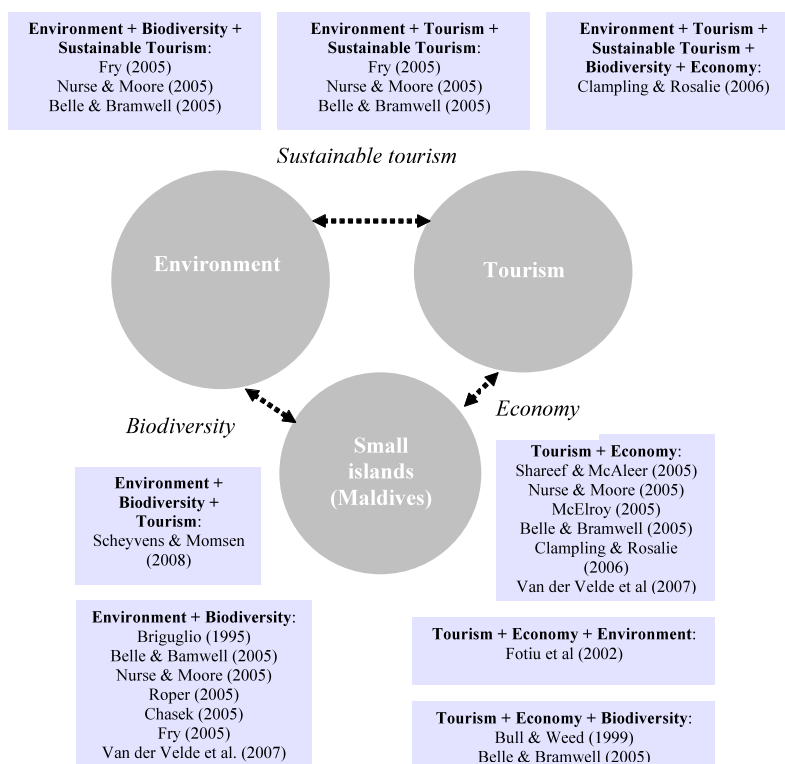
FIGURE 1 Literature that combine small islands, environment and/or tourism. Source: Author's own from the literature analysed.

agement. Moreover, in small islands like the Maldives, where most resorts are luxury resorts, although tourism is a major factor for development as small islands have little industry, it may create threats to their environment (Sathiendrakumar and Tisdell, 1989; Yahya, Parameswaran and Sebastian, 2005).

However, vulnerabilities may be used to show the capabilities that small islands have to develop their economies through tourism, which in many cases is their main economic activity (Nurse and Moore, 2005; McElroy 2006). The Maldives is a group of small isolated islands which have become an attractive tourist destination for their exoticism (Scheyvens and Momsen, 2008) and biodiversity (Clampling and Rosalie, 2006), including coral reefs. Hence, the relationship between biodiversity protection and sustainable tourism is a major issue in small islands (Fry, 2005), as the lack of protection would affect their tourism revenue in the future (Nurse and Moore, 2005; Belle and Bramwell, 2005).

In 1987, the UN World Commission on Environment and Development created the term Sustainable Development to refer to development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Later, in 2004, the UNWOT also established the definition of Sustainable Tourism as an enterprise that achieves an effective balance among the environmental, economic, and socio-cultural aspects of tourism to guarantee long-term benefits to communities. Recently, climate change (including global warming) has been added to these definitions so that sustainable tourism now has a "quadruple bottom line" (Buzzigoli, 2009), although there is no common thinking about the reality of sustainable tourism and even less so if we try to link this to

luxury. However, positive implementations in the luxury hotel[1] sector include, for example, the first eco-friendly luxury resort in the Mexico Caribbean, the Hacienda Tres Ríos Resort, located in the heart of the Riviera Maya.

From economy to sustainable tourism

The importance of tourism as an economic activity in small islands has been referenced in various studies. Shareef and McAleer (2005) indicated that small islands tend to specialize in one or two economic activities, with tourism being the primary sector (Nurse and Moore, 2005; McElroy 2006), which usually includes intensive labour (Van der Velde et al, 2007). Authors such as Clampling and Rosalie (2006), and Belle and Bramwell (2005) considered that there are few economic alternatives to tourism in small islands. In addition, the tourism resources that tend to be concentrated on the coast make these islands particularly vulnerable to climate change impacts (Belle and Bramwell, 2005). The advantages of small tourist islands are the climate and coastal resources, usually sandy beaches (Belle and Bramwell, 2005). However, the adverse effects of this tourism are beach erosion, lagoon salinity, reef damage, water and energy consumption, and waste disposal (Scheyvens and Momsen, 2008).

Scheyvens and Momsen (2008) stated that isolated small islands are a tourist attraction because they are the most exotic destination available. They refer to the Maldives as an example, with its strategy of "one island, one resort", which reduces the number of tourists who share the island. The attractiveness of the islands explains the various activities that have been offered to attract tourists. Bull and Weed (1999) refer to water sports

[1] According to the UNWTO (2001, p. 331), luxury tourism includes five-star hotels (deluxe hotels) and four-star hotels (first class hotels). Thus we have centred in the first group in our analysis about the Maldives.

as an alternative form of tourism for small islands, as they take advantage of their coastal resources. The activities cited in the case of Malta, for example, but which are also found in other islands such as the Maldives, include diving, yachting, windsurfing, dinghy sailing, water skiing and scuba-diving. However, the characteristics of the islands are different, which means we need to take into account the negative effects that some of these activities can have if, for example, they damage coral reefs. Fotiu et al. (2002) believed that tourism can be a solution to fund marine and coastal protected areas of small islands, but that this requires the involvement of both public and private organizations to protect the natural environment as for many of these stakeholders it is the islands' main attraction. One way to encourage hotels to provide such protection is the utilization of an ecolabel or a certificate that also warns customers about what to expect before booking. However, not all certificates have the same prestige and sometimes there is a difference in information between hotel and resort websites and the certification websites.

From biodiversity to sustainable tourism

Since 1990 some of the literature on small islands has focused on their economic and environmental vulnerabilities (Briguglio, 1995; Nurse and Moore, 2005; Roper, 2005; Chasek, 2005; Fry, 2005; Belle and Bramwell, 2005; Van der Velde et al, 2007), whilst other works have centred on socio-cultural factors (Clampling and Rosalie, 2006).

Briguglio (1995) noted some environmental disadvantages for small islands. Global warming and rising sea levels, along with erosion by waves and wind, end up reducing land surface area, especially in "low-lying coral atoll small islands". Aware of their vulnerability to climate change, some SIDS created a coalition in 1990 called AOSIS, the Alliance of Small Island States, to establish a work schedule in the planning and implementation of sustainable development. Tourism resources were identified as being one of their priority areas (Chasek, 2005). In 2004, the new focus was the relationship between biodiversity protection and sustainable tourism (Fry, 2005). This protection includes coral reefs, one of the attractions of small islands, whose loss can affect income-generating activities, such as diving and snorkelling (Nurse and Moore, 2005; Belle and Bramwell, 2005).

Clampling and Rosalie (2006) indicated that resources for the environmental conservation and protection of biodiversity of small islands are dependent on tourism revenues, which in turn depend on the biodiversity of the islands. However, their size means that the per capita costs of environmental conservation and biodiversity protection are high.

Tourism involves a high consumption of drinking water, which is a limited resource in most small islands (Belle and Bramwell, 2005). In addition, tourists staying in hotels generate more trash, which can hinder waste management (Georges, 2006). In the case of water, one solution would be to desalinate seawater (Stuart, 2006).

Finally, Roper (2005) considers the problem of global warming in the case of the Maldives. He emphasizes the use of renewable energy by small islands and the benefits it would bring, such as the conservation of tourism resources.

Luxury resorts in small islands: the Maldives case

Even though some travellers are not yet aware of the risks they are going to subject nature to during their trips, there is a myriad of information available about being environmentally friendly on their travels (the so-called 'Responsible Traveller'). For example, the EC3 Global certifies sustainable tourism organizations with the EarthCheck certification which can be checked on the EC3 website or included on hotel and resort websites. However, small island resorts normally try to attract tourists with exotic communication. For example, according to the Maldives Tourism Promotion Board (MTPB), which is responsible for promoting the tourist industry in the Maldives, visiting the Maldives is like going to paradise: tropical islands with infinite shades of blue and turquoise and dazzling underwater coral gardens. This is also a normal message aimed at attracting luxury tourism. According to Low (2010), "luxury hotels for some guests, would act as a vehicle for this escapism through their more refined and aesthetically pleasing designs". Although luxury resorts includes five-star hotels (deluxe hotels) and four-star hotels (first-class hotels) (UNWTO, 2001), in our analysis we have selected the first group as half of the resorts in the Maldives are deluxe.

Tourism to the Maldives began in 1972 and, since then, it has grown quickly according to a national expansion plan. However, this kind of tourism, despite being a factor for development in less developed countries, has been shown to create threats to their environment. The key is thus how this type of destinations can combine a bipolar view to develop their economies without destroying their environment (Jamal and Lagiewski, 2006). In the Maldives, most of the resorts offer scuba diving as the most important leisure service, while fishing yellow tuna, which is the food of the main animals in extinction (up to 30 percent of shark species are threatened), is the second main economic activity of the country. On the other hand, efforts are being made to revive reefs not only because they are a tourism attraction but also because they constitute a natural protection barrier for these islands.

The current President, Mohamed Nasheed, suggested the idea of a Wild Tourism Fund to be supported with the proceeds of tourism. He has begun to divert a portion of the country's billion-dollar annual tourist revenue into buying a new homeland as an insurance policy against climate change which threatens to turn the 300,000 islanders into environmental refugees. The Government is encouraging forestation to prevent beach erosion and is backing a plan to clean litter and debris from the country's coral reefs - a natural barrier against tidal surges. Environmental science is taught in all national schools in the Maldives. All new resorts are subjected to a rigorous environmental impact study and developers/planners are restricted to building on just 20% of the islands.

Today, tourism in the Maldives provides over 22,000 jobs. This means that less global warming and fewer environmental problems are issues of major concern to the Maldivian people. However, environmental premises are not the only concerns which must necessarily extends to the local people's right to work.

Tourism, the Maldives' largest industry, accounted for around 28% of GDP in 2009. Almost over 90% of government tax revenue comes from import duties and tourism-related taxes. The Maldivian Government began an economic reform programme in 1989 initially by lifting import quotas and opening up some exports to the private sector. It has subsequently liberalized regulations to allow more foreign investment. In late December 2004, as a result of the tsunami, the Maldives GDP contracted but a rebound in tourism, post-tsunami reconstruction, and development of new resorts helped the economy recover quickly. Diversifying beyond tourism and fishing, reforming public finance, and increasing employment are the major challenges facing the government. However, the Maldivian authorities worry about the impact of erosion and possible global warming on their low-lying country; 80% of the area is 1 metre or less above sea level
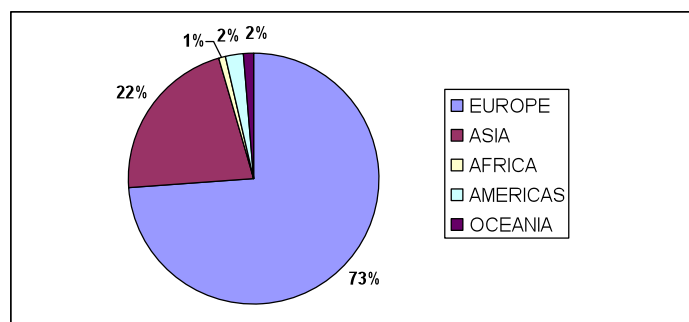
FIGURE 2 Visitors to the Maldives by continent (2008). Source: Author's own from Ministry of Planning and National Development data, 2009.
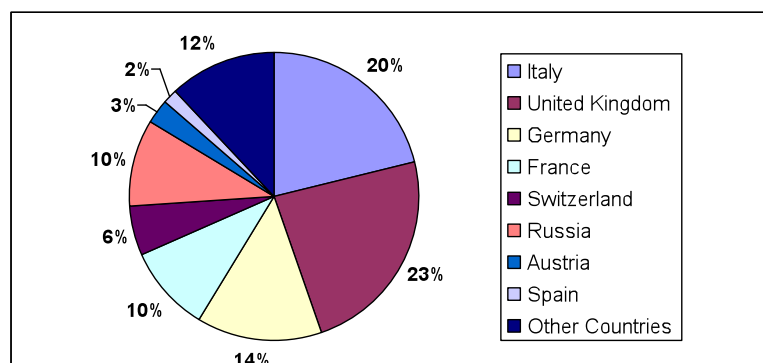

FIGURE 3 European visitors to the Maldives by country (2008). Source: Author's own from Ministry of Planning and National Development data, 2009.

(Ministry of Planning and National Development, 2009).

According to the Department of Immigration & Emigration, Ministry of Tourism, Arts and Culture of Maldives (Ministry of Planning and National Development, 2009), in 2008, the majority of tourists came from Europe (Figure 2).

Within Europe, most tourists come from Italy, United Kingdom, Germany, Russia and France (Figure 3).

Thus, we can say that the Maldives main target groups are Europeans who come from the aforementioned countries. This is relevant because European tourists are expected to have the necessary knowledge about environmental protection.

In relation to the local labour market, although literacy in Maldives has been improved and specific higher education studies in tourism are available, trained specialist employees are still young and many people working in the tourism industry are expatriates. According to a survey held in 2006 to study the human resource situation in the Maldives tourism industry, which was answered by 92.5% of the resorts operating at that time, the number of locals employed in resorts is only higher than the number of foreigners at an operational level. The highest salaried jobs, which correspond to the managerial and supervisory echelons, are occupied by expatriates. The number of female employees in the industry is still marginal with locals contributing only 2% to the workforce. The bed-staff ratio stood at 1:1, however, the up-market resorts had a higher ratio of 1:4 (Ministry of Tourism & Civil Aviation of Maldives, 2008).

Environmental objectives in the Maldives

In 1968, the Maldives Sultanate was replaced by a Republic although political parties were not legalized until 2005. Some key indicators in the Maldives have improved since then (education, employment) or at least have been made public. In June 2008, a constituent assembly - the "Special Majlis" - finalized a new constitution, which was ratified by the president in August. The first-ever presidential elections under a multi-candidate, multi-party system were held in October 2008. A Supreme Court was established, judicial power was separated from state power and legislative power is now mainly reached by popular vote.

However, before this new democratic period, in order to preserve its ecosystem, the Maldives signed all the most important international agreements promoted by the UN Environment Programme, and the Maldives Government established specific regulations to develop sustainable tourism: the Environmental Protection and Preservation Act of Maldives (1993), the Tourism Act of Maldives (1999) and the Regulation on the Protection and Conservation of Environment in the Tourism Industry (2006). However, as we can see, these acts and regulations were quite basic.

Regulation does not seem to be sufficient for the future conservation of the Maldives' ecosystem. Since 2008, this regulation has had less power due to weak application as a result of the inadequacies of the Maldives environmental impact assessment (EIA) procedures. According to Zubiar, Bowen and Elwin (2010), the procedure lacked transparency, responsiveness and accountability.

Thus, the Third National Environment Action Plan (2009-2013), conducted by the Ministry of Housing, Transport and Environment, Government of the Maldives, includes, among other goals: to reduce climate-related risks in the tourism sector, to develop regulations and conflict resolution mechanisms for resource use among competing industries – such as tourism – to ensure a balance between resource protection and resource usage, and to develop environmental guidelines for the selection of islands for resort development. These goals will need to be coordinated with another objective in mind: to strengthen EIAs to ensure that all significant impacts associated with new developments are understood and accounted for, taking stakeholders' participation into consideration, as recommended by Zubair et al. (2010).

Moreover, the Maldives will need to review its Regulation on the Protection and Conservation of Environment in the Tourism Industry (2006) and increase its penalties. Even if its GNP is higher than other South Asia countries (such as India) it is way below that of developed countries, such as members of the European Union or the USA. For big companies, it is "cheap" to contaminate because the highest fine is 100,000.00 MRF which is less than 6,000 euros. The next step is to revoke a resort's license, but as there is a lack of monitoring mechanisms this is quite unlikely.

For this reason, many measures will depend on the resorts' corporate social responsibility (CSR), and thus we have checked which resorts report specific eco-friendly initiatives to their visitors.

Study of luxury resorts in the Maldives

Data collection and research methodology

In 2008 there were 94 resorts in the Maldives, with a total of 19,860 beds (Tourism Yearbook, 2009). The list of resorts to study and some additional data were obtained from the Maldives' Ministry of Tourism statistics and the Tourism Yearbook 2009 in particular. We rejected 3 resorts that currently do not exist (at least online). 44% of all the resorts are luxury (deluxe) class. The remaining data were obtained using a content analysis methodology of the Maldives resorts' websites. Data was compiled from November 2009 to March 2010. The type of content analysis used was a conceptual analysis (Cohn, 2009), which studies the presence of concepts and not the frequency with which they appear. The selection of concepts, and some variables, was carried out before the websites were searched based on empirical studies and existing theory on sustainable tourism and small islands (McElroy and Albuquerque, 1998; Bull and Weed, 1999; Fotiu et al., 2002; Fry, 2005; Belle and Bramwell, 2005; Nurse and Moore, 2005; Roper, 2005; Georges, 2006; Stuart, 2006; Scheyvens and Momsen, 2008). For example we selected the use of an ecolabel based on Fotiu et al. (2002), waste management from Georges (2006), or renewable energy from Roper (2005). In the case of water activities, we included some of the activities that Bull and Weed (1999) refer for Malta, taking into account that some of them could harm the environment of the Maldives.

Then the variables related to these concepts were looked up on the resorts' websites from November 2009 to March 2010, taking into account Weber's criteria (1990) that "a variable is valid to the extent that it measures or represents what the investigator intends it to measure". Therefore, we did not use the standard indicators proposed by various organizations as a reference because they do not fit our objectives (Buzzigoli, 2009) (i.e. United Nations environment indicators for SIDS include also CO_2 emissions, energy consumption per capita and threatened species).

The selected variables are shown in the following table (Table 1). In theory, the activities and services offered are good for tourism, but this does not mean that they are necessarily good for sustainable tourism. Thus, the values given to the catego-

ries when an activity or service is not sustainable have a negative value. Furthermore, we assumed that the Maldives is an exotic destination and does not have massive tourism (at least not the cases of mass tourism which McElroy and Albuquerque studied in the small Caribbean islands in 1998) where, for example, too many rooms detract from the exotic view of the resort (Scheyvens and Momsen, 2008).

Taking into account the potential massive tourism of the islands we mean to avoid seeking for mass tourism. That is the "creation of mass demand for specific locations or experiences, as well as the accommodation and transport to meet such necessary demand" (UNWTO, 2001, p. 333).

This concept leads to tourism carrying capacity: "composite early warning measures of key factors affecting the ability of the site to support different levels of tourism" (UNWTO, 2001, p. 293). Anyway, the concept has reached several interpretations. For example, MacLeod and Cooper (2005) refer to four categories: physical, ecological, social, and economic[2]. In our study, we found that the Maldives Government has fixed a physical carrying capacity with only 2% of islands potentially to have resorts. In the case of islands, land use/spatial planning is a process par excellence to implement carrying capacity assessment (European Union, 2001, p. 23). Anyway, we think that spatial carrying capacity could also be related to ecological and social carrying capacities in the sense that if the islands maintain their isolation focus to preserve paradise image, environment will be benefited and harmful effects of tourism will decrease. For this reason, we have selected some of the thematic areas that are supposed to have high priority while analyzing physical-ecological indicators of the islands (European Union, 2001, p. 25): Natural environment and biodiversity, Energy, Water, Waste, Tourist infrastructure and Land.

In our study we reviewed the potential of sustainable tourism in the Maldives, depending on the behaviour of their resorts, and particularly deluxe resorts. Finally, it should be noted that the diving variable has not been included in the statistical analysis because it is offered by all the resorts and this fact generates difficulties for statistical calculations.

Subsequently, to calculate the relationships between the variables for the 91 deluxe resorts together, we used the Principal Component Analysis method (Hair et al, 1999; Peña, 2002) with the SPSS program (Pérez, 2001). The analysis results are shown in tables 2, 3 and 4.

Within the concept of "Environmental Policy" we have included the use of an ecolabel for tourist accommodation services, taking into account the concept of ecolabel given by the European Union (2010). The standard criterion for the certification of an Eco-Resort will depend on its design and construction, water conservation, liquid waste management, solid waste management, energy production and conservation, natural areas and conservation, lawn and gardens, protection of flora and fauna, contamination of air, water and soil, environmental education and quality standards. In our study, we found 7 deluxe resorts or 15% (2 of them belonged to the same chain) that are supposedly eco-friendly and have one or more environmental international awards and certifications and 2 non-deluxe resorts or 4% with an ecolabel (Table 2). However, we also have to point out that

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[2] Physical carrying capacity is a measure of the spatial limitations of an area and is often expressed as the number of units that an area can physically accommodate. Ecological carrying capacity is a measure of the population that an ecosystem can sustain, defined by the population density beyond which the mortality rate for the species becomes greater than the birth rate. In a recreational context, ecological carrying capacity can also be defined as the stress that an ecosystem can withstand, in terms of changing visitor numbers or activities, before its ecological value is unacceptably affected. Social carrying capacity is a measure of crowding tolerance. Economic carrying capacity defines the extent to which an area can be altered before the economic activities that occur in the area are affected adversely.

TABLE 1 Definition of variables and categories

Concept	Variable	Categories
Category	Deluxe	If the resort has 5 or more stars : 1; Others: 0
Activities	A1: Scuba diving	If the resort offers this activity: -1; If it doesn't offer it: 0
	A2: Windsurfing	If the resort offers this activity: 1; If it doesn't offer it: 0
	A3: Catamaran Sailing	If the resort offers this activity: -1; If it doesn't offer it: 0
	A4: Parasailing	If the resort offers this activity: -1; If it doesn't offer it: 0
	A5: Canoeing	If the resort offers this activity: 1; If it doesn't offer it: 0
	A6: Water Skiing	If the resort offers this activity: -1; If it doesn't offer it: 0
	A7: Wake boarding	If the resort offers this activity: -1; If it doesn't offer it: 0
	A8: Ringo Riding	If the resort offers this activity: -1; If it doesn't offer it: 0
	A9: Banana Riding	If the resort offers this activity: -1; If it doesn't offer it: 0
	A10: Submarine diving	If the resort offers this activity: -1; If it doesn't offer it: 0
	A11: Jet Skiing	If the resort offers this activity: -1; If it doesn't offer it: 0
	A12: Aerobics	If the resort offers this activity: 1; If it doesn't offer it: 0
	A13: Badminton	If the resort offers this activity: -1; If it doesn't offer it: 0
	A14: Tennis	If the resort offers this activity: -1; If it doesn't offer it: 0
	A15: Beach Volley	If the resort offers this activity: 1; If it doesn't offer it: 0
	A16: Excursion	If the resort offers this activity: 1; If it doesn't offer it: 0
	A17: Big Game Fishing	If the resort offers this activity: -1; If it doesn't offer it: 0
Services/features	S&F1: Air Con. in rooms	If the resort has it: -1; If it doesn't have it: 0
	S&F2: Spa	If the resort has it: -1; If it doesn't have it: 0
	S&F3: Jacuzzi	If the resort has it: -1; If it doesn't have it: 0
	S&F4: Sauna	If the resort has it: -1; If it doesn't have it: 0
	S&F5: Swimming Pool	If the resort has it: -1; If it doesn't have it: 0
	S&F6: Water Villas	If the resort offers this service : -1; If it doesn't offer it: 0
	S&F7: Online Brochure	If the resort has it: 1; If it doesn't have it: 0
	S&F8: Other languages in addition to English	If the resort has it: 1; If it doesn't have it: 0
	S&F9: Internet	If the resort has it: 1; If it doesn't have it: 0
	S&F10: All inclusive	If the resort has it: 1; If it doesn't have it: 0
	S&F11: Medical care	If the resort has it: 1; If it doesn't have it: 0
	S&F12: Child care/ children's area	If the resort has it: 1; If it doesn't have it: 0
	S&F13: Distance from Airport over average	If the distance is over the total average: 1; If the distance is under the total average: 0
	S&F14: Number of beds over average	If the number of beds is over the total average: -1; If the number of beds is under the total average: 0
Environmental Policy	EP1: Ecolabel	If the resort has it: 1; If it doesn't have it: 0
	EP2: Water Management	If the resort has it: 1;If it doesn't have it: 0
	EP3: Waste Management	If the resort has it: 1; If it doesn't have it: 0
	EP4: Alternative energy	If the resort has it: 1; If it doesn't have it: 0

Source: Author's own from website content analysis.

we checked other information on the websites (water management, waste management and alternative energy) because some resorts do not have a specific certification or even if they do not all the awards and certifications which appear are trustworthy. On the other hand, some environmental awards and certifica-tions, such as the Green Globe certification, have changed or have disappeared on a new browsing of the websites in June 2010. For example, the Green Globe certification is being replaced by EarthCheck and within this there are different levels of certification, from partial to full requirements.

Results

First of all, from the data obtained from the variables of the 91 resorts, we confirmed the existing differences between a luxury and a standard resort. It should be pointed out that in Table 2 we can see that luxury resorts offer proportionately more activities and services that are not sustainable, even though the 7 resorts (2 of them were counted as one) that are more sustainable and environmentally responsible are also found in this category. This means that sustainability depends on the control of these activities and not on offering them.

On the basis of the data input into the SPSS programme, the mean, standard deviation, variance, principal components (Tables 3 and 4) and correlation matrices were obtained. We performed a separate analysis for deluxe hotels and for non-deluxe hotels. In the analysis of the relationships between variables, 11 factors explained 81% and 77% of the total variance of indicators included in the deluxe resort analysis and the non-deluxe resort analysis. The communalities had initial data equal to 1 and extractions were higher than 0.68, thus all the variables reached acceptable levels of explanation. The coefficients with absolute values of less than 0.45 were suppressed. Factor loadings and

TABLE 2 Differences between deluxe resorts and others

Variable	5 stars or more hotels and resorts	%	Hotels ≤ 4 stars	%
A1: Scuba diving	40	100%	51	100%
A2: Windsurfing	38	95%	47	92%
A3: Catamaran Sailing	37	93%	47	92%
A4: Parasailing	9	23%	7	14%
A5: Canoeing	37	93%	45	88%
A6: Water Skiing	24	60%	27	53%
A7: Wake boarding	21	53%	13	25%
A8: Ringo Riding	13	33%	11	22%
A9: Banana Riding	18	45%	16	31%
A10: Submarine diving	7	18%	7	14%
A11: Jet Skiing	6	15%	5	10%
A12: Aerobics	23	58%	22	43%
A13: Badminton	21	53%	33	65%
A14: Tennis	23	58%	20	39%
A15: Beach Volley	33	83%	48	94%
A16: Excursion	39	98%	50	98%
A17: Big Game Fishing	31	78%	32	63%
S&F1: Air Con. in rooms	40	100%	49	96%
S&F2: Spa	32	80%	30	59%
S&F3: Jacuzzi	25	63%	16	31%
S&F4: Sauna	18	45%	14	27%
S&F5: Swimming Pool	29	73%	17	33%
S&F6: Water Villas	35	88%	33	65%
S&F7: Online Brochure	16	40%	8	16%
S&F8: Other languages in addition to English	13	33%	8	16%
S&F9: Internet	30	75%	35	69%
S&F10: All inclusive	6	15%	13	25%
S&F11: Medical care	8	20%	6	12%
S&F12: Child care/ children's area	11	28%	5	10%
S&F13: Distance from Airport over average	20	50%	31	61%
S&F14: Number of beds over average	15	38%	20	39%
EP1: Ecolabel	6	15%	2	4%
EP2: Water Management	5	13%	1	2%
EP3: Waste Management	5	13%	1	2%
EP4: Alternative energy	3	8%	1	2%

Source: Author's own from website content analysis.

TABLE 3 Components Matrix for Deluxe Resorts

Variables	Mean	SD	Components										
			1	2	3	4	5	6	7	8	9	10	11
A2	.9500	.22072	-.499			.680							
A3	-.9000	.30382				-.512							
A4	-.2250	.42290	.583										
A5	.9250	.26675									-.486		
A6	-.6000	.49614	.739										
A7	-.5250	.50574	.763										
A8	-.3250	.47434	.572					.489					
A9	-.4500	.50383	.728										
A10	-.1750	.38481		.465									
A11	-.1500	.36162	.466										
A12	.5750	.50064	-.519										
A13	-.5250	.50574			.551								
A14	-.5750	.50064			.460								
A15	.8250	.38481								-.597			
A16	.9750	.15811				.743							
A17	-.7750	.42290	.596										
S&F2	.8000	.40510	-.522										
S&F3	-.6250	.49029	.699										
S&F4	-.4500	.50383	.713										
S&F5	-.7250	.45220	.663										
S&F6	-.8750	.33493										.480	
S&F7	.4000	.49614			.485								
S&F8	.3250	.47434			.454	-.464							
S&F9	.7500	.43853				.533			-.495				
S&F10	.1500	.36162											
S&F11	.2000	.40510			.506						.519		
S&F12	.2750	.45220									.517		
S&F13	.5000	.50637				-.775							
S&F14	.2750	.96044											.489
EP1	.1500	.36162		.751	-.532								
EP2	.1250	.33493		.844	-.481								
EP3	.1250	.33493		.844	-.481								
EP4	.0750	.26675	.068	.698									
Variance explained (%)			18.587	13.920	8.942	7.559	6.407	5.377	4.849	4.365	4.082	3.777	3.412
Cumulative variance explained (%)			18.587	32.507	41.449	49.008	55.415	60.792	65.641	70.006	74.089	77.865	81.277
Cumulative variance explained (%)			20.637	31.030	40.058	46.823	53.032	58.018	62.883	66.920	70.767	73.941	77.002

Coefficients lower than 0.45 are not shown.
Extraction method: Principal Component Analysis
Source: Compiled from SPSS 16

TABLE 4 Components Matrix for Non-Deluxe Resorts

Variables	Mean	SD	Components										
			1	2	3	4	5	6	7	8	9	10	11
A2	.9216	.27152					.457						
A3	-.9216	.27152		.485					-.465				
A4	-.1373	.34754	.659										
A5	.8824	.32540			.481								
A6	-.5294	.50410	.460		.530								
A7	-.2549	.44014	.744										
A8	-.2157	.41539	.816										
A9	-.3137	.46862	.684										
A10	-.1373	.34754			.483								
A11	-.0980	.30033	.622										
A12	.4314	.50020											
A13	-.6471	.48264										.459	
A14	-.3922	.49309	.589										
A15	.9412	.23764					-.579						
A16	.9804	.14003				.450							
A17	-.6275	.48829											
S&F1	-.9608	.19604											
S&F2	.5882	.49705			.684								
S&F3	-.3137	.46862	.554										
S&F4	-.2745	.45071	.583										
S&F5	-.3333	.47610	.476		-.552								
S&F6	-.6471	.48264											
S&F7	.1569	.36729									.644		
S&F8	.1569	.36729		.629									
S&F9	.6863	.46862					.452						
S&F10	.2549	.44014											
S&F11	.1176	.32540				.657							
S&F12	.0980	.30033	-.573										
S&F13	.6078	.49309				-.459				.547			
S&F14	.2157	.98618				.620							
EP1	.0392	.19604	-.645										
EP2	.0196	.14003	-.618	.696									
EP3	.0196	.14003	-.618	.696									
EP4	.0196	.14003	-.618	.696									
Variance explained (%)			20.637	10.393	9.028	6.765	6.209	4.986	4.865	4.037	3.848	3.174	3.061
Cumulative variance explained (%)			20.637	31.030	40.058	46.823	53.032	58.018	62.883	66.920	70.767	73.941	77.002

Coefficients lower than 0.45 are not shown.
Extraction method: Principal Component Analysis
Source: Compiled from SPSS 16

percentages of total variance explained by the factors are included in Tables 3 and 4. The results show that dimensions related to sustainable tourism are strongly related, i.e. the resorts that have water and waste management also have some kind of eco-label or use alternative energy.

In the study of the component matrices we paid special attention to the variables that had factor loads with values of ±0.45 or greater (Tables 3 and 4). The components that generated more consistent results in the deluxe resort group were 1, 2, 3, 4, 5 and 9 (Table 3). Component 1 refers to the activity and service-related variables. It would seem logical for deluxe resorts to have a large number of both. Component 2 refers to the sustainable tourism-related variables, i.e. the sensitivity of the resorts in the efficient use of water, energy and recycling. However, it related positively to submarine diving. Component 3 is related to tennis and badminton. These two are related positively with the existence of an online brochure that could cater for tourists who travel in groups. Component 4 includes the positive relation between variables such as windsurfing, trips and Internet access, which could be linked to young tourists. Component 5 shows a relation between the diversity of languages on the website with longer distances from the airport. Finally, Component 9 associates two variables (the presence of children's areas with the availability of medical care) positively, and relates canoeing negatively.

The components that generate the most consistent results in the case of non-deluxe resorts are 1, 2, 3, 4 and 5 (Table 4). Component 1 includes services and activities which we have considered as non eco-friendly. Component 2 relates to variables included in the environmental policy that the website advertises in several languages. Component 3 relates to indoor and outdoor water sports. Component 4 relates to variables that may indicate more conservative tourism or travel with children, as it relates the number of beds, medical care and trips. Finally, Component 5 seems to relate variables that follow young tourists looking for windsurfing and the Internet.

Thus, the relations obtained show the existence of different segments of tourists based on the activities and services offered by hotels. However, in the case of the sustainable tourism-related variables, it seems clear that the main niche is in luxury (deluxe) tourism where there are a few resorts positioned as environmentally-responsible according to their websites. Moreover, the relations obtained show that resorts which follow one of these sustainable practices often implement several of them. This result is important from the point of view of the possible application of public incentives (Fotiu et al., 2002).

Therefore, the empirical results have demonstrated that luxury does not imply directly sustainability, although luxury can go hand in hand with it. The answer is in the deluxe resorts that have identified a market niche where it is feasible to combine luxury with sustainable tourism. In the case of non-deluxe resorts, it is clear that more activities is related to less possibilities of having an ecolabel.

Conclusions and limitations

Small islands, despite the vulnerabilities that most literature points out (Briguglio, 1995; McElroy and Albuquerque, 1998; Nurse and Moore, 2005; Roper, 2005; Chasek, 2005; Fry, 2005; Belle and Bramwell, 2005; Van der Velde et al, 2007), have taken advantage of their geography by using it as an exotic tourist attraction (Belle and Bramwell, 2005; Scheyvens and Momsen, 2008). In 2004, the focus in small island literature centred on the relationship between biodiversity protection and sustainable

tourism (Fry, 2005), as part of the exoticism of the islands is due to their biodiversity.

However, the Maldives, like many other small islands, has a huge economic dependence on tourism, thus the key lies in how to combine economic prosperity and biodiversity, and this is part of the sustainability tourism concept (Bull and Weed, 1999; Belle and Bramwell, 2005; Clampling and Rosalie, 2006). Thus, this study has tried to reflect how the resorts of the Maldives approach the dilemma between tourism and sustainability. Although the Maldives signed all the most important international agreements promoted by the UN Environment Programme, and the Maldives Government established specific regulations to develop sustainable tourism, these acts and regulations were quite basic and regulation does not seem to be sufficient for the future conservation of its ecosystem.

The Third National Environment Action Plan (2009-2013) of the Maldives, includes some goals which aim to reduce climate-related risks in the tourism sector which will need to be coordinated by strengthening EIAs to ensure that all the significant impacts associated with new developments are understood and accounted for, taking stakeholder participation into consideration, as recommended by Zubair et al. (2010).

Our study has been carried out by scanning the websites of 91 resorts located in the Maldives, from November 2009 to March 2010, based on the contents we aimed to find. We applied a principal component analysis to the data obtained to establish the relationships between variables, and differentiate between luxury and non-luxury resorts. There were two main conclusions. Firstly, the islands are an exotic destination which is reflected not only in their biodiversity, but also in the characteristics, activities and services offered by the resorts. Luxury resorts have more activities and services in general, although many of them are not sustainable. However, as a second conclusion we found that this category of resorts includes the few resorts that have an ecolabel and more environmental policy practices. We can not affirm that luxury implies sustainability, but we might conclude that both are possible. Therefore, even if at present the Maldives is an exotic and luxury destination, it has the potential to be a luxury sustainable tourism destination. Whether to reach this status will depend on the coordination of the various stakeholders involved and on the incentives given to the resorts in order to make them both sustainable and profitable. At this point, policy makers could enhance the application of environmental policies as an incentive for resorts to be sustainable and profitable (Fotiu et al., 2002). Moreover, the luxury resorts that would like to attract responsible travellers should communicate their environmental policies through their websites.

The main limitations of our study are, on one hand, that the information provided by the resorts and the Maldives Government on their websites changes frequently, especially as far as the ecolabels are concerned. Moreover, some of the resorts we contacted informed us about some environmental management policies that they are developing but which do not appear on their websites. On the other hand, the regulation and policy changes carried out by the young democratic Maldives Government and its recent newly elected President would seem to bring hope for the islands' future environment.

Although both deluxe and non-deluxe resorts offer activities and services that are not sustainable, it seems that deluxe resorts are more aware about to obtain an ecolabel. But if the Maldives Government wants to reduce tourism impact on its ecosystem, because a lack of protection would affect their tourism revenue in the future (Nurse and Moore, 2005; Belle and Bramwell, 2005), it should de essential that public and private

tourism organizations become involved in protecting the natural environment of the islands (Fotiu et al., 2002). Policymakers should consider that planning in advance is more efficient than working on environmental degradation. In fact, there are many examples around the world of unplanned tourist development in some destinations which has produced tourism market of lower quality. Taking into account that in the Maldives half of the resorts are deluxe, its Government should prevent to loose this market by protecting its environment.

Acknowledgements

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Determinants of Sustainability Disclosure in the Global Forest Industry

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Abstract

This study aims to investigate the current patterns and determinants of sustainability disclosure in the global forest industry. Under the extensive quantifiable measures and occurrences of the Global Reporting Initiative (GRI) framework, a content analysis is performed on the voluntary disclosure of 66 largest forest companies worldwide to evaluate their economic, environmental and social performance. By taking industry and firm characteristics into account, the study also seeks to shed more light on the key determinants influencing the quality and level of disclosure. Significant emphasis was found to be placed on environmental and economic issues in contrast to areas such as human rights, labour practices, social and product responsibilities in the forest industry. The results of regression analysis suggest that company size and business diversity are significantly associated with disclosure, whereas profitability and regional differences are not decisive factors in formulating sustainability reporting strategies in the forest industry.

Keywords

Forest industry, sustainability disclosure, Global Reporting Initiative, resource-based view, regression analysis

Introduction

The ever-growing public consensus of sustainable development and the recent corporate scandals have triggered the criticism of the conventional financial reporting (Guthrie and Boedker, 2006) and its ability and accountability to report business activities of a firm (Elkington, 1997). To date, while there is no universal framework existing, a number of reporting frameworks have been developed to integrate economic, environmental and social performance into a composite unified account (see, for example, Yongvanich and Guthrie, 2006), including the Triple Bottom Line, the Balanced Scorecard, the Intellectual Capital, and the award schemes by The Association of Chartered Certified Accountants (ACCA). Despite of the fact that all these internationally recognized reporting frameworks vary and prevail from industry to industry, or from region to region, the Global Reporting Initiative (GRI) deserves most attention among the most important drivers for the quality of sustainability reports.

Although there is a growing wealth of disclosure literature in the area of many industries (e.g., oil and gas, financing, banking, mining), research on corporate responsibility (CR) or sustainability disclosure (hereafter sustainability disclosure) under the GRI reporting framework has been scarce. This is particularly true in the forest sector, which is believed to play a crucial role in the future sustainable development. The growing public interest in and global consciousness of environmental and social issues has also intensified pressures on forest industry companies in their efforts to effectively counterbalance potentially conflicting stakeholder demands, and forced the companies to rethink their business strategies. Research in the field of sustainability disclosure is, in general, motivated by a desire to see improvement in the sustainability performance of companies (Adams and Larrinaga González, 2007), but assumptions have often been made with qualitative approaches.

In conducting the present study of CR-reporting in the global forest industry at least two issues were considered to be in favor of choosing this sector as the target of our investigation. First, although CR is a highly context-specific construct, research on sustainability disclosure within individual sectors and industries is limited derived from of an international convergence on the reporting practices of the world's largest companies. Among environmentally-sensitive sectors, the forest-based industry has a crucial role in global sustainable development, but is frequently under-represented in generic studies of CR practice or reporting. Second, the global forest industry is currently experiencing globalization of markets, consolidation and vertical integration, resulting that the business is becoming increasingly determined by a diminishing number of transnational companies, which are facing mounting public distrust and intensified stakeholder pressure to become more accountable and transparent in their efforts to effectively balance potential conflicting stakeholder demands (Li and Toppinen, 2010). To our knowledge, with the exception of Toppinen et al. (2010), CR reporting of global forest industry or the application of GRI guidelines in ascertaining the industry's CR profile has not been studied earlier despite the importance of the sector in the global sustainability arena. To fill this gap, our study aims to investigate the changing patterns of economic, environmental and social performance of the forest industry under the GRI framework. This is done through a quantitative content analysis on CR disclosure by the top 100 forest-based companies ranked by PPI in terms of net sales and production. First, the descriptive part of the study reveals the divergence of sustainability reporting profiles between different groups. The second part of the study tries to identify the differences in the sustainability disclosure practices by testing the association between firm-specific factors and the level of disclosure using linear regression analysis. Altogether the study is designed to provide new insights into the state-of-the-art of sustainability disclosure of the global forest industry from a quantitative perspective. This study therefore extends prior research by directly examining the patterns and determinants of the largest

forest companies worldwide, and providing a novel assessment of voluntary reporting under the GRI guidelines.

Theoretical background

GRI Guidelines for corporate disclosure

The availability of environmental and social performance data is recognized critically important in contemporary business management, providing a basis for social and environmental analysis of the current business environment. It is also a key component of financial performance analysis, because current financial disclosure requirements alone do not reveal all of the risks, liabilities, or advantages associated with a corporation's activity. Corporate disclosures on environmental and social performance are also viewed as a commitment to transparency and as efforts to address social and environmental risks as indicators of strong corporate governance. There are indications (e.g., Freeman, 1984) aligning with the resource-based view (RBV) that company's strong performance in addressing primary stakeholder benefits are able to create long-term shareholder value through the development of intangible valuable assets into competitive advantage.

The GRI framework is considered the most comprehensive reporting guideline available to date, and one that has gained broad credibility through a rigorous, global multi-stakeholder feedback process. The GRI framework provides extensive measures and occurrences for report content. Beyond its specific indicators, at the heart of the GRI is a commitment to eleven reporting principles: transparency, inclusiveness, auditability, clarity, completeness, relevance, sustainability context, accuracy, neutrality, comparability, clarity and timeliness (each of these is explained in detailed within the GRI guideline documents). These principles can be viewed as bedrocks for all credible corporate sustainability reporting. The good faith efforts to apply these principles result in reports that are more valuable for report users and the companies engaged in reporting alike.

The GRI was developed, in part, to prevent survey fatigue, for example. The World Business Council for Sustainable development (WBCSD) estimates that the GRI framework covers 80 percent of the data asked for across the range of standard socially responsible investment (SRI) related screening and benchmarking surveys. A growing number of companies have declared their adoption of the GRI in their reporting. Companies are also encouraged to work towards reporting "in accordance" with the GRI guidelines, enabling the flexibility of choosing which performance indicators to use, but requiring companies to include an explanation if they do not report on all the core GRI indicators. As the most dominant reporting standard up-to-date, the GRI framework has received support from numerous stakeholder groups, including for-profit and not-for-profit organizations, accounting regulatory bodies, investors and trade unions (Perrini, 2005). By 30th September 2010, there were 1336 international companies from more than 60 countries used some or all of the GRI guidelines (www.globalreporting.org). For companies facing the ever-increasing scrutiny and stakeholder demand for transparency and accountability, the adoption of the GRI framework enables the company with greater confidence in sustainability disclosure. In addition, some environmentally-sensitive sectors such as the oil and gas, mining and chemical industries, or not-for-profit organizations facing needs that require specialized guidance in addition to the universally applicable core guidelines, have built sector supplements responding to these concerns. However, no such supplement is developed for the forest-based industry yet, although the sector has been claimed to have very many important sector-specific characteristics in terms of its implementation of CR.

Figure 1 illustrates the theoretical framework of our study, which is operationalized based on the GRI framework (2006). As can be seen in Figure 1, the three main domains of the GRI framework beside the conventional economic, environmental and social responsibilities are human rights, labour practices and product responsibility. The GRI framework provides guidance on how organizations can disclose their sustainability performance with guidelines, protocols, sector supplements, detailed list of performance metrics and other disclosure items. Specifically, there are three types of standardized disclosure under the GRI framework: 1) on strategy and profile, which provide a high-level strategic view of the organization's approach to sustainability; 2) on the management approach, which provides concise disclosures of the organization's specific approach to its economic, environmental and social performance; and 3) listing of 79 specific performance indicators pertaining to six domains of the GRI framework, which measure the organization's overall CR responsibility performance.

Previous research on corporate disclosure and formulation of research hypotheses

Previous studies on (voluntary) corporate disclosure have shown critical reflections on the quality and reliability (Gallhofer and Haslam, 1997), the largely qualitative nature (conventional annual reports in particular) (Deegan and Gordon, 1996), the measurability, credibility or comparability (Gray, 2006; Elkington, 1999; Deegan and Gordon, 1993), and the self-laudatory nature with minimal disclosure of negative information (Deegan and Rankin, 1996; Deegan and Gordon, 1993). Research on CR in the forest industry is, however, heavily dominated by qualitatively-oriented studies, which are often based on a limited number of regional case companies. Some recent studies (e.g., Vidal and Kozak, 2008a, 2008b; Mikkilä and Toppinen, 2008) have raised doubts whether CR still remains part of business communication with the principal aim of improving corporate reputation and constrains rhetoric from reality.

While studies on corporate disclosure in the forest-based industries are scarce, the literature in general is abundant. Investigations on the relationship between the extent of corporate disclosure in annual reports and corporate characteristics have shown that companies may increase social or environmental disclosures in response to societal pressure (Hogner, 1982) and various corporate characteristics may influence the extent of the disclosures (e.g., Roberts, 1992; Patten, 1991, 1992; Cowen et al., 1987; Trotman and Bradley, 1981).

There are indications that size of the firm or the industry sector has influence on the scale and quality of corporate disclosure, and larger firms tend to have more extensive disclosure (e.g., Reverte 2009; Brammer and Pavelin, 2008; Branco and Rodrigues 2008; Cormier and Magnan, 2003; Hackston and Milne, 1996). Additionally, factors such as being listed on the stock market (e.g., da Silva Monteiro and Aibar-Guzmán, 2009), having a higher media exposure (Reverte, 2009; Branco and Rodrigues, 2008), perceived firm risk (volatility) and ownership (Cormier et al., 2005), among others, seem to be associated with the extent of CR disclosure.

In addition to that the larger firms disclose more information than smaller firms (see, for example, Purushothaman et al., 2000; Adams et al., 1998; Neu et al., 1998; Meek et al., 1995; Patten, 1991), larger firms are also significantly more adept at communicating their investment (Knox et al., 2005). Rowley et al. (2000) observe that firm size is associated with stakeholder

CR performance of global forest product companies

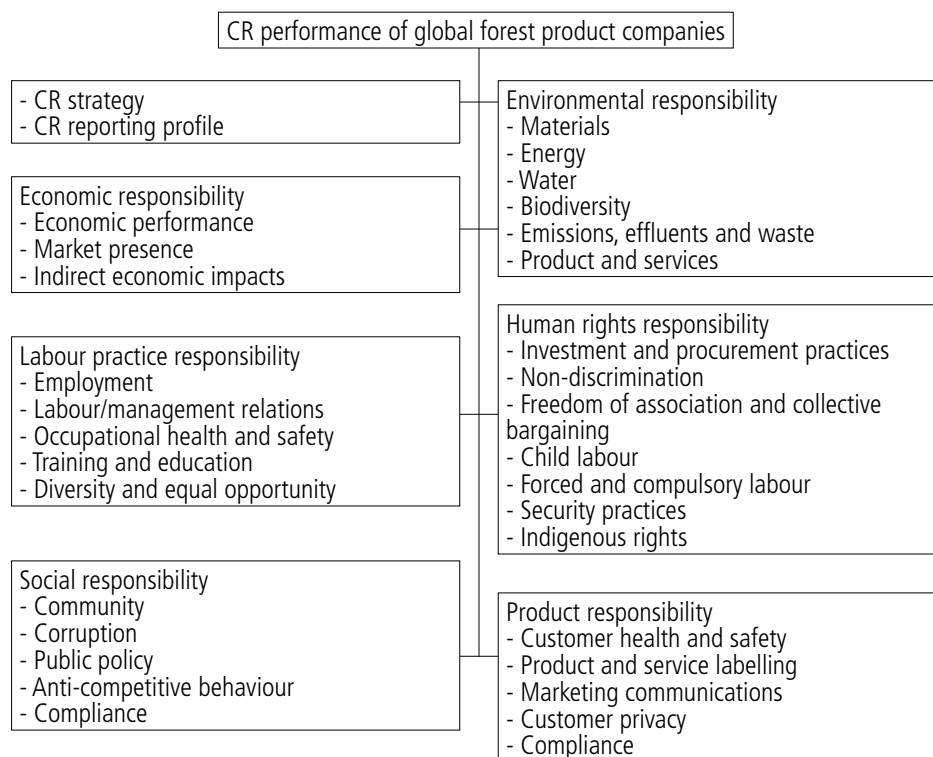| - CR strategy - CR reporting profile	Environmental responsibility - Materials - Energy - Water - Biodiversity - Emissions, effluents and waste - Product and services
Economic responsibility - Economic performance - Market presence - Indirect economic impacts	Human rights responsibility - Investment and procurement practices - Non-discrimination - Freedom of association and collective bargaining - Child labour - Forced and compulsory labour - Security practices - Indigenous rights
Labour practice responsibility - Employment - Labour/management relations - Occupational health and safety - Training and education - Diversity and equal opportunity	
Social responsibility - Community - Corruption - Public policy - Anti-competitive behaviour - Compliance	Product responsibility - Customer health and safety - Product and service labelling - Marketing communications - Customer privacy - Compliance

FIGURE 1 Operationalisation of the GRI framework (2006) for this study

actions, and market leaders in terms of revenues, market share, or total assets are more likely attacked by stakeholder action. In the line of thinking with the prior research discussed above, we expect that company size plays an influencing role in determining corporate disclosure.

Hypothesis 1: There is positive effect of company size on the sustainability disclosure in the forest industry.

Both good management theory and slack resource theory support the assumption that corporate social performance (CSP) is positively associated with financial performance (see, for example, Orlizky et al., 2003; Waddock and Graves, 1997). Proponents of good management advert that high levels of CSP are indicators of superior management competence, which will lead to improved stakeholder relationships and better performance (Waddock and Graves, 1997; Freeman, 1984). Moreover, positive customer perceptions on the company (i.e., product nature and quality, environmental awareness, public relations, and community involvement (Prahalad and Hamel, 1994) have become important sources of competitive advantage (McGuire et al., 1990; McGuire et al., 1988). Proponents of slack resources persist in that higher financial performance would be an indicator of better CSP (McGuire et al. 1988; 1990). On the other hand, both behavioural theory and empirical studies on publicly traded companies suggest that slack resources have positive influence on financial performance (George, 2005), enabling the company to pursue desirable CSP.

A meta-analysis based on 66 studies by Daniel et al. (2004) supports the slack resource theory. By limiting their investigation to financial slack (e.g., liquidity) and performance (e.g., profitability), the authors found all the three types of slack resources (available, recoverable, and potential) are positively associated with financial performance. Therefore, we propose our second hypothesis as follows.

Hypothesis 2: There is a positive effect of profitability on sustainability disclosure.

However, it should be noted that, on the contrary, a number of recent studies did not find significant association between corporate disclosure and firm profitability (e.g., da Silva Monteiro and Aibar-Guzmán, 2009; Reverte, 2009; Brammer and Pavelin 2008; Branco and Rodrigues, 2008; Cormier et al. 2003; Hackston and Milne, 1996).

Concern about CR has become a worldwide phenomenon, but the focus and extent of it varies regionally. There are indications that a variety of institutional factors, including governmental policies, national culture, the economic development, legal requirements, type of industry, and the level of processing technology, can influence corporate decision makers in different countries to pay more - or less - attention to particular CR related issues. A combination of these factors will likely determine to what extent CR strategies or practices are voluntary or mandatory. Recent literature suggests that, for example, North American companies typically adopt the neo-liberal approach to CR, which is prevalent in stimulate a relatively narrow approach to the efficiency-ethics trade-off, while in the continental Europe, corporate volunteering is often much less advanced, and more process oriented; participation and membership is more important than output (Meijs and Bridges Karr, 2004). As indicated by previous research, CR practices in Asia are not very well advanced and primarily aim at the improved efficiency and international competitiveness of the industry itself (van Tulder and van der Zwart, 2006), and relevant regulations have been primarily developed in environmental protection, which directly affects the internationalization strategies aimed at markets of developed countries. Moreover, Asian companies, being usually the case, exhibit an inactive orientation on labour and human rights and working conditions (van Tulder and van der Zwart, 2006). In Latin America, CR promotion and public advocacy is well established by a range of external agents through cooperation; thus CR is particularly associated with social commitment. The large contrast between the rich and the poor, and the discrimination against minorities in the labour market, leads to a number of specific priorities, including labour welfare and discrimination. The subject of health and safety in the work place also deserves a great of attention.

Accordingly, we expect that corporate attention, as expressed in the sustainability disclosure, varies across regions or continents. There are indications that the environmental reporting in Europe and North America could be expected to be higher than in other continents. On the other hand, we also expect that Latin American and African companies pay more attention to a number of priorities, such as discrimination, inequality, corruption, and democracy.

Hypothesis 3: Country of origin has an impact on corporate sustainability disclosure in the forest industry.

Industry characteristics can make the nature of corporation distinct based on different internal characteristics and external demands (Griffin and Mahon, 1997), and because the nature of stakeholder actions appears to be an important influence on CSP, different industries face different portfolios of stakeholders with different degrees of activity in different geographical areas (Rowley and Berman 2000; Griffin and Mahon, 1997). Companies within those environmentally sensitive industries were found to report more on environmental (see, for example, Roberts, 1992) and social responsibility (Clark and Gibson-Sweet, 1999; Adams et al., 1998; Patten, 1991) than their domestic and international counterparts.

Previous studies have also observed interesting and substantial differences in reporting practices by different industries (see e.g., Campbell et al. 2003; Cormier and Magnan, 2003; Roberts 1992; Harte and Owen 1991; Cowen et al., 1987; Dierkes and Preston, 1977). More specifically, Dierkes and Preston (1977) claimed that companies in industries where economic activities modify the environment, such as extractive industries, are more likely to disclose information about environmental impacts than are companies in other industries. Roberts (1992) contended that corporations with a high profile (e.g., with consumer visibility, high level of political risk, or concentrated intense competition) are more likely to disclose social and environmental responsibility activities than low profile industries. Based on the argument that consumers are one major conduit to affect corporate economic performance, industries closer in the value chain to final consumers would be more likely to face higher levels of stakeholder action, because stakeholders with interests tied to these industries tend to have greater incentive to take action, and important stakeholders such as mass media, government, non-governmental organizations, and class action layers would likely get attracted to enable broader stakeholder action. Consequently, we assume that the more diversified the company is, and with the possession of own forest resources, the greater the pressure from its stakeholders. Our third hypothesis is formulated as follows.

Hypothesis 4: Integrated forest industry companies will disclose more widely overall than the rest of the industry with narrower business focus.

Data and methodology

Content analysis is the primary tool used for analyzing the published CR disclosure. It is a "technique for the objective, systematic, and quantitative description of the manifest content of communication." (Berelson, 1952, p.18). Quantitative content analysis is reductionist, with sampling and operational or measurement procedures that reduce communication phenomena to manageable data (e.g. numbers), from which inferences may be drawn about the phenomena themselves (Krippendorff, 1980, p. 21). In our study, this is done by detecting the presence or absence of information covering a number of different subject areas in corporate disclosure. Information provided in the sus-

tainability reports/CR reports is thus assumed to reflect the CR activities adopted by the company (e.g., Rhee and Lee, 2003).

The initial samples used in this study included the top 100 forest industry companies listed by Pulp and Paper International (PPI), and the sustainability disclosure of 2006 or of the most corresponding years (2005 or 2007) were scrutinised. The reports could be either a separate sustainability or CR reports or, if not available, the annual report (also called 'integrated report') if it sufficiently contained information dealing with environmental, social responsibility and other sustainability issues. A final sample of 66 forest companies met the criteria of this study, including 44 CR reports or sustainability reports and 22 integrated annual reports. The corresponding figures of return on capital employed (ROCE), the financial performance indicator used in this study, were obtained from PricewaterhouseCooper's database (PWC, 2008).

This study was designed to utilize the extensive measures and occurrences of the GRI framework to evaluate the sustainability disclosure of the world's largest forest companies. A content analysis was first performed to outline the reporting profiles of the sample companies by detecting the presence or absence of items defined by the GRI framework. The content of the selected corporate reports were categorised to capture the six domains of the GRI framework, including economic, environmental, labour and employment, human rights, social, and product and service. In order to transform words of the reports into quantifiable data, original texts were first classified into analysable data language according to the classification framework under the GRI framework, ensuring that each indicator and their pertaining clauses are explained clearly and precisely. A total of 79 indicators were identified to measure the six dimensions of sustainability disclosure defined by the GRI framework.

Each item of disclosure pertaining to any of the categories is treated equally important in coding by being assigned a point. An item appearing more than once will not receive a second point. To ensure the coding accuracy and improved reliability and validity, a two-tier independent coding was performed, and in order to improve the coding reliability, results were cross-checked by both researchers so that the classification of the texts would correspond to the same standard. The final scores of each indicator are divided into a range of scales (1-5), where 1 means no information is disclosed and 5 stands for complete information is provided.

After the content analysis, linear regression modelling was performed to analyze the relationship between the sample companies' reporting profile and the determining factors discussed in the theoretical section. The same explanatory factors for concurrent year were used in all regression models. Instead of evaluating the overall reporting profiles of the company under the GRI reporting framework, for the sake of simplicity at this stage, we decided to concentrate on three disclosure dimensions: environmental, social, and product and service). In our regression modelling, these three dependent variables are based on summative variables, indicating the completeness of provided information within each category. Four independent variables were also identified, including total sales (measuring company size), (ROCE_2007 (measuring profitability), head quarter location, and business line.

Results

Descriptive analysis
Summative variable of environmental responsibility represents the set of most significantly emphasized indicators under the

GRI framework, followed by labour and employment responsibility, and economic responsibility, while human rights responsibility and social responsibility received the least attention from the sample companies, followed by product and service responsibility. Environmental responsibility still plays the dominant role in assessing CR performance, and its pertaining indicators represent a considerable proportion in the GRI guidelines. Table 1 depicts the divergence of sustainability reporting profiles between different groups. A T-test was used for the pair-wise comparison of means between the groups under the GRI reporting framework in this study.

A number of significant differences were observed between business line and the six summative variables. Integrated forest companies with the ownership of forest resources seemed to emphasize more economic-related and environmental-related issues than those companies which are within the paper and packaging category (p = 0.021, p = 0.001). In terms of labour and employment responsibility, integrated forest industry companies placed more comprehensive attention on the corresponding issues than those companies which are in the pulp and paper and packaging category (p = 0.029), as well as those companies within paper and packaging category (p < 0.01). No significant difference was found between groups under the summative variable of human rights. Integrated forest industry companies emphasized more social responsibility disclosure than those companies within pulp and paper and packaging category (p = 0.031) and paper and packaging category (p = 0.021). Similar differences were also observed under product and service responsibility, where integrated forest companies placed significant attention on the corresponding issues than those companies of pulp and paper and packaging category (p = 0.013), as well as those companies within paper and packaging category (p = 0.009).

This result suggests that the geographic location of the firm exhibit divergence in their sustainability disclosure: the few Latin American and African companies in the data seem to perform better than their international counterparts in all six reporting domains. However, no statistically significant difference between companies in terms of head quarter location were observed between economic, environmental, social, product and service responsibility, respectively, whereas significant differences were found under labour and employment responsibility, and responsibility for human rights.

In terms of labour and employment responsibility, Latin American companies and African companies seemed to emphasize most on labour- and employment-related issues, while Asian and Oceanian companies were identified to be least interested in addressing the corresponding issues. In terms of human rights responsibility, North American companies were identified to pay most attention to human rights-related issues, whereas the corresponding issues were least emphasized by Latin American and African companies (p = 0.049).

Results from regression analysis

Table 2 presents the results of the regression analysis. As can be seen from it, the adjusted R^2's of the three regression models were in the range of 0.22 to 0.49, and being highest in the environmental disclosure model. Confirming Hypothesis 1 (H1), the size of the firm is positively related to the scale of both environmental and product and service disclosures, and this result is consistent with many previous studies. Country of origin or profitability was not found to be significant in any of the models, and therefore both the Hypothesis 3 (H3) and Hypothesis 2 (H2) were rejected. As for the importance of the business line dummy variables in explaining variation between companies' disclosure, dummy on paper + packaging vs. integrated was positive and significant in each model; on the other hand, confirming our Hypothesis 4 (H4). However, paper + packaging vs. pulp + paper + packaging dummy were significant only in the social disclosure model.

Conclusion and discussion

The results of our study mirror the overall patterns of sustainability disclosure in the global forest industry under the GRI reporting framework. Based on the values of summative disclosure domains in our data, environmental responsibility represents the most significantly emphasized area (measured by the average value of summative indicators) under the GRI framework, followed by labour and employment responsibility and economic responsibility. Human rights and social responsibility seem to receive the least attention in the 66 largest forest industry companies, followed by product and service responsibility. Our results support the findings of previous research (e.g., Vidal and Kozak, 2008a, 2008b; Mikkilä and Toppinen, 2008), which suggest that corporate disclosure on social responsibility issues deserves more attention from the companies and should be developed towards more comprehensive metrics in the forest sector. On the other hand, no significant regional difference (measured by headquarter location) was found in terms of sustainability disclosure with the exception of labour and employment responsibility and responsibility for human rights.

The results we obtained from the regression analyses indicate

TABLE 1 Pair-wise comparison of means between groups and sustainability reporting profiles

	Economic	Environmental	Labour & Employment	Human Rights	Social	Product & Service
Business Line Integrated (n=24) Pulp + Paper +Packaging (n=12) Paper + Packaging (n=30)	17.00 (5.53)* 14.08 (3.26) 14.89 (4.80)	17.00 (5.53)* 14.08 (3.26) 14.89 (4.80)	27.08 (8.30)** 20.75 (5.29) 19.27 (6.00)	11.71(4.90) 9.50 (1.24) 9.87 (3.06)	11.71(4.90) 9.50 (1.24) 9.87 (3.06)	14.17 (8.20)* 8.25 (0.45) 9.37 (4.17)
HQ Location Europe (n=15) North America (n=23) Asia + Oceania (n=18) Latin America+Africa (n=10)	15.47 (5.95) 14.61 (5.57) 13.50 (2.64) 17.20 (3.50)	61.40 (25.24) 56.04 (19.95) 55.28 (21.76) 66.60 (15.62)	25.27 (7.41) 20.30 (8.02) 19.94 (5.58) 27.20 (7.52)	10.27 (2.28) 9.48 (1.53) 10.44 (3.88) 13.10 (6.89)	10.27 (5.66) 10.04 (5.73) 8.89 (2.35) 12.60 (5.17)	10.40 (4.14) 11.17 (7.02) 9.50 (4.19) 13.60 (8.97)

[a] The figures in the table are mean values with standard deviations in parentheses
* T-test significant at the 0.01 level, **Significant at the 0.05 level

TABLE 2 Results of the regression models for environmental, social, and product and service disclosure under the GRI reporting framework

Independent variables	Environmental	Social	Product & Service
(Constant)	36.068 (6.074)[a]	9.433 (5.389)	7.083 (3.652)
Total sales in $ million	0.003 (5.31)*	0.000 (1.595)	0.001 (3.298)*
ROCE_2007	2.117 (0.035)	-29.537 (-1.64)	-6.448 (-0.323)
North America vs. Europe	1.305 (0.216)	-0.725 (-0.407)	-2.167 (-1.097)
North America vs. Asia + Oceania	-0.419 (-0.071)	-0.935 (-0.536)	0.507 (0.262)
North America vs. Latin America + Africa	12.251 (1.625)	1.78 (0.801)	0.473 (0.192)
Paper + Packaging vs. Integrated	13.531 (2.282)*	4.339 (2.483)*	4.869 (2.515)**
Paper + Packaging vs. Pulp + Paper + Packaging	13.499 (2.061)*	-0.321(-0.166)	0.633 (0.296)
	$R^2 = 0.562$; Adj. $R^2 = 0.493$; F = 8.232*; P < 0.01	$R^2 = 328$; Adj. $R^2 = 0.223$; F = 3.135*; P = 0.009	$R^2 = 0.406$; Adj. $R^2 = 0.314$; F = 4.393*; P = 0.001

[a] The figures in the table are regression coefficients with t values in parentheses
*Significant at the 0.10 level, **Significant at the 0.05 level

that, forest industry companies seem to be sensitive to media exposure (as proxied by their size) but are insensitive to profitability (as measured by ROCE) when determining their CR strategies and there are no regional differences between the disclosure determinants. Our finding are in line with prior literature (e.g., Reverte 2009; Brammer and Pavelin, 2008; Branco and Rodrigues 2008; Hacston and Milne, 1996) that company size or industry sector has positive influence on the scale and quality of the disclosure. A recent study on French companies' environmental practices by Cormier and Magnan (2003) observes that, as a result of strong impact of globalised stock market on fostering convergence in corporate practices, companies have increasingly realized the importance of sustainability disclosure and thus adopted corresponding disclosure strategies in responding to the growing demands from their stakeholders.

There are obvious limitations in our study, which provide opportunities for future research. First, a note of caution is warranted in a study such as this that relies on published sustainability disclosure by companies. There might be companies that have CR programs, but have not disclosed, or have used their websites or other channel to disclose such programs. Our research does not capture this information. As mentioned in the chapter Data and methodology, the quantitative content analysis in our study is done by detecting the presence or absence of information covering a number of different subject areas in the sustainability disclosure, and information provided in the corresponding reports is thus assumed to reflect the CR practices adopted by the company. It should be recognized, however, that the key measure used in our content analysis (or even to a broader extent of content analysis on corporate disclosure in general) is communication of economic, environmental and social performance, not CR performance per se, and that the lack of reporting may not necessarily indicate a lack of CR action in reality. Frequently asked questions such as are companies really doing everything they are reporting? Or is CR reporting only a part of the corporate green-washing agenda or merely a tool for public relation? could only be really answered through independent audits of CR performance. However, based on the analysis done we conclude that (large) forest companies are trying to make progress in their reporting and are heeding stakeholder calls for greater business sustainability.

Second, a generic limitation of this form of content analysis is, according to Zéghal and Ahmed (1990), that it does not enable the researcher to fully measure the extent of information disclosed and the emphasis attached to each item by the company. On the other hand, the use of GRI framework in this study provides a wide coverage of sustainability aspects, and its extensive measures and occurrences could, to certain extent, counterbalance the deficiency of this form of content analysis.

Third, we strictly followed the GRI reporting framework when measuring the sustainability disclosure profiles of the sample companies, and thereby only detected the presence or absence of items defined by the GRI reporting guidelines. Using some other guidelines or frameworks, such as UNGC, AA1000, SA8000, ACCA, or Balanced Scorecard, different dimensions and disaggregation of sustainability could be expected. Nevertheless, as already mentioned, our empirical findings in terms of the effect of company size and regional differences on sustainability disclosure are also in line with the previous literature that did not use the GRI measures.

Fourth, it should be noticed that the results from our regression modelling are only preliminary, because the set of explanatory variables measuring industry and firm characteristics was limited to company size, geographic location, business line, and financial performance. In the future studies, more profound analyses should be carried out, for example, to analyse the impacts of demand conditions and consumer proximity on the sustainability disclosure in the forest industry. Due to the fact that only three disclosure dimensions (environmental, social, and product and service disclosure) were analysed, future research should consider taking the dimensions of labour and employment, and human rights into account. In addition, a wide range of indicators in terms of (both internal and external) corporate characteristics and financial performance indicators should be applied to better determine factors in CR decision-making. Given the limitation of such a single industry study, it would be worth of ascertaining whether similar patterns exist in other industries, including companies within extractive industries (e.g., oil and gas, chemical, mining) and those with less dependence on natural resources (e.g., service industry).

Accompanying the accelerated pace of sustainability, CR-related practices are becoming normalized worldwide, supplemental and voluntary disclosures are one effective way through which companies cope with often adverse stakeholder demands

(Toppinen et al., 2010). Therefore, a call for specific supplements (e.g., under the GRI framework) to address the unique needs of the forestry sector and those industries or sectors yet without specific supplements becomes much obvious and urgent in CR agenda. Future research is also needed to explore best practices and industry-specific factors toward successful CR and sustainable development. The findings from our study could also be supplemented by qualitative studies (e.g., interviews with senior executives or the CR specialists of the companies) or by an industry survey, in order to glean a more thorough understanding of particular cases and common factors. For example, relevant questions include what particular issues or themes forest-based companies encounter, what CR-related systems or standards are adopted by the companies in dealing with CR issues, why such systems or standards are favored in the companies, and how such systems or standards are implemented and evaluated. Previous literature on CR has basically focused on large companies with a primary thrust to explain the institutionalization of formal policies and the manner in which CR is incorporated into decision making and work practices. CR is still perceived as a fuzzy concept to those of SMEs in general, who are often lacking in an explicit definition or execution of CR, as well as the potential benefits incorporated. While prior CR research in the forestry context has largely focused on the major forest and paper companies, CR of SMEs within the forest industry has not yet been studied (with the exception of Li et al., 2010). Case studies are thus important and needed to understand managerial perceptions on CR and to explore best practices that attract SMEs' involvement. Furthermore, since SME approaches to CR are particularly endogenous, derived from various societal expectations for business and routes to sustainability, a variety of contexts, such as cultural differences and values, (local) stakeholder structure, stage of economic development and strategic cognition of individual managers should all be taken into account for desirable outcome.

Acknowledgements

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Transcending Business Ethics: Insights from Jung and Maslow

Cécile Rozuel

Abstract

Although the very idea of business ethics is no longer assumed to be an oxymoron, there remains a substantial tension between the field of ethics and that of business. The different paradigms tend to lead to one-sided arguments that prevent the emergence of a satisfactory solution. The paper proposes that such tension can be transcended to bring forth a more encompassing perspective. Psychologists Carl G. Jung and Abraham H. Maslow have both discussed the concept of transcendence, which implies a capacity of the subject not to be constrained by existing or common boundaries; rather the subject goes beyond opposites to redefine the context and terms of the dialogue. The paper thus examines the meaning of transcendence and its possible implications for business ethics research and praxis. Such reflection needs to be led at both social and individual level, for individual researchers, managers and leaders need to reassess the tension in themselves if they are to successfully transcend the tension in their field.

Keywords

Jung, Maslow, Transcendence, Business Ethics, Individual, Dialogue

The Source of Tension

In the second half of the past century, Abraham Maslow watched in dismay the excitement the then forthcoming year 2000 was generating. He wrote that most commentators focused on the technological changes one could hope for, with little concern for the ethical implications of such changes for society: "Sometimes the whole enterprise seems almost entirely amoral." (Maslow, 1973, p.24). Ten years into the new millennium, it seems Maslow's reflection remains valid. For example, the frenzy generated by Apple's iPhone and iPad has largely dominated the newspapers recently, with few concerns for the ethical consequences of this frenzy (Hickman, 2010; Kurtenbach, 2010).

Although much work has been done to discard the view that 'business ethics' is an oxymoron, there remains a deep and concerning tension between the traditional view of the profit-seeking firm on the one hand, and the high level of expectations and duties imposed by ethical custom on the other hand. Scholars enthusiastically embrace the idea of a socially or environmentally responsible business enterprise, political leaders are happy to create task-forces to examine how profit-making can become a more responsible activity, and business leaders gently nod at those endeavours because, after all, there may be some interesting opportunities in that area (hence the efforts towards building the business case for CSR – see for instance the recent article by Carroll and Shabana, 2010). There have been some success stories. For example, the socially responsible firm which respects its employees, engages in fair trade and genuinely involves its stakeholders can and does exist. Overall, however, it is business as usual.

Whilst there were calls for a great reform of the financial market system so as to avoid another crisis (Fox, 2009), no one has proved prepared to actually challenge the business imperatives of growth and profitability. These, it seems, are just part of what business is: business can accommodate ethical demands, but it cannot alter its fundamentals. Economic survival, to that effect, will always be prioritised over ethical integrity in a large sense. If a business enterprise is not profitable, then it simply and logically cannot exist, or certainly not in the long run. Consequently, if there is no business, how can there be any business ethics? Business ethics, it is argued, is legitimate because business is what it is: if business ceases to be, business ethics loses its meaning. To put it simply, business necessarily precedes business ethics.

In that purview, business ethics matters when business runs smoothly. If business is in trouble, business ethics matters a little less. Rarely do we read or hear business ethicists, let alone business leaders, arguing that a business enterprise should choose to close down if it cannot run its activities in coherence with good and sound ethical values (Ray Anderson from carpet manufacturer Interface, is one of the notable exceptions – see The Corporation, 2004). This would mean shutting down whole industries (arm manufacturers, maybe tobacco companies for instance) which in turn would mean making redundant thousands of employees and increasing dramatically the subsequent cost born by society. Such an idea would be utterly irresponsible, it is argued. Yet maybe this is necessary for business ethics to retain its ethics. Ethicists might be more sympathetic to such a radical solution because they are not restrained by the foundational boundaries of business. Yet ethicists generally receive little sympathy from business actors because their arguments are utopian, unrealistic or far too demanding in this harsh, cut-throat world. In another place, in another time, maybe.

The core of the problem, the initial source of tension lies, I argue, in the one-sidedness of the arguments. Business actors and ethicists both work within a specific paradigm which shares little similarities with the other. For instance, the 'business paradigm' is mainly short-term oriented and materialistic, is based on growth, praises egoism and competitiveness, and strives on fear (e.g. fear to lack, fear to lose, fear to be left out). Whereas the 'ethics paradigm' projects itself both out-of-time and in the here-and-now, is metaphysical and based on the Good, praises self-effacing practices and coop-

eration, and strives on human dignity (which itself stems from reason or sympathy or other distinctly human qualities). It is possible to establish a dialogue between the two parties; however it ought to come at the cost of one party abandoning some of its most defining elements. Up to now, I would argue that the 'ethics' camps has relinquished the most.

To palliate such tension, I propose that we transcend it. Instead of trying to 'fix' business with greater ethics, or instead of bending ethics to provide specific answers to specific business problems, we may be better off transcending the opposites to construct a new perspective on commercial exchanges and human relationships. The on-going debate on business ethics is necessary in so far as the energy generated by the opposition (business versus ethics) nurtures the possibility to transcend that opposition. The new perspective which thus emerges is neither 'business' nor 'ethics', and it is both at the same time. Transcendence means to climb over and beyond the existing reality, in this case the existing social and economic reality. Transcending implies to let unfold another, more encompassing frame of reality (or paradigm) which sweeps off the tensions because they are no longer relevant in that reality. They haven't been answered as such, but they no longer have the same significance thereby finding a natural adjustment.

This is not a quick-fix process, but rather demands deep reflection on the essence of human nature, the ideal of social interaction and the means to achieve it. It takes time, it takes a personal and collective endeavour to engage with the process, to acknowledge the darker aspects of our thoughts and motives, but it is purportedly most rewarding: we could value dialogue and knowledge rather than compromise; we could work to benefit ourselves without sacrificing social goods, and work to benefit society without feeling deprived of self-fulfilment opportunities. This, by all means, is not mere wishful thinking; the inclusion of spirituality into the field of management development, leadership and business ethics demonstrates that people want more than what they are offered both socially and spiritually (e.g. Mitroff and Denton, 1999; Guillory, 2001; Zsolnai, 2004). They want to feel good at work and do the right thing.

Such reflection extends far beyond the scope of this paper, therefore I shall concentrate on the meaning and implication of transcendence at the level of the individual. The individual level constitutes the stepping stone of a new perspective resulting from the transcending process, because individuals fully contribute to setting up social institutions and relationships. The value of transcendence has been noted by both Carl G. Jung and Abraham H. Maslow, in a somewhat similar manner. Yet their respective conceptual stance and aims lead them to approach the idea of transcendence differently, which makes them complementary. I will first introduce Maslow's theory before turning to Jung's, and finally propose a more global picture of what transcending business ethics means for individual business agents and business ethicists.

Maslow on Transcenders

In the book The Farther Reaches of Human Nature, a compilation of papers first published posthumously in 1971 (1973), Maslow exposes the foundations of his psychology. Maslow's project was to establish a "third psychology", profoundly humanistic, and which would encompass the two other psychological schools he labelled behaviouristic and Freudian (1973, p.3). Maslow believed that human sciences cannot claim to objectivity in the way other sciences can, and rather favoured the passionate observation of "good specimens". Following Aristotle,

he believed that good people could instruct us as to what ethical principles we should adopt, what goals are worth being pursued, or how we should lead our lives. He indeed argued that we could sample "superior people who are also superior perceivers not only of facts but of values, and then [use] their choices of ultimate values as possibly the ultimate values for the whole species." (1973, p.10). These "superior people", in other words, are enlightened beings who can offer guidance on how we can evolve towards a better future.

To learn from those superior people constitutes, for Maslow, the key step in addressing any social, environmental or psychological problems in a sustainable manner. If individuals don't change in such a way as to reconsider their actions and relations to themselves and their environment, tension will endure. Besides, adds Maslow (1973, p.19-20), "it is quite clear that no social reforms, no beautiful constitutions or beautiful programmes or laws will be of any consequence unless people are healthy enough, evolved enough, strong enough, good enough to understand them and to want to put them into practice in the right way." Thus individual development should be given priority before any significant social change can take place. The relative success and effectiveness of a brand new policy aimed to improve the productivity and well-being of staff within an organisation ultimately depends on how much staff is prepared to embrace that change. People make organisations and people make up society. Thus people should be our primary concern when we reflect on how to improve the ethical climate of organisations.

What is meant by "superior people" or "good people"? Although Maslow sounds strongly elitist, he rather implies that those people are more advanced in their personal development than the majority; yet we nevertheless have the potential to become equally "superior" since the superiority lies in one's perceptiveness rather than one's peculiar abilities. A superior person is self-evolving, self-actualizing, "responsible-for-himself-and-his-own-evolution" or "fully human" (Maslow, 1973, p.19). Many have heard of Maslow's hierarchy of needs, whose top layer consists in self-actualization needs. Self-actualization can roughly be defined as "ongoing actualization of potentials, capacities and talents, as fulfillment of mission (or call, fate, destiny, or vocation), as a fuller knowledge of, and acceptance of, the person's own intrinsic nature, as an unceasing trend toward unity, integration or synergy within the person." (Maslow, 1968, p.25).

However transcendence goes beyond self-actualization and constitutes the most developed, enlightened state of consciousness. Maslow contrasts self-actualizers with transcenders by referring to McGregor's Theory Y (McGregor, 1960). Whilst Theory Y encapsulates self-actualizers, Maslow proposes a Theory Z which characterises those self-actualized people who are also transcenders. They epitomise the good people, the superior people to whom we should turn for guidance. They consistently experience the world of 'Being' (that is the world of heightened consciousness, experienced by the self-actualized person), and are globally more intuitive, more holistic, more "awe-inspiring" than the already fairly advanced self-actualizers. They have a more acute, sensitive knowledge of what the world could be, therefore they tend to be more affected than others by the waste of tangible and intangible resources and potential they witness in the current social world (1973, p.302).

Maslow offers the following condensed definition of transcendence: "Transcendence refers to the very higher and most inclusive or holistic levels of human consciousness, behaving and relating, as ends rather than as means, to oneself, to significant others, to human beings in general, to others species, to

nature and to the cosmos." (1973, p.292). Transcendence how-ever is a multi-dimensional concept. One can transcend self, others, time and space, culture or one's past to reach the highly spiritual but nevertheless fundamental state of 'Being'. Out of thirty-five sub-definitions of transcendence Maslow provides, I will concentrate on the themes which seem more relevant to the discussion of ethics and business. The characteristics discussed below concern the individual, therefore apply to the organisational member. They represent the values which can help the individual transcend the business-ethics tension.

Moral exemplarity and dignity

The transcender lives as a fully accomplished, fully independent individual, yet never relinquishes his belonging to the human community. He is a moral exemplar in the greatest sense. Maslow states: "Being independent of other people's evil or ignorance or stupidity or immaturity when this is directed towards oneself is possible, though very difficult. And yet one can, in such a situation, gaze upon the whole situation – including oneself in the midst of the situation – as if one were looking upon the it objectively, detachedly from a great and impersonal or suprapersonal height. […] This means a self-determining Self. It means to be able to be unpopular when this is the right thing to be, to become an autonomous, self-deciding Self; to write one's own lines, to be one's own man, to be not manipulatable or seduce-able." (1973, p.284-285).

At least two managerial implications derive from this statement: first, organisational leaders and managers must learn to beware of traditions, culture, of their own preconceptions and ambitions to be successful in the eyes of the industry. These factors reinforce social conformity and may prevent the careful exercise of moral imagination (Werhane, 1999). Moral imagination discards scripts and mental schemes, whereas a heavy reliance on external sources of guidance can lead to unintentional and unforeseen harm. Moral agency comes with moral autonomy since the agent is expected to make her/his decisions and not just obey the authority blindly. This may require the agent to stand alone in the crowd, to suffer from being singled out or isolated because s/he thinks differently from the majority. It is not a happy experience, but only then can the individual both maintain her/his integrity, and effect change for the group if ever so slowly. Second, all business actors at all hierarchical levels have a duty to get to know themselves well enough so as to be actual autonomous agents and act with integrity to the self; but managers and leaders, even more than other actors, should possess such knowledge, for they influence and shape the organisation in more significant ways than a lower-level employee. Moral exemplarity and genuine humility should become a sought-after quality in leaders.

Universality

Transcendence does not diminish the value of cultural differences, but rather connects the individual with the common root of all the various declensions of cultural values so that the transcender never becomes prisoner of a specific interpretation of culture. Transcenders are "the universal man", first and foremost a "member of the human species" and only secondly a member of a specific culture. Transcenders practice critical thinking in a remarkable way: they accept a culture after a careful, conscious process of examination of its meanings, instead of just adopting unquestioningly the dominant culture they are exposed to (Maslow, 1973, p.282). This, again, aims at avoiding the trap of both social conformity and intolerance. Since the market place is now global, a hardcore sense of belonging to the human species

is more relevant than ever.

In a similar manner, one can transcend individual differences by acknowledging them, being grateful for them "as a beautiful instance of the ingenuity of the cosmos", although the ultimate transcendence implies to rise above these differences "in the recognition of the essential commonness and mutual belongingness and identification with all kinds of people in ultimate humanness or specieshood." (Maslow, 1973, p.290). One may need to learn how to celebrate commonness and unity in differences, but the practice would lead one to adopt a third viewpoint whose fundamental assumptions are the essence of the Golden Rule: the other is a brother, so treat the other as you would treat your brother and as you would like to be treated. Differences can fuel much fear and anxiety, which in turn can make a kind man intolerant; yet fear and anxiety, originating from ignorance, incomprehension or a segregating cultural climate, are only mist concealing the common root of all lives.

Integration

This is probably the most central aspect of transcendence. Maslow mentions "transcendence of dichotomies [in order] to rise from dichotomies to super-ordinate wholes" whose limit is only the perception of the cosmos as a unity. Integration, or the adoption of a holistic perspective rather than a world of oppositions and polarities is necessary to move away from the win-lose situation which generally prevails in organisational discourses. Instead, exclusiveness and oppositeness are replaced by inclusiveness and unity, and different viewpoints are coordinated so as to create a holistic paradigm more in tune with the global environment (Maslow, 1973, p.286). In managerial terms, it most closely relates to sustainability, or a 'triple bottom line' approach of planet, people and profit. Frederick's CSR4 (i.e. Cosmos, Science and Religion) also adopts an integrative perspective. Business, he argues, has something to learn from reading more widely, from engaging with seemingly estranged disciplines (Frederick, 1998).

Relativity of Time and Space

Transcendence is commonly associated with the relativity of our sense of time and space on the perceptive level if not on the physical level. When one is so absorbed in a task, one relates to time and space differently: it is as if the only thing that exists is the task, the tools and the progress one makes. The rest of the world seemingly evaporates up until one regains awareness of one's external environment. One does not need to practice transcendental meditation to experience such a feeling of having been, for a moment, 'out of here'. Yet we can also experience the relativity of time and space through an inner sense of being at one time the entire human species, transcending the physical separation of 'I' and 'they'. In that instance "one's brothers on the other side of the earth are part of oneself, so that in a certain sense one is on the other side of the earth as well as being here in space." (1973, p.288). Work-wise, transcendence of time and space echoes the concept of vocation more than that of career. It is easier to 'lose oneself' temporarily in a task in which one engages wholeheartedly. Passion, the feeling of participating in something greater than oneself, the striving towards the perfect form of its expression drive self-transcendence much more than a rational calculation of one's chances to get a promotion.

Enlightened authority

Transcenders understand more acutely the existence and somewhat "necessity" of evil on a cosmological plan. Evil here comprises those who qualify as "nuts" and "kooks" by society's stand-

ards in addition to more obvious forms of evil actions (Maslow, 1973, p.305). Some of those "nuts" and "kooks" may only display such behaviour as a way to channel a remarkable creativity, which transcenders would recognise and value. Others are merely psychologically disturbed and unable to engage with the social world in an appropriate, constructive manner. Transcenders however perceive that the boundaries of good and evil are more shallow than we like to think. The dialectic of good and evil implies that the value of good springs from the existence of evil. At the individual and collective level, we are subjected to a constant tension between these two forces, and we shall learn to understand it, master it, and ultimately transcend it. Amongst transcenders, understanding the "occasional inevitability" of evil "should generate both a greater compassion with it and a less ambivalent and a more unyielding fight against it. […] To understand more deeply means, at this level, to have a stronger arm (not a weaker one), to be more decisive, to have less conflict, ambivalence, regret, and thus to act more swiftly, surely and effectively. One can compassionately strike down the evil man if this necessary." (1973, p.305).

Most interestingly, Maslow argued that transcenders are actually sensitive enough to a different type of recognition and payment so that they would not expect a high monetary remuneration. This has direct implications for the business realm: transcender CEOs, senior managers and organisational leaders would no longer request a high pay or bonus for their efforts because they would perceive (in a sensorial manner) their remuneration differently for their own sake and for ours. Maslow's words are remarkably at odds with current practice: "The only way that I can see to protect the more capable, the leaders and managers from ressentiment, from the impotent envy of the weak, of the underprivileged, of the less capable, of those who need to be helped, i.e., from the Evil Eye, from overturn by the underdog, is to pay them, not with more money but with less, to pay them rather with 'higher pay' and with 'metapay' [such as good surroundings, good work atmosphere, challenge, growth, responsibility, freedom, or compassion]. It follows […] that this […] would abort the development of the mutually exclusive and antagonistic classes or castes that we have seen throughout human history." (1973, p.308). The purpose is to avoid a rigid hierarchy, and to embrace instead a natural leadership of the most awakened to manage social life with "benevolent and unselfish authority" (p.309). In this society, therefore, money no longer symbolizes "success, respectworthiness or loveworthiness" (p.308).

Jung on the Transcendent Function

Jung's analytical psychology preceded and somewhat influenced Maslow's humanistic psychology (see Schott, 1992). Jung was interested in apprehending the unconscious and making sense of its impromptu manifestations to nurture mental and physical health, as well as to become a fully developed individual. A former disciple of Freud, he rejected the idea that the content of the unconscious is primarily concerned with sexual fantasies and repressions. Jung believed in the existence of a collective unconscious, realm of archetypes which, throughout human history, have expressed themselves in myths, tales and stories. Each person is affected by this collective unconscious in her/his own way, thereby forming a personal unconscious which is shaped by the encounter of archetypal forces with the results of socialisation, education and early life experiences. Although we are affected by the unconscious, the modern men and women have learnt to live mainly in consciousness and to ignore or reject the

unconscious manifestations. A one-sided orientation of the ego-consciousness is necessary to a healthy psychological development and social interaction (Jung, 1969). However it becomes a problem when practiced too extremely. Jung's works are substantial, but I will concentrate here on a paper written in 1916, though only published in 1957 (1969), entitled 'The Transcendent Function', in which Jung highlights the main arguments for transcendence.

According to Jung, the psyche operates under the principle of opposites, and the libido (i.e. the psychic energy in general, not in the Freudian sense of a primarily sexual energy) springs from the confrontation between these opposites. Consciously, we may not be aware of a compensatory process taking place, but the unconscious undoubtedly produces an equally strong counter-position. Thus, the more one-sided the ego-consciousness is, and the more it ignores or rejects unconscious manifestations, the greater the counter-position which forms itself in the unconscious. The tension is bound to break out and "it may have disagreeable consequences" for the individual in the form of neurosis, psychosis, depression of all sorts (Jung, 1969, para.139). Jung contends that the main task of the therapist is to determine: "what kind of mental and moral attitude is […] necessary to have towards the disturbing influences of the unconscious" (1969, para.144) – to which he answers that: "[it] consists in getting rid of the separation between conscious and unconscious. This cannot be done by condemning the contents of the unconscious in a one-sided way, but rather by recognizing their significance in compensating the one-sidedness of consciousness and by taking this significance into account." (1969, para.145).

To summarise, the transcendent function enables the person to make a transition from a one-sided conscious state with acute compensatory surges in the unconscious disturbing the conscious behaviour, to an acknowledgement and acceptance of the necessity of these compensatory activities. This in turn helps the person grow into her/his individuality. The transcendent function "arises from the union of conscious and unconscious contents." (1969, para.131). Working towards transcendence in therapy requires an active participation of the patient and the careful knowledge and guidance of the analyst. But the work required is not "mere self-observation and intellectual self-analysis"; rather it demands dealing with unconscious material through both creative formulation and intellectual understanding. This is when the transcendent function really comes into play. Jung explains: "Once the unconscious content has been given form and the meaning of the formulation is understood, the question arises as to how the ego will relate to this position, and how the ego and the unconscious are to come to terms. This is the second and more important stage of the procedure, the bringing together of opposites for the production of a third: the transcendent function." (1969, para.181).

Jung obviously envisioned the transcendent function as a therapeutic tool within the context of an analysis, not unlike the technique he called active imagination. Its logic, however, can be applied more generally to issues of tensed opposition. It seems all the more important as the moral implications of ignoring parts of our psyche are tremendous (Jung, 1969, para.184). Prior to the transcendent function, our internal dialogue is corrupted and one-sided: we listen to one party whilst ignoring or belittling the contributions of the other (in this case the unconscious). Once we have successfully transcended the opposites, we can engage in a truly free dialogue to which each party contribute. Jung states that: "It is exactly as if a dialogue were taking place between two human beings with equal rights, each of whom gives the other credit for a valid argument and considers

it worth while to modify the conflicting standpoints by means of thorough comparison and discussion or else to distinguish them clearly from one another." (1969, para.186).

The parallel Jung draws between what happens within our psyche and what happens in the social world is particularly relevant to my argument. Jung indeed goes on to say that: "The present day shows with appalling clarity how little able people are to let the other man's argument count, although this capacity is a fundamental and indispensable condition for any human community. Everyone who proposes to come to terms with himself must reckon with this basic problem. For, to the degree that he does not admit the validity of the other person, he denies the 'other' within himself the right to exist – and vice versa. The capacity for inner dialogue is a touchstone for outer objectivity." (1969, para.187). Without a well-functioning, healthy internal dialogue, our capacity to make objective, morally informed decisions is seriously jeopardised. We treat ourselves as we treat others, in an unconsciously biased manner.

This echoes the tension between business people on the one hand, who argue that ethical imperatives must be practical and adapted to business principles; and ethicists who, on the other hand, discuss values and principles that seem so far removed from the 'real-life constraints' that they fail to be taken seriously. Each party, and each individual within each party, thus ought to review the dynamics of their internal dialogue. The business-ethics tension cannot be transcended if the internal tension within each individual is not transcended. A true dialogue between individuals with equal rights cannot take place without a thorough internal examination from the participants. Else business will not successfully dialogue with ethics, and vice versa. Once the opposites have been brought together and the transcendent function has taken place, a third point of view can emerge, informed by both parties but dominated by neither. The solution offered is more authentic, reflecting the actual qualities and desires of the individual. As such it purports to be more engaging and more sustainable.

A Third Viewpoint on Ethical Business

In the discussion above, I aimed to demonstrate how the transcendent function in both Jung and Maslow helps redefine the articulation of ethics and business in a less dichotomic and less compromising way. Jung and Maslow, in that respect, offer complementary accounts of transcendence, with specific ethical implications. In that purview, the Jungian process of transcendence paves the way for the Maslowian transcendent state which, not unlike Jung's individuation state, betokens a spiritual ethics that is an essential expression of existence and beingness. The transcendent function bridges unconscious and consciousness, and creates a third viewpoint. This viewpoint benefits from the energy (libido) generated by the bringing together of opposites; it also frees the individual from undefined fears (a by-product of unconscious repression) which are usually projected onto external others. The individual gains clarity of mind and spirit, as well as a healthier, more balanced psyche. In return, her/his relationships with others also gain clarity and authenticity. The individual can more readily embrace the transcender state described by Maslow.

I have discussed how the Maslowian transcender displays a greater moral exemplarity and dignity, is sensitive to a universal human nature and the relativity of time and space, works towards the integration of opposites and embodies an enlightened authority. Not all leaders, managers or business ethicists are apt to achieve this level of personal development; yet we desperately

need more leaders, managers and business ethicists engaged in this path. I suggest that the benefits for the individual include:
- a clearer idea of who s/he is and can be;
- a clearer idea of what s/he wants to achieve;
- a clearer idea of how s/he can engage with her/his environment, and the environment in general;
- a clearer idea of where s/he stands in the midst of humanity.

Such an agenda may seem alarming or futile, but it remains a necessary groundwork to redefine business ethics and make it matter. In practice this means, for instance, that managers should engage with the inner expression of ethical demands on a same par as they engage with the strongly conscious desire to be successful. The managers' psyche should become the locus of an intense internal dialogue between the various figures of the unconscious and the ego-consciousness, so as to identify the existing forces that influence their decisions and the actual meaning of their desires. Ethics thus becomes a natural expression of who we are, disabling the artificial tendency to rule business over ethics. Organisations must obviously allow the space and time (which, after all, are relative!) for this exercise to take place at the pace each individual feels comfortable with. Those who are advanced in their personal development should be welcomed and provide guidance or support, in a non-directive enlightened way. We do not need gurus but exemplars, leaders we feel inspired by, who truly walk the talk, who are discreet yet leave an indelible mark on those who meet them or work with them. They are rare.

In an organisation shaped by transcenders, communication flows well both top-down and bottom-up because it is not obstructed by external imperatives, ego-centred decisions, fears and isolation. The idea of career, hierarchy and responsibility radically change: instead of careers, we aspire to vocation and calling, to personal development where work naturally fits with other life activities; instead of hierarchy which creates distance and isolation, we establish systems which clearly connect individual responsibility with collective responsibility, individual contribution with collective contribution. An organisation shaped by transcenders is necessarily shaped around a deep, unquestionable respect for the human. It could mean decency and common sense in the range of salaries (valuing metapay instead, says Maslow), or an actual dialogue between management team and employees, or between different services (each party with equal rights, says Jung). This unfortunately does not depict many existing corporations.

Implications & Conclusion

France Télécom, the major French telecommunication operator, has been very present in the newspapers over the past year. Following a series of major organisational and technological change, France Télécom has turned from a state-owned, service-oriented enterprise to a privatised corporation in a highly competitive sector. Many staff at France Télécom have had to cope with the loss of their civil servant status and become employees of a profit-orientated company characterised by aggressive management techniques. This is not the only previously state-owned company facing such transition. If the media oft-quote France Télécom, however, that is because since 2008 more than thirty of its employees have committed or attempted suicide directly denouncing their working conditions (Le Monde, 2010a). Early April 2010, a report from the Factory Inspectorate appeared to denounce management techniques assimilated with moral harassment that aimed at undermining employees. The

many restructurings and redundancies induced a significant distress amongst staff, ignored or mitigated by the management team. This distress in the workplace involved constant pressure and mobility with little support to cope with this professional change, therefore contributing to a painful loss of individuality in an overwhelming collective (Le Monde, 2010b).

When depersonalization, loss of focus and human contact project these employees into a collective shadow, their distress is exacerbated and more likely to lead to extreme actions. France Télécom offers the unfortunate example of an extremely one-sided organisation: the change of status from state-owned to privatised seemed to have led the top management to discard the value of the human in order to focus on the really valuable resource: technology. France Télécom's competitiveness may have improved, but its image and more importantly its staff have suffered. The workplace should not be the locus of distress but of expression and development. Had France Télécom's CEOs been transcenders, they would have felt, with all their senses and their business savvy, that the situation they had created just was not right.

On a theoretical level, transcending business ethics would lead us towards a refined, encompassing concept of fair trade sustainability. Interestingly, the fair trade movement is itself at the core of a tension between the basic principles of free-trade and the accusations of hidden protectionism (Moore, 2004). The Fairtrade Labelling Organizations International (FLO) defines fair trade as: "an alternative approach to conventional trade and based on a partnership between producers and consumers. Fairtrade offers producers a better deal and improved terms of trade. This allows them the opportunity to improve their lives and plan for their future." (FLO, 2010). The impact on local workers and farmers improves their economic, social and environmental living standards with a view to generating sustainable growth (Max Havelaar, 2010). Moore (2004, p.74) suggests that fair trade purports both to "provide a working model of international trade that makes a difference" and "to challenge orthodoxy

in business practice." Yet the fair trade movement as it currently exists is subject to significant questions, in particular whether fair trade's legitimacy is not relative to one's initial conception of justice, and whether the fair trade model could and should extend to all international exchanges (Moore, 2004). Scholars and practitioners engaged in the fair trade movement might find relief in transcending the tension and clarifying the basis upon which the movement stands. The same can be said of the sustainability movement. Milne et al. (2006) warn against the tendency to picture "sustainability as a journey" so as to evade more radical change to existing practices. Sustainability as a journey implies a constant work-in-progress and never an actual end-state. As such, business people can escape their responsibilities and perpetuate business-as-usual. To confront one's motives and transcend the seemingly conflicting imperatives and desires appears a viable solution to that problem. Both academics and practitioners shall contribute to this effort.

The exact content of the fair trade sustainable ethical business paradigm we would inherit from transcendence of opposites is to be determined. We can work from existing principles of fair trade, sustainability, social responsibility or stakeholder dialogue, but we should be careful not to fall prisoner of one perspective only. We shall on the contrary work hard to identify the compensatory surges that each moral proposal generates in the 'free-trade, amoral business camp' and learn to encapsulate the tension into a transcendent effort. We can imagine that from the third viewpoint of ethical business, every social agent feels a deeply personal involvement with the global project, whilst collective and individual actions cohesively create an enduring synergy. In the transcendence of theory and practice, business ethics would gain a new meaning. More precisely, no business enterprise would exist if it is not in accordance with the cosmos in terms of its purpose, its effects and its structure. This leaves little room for politics and mere profit-seeking, but instead recognises the value of individual contribution and the wellness that springs from shared endeavours.

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Wittgenstein and the Practical Turn in Business Ethics

Ghislain Deslandes

Abstract

The significant influence of Ludwig Wittgenstein in social science is partly due to the central role played by the practical dimension, which is inherent in his philosophy. Nowadays, the latter is drawing strong interest in the academic community, in sociology, in management science as well as in business ethics, a field in which experts strive to establish an ethics opposed to any normativity, directly geared to managerial practices. However, the very same scholars who investigated this "practical turn" and who do not fail to refer to Wittgenstein as a major philosophical source are hardly prolific about his work as a philosopher. Can the main Wittgensteinian concepts serve as a reliable theoretical basis on which to ground business ethics as a practice? To answer this question, we first analyse the relation between facts and values, between rule and practice. We then explore the converging elements existing in Wittgenstein's philosophy as a quest for self-knowledge, before expounding the principles of what might constitute an approach to business ethics as practice. Lastly, we underscore the limitations of such an interpretation as well as to the need to go deeper into these tentative conclusions, both from an empirical and theoretical point of view.

Keywords

Business ethics as practice, Foucault, Managerial Practice, Practices of self, Rule, Wittgenstein.

Introduction

"Someone who, dreaming, says "I am dreaming", even if he speaks audibly in doing so, is no more right than if he said in his dream "it is raining", while it was in fact raining. Even if his dream were actually connected with the noise of the rain."

Wittgenstein, On Certainty, § 676

Wittgenstein is considered as the thinker who, in modern times, most significantly contributed to placing the practical dimension of philosophy at the centre of contemporary philosophical debate (Sluga, 1998; Gay, 1996). This is why his name is so commonly found in the literature dealing with the 'practice turn' which has prevailed upon social sciences in the last few decades (Reckwitz, 2002). His direct influence may be observed for instance in the work of Giddens and his "theory of structuration" (1984) or in Schatzki's Wittgensteinian Approach to Human Activity and the Social (1996).

In management science, a similar turn was taken in the field of strategy, initially in the wake of the strategy process research (Jarzabkowski, 2005), as illustrated for instance by Mintzberg, then as part of a trend which chose to consider strategy as no longer being a mere attribute of organizations, but as an activity that should be put in the context of the interaction between their members (Johnson, Langley, Melin & Whittington, 2007; Chia & MacKay, 2007; Carter, Clegg & Kornberger, 2008). Moreover, such a turn has probably affected knowledge management as well as the manner in which the uses of technology within organizations are explored (Miettinen, Samra-Fredericks & Yanow, 2009).

The "practice turn" in business ethics emerged more recently; it is a field in which the objective is to establish an ethics opposed to any normativity, to any idealistic abstraction, to the universality of moral concepts upon which it would be predicated (Colby 1999; Van de Ven & Johnson, 2006). Several scholars have indeed been able to highlight the role played by practice in the ethical exercise of management: in an article published in 1989, Andrews brought forward the

assumption that business ethics courses fail to be attractive precisely because this discipline is disconnected from business practice (a rationale challenged by Klonoski (2003) who instead advocates courses essentially based in the long-established theories of philosophical tradition, a concept which he named 'unapplied ethics'). Then Philips and Nielsen emphasized, in 1993 and 1994 respectively, the contingent and situational aspects of ethical decision-making in organizations. However, the shift from a business ethics in practice to a business ethics as a practice - an ethics by definition opposed to the prior theories, which were moralizing or prescriptive – seem to have been based on more ambitious conceptual foundations in the text written by Clegg, Kornberger and Rhodes (2007). To these authors, who refer to Wittgenstein's Philosophical Investigations as the main prior philosophical source pertaining to this research trend, the overriding objective is to describe ethics in organizations as an ongoing and unfinished debate between contradictory moral stances, which never lead to any certainty when they are put in context. According to them, organizations have nothing to offer but uncertain, complex and ambiguous situations, which -as evidenced by Jackall's research work- generate "organizational moralities" which are merely "contextual, situational, highly specific, and, most often, unarticulated" (1988, p. 6). With Wittgensteinian overtones, they observe that ethical dilemmas stem less from the dearth of ethical systems predating decisions than from the surfeit of stale ethical doctrines, which collide whenever choices need to be made.

The same authors go on taking the example of a pharmaceutical company committed to ecological values as well as to third-world countries: should it produce less expensive drugs so as to provide for the needs of poorer countries, while running the risk of failing to honour its ecological commitments, or make good on such promises, by producing at a higher cost, thus making it more difficult for poorer countries to afford the medications they need?

At this point, let us remark that the reference to Wittgenstein, albeit recur-

rent, is somewhat rash. Then, although no one seems willing to question the decisive impact of his philosophy of practice upon the philosophical foundations of this research trend (see, for instance, Shoter's work on the analysis of dynamic phenomena within organizations (2005)), the reference is nonetheless too allusive; it would warrant better 'elucidation', if we venture to use a typically Wittgensteinian term. Our aim here is to offer such enlightenment while attempting to demonstrate how Wittgenstein's writings – in which ethics never sets itself as a supreme judge, but rather relates to contexts – may indeed help in shaping the conceptualization of managerial ethics on the basis of practices.

For that purpose, we shall focus on three main notions contained in Wittgensteinian ethics: first, the dichotomy between facts and values as expressed in the 1921 Tractatus Logico-Philosophicus and the 1929 Lecture on Ethics: if the world comprises all the facts, the latter being ethically neutral, then the so-called values are just illusions. Then, the importance of action: what is of interest to Wittgenstein are the concrete activities in which ethical questions are posed, those in which what is "good" necessarily depends upon the context. And finally, the relation between practice and the rule - a relation in which the rule seems to aim at setting the limits of the future, before knowing the upcoming context. From this conceptual analysis, we may infer that although Wittgenstein renounces to offer a foundation to morality, the ethical question remains fundamental to him, insofar as philosophy is a self-on-self work ("Working in philosophy – like work in architecture in many respects – is really more a working on oneself", CV, p.16). We then bring the discussion into the field of subjectivity so as to compare such arguments with the theories developed by Foucault, who is another anti-essentialist philosopher; his ideas resurfaced in 2009 as a result of the publication of his latest lectures bearing on "practices of the self". In conclusion, we explore not only the limitations of such approaches to ethics "at work", but also the repercussions and potential extensions of these philosophical conceptions on ethical action as a managerial practice.

Facts, values and practices in Wittgenstein's work

Attempting to delineate an ethic that would specifically characterise Wittgenstein's work is certainly an awesome challenge. The first difficulty, which is mentioned in the conclusion of the Tractatus Logico-Philosophicus, is notorious: one is well advised to keep silent about what cannot be established, particularly the ethical propositions which go from one nonsense to another (« Hence also there can be no ethical propositions », T, 6.42). Thus, is it reasonable to revive the issue of Wittgensteinian ethic since its mastermind seemed bent on definitely closing it as early as 1921? The second hurdle lies with the very character of the philosopher: there is the private Wittgenstein and the logician; there is the scholar who recommends keeping silent on the ethical question and the one who considers, in the same time, that everything is ethical in philosophy, that it is the philosopher's activity which reveals his moral character ("Philosophy is not a theory, but an activity", T, § 4. 112; see also Rhees, 1970). The third difficulty is related to the structure of his work, even though the most recent interpretations rather tend to demonstrate its consistency (Pleasants, 2008): there is a first Wittgenstein (the author of the Tractatus), but also a second one (the one who wrote Philosophical Investigations), then a third one (who devised On Certainty). However, the study of Wittgenstein the ethician offers the opportunity to tackle the ethical question in a different way, by sweeping away the past: former ethical treatises have nothing to say, and they cannot characterise what they do say (Bouveresse, 1973). In accordance with his philosophical project, Wittgenstein's intent is to denounce mental confusion and, here, to fight common thinking patterns, especially in the realm of morality. How does he manage to achieve this goal? First, by drawing every possible conclusion from the dichotomy between facts and values. Confusing facts and values amounts to deluding oneself about what our values mean to ourselves. As it would make no sense to condemn morally a cloudy spell or the apparition of the sun, telling an historic event does not entitle us to pass moral judgement on this very same event. "All propositions are of equal value." (T, § 6.4). To Wittgenstein, we need to make a fundamental distinction between two types of judgements: on the one hand, relative value judgements, those we resort to most commonly in everyday life (e.g. " This man is a good cook", "That woman is a good mother"); they are no more than factual determinations, which may be described by the means of language, they have a beginning and an end; on the other hand, absolute value judgements. The latter are of a different nature, a nature that cannot be defined theoretically but which, however, is harboured by judgements that mean something about the ultimate meaning of life. They never fully achieve this goal as the locus of ethics is always outside the space of facts: the description of facts, of contingencies, cannot possibly express the slightest absolute value. Ethics is, as it were, outside of the world, beyond the words and the limits delineated by our language (Jimenez, 2008; Glock, 2003). This is why any discourse on values, even when it deals with "organisational values" is bound to be worthless to Wittgenstein.

Despite such a negative conclusion, this first element leads us to the second one: if ethics cannot be spoken about, if it cannot be expressed in propositions, it can nonetheless be applied and displayed through behaviours, actions, lifestyles which, in their own way, testify to this fundamental characteristic of life. "There must be some sort of ethical reward and ethical punishment" Wittgenstein assumed, "but this must lie in the action itself" (T, § 6. 422). Thus the unspeakable would become manifest in our actions or in the contemplation of the facts that make up our life. It shows itself in behaviours ceaselessly tied to the contingencies of life. As in the case of language where any meaning is eventually related with a given use, no ethics can be separated from practice and real moral situations.

A study of the relationship between practice and rule

To the inseparability of ethics and practice corresponds the inevitability of the dialectics of rules in their relation to use. The notion of rule features among the concepts that most intensely concerned Wittgensteinians (Laugier, 2001). "Well we might imagine rails instead of a rule", Wittgenstein wrote in his Philosophical Investigations. "And infinitely long rails correspond to the unlimited application of a rule"" (PI, § 218). He first opposes this mechanistic view of rules as a factor of homogeneousness, of a mythified rule as a predetermined future. "And hence also 'obeying a rule' is a practice. And to think one is obeying a rule is not to obey a rule" (PI, § 202), which cannot be separated from other practices that are not encompassed by the rule. Nothing predetermines the use of rules. Following the rule is by no means a conditioned reflex as it implies an interpretation: "What characterises rules is that they induce judgements and evaluations, they provide justifications and motives, they allow the criticism and correction of actions." (Bouveresse, 2001, p. 496). "Why do we punish criminals? Is it in order to prevent a repetition of the crime ?" Wittgenstein asks in Conversations on

Freud. "The truth is that there is no one reason. There is the institution of pushing criminals. Different people support this for different reasons, and for different reasons in different cases and at different times. Some people support it out of a desire for revenge, some perhaps out of a desire of justice, some out of a wish to prevent a repetition of the crime, and so on" (LAC, p. 50). Wittgenstein's purpose is not to redefine the meaning of rules, but simply to remark and to underscore the fact that we are unable to rise to the challenge of explaining clearly what we mean by following a rule. To him, rules "leave loop-holes open" (OC, § 139) and the metaphor of "the rails" fail to offer an appropriate representation. The same applies for instance to the practice of judgement, which cannot result solely from the learning of rules: "We do not learn the practive of making empirical judgments by learning rules; we are taught judgments and their connection with other judgments. A totality of judgments is made plausible to us." (OC, § 140). Rules cannot be the only means for guiding individuals. Likewise, it is not, as people tend to think, an independent authority, cut off from its application.

In his research applied to management and economics, Reynaud evaluated this critique of rules by asking the following question: "How am I able to obey a rule ?" (PI, 217). To that end, she started in 1992 studying - over a period of eight years – one of the maintenance workshops of the Paris subway system (RATP), within the framework of the implementation of new wage rules intended to increase the productivity of the workers concerned. Her goal is to analyse how the so-called "Agreement on the Experimentation of the Collective Effectiveness Method" (referred to by the acronym of DEC) is likely to transform existing rules and affect the organisation as a whole (2001; 2003). She thus shows that the new rule which is supposed to increase, among other things, the pace of work, stock levels as well as the quantities produced, actually generates behavioural heterogeneousness, whereas the incentive theory considers that it should foster homogeneousness and entail the same economic consequences. She goes on explaining that "each team forms a social world in itself, caught in a system of habits and uses concerning the organisation of work (for instance, accepting tasks in the order in which they come, without choosing to tackle the easier ones) and the relationship with the shop steward. (…) All of this, as well as many other aspects, might be summarised in one word: the "style" of teams (2005, p. 366). Governing by rules does not seem to be a satisfactory option, as the latter are constantly transformed by the various interpretations which are made of them, by the multiplicity of existing rules (safety-related, occupational, deontological, technical, legal, organisational…) which form an interdependent network and, above all, by the contrasting and changing nature of uses. Between the setting of the rule and its use, springs a wide range of controversies, amendments, meetings and strategic approaches that depend upon the interests, culture and working habits of each of the groups concerned by a rule which, in theory, is the same for all.

Thus, the process that leads to the application of the rule goes through practices, chiefly related to negotiations that in turn transform the rule (which we view as "rails"), to the extent that they lend it its whole meaning. The rule is no longer a "visible part of invisible rails stretching infinitely", as Wittgenstein describes it. The application of rules is a practice, insofar as their meaning is always complemented by some uses. Indeed, rules are always incomplete.

Basically, this research bears out the validity of the hypothesis which actually embraces rules and uses: on the one hand, rules are elaborated while being used, at the very moment when uses rise to the status of rules. Here, Reynaud resorts to the notion

of routines, as for instance, in the case of 'free riders' in RATP's maintenance teams: such regulation is effected through use, as such behaviour would go against prevailing collective working habits, not against rules. Eventually, uses answer the question of 'how to'; rules don't. As far as the expression of rules is concerned, it "gives rise to strategies that generate practices, not uses" (2005, p. 368).

Ethics and subjectivity: Self-on-self work vs. Practices of self

To Wittgenstein, what is at stake is the adoption of a form of life, which offers stability and regularity to our habitual facts and gestures, as well as an attempt to live in accordance with one's principles – without ever being able to compare it with other potential forms, the principles of which differ by definition, although none of them can be said to be superior to any other. None is comparable to any other. "The moral issue is essentially a 'personal' matter", Bouveresse explains, "whereby one should take it to mean, not a problem which any one can solve according to personal norms, but a problem posed to one person, which is something quite different from what is commonly called a problem" (1973, p. 143). Ethics is subjective and cannot be shared, even when two individuals use the same words in order to express their moral judgements: this by no means implies that they share the same moral stance. As also argued by Mulhall, "We shall find ourselves forced to acknowledge that morality is a realm of irreducible difference" (2002, p. 295). Consequently, from a moral perspective, no individual is ever capable of offering advice, and even less so the philosopher than anyone else.

On the basis of such reasoning, one easily understands how the universal intent of ethical theories, those which offer 'solutions' to life's ethical problems, is poles apart from Wittgenstein's project, which precisely claims that individual experimentation cannot be extrapolated. What needs to be discarded is not ethics itself, but the inappropriate manner in which tradition, especially in the field of philosophy, took hold of it. The same ethical questions never beset any two persons in the same way, at the same time. This may be where we might distinguish between morality and ethics: the former is, to everyone, rooted in the customs prevailing at a given time and place, the latter is, to each of us, an opportunity to find answers which, precisely, may go counter prevailing customs. It may be interesting to note, here, that in the end, Lecture on Ethics is written in the first person of the singular ("What I say does not add to our knowledge in ant sense. But it is a document of a tendency in the human mind which I personally cannot help respecting deeply and I would not for my life ridicule it", LE, p. 239).

The same goes for ethics or religion as for philosophy itself. It is a dialogue between one and oneself, a private affair rejecting a priori any moral law: "the state of a philosopher's attention when he says the word "self", (...) a god deal could be learned from this." (PI, § 413). Wittgenstein contends that philosophy is precisely what requires from an individual a purification effort vis-à-vis himself. This is what Rigal calls "a self-to-self to assent" (1997, p. 206). Philosophy is an enterprise which consists in devising, by means of willpower, a personal conception of the world surrounding us. This is why Augustine and Kierkegaard can be said to be great philosophers. Not on account of their religious beliefs, but because such faith did help them live. Their own particular depth could thus be brought to light. "The real merit of a Copernicus or a Darwin was not the discovery of a true theory" Wittgenstein noted in his Notebooks, "but the dis-

covery of a new and fruitful vision" (RM, p. 73). The Cambridge and Skjolden Notebooks, written by the philosopher for his own use provide, according to Cometti, a particularly graphic illustration of "the link that existed, in his opinion, between intellectual work, the quest for self-improvement and for a state expressed by the search for "peace in thought" (2002, p. 176). Cometti views this fear of 'not getting numb' as a preoccupation specifically pertaining to the philosophers in Ancient times.

One finds here traces of a form of solipsism and particularism that goes against utilitarian principles according to which an ethics of commitment seems to be aimed at overriding an ethics of responsibility (Richter, 2002; Bouveresse, 1973). In fact, the feeling of absolute value or of the depth of one's own self is a topic on which the Cambridge professor wrote. Truth itself can be achieved only through 'self-mastery'. This means that Wittgenstein's last work, On Certainty, is primarily an effort to revert to oneself: "I act with complete certainty. But this certainty is my own." (OC, § 174); see also Crary, 2005). Assuming that foundations do exist, they can be found only within oneself. Here, we can draw an interesting parallel with Michel Foucault, whose lectures, given towards the end of his life at the Collège de France, have just been published officially (2009; 2008). A similar subject of reflection can be found in them, which Foucault names 'care-of-self-ethic' and which he applies, not to philosophy in general, but to ethics in particular. By devoting a series of investigations to Socrates, to the Stoicists and to the Cynics, he envisioned in this logic of care (which he extended to the care which others feel for themselves) the ethical roots of the western world: "with this notion of epimeleia heautou (care-of-self ethic), [we are offered] a rich corpus defining a 'way of being', an attitude, forms of reflection, practices that make it an extremely significant phenomenon (...) in the history of the practices of subjectivity" (Foucault, 2001, p. 13). This relation of truth to self as self-knowledge is thus based on practices that may be quite different in the theories of the two philosophers: predicated on activism and politics with Foucault or much less committed with Wittgenstein, as evidenced by the period he spent teaching young children in a remote province of Austria.

Indeed, the time when Wittgenstein endeavoured to distance himself from Cambridge, long after he relinquished his personal wealth, testifies to such desire. To Wittgenstein, Rigal explains, "the response to ethics (…) materialises in asceticism, then in the appeasement by which a righteous life becomes manifest" (1997, p.198). However, to him, such asceticism is geared to action, and it lies at the inception of everything, including language. In fact, it reminds the practice of the Stoicists to whom the most important question was not "Who are you?" but "What do you do with your life?" (Gros, 2007, p. 104). In this type of stoicism, ethics was enacted at the lowest, but most important, level: the one of daily practices, thanks to which each and every day was an opportunity to ponder over the daily rules of action that were dependent upon individual behaviour and self-control (the Greek egkrateia according to Foucault).

Basically, the two philosophers share the desire not to confine ethical thought within the boundaries of the universe, wishing instead to orientate it towards self- transformation (Hadot, 2003; Hadot, 2002). Wittgenstein's Correspondence, quoted in Pierre Bourdieu's Méditations Pascaliennes, bears out his refusal to limit the study of logic and language, leading the Austrian-born philosopher to aim primarily at solving real-life problems: "What is the point of studying philosophy, if all it does is to enable you to express yourself in a relatively plausible manner on a few issues of abstruse logic, (…) and if this does not improve the way you think about the important issues of everyday life, if this does not make you more aware than any journalist of the way you use the dangerous expressions which such people employ in order to serve their own interests?" (1997, p. 53)

With respect to Wittgenstein and Foucault, it may be argued that the phrase 'organisational ethics' makes no sense, or that it does so only in a moral context, i.e. the respect of more or less perceptible norms that are imposed on the individual within the framework of organisations. In such light, ethics in organisations can be understood only thanks to individual ethics, since this concept is tantamount to self-construction by one's own actions. "The shoemaker who feels this 'care of self' must think", Foucault explains, "of what constitutes his task as a shoemaker, much in the same way as the emperor who, since he feels that 'care of self', will undertake and complete tasks which must be imperatively realised only because they are part of the general objective which is himself for himself" (2001, p. 193). What matters to Foucault (because this is what constitutes ethics) is that control of man over himself, that distance between oneself and the constant flow of events. Although he does not pretend that the world of Ancient Greece is not a bygone age, the enunciation of the problem of ethics nonetheless remains a practice of self in a given social and historical context. Such 'technologies of self', which bridge a gap between the individual and the collective (Gomez, 2005), may, in the organisational context, correspond to such dimensions as "self-control, the ability to face stressful situations, a reasoned engagement in experiences likely to generate pleasure or joy" (Pezet, 2007, p. 78; see also Lambert and Pezet, 2005)

Consequences on business ethics as practice

From the above presentation, we can now draw some lessons with regard to business ethics as practice. Needless to say, we are fully aware that our endeavour is fraught with hazards; with Wittgenstein, the most ominous one has always been to construe his work in ways which would have him say the opposite of the very theories he consistently criticised or adopt the stances he stood up against (Laugier, 2001). The second peril is to come out of the closet on ethics, whereas according to him, all theorisations are bound to fail, whatever their formulation.

Accordingly, we shall have to abide by at least three principles: first, shun any normative discourse, in all circumstances. Then, stress the fact that an infinite plurality of forms of life is at work in organisations and that the monism of olden times - i.e. a single and universal ethical foundation for all - is definitely a thing of the past. Finally, prove that it is action which shapes moral conscience, not the other way round: the way of life sheds light on discourse, in the same manner as the choice of life predates any theory. Thus, whenever it aims at shunning any idealistic abstraction, an organisational ethics inspired by Wittgenstein needs to rely on a return to concrete matters, to focus on situations as they actually occur. Considering ethics as practice, not as science or even knowledge, eventually amounts to saying that it comprises a multitude of dispositions, of know-hows, of things learnt. These are the elements which are relevant to ethics as practice, and it is by leaning on them that ethics becomes manifest, since it is unable to express itself. In this light, numerous testimonies suggest that Wittgenstein considered tales of individual lives, especially in literature (e.g. Tolstoy's novel Hadji Murad), in films (his taste for Hollywood movies of the 1920's is well-known) or even in politics (he admired Bismarck) as the best means to solve concrete ethical problems, by withdrawing from facts in order to look at them with an outsider's point of view.

Consequently, a Wittgensteinian approach to ethics will contend that:

∙ as the world encompasses all the facts in which values are absent, and as the world is unattainable, we can claim that all so-called 'organisational values' are pure illusions.

∙ in organisations, ethical problems cannot be posed in terms of moral propositions or ideals. Scepticism will need to be mustered in the face of ethical codes of conduct: identifying whatever makes no sense in the discourse prevailing in such contexts could be one of the exercises that may be usefully practiced.

∙ in organisations, everything is related to the circumstances in which actions are executed ; thus the study of organisational ethics has to focus exclusively on concrete moral situations, not on discourse (principle of the unspeakable nature of ethics). What matters here is to understand the behaviour of the individuals who make ethical decisions in the very context in which such decisions are made. Another exercise might be to analyse the oppositions and discrepancies that may exist between, on the one hand, established ethical doctrines, individual ethical choices, official professional codes, and on the other hand, actual social behaviours. The goal of such exercises would be to show the diversity of the forms of life which are at work in organisations.

∙ a governance whereby rules play a significant role cannot eschew pondering over the manner in which people, either individually or within groups, constantly strive to transform such rules.

At the end of the day, it might be possible to summarise the essential meaning of this paper by quoting a comment which Bouveresse once made: "All that the author of the Tractatus has ever said or suggested on morality could be summed up, at least in one sense, by a threefold prohibition: never preach, never judge, never establish" (1973, p. 76).

As for the parallel that we have drawn between Wittgenstein and Foucault - since they both considered the demands of ethics as part of a relation to oneself and a return to a concrete way of viewing the world – it would seem to be a fruitful one in order to usher in new orientations, or at least inquire into organisational ethics. More generally, it is part of a current trend, also found in connection with the ethics of virtue, which aims at putting moral motives at the centre of social organisations. It raises, however, numerous questions on the status of this moral issue and the consequences of this solipsism. In fact, these positions could not be more distant from the 'conventional' definition of morality stemming chiefly from the Renaissance period and the age of Enlightenment and tend to its complete dissolution (Robinson, 2003; Flynn, 2005). The 'I' used by Wittgenstein is indeed more psychological than metaphysical; it rejects any form of subjectivism and of private language. As concerns ethics, it establishes a rigorous self-to-self relation, i.e. an individuation process without any subject lying beyond language. Under such circumstances, are we not running the risk of reducing to silence Wittgenstein's collective ethics, let alone making it outright impossible? Can we thus leave the 'I' in front of himself, with no possibility of ever meeting any other individual? Can we simply envision an organisation devoid of any prescription, and to what extent is the silencing of ethics tenable in the face of the many moral problems that present themselves to organisations? For instance, Kierkegaard, to whom any belief was also unfounded, opted instead for a surpassing of ethics; to Ricoeur (1990), the oneself is precisely what allows to envision a relation to others. Contrary to such philosophers, Wittgenstein, after destroying values, leaves an 'I' which is quite lonely and powerless in the face of the reality of others.

Conclusion

In his Lectures on Aesthetics, Wittgenstein asks an odd question: "How do I show my approval of a suit?" Is it on account of my particular taste for such or such colour? Because it was designed thanks to the talent of my favourite tailor? Because it was made to my own measurements? Wittgenstein takes us in another direction: "Chiefly by wearing it often". Action always comes first, the practical dimension exceeding any theory.

In this paper, our intention was to examine the 'practice turn' in business ethics in the light of its philosophical history, focussing on Ludwig Wittgenstein's work. We have demonstrated, mainly thanks to the analyses that were developed early in the Tractatus Logico-Philosophicus, that ethics – which cannot be expressed by ordinary language – should not be considered as facts existing in our world. On the other hand, ethics does exist as an absolute value; it may then become manifest only in behaviours, actions and lifestyles. This is how ethics, which concerns a self-to-self relation, can present itself thanks to contextual elements and practices corresponding to different forms of life. We have then drawn the lessons from such delineation of the field of ethics in the sphere of organisations where the analyses of practices and the study of the use of prevailing moral rules may then replace the assertion of values and ideals. We have also shown the limitations of this contextualism, predicated on immanence and post-metaphysical concepts; we have thus stressed its approach to the question of others, which cannot fail to leave practitioners in an isolated state that is precisely the contrary of what is expected by members of organisations.

As we deliberately chose to dwell on theory, we have not concentrated so much on the content of the practices, behaviours and know-hows to which it refers anyhow. This contribution might therefore be fruitfully complemented by an ethnographic study geared to the key instances when, in organisational phenomena, one may catch a glimpse of ethics which can hardly be found in words.

One should also mention that, although the present study draws on Wittgenstein's main works the Tractatus has been the essential source of inspiration of this research, which lends it a limited scope. Should some experts or academics wish to go further into this subject, more importance should probably be given to the Wittgenstein of the second period of his work and even of the last.

In terms of research agenda bearing on the philosophical foundations of business ethics, our impression is that it might be interesting to match Wittgenstein's silence on values, on the one hand, with Kierkegaard's paradox and, on the other hand, with the dialectics of 'the same' and of 'ipseity' formulated by Ricoeur.

Concerning the research trend dedicated to business ethics as practice, it would be judicious to explore further the notion of forms of life, in its biological and cultural senses, as such ethics is at work in organisations. Is it true that we are unable to understand the forms of life harboured by others? Are not the lifestyles existing in organisations full-fledged forms of life, sets of culturally accepted social practices, shared by their members? Had we better study the notion in its close relationship to the games of language observed in organisational contexts? In this light, it would be interesting to revert to the author of Discipline and Punish in order to compare Foucault's 'games of truth' with these 'games of language', which are typical of Wittgenstein's second period.

Acknowledgments

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Abbreviations used:
CV : Culture and Value
LE: Lecture on Ethics
OC: On Certainty.
PI: Philosophical Investigations
RM : Remarques mêlées
T: Tractatus Logico-Philosophicus

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