

# Csr Fostering And Production Externalities Solving With Integrated Networking. An Italian Mix-Method Case Study

Michela Cortini

**Abstract:** The present paper, based on the concept of intercorporate social responsibility, aims at investigating the role of corporation networks in green management and, in more general terms, in social and environmental responsibility behaviour. The general theoretical perspective from which we start is that of industrial and organizational psychology. The theoretical framework to which we refer is a triangulation of, on one side, the International literature on Corporate Social Responsibility (CSR) and Corporate Social Performance (CSP), which are ethical in nature, and, on the other, the International literature on externalities and industrial symbiosis, which are more business oriented, in the effort to integrate business and ethics. The paper, which is theoretical in nature, presents in its final section a case study relating to a project involving a consortium of 60 Italian organizations which exchange production externalities through an electronic platform to which they are all connected 24 hours a day. We have proposed to these organizations an action-research in the shape of appreciative inquiry intervention the present paper presents the main results of. The originality of the paper derives, in theoretical terms, from the concept of intercorporate social responsibility and from the application of the principles of industrial symbiosis at a Small and Medium Enterprise level, thanks to ICT support. In such a way, externalities may be seen along with an appreciative perspective which transforms them in a tool of organizational development.

**Index Terms:** Intercorporate Social Responsibility, Industrial Symbiosis, Stakeholders perspective, SMEs, mix-methods

## 1. INTRODUCTION

Even if there is at the moment a growing body of literature on Corporate Social Responsibility (CSR), researchers are quite far from reaching a shared definition of such a construct [1]. Generally speaking, and for the present paper's purposes, we may refer to "Corporate Social Responsibility" as some virtuous behaviour performed by a single and specific corporation, for example, using a method of production that is sensitive and respectful toward the environment (see, for example, the review proposed by Egri and Ralston, [2]). The idea of intercorporate social responsibility, instead, stresses the potentiality, in terms of corporate virtuous behaviours, of a network of different organizations, in line with the recent tradition on networking ethics. In other words, the core idea of our paper, which is at the same time its catchword, is that together it is possible to perform better and in a more ethical way. The paper explores the idea of intercorporate social responsibility within the most recent literature on CSR and industrial symbiosis and reflects, in a more general way, on the use of externalities as a way of supporting organizational development and corporate virtuosity through an appreciative perspective on them.

## 2 A BRIEF REVIEW OF CORPORATE SOCIAL PERFORMANCE AND THE STAKEHOLDERS' PERSPECTIVE

There is a huge number of articles, published in international management journals, focusing on CSR, whose contents would be very difficult to sum up (for a review, see [2]). For the purposes of the present study we will reflect only on the most recent trends within CSR literature. The much-cited work by Frederick entitled "From CSR1 to CSR2: the Maturing of Business-and-Society Thought" [3] without doubt represented a key theoretical revolution in CSR literature. According to this work, firms were no longer involved, or not simply involved, in

academic debates around the notion of CSR, but rather had to respond pragmatically and in a concrete way to various social pressures. This suggestion is still alive within CSR literature, with several researchers (for example, [4-6]) highlighting today's climate of scrutiny toward corporate behaviour, which underscores, in an urgent way, the need for conceptual anchoring to guide CSR activities. The above-mentioned idea has become known as Corporate Social Performance (CSP) [7-9], and has been labelled "CSR2" to indicate its distance from the first construct of CSR, which was definitely more theoretical and less linked to concrete pragmatic activities. With regard to this critical passage from CSR to CSP, two different interpretative research lines have developed: the "classical view" [10, 11], which derives from neoclassic economic theory, and is interested in shareholders' profit; and the stakeholders' perspective, which concerns all the stakeholders' interests, including both primary and secondary ones [12]. The stakeholders' perspective states that corporations have to respect and consider the interests of all parties affected by their actions and decisions, the so-called stakeholders. These include "groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by, corporate actions". In contrast to the classical view, the stakeholder perspective states that "the goal of any company is or should be the flourishing of the company and all its principal stakeholders" [13: p. 8].

### 2.1. Mute stakeholders

While research focusing on the stakeholders' perspective has increased in amount and in theoretical terms (with the theoretical speculation becoming more and more refined and detailed), a problem has emerged: the difficulty of clarifying in a precise way who or what a stakeholder is. In fact, there has been a sort of communicative prejudice according to which only individuals may be called stakeholders, while in recent papers it has become more and more clear that mute



terms of positive psychology, it would be interesting to verify the outcomes of gratitude, generally investigated at an interpersonal level (see, for example, [25, 26]) in an industrial and corporate perspective.

## 5 RECYCLING EXTERNALITIES AS A TOOL OF ETHICAL MANAGEMENT: A CASE PRESENTATION

The idea of recycling externalities as a solution originated as a result of a European project in which we have been involved. In particular, in collaboration with several colleagues, both academic and professional, we have developed a technological platform by which a consortium of 60 Italian enterprises (named Costellazione APULIA) can exchange externalities within a European-funded project called Avanzare (Progress). Consortium Costellazione APULIA was established in December 2001 and brings together around 60 family firms with a shared interest in cooperation and innovation. In particular, within Avanzare, Consortium Costellazione APULIA was intended to test a new way of operating, above and beyond traditional economics, based on the exchange of externalities in order to make the firms' situation more competitive and sustainable. Avanzare is a project co-funded by the European Union (793,000 euro) under the 6.2 del POR Puglia 2000–2006 and realized by Consortium Costellazione APULIA with the aid of the University of Bari (Research Project DI.CoTE, 2008-2010) and Polytechnic of Bari. The Consortium is still alive and its main aim is to promote the first portal to support interorganizational exchange of externalities. The idea has been to make easier the exchange of production externalities (which usually represent some waste) among different organizations, while observing the development of special interactive and interorganizational social responsibility. The recycling of externalities is based on the primary characteristic of externalities themselves: the fact that they are subjective. What is judged by Corporation A to be waste (that must be managed, losing time and resources) may be judged by Corporation B to be something useful. In other words, in our model the externalities are the residues of production and are offered to other firms who may be interested in such remainders. The following is an example. Imagine that a firm needs to travel from Rome to Milan once a month to allow the human resource manager in Rome to talk with his or her counterpart in Milan, and that this corporation organizes the journey by car. An employee from a second firm may occasionally need to travel from Milan to Rome in order to meet an important client. Imagine that these two firms are in a network that lets them know about the other's needs and externalities. As an output we have the opportunity for the second firm to take advantage, assuming flexibility in terms of the time of travel, of the first firm's travel without additional costs. This second firm could reciprocate in some way by, for example, giving the first firm the opportunity to use a photocopying machine when it is not being used. If the two firms travel together there will not only be a financial saving but also a minor impact on the environment. This last point is worthy of our attention, since many production externalities represent some risks to the environment, and being able to offer someone else one's own externalities may mean they are transformed from residues into something useful. Such a meaning is represented by the Italian word Avanzare, the name of the project, which can be translated as both "to

develop", "to advance" and "to remain"; a residue, when well recycled, is transformed into money saving and wealth and, in terms of green management, into a reduced impact on the environment. The result is a network of organizations that can be called sustainable, since they become more and more conscious of the externalities they produce in carrying out their business and, in addition, they are able to correct negative externalities and to develop positive ones. In this sense, the consortium of firms we have put together acts to develop intercorporate social responsibility, since sustainability is guaranteed by the fact of being part of a network.

In the next paragraph we will explain in detail the path we have proposed to these organizations, via an appreciative action-research which did lead to organizational development. The framework we adopted is that of triangulation [27-31]. First of all, we have mixed different theoretical perspectives (see paragraph 2); in addition, we have performed a metaphorical analysis on the textual material produced thanks to an Appreciative Inquiry.

### 5.1. From appreciative inquiry to appreciative training: a premise

Fundamentally, we have designed a training program to foster externalities exchange among different organizations on the basis of the Appreciative Inquiry (AI). AI is still about changing attitudes, behaviors, and practices through appreciative conversations and relationships—interactions designed to bring out the best in people so that they can imagine a preferred future together that is more hopeful, boundless, and inherently good. It is still about socially constructing a shared future and enacting human systems through the questions asked. And it is still about anticipatory learning—finding those positive, anticipatory images of the future that compel action toward them [32: VI]. The theoretically starting point of AI is that every organization has something that works well and right and that every organization can contribute to the wellbeing of the social context where it acts. With the idea to propose an AI path not to a single organization but rather to a net of organizations we would like to stress that not only each of us has something good to transfer but even that every single thing, also externalities and residuals, may become useful when exchanged. The hidden logic is, in addition, that one of gifts' exchanges rather than goods transaction; in such a sense, it is worthy not only the title of the project, which means at a time in Italian to develop and to remain, but also the title of the first publication concerning Avanzare we have been involved in: *Economia del dono, Economics of gift* [33].

### 5.2. The four-D cycle of AI applied at the case Avanzare

The generative cycle usually involves 4 phases [34]: discovering, dreaming, designing and delivery/destiny (for a critical review of this final D, see [35]). The first D stands for discovering and it implies the effort to find the best of what is. The focus, during the appreciative interview, is on positive stories that are able to give life and energy to people. We have developed the discovering for Avanzare through a series of group meetings with large sample of employees of the different organizations involved (not only with the CEOs or HR managers), asking them to talk about their CSR policies and attitudes and to reflect about their externalities. We have, in detail, asked people to discuss and to write the different externalities on adhesive papers that have been then displayed on the entrance hall of the meeting room, visible for

everybody hereafter. The second D stands for dreaming and it implies the explicit effort to envision the organization as it should be and ideally might look in the future. Since the information from the discovery is used as starting platform for dreaming, the vision of the future is related, or better said grounded in the organization's potential [24]. For this phase we have developed a web-based forum, in addition to the regular group meetings, which, on a calendar basis have occurred from 2001. The third D stands for designing and it aims at designing organizational structures able to support the dream and changes required. In our project, this phase has turned to the creation and implementation of the website platform. There are several benchmarks for this, such as the Designing Industrial Ecosystem Tool (DIET), which is based on mathematical programming [24] and optimises the exchange of materials and energy within a network of enterprises. Another interesting example, perhaps more similar to our electronic platform, is that of North Carolina where the Triangle J Council of Governments (TJCOG) has developed a network exchanging residues and by-products which are identified and shown on a computer in data and GIS (Geographical Information System) format. What we have added is a system that directly integrates mobile phone technology in order to give the SMEs involved the opportunity to exchange externalities whenever and wherever they wish. In details, such an exchange is supported by a mobile phone app, thanks to its easiness and possibility of immediate information exchange. The last D stands for destiny, organized around an affirmative topic an organization wants to develop and for such a reason we still think that the right way to label the last phase and D should be making reference to development instead that destiny. This is also the reason why we agree with those authors who stress the importance of generative not only positive thinking [37, 38] as characterizing the appreciative inquiry. For what concerns our project, we have finally interviewed a sample of 89 workers (of different job levels and roles) to check the satisfaction concerning the project and to test the way by which they have changed and they are changing. The interviews were audiotaped and transcribed and a metaphor analysis has been run, whose main results will be presented in the next paragraph.

## 6 RESULTS: A METAPHOR ANALYSIS

Before presenting the results of the metaphor analysis done on the interviews transcripts it is important to remind that in AI circles a deep trust is given to narrative and discursive analysis as able to shed light on AI processes. Cooperrider and Whitney [34] state explicitly that organizational life is expressed in the stories people tell each other every day, and the story of the organization is constantly being coauthored, as already stated by those authors who had developed narrative inquiry applied to the organizational contexts [39-43]. A first interesting result refers to a categorizing process according to which people involved in the project think about themselves as part of a global humankind rather than as belonging to a specific culture, like it is evident from the first example.

Ex. 1 Before conceiving ourselves as entrepreneurs, as Apulian, or as Italian, we have to understand that we are all humans. In terms of stricted metaphors, we have to cite 2 different metaphors' clusters deeply linked one another, the first refers to the organization like a family and the latter one to the organization like a vegetable plant or a tree.

Ex. 2 Actually, in our organization we live like we were a big family. The family image is very important because it anchors the organizational life to a relational context where horizontal and vertical relationships are meant as being directed to wellbeing rather than performance.

Ex. 3 We have developed. New branches have arisen and, what's surprising, every new unity has been enthusiastic for the project.

Ex. 4 The first fruit of the whole project has been a new way of seeing ourselves. The idea of being as a tree that develops new branches and fruits (ex. 3, 4) is very interesting because it represents very well the generativity implied in every AI training. An additional metaphors' cluster refers to the animal world, so that organizations are depicted like chameleon, able to change itself in corresponding to what the context requires, or like tortoises that step by step will finally reach their destiny. Finally, it is interesting to note the traditional stories and tales to which the respondents make reference to.

Ex. 5 I felt like I was the little red cap. In particular, one of the AI interview participant in commenting the first phase of the project felt like the little red cap (ex. 5), which expresses the idea of fear and of feeling like a kid had characterized the first organizations' members who had decided to enter the project Avanzare.

Ex. 6 We are the Don Chishiotte of externalities. We have to struggle tilting at windmills the but we will finally succeed. An additional character that has been cited is Don Chisciotte (ex. 6) and, once more, this can spread light on the development process that has characterized the Avanzare group members who, now, are able to realize that actually they have struggled against windmills and that probably in the future they will be more able to react in a prompt and positive way to the challenges their reality will put to them.

Ex. 7. If I have to think about a character I feel like I was Robin Hood

## 7 CONCLUSION

We have tried to show in which sense the nowadays context calls for an Intercorporate Social Responsibility and Performance rather than simply corporate social responsibility. We have adopted the AI training as organizational development tool in the conviction that this is the right instrument to support all the changes an externality exchange program requires. What still remains to understand is the impact of these activities at the level of communities and citizenship; other researchers have investigated the so-called urban symbiosis, stressing the way in which eco-industrial parks are often nested within the urban and social contexts, especially those that involve SMEs. In addition, since belonging to a network means always trusting and developing a deep sense of shared identity, it would be definitely interesting to develop education interventions able to support in the youth an attitude towards intercorporate social responsibility. Last but not least it seems to us mandatory to reflect on public policies that could support organizational networking (in consideration, first of all, of the cost of coordination it implies; see, for example, [44]), in line with the

new industrial policy approach of the European Community. In particular, the European Resource Efficiency Platform (EREP) – Manifesto and Policy Recommendations calls on business and civil society leaders to move to a circular economy. Conflicts of Interest: The author declares no conflict of interest.

## REFERENCES

- [1] Shum, P. K. & Yam, S. L. 2011. Ethics and Law: guiding the invisible hand to corporate social responsibility externalities. *Journal of Business Ethics*, 98, 549-571.
- [2] Egri, C.P. & Ralston, D. A. 2008. Corporate responsibility: A review of international management research from 1998 to 2007. *Journal of International Management*, doi:10.1016/j.intman.2007.09.003
- [3] Frederick, W.C. 1978. From CSR1 to CSR2: The maturing of business and society thought. Working Paper 279, Pittsburgh, PA, University of Pittsburgh Graduate School of Business.
- [4] Waddock, S. 2000. The multiple bottom lines of corporate citizenship: social investing, reputation and responsibility audits. *Business and Society Review*, 105, 323-345.
- [5] Doh, J. P. & Teegen, J. 2004. Globalization and NGOs. *Transforming Business, Governments, and Society*. Westport, Conn., Praeger.
- [6] Basu, K. & Palazzo, G. 2008. Corporate Social Responsibility: a process model of sense-making. *Academy of Management Review*, 33, 1, 122-136.
- [7] Sethi, S.P. 1975. Dimensions of corporate social performance: An analytical framework. *California Management Review*, 58-64.
- [8] Carroll, A.B. 1979. A three-dimensional conceptual model of corporate performance. *Academy of Management Review*, 497-505.
- [9] Wartick, S.L. & Cochran, P. L. 1985. The evolution of the corporate social performance model. *Academy of Management Review*, 758-769.
- [10] Clarke, J. 1998. Corporate social reporting: an ethical practice, in Blake, J. and Gowthorpe, C. (Eds.), *Ethical issues in accounting*. London, Routledge, 184-199.
- [11] Lantos, G. P. 2001. The boundaries of strategic corporate social responsibility. *Journal of Consumer Marketing*, Vol. 18 No. 7, 595-630.
- [12] Branco, M. C. & Rodrigues, L. L. 2007. Positioning Stakeholder Theory within the Debate on Corporate Social Responsibility. *Electronics Journal of Business Ethics and Organization Studies*, 12,1, 1-11.
- [13] Werhane, P. & Freeman, R. 1999. Business ethics: the state-of-the-art. *International Journal of Management Review*, 1, 1,1-16.
- [14] Husted, B. W. 2005. Risk management, real options, and Corporate Social Responsibility. *Journal of Business Ethics*, 60, 175-183.
- [15] Kogut, B. 1991. Joint ventures and the option to expand and acquire. *Management Science*, 37, 1, 19-33
- [16] Burt, R. 1983. Corporate philanthropy as a cooptive relation. *Social Forces*, 62: 419-49.
- [17] Webb, N. J. & Farmer, A. 1996. Corporate goodwill: A game theoretic approach to the effect of corporate charitable expenditures on firm behaviour. *Annals of Public and Cooperative Economics*, 67: 29-50.
- [18] Ellen, P., Mohr, L. & Webb, D. 2000. Charitable programs and the retailer: Do they mix? *Journal of Retailing*, 76: 393-406.
- [19] Sen, S. & Bhattacharya, C. B. 2001. Does doing good always lead to doing better? Consumer reactions to corporate social responsibility. *Journal of Marketing*, 38: 225-43.
- [20] Turban, D. B. & Greening, D. W. 1997. Corporate social performance and organizational attractiveness to prospective employees. *Academy of Management Journal*, 40: 658-672.
- [21] Melè, D. 2009. The practice of networking: an ethical approach. *Journal of Business Ethics*, 90, 487-503.
- [22] Frosch, R. A. & Gallopoulos, N. E. 1989. Strategies for manufacturing in managing Planet Earth. *Scientific American*, September, 144-153.
- [23] Porter, M. E. 2000. Location, Competition and Economic Development: Local Clusters in a Global Economy. *Economic Development Quarterly*, 14, 1, 15-34.
- [24] Lambert, A.J.D. & Boons, F. A. 2002. Eco-industrial parks: stimulating sustainable development in mixed industrial parks. *Technovation*, 22, 471-484.
- [25] Converso, D.; Loera, B.; Viotti, S.; Martini, M. 2015. Do positive relations with patients play a protective role for healthcare employees? Effects of patients' gratitude and support on nurses' burnout. *Frontiers in Psychology*, 6, 470.
- [26] Cortini, M., Converso, D., Galanti, T., Di Fiore, T., Di Domenico, A., & Fantinelli, S. 2019. Gratitude at Work Works! A Mix-Method Study on Different Dimensions of Gratitude, Job Satisfaction, and Job Performance. *Sustainability*, 11(14), 3902.
- [27] Fielding, N. G. & Fielding, J. L. 1986. *Linking Data*. Beverly Hills, Sage.
- [28] Flick, U. 1992. Combining methods. Lack of methodology: discussion of Sotirakopoulou & Breakwell, *Ongoing Production on Social Representations*, 1, 1, 43-48.
- [29] Cortini, M. 2014. Mix-method research in applied psychology. *Mediterranean Journal of Social Sciences*, 5(23), 1900-1905. doi: 10.5901/mjss.2014.v5n23p1900
- [30] Cortini, M. & Tria, S. 2014. Triangulating qualitative and quantitative approaches for the analysis of textual materials: An introduction to T-lab. *Social Science Computer Review*, 32(4), 561-568. doi: 10.1177/0894439313510108
- [31] Verrocchio, M. C., Cortini, M., & Marchetti, D. 2012. Assessing child sexual abuse allegations: An exploratory study on psychological reports. *International Journal of Multiple Research Approaches*, 6(2), 175-186. doi:10.5172/mra.2012.6.2.175
- [32] Fry, R. 2008. Foreword to Cooperrider, D. L., Whitney, D., Stavros, J. M. *Handbook of Appreciative Inquiry: for leaders of change*, Berrett-Koehler Publishers.
- [33] Cortini, M. & Ligorio, M. B. (eds) 2007. *Economia del dono. Aspetti psicosociali nello scambio delle esternalità tra imprese*. Roma, Aracne.
- [34] Cooperrider, D.L. & Whitney, D. 2001. A positive revolution in change. In Cooperrider, D. Lorenson, P., Whitney, D. & Yeager, T. (eds.) *Appreciative Inquiry: An Emerging Direction for Organization Development*. Champaign, IL, Stipes, 9-29.
- [35] Bushe, G.R. 2011. Appreciative inquiry: Theory and critique. In Boje, D., Burnes, B. and Hassard, J. (eds.) *The Routledge Companion To Organizational Change*. Oxford, UK, Routledge, 83-103.

- [36] van der Haar, D. & Hosking, D. M. 2004. Evaluating Appreciative Inquiry: a relational constructionist perspective, *Human Relations*, 57, 8, 1017-36.
- [37] Fry, R. 2007. Generative inquiry vs. positivity in appreciative inquiry. Paper submitted as part of the symposium, 20 Years of Appreciative Inquiry: The Best of the Past, Present, and Future, Philadelphia, Academy of Management Conference.
- [38] Gheno, S. 2010. *La Formazione Generativa*. Milano, Franco Angeli.
- [39] Boje, D. M. 1995. Stories of the storytelling organization: A postmodern analysis of Disney as 'Tamara Land'. *Academy of Management Review* 38: 997-1035.
- [40] Czarniawska, B. 1999. *Writing management: Organization theory as a literary genre*. Oxford, Oxford University Press.
- [41] Gabriel, Y. 2000. *Storytelling in organizations: Facts, fictions, fantasies*. Oxford, Oxford University Press.
- [42] Manuti, A., Traversa, R., & Mininni, G. 2012. The dynamics of sense making: A diatextual approach to the intersubjectivity of discourse. *Text and Talk*, 32(1), 39-61.
- [43] Manuti, A., & Mininni, G. 2010. Metaphor as an expressive resource of human creativity in organizational life. *World Futures: Journal of General Evolution*, 66(5), 335-350.
- [44] Fogarassy, C., Horvath, B., & Magda, R. (2017). Business model innovation as a tool to establish corporate sustainability. *Visegrad Journal on Bioeconomy and Sustainable Development*, 6(2), 50-58.