Business as a Movement: A Qualitative Study of the Meanings and Practices Behind Socially Conscious Capitalism

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Abstract

Conventional capitalism produces much economic prosperity and progress. However, private corporations make their profits, in part, because of their ability to easily access natural resources and externalize their social and environmental costs onto society. Should this situation persist, the social and economic inequities gap, felt by many people nowadays, will widen and the natural resources on which conventional capitalism depends will disappear.

The purpose of this qualitative study is to further explore and understand an emerging form of capitalism called socially conscious capitalism (SCC). SCC businesses have a double bottom line of purpose and profit, and consider impacts on society and environment when making business decisions. This work aims to define SCC, discover its properties and characteristics, and examine the mechanism by which SCC businesses improve many of the difficult social and environmental problems existing today, while still thriving as viable enterprises. To this end, the research question is as follows: What are the meanings and key operational practices underpinning SCC businesses in parts of the United States and Canada?

This research question is answered by interviewing purposefully chosen leaders from twenty-eight different SCC companies within the United States and Canada, and analyzing the data using grounded theory methodology. The findings indicate that SCC businesses are hybrid organizations that harness capitalist strategies for the
benefit of society—essentially using business to foster social and environmental change. This study proposes that SCC companies are guided by leaders focused on positive human values, such as caring, being of service, collaboration, commitment and engagement, and showing respect. These core values are embedded in the purpose/mission of the SCC company, their culture, and in their decision-making.

This research and resulting model could be used by veteran leaders interested in nurturing social and/or environmental change within their current company or by novice leaders wanting to make a difference from the outset.
Dedication

To my brilliant daughter, Enna

For your unending love, support, and enthusiastic encouragement during this process. You have helped me become a better person in so many deep and important ways. Every day you make me smile—thank-you.
Acknowledgments

I wish to thank my committee—To Dr. Ram V. Tenkasi for his enthusiasm for my topic, his kindness when times were rough, and for giving me freedom and encouragement when I needed it. You were right about trusting the process and my study is stronger because of your feedback. To Dr. Peter F. Sorensen for accepting me, the lone Canadian in cohort 10, to the OD program. Without your “yes” I would not have come to be in this space. To Dr. Therese F. Yaeger, for her understanding when I was lost in the “messiness” of the data. Your dedication to OD and the scholar/practitioner program at Benedictine University is commendable.

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Finally, thank-you to all my dear friends. They say that friends are the family you choose, and it is so true. Many thanks to you all.
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Chapter 1 Introduction

Market-based capitalism, as it is practiced now, is unsustainable. Since the Industrial Revolution, part of the profits that private corporations have made stems from the easy access they have had to natural resources and their ability to foist onto society their social, environmental, and other costs. These actions have contributed to climate change, the depletion of natural resources (Hart, 2007; Mander, 2012), and income inequality across and within countries around the world (Bowles, 2007; Bower, Leonard, & Paine 2011). Some experts believe we approached the limits of the Earth’s carrying capacity (Mander, 2012) and that if things do not change, then the world economy, as we know it, may collapse (Hart, 2007; Kotler, 2015; Mander, 2012).

Others argue that the capitalist system, despite its flaws, has brought wealth to a great many people in recent decades (Bower, Leonard, & Paine, 2011). Many economists believe the system will take care of itself through competition and the “invisible hand,” an imperceptible market force that works to bring into balance the need and provision of goods in a free market (Smith, 1776). In fact, some point to the growing middle class in China and India, where there had been none before, as examples of wealth creation. However, market-based capitalism (defined here as an economic system based on the private ownership of capital competitively bought and sold in the free market for the primary purpose of maximizing profit and, therefore, wealth for
investors) is only viable if growth and expansion is rapid and continuous (Mander, 2012). Unfortunately, we can no longer base our economy on this kind of short-term growth because we are running out of the very natural resources on which the capitalist system depends. For instance, cheap oil and gas, so vital to our economy and prosperity is becoming more difficult and costlier to access and acquire (Porritt 2006) and diminishing biodiversity is threatening our food security. If we do not change the way we do business, we will have to pay the resulting social, environmental, and economic costs.

But positive change is occurring. Instead of encouraging rapid and continuous growth that serves only a few and disregards the environment, some world leaders are declaring that business, by using the market-based economic system, can (and must) help solve social and environmental deficiencies (Mohrman, O’Toole, & Lawler, 2015). Muhammad Yunus, winner of the 2006 Nobel Peace Prize, contends that:

> By simply capitalizing on core strengths and knowledge, companies and entrepreneurs can engage in an emerging business model that will enable them to create - and demonstrate - real, sustainable social impact in society. (Yunus, 2013)

A shift is taking place at the organizational level, as well. Business leaders and entrepreneurs are becoming more concerned with social, environmental, and economic sustainability (Newel & Patterson, 2010; Wilson 2009). New types of business models are emerging to address sustainability issues; these innovative kinds of businesses have a mandate to not only make a profit, but also to safeguard the environment and promote social justice. Such businesses, concerned with purpose
and profit, exemplify a relatively new phenomenon called “socially conscious capitalism” (SCC).

SCC has been defined by one author as “the deliberate and explicit harnessing of the capitalist, market-based system as a way to effectively address complex social and environmental issues” (Wilson 2009, p. 15). But, perhaps because this is an emerging area, this definition has not been widely adopted by researchers and thought-leaders in the organization field. The terms “socially conscious capitalism” or “socially conscious business” have been in the literature since 2008, but very few empirical studies so far use this terminology. In addition, few researchers have explored the practical application of SCC principles to real-world businesses.

**Hybrid Organizations**

SCC firms are hybrid organizations. The term “hybrid” in the biological sense is the name given to the offspring of a mating between two pure organisms with different features. Organizational theorists have adopted the term “hybrid” to describe organizations that incorporate characteristics of two or more economic sectors.

The three classic economic sectors are (1) private and for-profit, (2) public and governmental, and (3) social and non-profit. Examples of hybrids include some non-profits that have embraced private sector business models (social/private sector blurring); some for-profit, government-sponsored enterprises (GSEs), such as those
that have helped Americans acquire mortgages (private/public sector blurring); and some inter-governmental charities, such as UNICEF, that help needy children in developing countries (public/social sector blurring). The Body Shop (at least in the early years: the company has recently strayed from its socially conscious mandate) and Ben & Jerry’s are well-known examples of hybrid organizations. The Body Shop sells fair trade, cruelty-free, naturally based skin care products in recyclable containers, while Ben & Jerry’s makes their ice cream with ethically sourced, non-genetically modified ingredients. These companies blur the boundary between what it means to be in the private and social sectors—both are private firms with a social conscious. See Table 1.1 for a comparison of social sector and private sector organizations and their hybrids.

Table 1.1 Comparison of social sector, private sector, and social/private sector hybrid organizations

<table>
<thead>
<tr>
<th></th>
<th>Social sector organizations (non-profit)</th>
<th>Social/private sector hybrids</th>
<th>Private sector organizations (for-profit)</th>
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<tbody>
<tr>
<td>Methods</td>
<td>Mission-driven</td>
<td>Mission- and market-driven</td>
<td>Market-driven</td>
</tr>
<tr>
<td>Goals</td>
<td>Social value creation</td>
<td>Social and economic value creation</td>
<td>Economic value creation</td>
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<td>Accountability</td>
<td>Stakeholder</td>
<td>Stakeholder and shareholder</td>
<td>Shareholder</td>
</tr>
<tr>
<td>Use of income/profit</td>
<td>Income directed to fulfillment of mission</td>
<td>Shared between fulfillment of mission and shareholders/owners</td>
<td>Profit directed to shareholder/owners</td>
</tr>
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(adapted from Alter, 2007, p. 13)
Recently, the number of hybrid organizations has increased dramatically (Billis, 2010) as public and political awareness of societal problems and environmental sustainability continues to increase (Haigh & Hoffman, 2014). In organizational theory literature, the hybridity concept has existed since the 1970s (Rhodes & Donnelly-Cox, 2014), but while much literature exists on governmental organizations, and on conventional for-profits and non-profits, relatively little has been written about hybrid organizations (Billis, 2010; Hoffman, Badiane, & Haigh 2012). These gaps in the literature (the lack of a common definition of SCC and the shortage of practical research on SCC) provide an opportunity for investigation. Thus, this dissertation examines and attempts to shed light on the common meanings and operational practices behind a specific type of hybrid called the socially conscious capitalist (SCC) firm.

The next section, an outline of the historical background will provide context and explain how and why SCC firms came into existence.

**Context and Historical Background**

While the 1960s are remembered as the years of social change (Anderson, 2007), the decade of the 1970s is looked back on as a turning point in economic history (Harvey, 2005) because the global economy underwent several crises (Newell & Patterson, 2010). First, the sustained period of economic growth experienced after the Second World War began to slow down in the late 1960s into the 1970s; second, a vital part
of the Bretton Woods System\textsuperscript{1} broke down in 1971, creating greater instability in
global financial markets; third, Keynesian policies\textsuperscript{2} used broadly to govern the
economy resulted in stagflation—the concomitant rise in unemployment and
inflation; four, the 1973-1974 oil crisis had a negative impact on international
economies; and finally, similar economic shocks were felt in the global economy
after the Iranian revolution in 1979 (Newell & Patterson, 2010). These crises fostered
many key developments.

Various observers and experts at the time tried to explain the causes of the economic
problems and to recommend solutions. The economic ideology that dominated this
debate was neoliberalism (Newell & Patterson, 2010). In his book, \textit{A Brief History of
Neoliberalism}, Harvey (2005, p. 2) defines neoliberalism as:

\begin{quote}
A theory of political economic practices that propose that human well-being
can best be advanced by liberating individual entrepreneurial freedoms and
skills within an institutional framework characterized by strong private
property rights, free markets, and free trade.
\end{quote}

\begin{footnotesize}
\textsuperscript{1} In the years between World War I and World War II widespread fluctuations in currency exchange
rates and competitive currency depreciations caused havoc in global markets (Endres, 2017). To
stabilize currencies and promote global trade a conference was convened in 1944 in Bretton Woods,
New Hampshire. The Bretton Woods System was the resulting agreement between United States,
Canada, Western Europe, and Japan that established rules to govern the setting and changing of
exchange rates and other financial relationships (Čaušević, 2015). The Bretton Woods institutions are
the International Monetary Fund and the World Bank.
\textsuperscript{2} Keynesian policies are the body of economic ideas by British economist John Maynard Keynes and
are a fundamental departure from classical economics. Keynes advocated that governments play an
active role in the economy especially during times of depression by engaging in expansionary
monetary policies. The practical application of his theories helped create a time of economic growth
and prosperity from post World War II to the early 1970s in Western countries (Čaušević, 2015).
\end{footnotesize}
The Chicago Boys, a group that included Milton Friedman and other influential economists from the University of Chicago advanced this approach to economic management. The Chicago Boys argued that:

the state had become too involved in the detail of economic management, and the ‘natural’ effects of markets had thus been distorted. The solutions proposed included an emphasis on free markets, ‘rolling back the state,’ privatization of publicly owned industries, and the retrenchment of the welfare state. (Newell & Patterson, 2010 p. 19)

Although neoliberal ideas were initiated in the 1930s (Harvey, 2005; Lauesen, 2016) the first country-wide experiment using neoliberalism did not occur until 1973 in Chile (Newell & Patterson, 2010). The ideology then became more popular in the United Kingdom, especially after Margaret Thatcher became prime minister in 1979 and in the United States, especially after Ronald Reagan became president in 1980. Reagan and Thatcher had mandates to break union power, deregulate industry, and privatize government agencies (Harvey, 2005). The elections of Thatcher and Reagan signaled a political and economic shift to the right in the Western Hemisphere.

Neoliberal political and economic ideology has gradually become the paradigm of choice across the globe (Harvey, 2005; Newell & Patterson, 2010). Neoliberalism is so pervasive that “it has become incorporated into the common-sense way many of us interpret, live in, and understand the world” (Harvey, 2005 p. 3). This ideology is fundamental to the way in which we live our lives in the West. It has become so because of both the dominating effect the United States and the United Kingdom have on the global financial system, and their dominate roles in managing the International
Monetary Fund (IMF) and the World Bank whose mandate is to assist countries in rebuilding their economies along neoliberal lines (Newell & Patterson, 2010).

Another key development that resulted from all the crises of the 1970s and the advent of neoliberalism can be seen in how organizations began to function (Newell & Patterson, 2010). With the election of Reagan and the political and economic movement to neoliberalism came the withdrawal of government from and the privatization of such areas as healthcare, public education, and other social services (Harvey, 2005). This left non-profits (social sector organizations) to fill the gap as the demand for their services increased. The U.S. government increasingly relied on the private sector delivery of welfare and social service programs, thus making unclear what it means to be a private or public organization (Zietlow, 2001). The government also curtailed federal grants to the non-profits (Zietlow, 2001) causing them to search for other sources of income. Some non-profits chose private business strategies to gain the revenue they needed to continue their work, while some for-profits chose to focus on social, economic, and environmental problems—blurring the boundary between non-profit and for-profit organizations. Thus, the shift towards neoliberalism has caused the formal divisions between public, private, and social organizational sectors to crumble as actors search for solutions to complex problems.

The United Nations 2030 Agenda for Sustainable Development includes some of the most ambitious goals to date for alleviating: poverty, reducing hunger, addressing
inequality, conquering disease, and stabilizing the deteriorating environment.

Meanwhile, many types of organizations (from both the for-profit and non-profit sectors) and governments have attempted to solve these problems. But these complicated issues persist, and efforts to address them have not produced long-term, large-scale change (Boyd et al., 2009; Haigh & Hoffman, 2014; Hoffman, Badiane, & Haigh, 2012; Wilson, 2009).

Traditional private sector businesses have not effectively addressed social and environmental issues locally or globally (Boyd et al., 2009). If, anything, they have aggravated these problems (Buchholz, 1994). Society continues to pay the price for the social and environmental costs that traditional companies have so effortlessly offloaded onto their communities and their surroundings. Meanwhile, some business leaders have been reluctant to address any sustainability goals (Boyd et al., 2009). Furthermore, many companies obeying the primacy of shareholders’ interests and the rule of profit maximization have ignored their social and environmental responsibilities. Fortunately, corporate mindsets are changing (Hoffman, 2001). More firms are realizing now that it is in their best interests, long term, to think carefully about how their choices are affecting society and the environment and to revise their business strategies accordingly (Beheiry et al., 2006; Waddock & Graves, 1997). Even though many organizations, especially large ones, are demonstrating increased leadership in activities related to corporate social responsibility (CSR), sustainability, and philanthropy, demonstrating a shift in attitudes (Boyd et al., 2009),
conventional business models do little to tackle the troublesome socio-economic and environmental issues we currently face.

A growing number of researchers, entrepreneurs, and business leaders believe that by combining the most advantageous aspects of the non-profit and for-profit sectors, hybrids are our best chance of alleviating the complex troubles existing in developed and underdeveloped countries (Billitteri, 2007; Boyd et al., 2009; Emerson & Bonini, 2003; Haigh & Hoffman, 2012; Strom, 2007). Many types of hybrids exist. These include, for example, social enterprises, limited liability companies (L3Cs), fourth sector organizations, for benefit companies, and B corporations, and these vary in the degree to which they “sector-bend” (Dees & Anderson, 2003). Despite increasing research into this topic, we still know relatively little about hybrid organizations in general (Alter, 2007; Boyd et al., 2009; Haugh, 2005; Rawhouser, Cummings, & Crane, 2015; Wilson, 2009) and SCC, specifically.

**The Research Question**

What are the meanings and key operational practices underpinning SCC businesses in the United States and Canada?

1. How is SCC defined in practice?

2. What are the properties or characteristics of SCC businesses?

3. How is success defined by SCC leaders?
4. What are the business challenges faced by SCC leaders?

5. What are the key operational and strategic practices that solve these business challenges?

**Purpose of the Study**

The purpose of this study is two-fold. First, it is to reveal the inner workings of SCC businesses from the informed perspective of their leaders, who were each purposely chosen because of their experience running an SCC business. Leaders from a variety of professional backgrounds, from twenty-eight different companies were selected to widen the scope of expertise. The product of this work is theory, supported by rich, detailed evidence, along with an associated model based on the SCC businesses under study.

The theory and corresponding model originated from twenty-eight, semi-structured, in-depth interviews. The interviews were transcribed and compared to written summary notes to check for accuracy. Once accuracy was determined the transcripts were read through several times and then analyzed using Corbin and Strauss’s (2015) Grounded Theory methodology. Several rounds of coding, memo writing, and diagraming were used to identify conceptually the meaning behind the data. At first, many lower-level concepts were derived from the data. Then, with subsequent memos, diagrams, and interpretations, these lower-level concepts were subsumed under more abstract higher-level concepts. The analysis continued until all the major
themes (also called categories) were established and integrated with the core category.

The second, deeper purpose of this study was to describe how business owners and managers are trying to use their businesses to make life better locally and globally and, by collecting and disseminating their stories, to support likeminded business people. In the absence of sufficient empirical research on SCC, this work details examples of how businesses can attack many of the difficult social and environmental problems existing today, while still thriving as an enterprise. Many SCC leaders work in isolation unaware of others trying to accomplish the same goals. This study is a way of honoring their work. With increased awareness, perhaps current SCC leaders can mobilize and influence other individuals and companies to use SCC principles.

**Importance of the Study**

Our global society is at a crossroads. We are running out of the cheap oil and gas (and other natural resources) on which our economy is based. Our ability to secure these resources is becoming more difficult, and current techniques, such as fracturing and oil sand extraction are further degrading our once pristine natural environments.

The nature of work in our local and global organizations is changing as well. So much stress and conflict exist in our organizations that many surveys indicate that job satisfaction is at an all-time low. In the post-World War II period, wages,
productivity, and profits all increased, but since 1980 wages and compensation have flatlined (Kochan, 2017). The average worker has only seen about a 9% increase in wages since 1980 and, for individuals without a college degree, wages and benefits have declined relative to the cost of living (Kochan, 2017). Many of these marginalized workers joined the huge Occupy Movement to protest the massive income growth of the top one percent.

The way we are running our economy is not working for most people in our communities. We must examine how we are functioning in our culture in general and in our organizations specifically. This research will shed light on what some leaders and their firms are doing for the betterment of our society and our economy. The resulting theory and model can contribute to both public and organizational policy, improve public awareness, and serve as a tool for traditional capitalist companies interested in incorporating SCC approaches into their business practices.

**Summary of Findings**

Through qualitative analysis of the data, SCC businesses were defined as those firms that have a profound sense of purpose other than making profits; they generate and trade value in a manner that demonstrates a commitment to preserving a healthy environment, promoting the welfare of employees, improving conditions in the local and global community, and generally being sensitive to the interests of all the company’s stakeholders. Another important finding was the two-part core category
“Business as a Movement: The Journey towards Flourishing.” The main idea behind “Business as a Movement” is the use of capitalist business practices for social purposes. The use of business in this way is considered a “quiet” movement because there are no traditional protests, only individuals trying to make a difference. The second part of the core category, “The Journey towards Flourishing” is the means by which “Business as a Movement” happens. “The Journey” has six subprocesses or steps that SCC leaders take in order to flourish. The six subprocesses are as follows: establishing a set of alternative values, defining a purpose/mission, providing values-centered leadership, cultivating a culture of learning and care, fostering key stakeholder relationships, and crafting and creating value. This “journey” is never completed, but is ongoing. Along any journey, there are conditions that must be dealt with and for a SCC business, these conditions come in the form of business challenges. In addition to undertaking the six steps along “the journey,” the SCC leader must contend with four challenges: finding skilled leadership, making correct critical decisions, building and maintaining a healthy organizational culture, and obtaining capital and achieving growth.
Chapter 2 Literature Review

Introduction
This study summarizes the various ways SCC organizations have been defined; shows how such organizations operate; and identifies the key practices they employ to succeed. Chapter 1 provided the frame of reference for this study and explored how SCC fits within the milieu of hybrid organizations. An understanding of SCC begins with an examination from several key disciplines of research into the philosophical basis for such capitalism. This chapter presents an extensive review of the literature behind SCC and highlights the gaps in the existing research related to the practical application of its principles. The literature explored includes research touching on social enterprise, social entrepreneurship, stakeholder theory, and corporate social responsibility (Wilson, 2009).

Social Enterprise Literature
Social enterprise continues to attract attention of people across the globe (Doherty, Haugh, & Lyon, 2014; Kerlin, 2017; Wilson & Post, 2013), especially among researchers, as evidenced by the growing number of scholarly works on social enterprise as a recognizable type of organization (Cukier et al., 2011; Lepoutre et al., 2013; Lumpkin et al., 2013). But what is social enterprise exactly? Despite the growing interest in social enterprise, its parameters remain unclear (Kerlin, 2017) and definitions vary greatly, depending on where the social enterprise is and who is
involved with it. This section of the dissertation will focus on social enterprise activities in the United States.

Within the United States, the meaning of the term “social enterprise” has broadened. Until recently, there was a divide between, on the one hand, academics who equated social enterprise with non-profits that used for-profit business strategies to earn income and, on the other hand, practitioners who saw social enterprises as strictly non-profit entities (Kerlin & Gagnaire, 2009). For example, Young (2009, p. 23), an academic, defined social enterprise as “activity intended to address social goals through the operation of private organizations in the marketplace.” More recently, however, different groups have come together around a more expanded version of the term social enterprise that incorporates both non-profit and for-profit configurations (Kerlin & Gagnaire, 2009). For example, Kerlin (2017, p. 5) defines social enterprises as “any market-based approach to address social issues where social benefit is a primary aim and a business source of revenue provides support for an activity organization” (emphasis added). The Social Enterprise Alliance, an association for social enterprise practitioners, states that social enterprises are “organizations that address a basic unmet need or solve a social problem through a market-driven approach.” Still, other scholars remain unconvinced that social enterprises can come in both for-profit and non-profit forms. They prefer to classify social enterprises as non-profits under the hybrid umbrella because they see social enterprises as blurring sector lines by coupling market-based income generating activities with the social
goals of non-profit organizations (Alter, 2007; Doherty, Haugh & Lyon, 2014; Pache & Santos, 2013). Although some scholars and practitioners seem to agree on the meaning of social enterprise, some confusion still exists. Thus, more research and collaboration are needed among scholars and practitioners to reduce this confusion about social enterprises and agree on a single definition.

In 2007, Kim Alter, founder and principal of Virtue Ventures, a management consulting firm updated her 2004 paper entitled Social Enterprise Typology. Her research explored “how institutions have combined a mix of social values and goals with commercial business practices…” (Alter, 2007, p. i). Figure 2.1 shows four types of hybrids along a spectrum corresponding to their relative relationship to either traditional non-profit or for-profit organizations. On Figure 2.1, the profit motive increases as one moves across the continuum from left to right so that traditional for-profit companies would have the highest profit motive. Contrastingly, the mission motive increases from right to left so that traditional non-profits organizations would have the highest mission motive.
Of interest is the socially responsible business category in Figure 2.1. Alter (2007) defines socially responsible businesses as follows:

For-profit companies that operate with dual objectives-making profit for their shareholders and contributing to a broader social good. Ben and Jerry's and Body Shop are examples of this type of hybrid. In socially responsible businesses the degree to which profit-making motives affect decisions and the amount of profit designated for social activities ranges. Socially responsible businesses are willing to forsake profit or make substantial financial contributions rather than distribute earnings privately, and frequently place social goals in their corporate mission statements. (p. 19)

Could Alter’s (2007) socially responsible business category really be SCC? It seems plausible if one were to compare Alter’s (2007) definition of socially responsible business to Wilson’s (2009) definition of socially conscious capitalism (see Chapter 1, p. 2 of this dissertation for Wilson’s (2009) definition of SCC). Both definitions mention using for-profit (or market-based) strategies for social good, although Wilson’s fails to mention of how SCCs make decisions or how the company purpose

<table>
<thead>
<tr>
<th>Traditional non-profit</th>
<th>Non-profit with some income-generating pursuits</th>
<th>Social enterprise</th>
<th>Socially responsible business</th>
<th>Company with corporate social responsibility</th>
<th>Traditional for-profit</th>
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Figure 2.1 Social/private sector hybrid continuum

Profit motive increases

Mission motive increases

(adapted from Alter, 2007, p. 14)
or mission is related to its market-based activities. This question will be addressed in Chapter 6, in the Socially Conscious Capitalism Definition section.

Alter’s (2007) model is a valuable tool for understanding the basic types of hybrids and their relationships in this emerging field, but its one-dimensional, linear categorization and inability to capture more hybrid variation lacks the nuance needed to fully represent hybrid organizations. Another model (Figure 2.2), adapted from Boyd et al. (2009, p. 9), considers profit and mission to be somewhat independent organizational dimensions, and represents the “blurring of the boundaries” between conventional private and social sectors.

Social enterprise is closely related to SCC because both are social/private sector hybrids creating economic and social value. However, they differ in the extent to which they use market-based business strategies to fulfill their missions. Social enterprises are social sector non-profits that can still garner some government funding and therefore, use fewer traditional business strategies. In contrast, SCCs are private sector for-profits that derive their income from traditional business strategies. Both have strong social missions, but it is still unclear exactly where along the spectrum of hybrid organizations they would fit in. Thus, more empirical study on SCC is needed.
Figure 2.2 Hybrid organizational dimensions

(adapted from Boyd et al., 2009, p. 9)

**Social Entrepreneurship Literature**

Like social enterprise, social entrepreneurship is also attracting scholarly interest around the world. Indeed, often, the terms social enterprise and social entrepreneurship are used interchangeably, especially in the United States (Kerlin & Gagnaire, 2009; Light, 2008; Nicholls, 2006). In their report to the Small Business Service (United Kingdom), Smallbone, Evans, Ekanem, and Butters (2001) indicated that social enterprise and social entrepreneurship have many things in common. For example, both social enterprise and social entrepreneurship:
• Provide goods and services that the market or public sector is either unwilling or unable to provide;

• Develop skills;

• Create employment; and

• Foster pathways to integrate socially excluded people (Smallbone et al. 2001, p. 18).

Also, like social enterprise, social entrepreneurship is still a developing as a distinct field (Dees & Anderson, 2006) and as such, scholars and practitioners have yet to agree on a cohesive definition (Nicholls, 2006). Nonetheless, many researchers have weighed in with their definition of social entrepreneurship.

A seminal definition that focuses on the characteristics of social entrepreneurs proposed by Gregory Dees (1998) combines the work of Jean Baptist Say (a nineteenth century French economist), Joseph Schumpeter, Howard Stevenson (a Harvard Business School entrepreneurship researcher), and Peter Drucker. Dees (1998, p. 4) states that social entrepreneurs act as “change agents” by:

• Adopting a mission to create and sustain social value (not just private value);

• Recognizing and relentlessly pursuing new opportunities to serve that mission;

• Engaging in a process of continuous innovation, adaptation, and learning;
• Acting boldly without being limited by resources currently at hand; and

• Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

This “idealized” (Dees, 1998) definition of social entrepreneurs puts forward the idea that social entrepreneurs strive to innovate and transform as a means of achieving their social mission, which is their primary focus.

Another definition that zeros in on the characteristics of the social entrepreneur is in the selection criteria of Ashoka Fellows, a network of social entrepreneurs. Established by Bill Drayton in 1981, Ashoka states on its website that candidates must:

• Have a transformative way of approaching a social problem;

• Be creative, innovative, and excellent problem-solvers;

• Have entrepreneurial characteristics;

• Envision an idea that will have a significant wide-scale impact; and

• Possess high ethical values.

Unlike the first two definitions of social entrepreneurship, which seem concerned mainly with how an enterprise is managed, the Ashoka definition emphasizes the wider aim of benefiting society. Essentially, Dees (1998) describes the conventional
entrepreneurial traits (usually associated with for-profit business) needed to pursue a social mission. In his 1998 paper, Dees makes it clear that the social mission is central to the social entrepreneurial effort. Ashoka’s definition goes beyond detailing the characteristics of an entrepreneur by describing “how” the social entrepreneur can achieve his or her social mission. Bornstein and Davis (2004) contend that Ashoka’s definition for social entrepreneurship is the most comprehensive (Praszker & Nowak, 2012). Nevertheless, there are other ways in which researchers have tackled this question of the meaning of social entrepreneurship.

Another way to define social entrepreneurship is by identifying the revenue streams that support them. Nicholls (2006) argues that how social ventures are funded is central to the diverse meanings of social entrepreneurship. As has already been discussed (in the Context and Historical Background section), the amount of available resources for social-sector organizations has decreased and has resulted in increased competition for the remaining funding (Emerson, 1999). These developments have forced social entrepreneurs to consider alternative revenue streams to help fund their social missions “either through exploiting profitable opportunities in the core activities of their not-for-profit venture or via for-profit subsidiary ventures and cross-sector partnerships with commercial corporations” (Nicholls, 2006, p. 11). The product of these activities that overlap or blur sector boundaries are the hybrid organizations known as social enterprises (see section on Social Enterprises). Again, it is important to note that the terms social enterprises and social entrepreneurship are
sometimes used interchangeably, especially in the United States (Kerlin & Gagnaire, 2009; Nicholls 2006). This occurs because both social enterprises and social entrepreneurship incorporate characteristics of for-profit business strategies and organizations with a social mission. For instance, some social-sector non-profits are very entrepreneurial but generate no profits, while some non-profits are entrepreneurial and are fully self-funded either because of for-profit partnerships or use of conventional business strategies (Nicholls, 2006). Thus, for Nicholls (2006) social entrepreneurship is an overarching concept and is “best understood as a multi-dimensional and dynamic construct moving across various intersection points between the public, private, and social sectors” (p. 12). Nicholls (2006) does not view social entrepreneurship and social enterprise as synonyms; rather, he contends that social enterprise is one aspect of a wider social entrepreneurial spectrum.

Other researchers disagree. Kerlin & Gagnaire (2009) state that there is some correlation between the term social entrepreneur and social enterprise, but rather than viewing social entrepreneurship as a broader term that subsumes social enterprise, their stance is that social entrepreneurship is the action taken on by social entrepreneurs to fulfill social missions and, as such, social enterprise is the mechanism by which this mission is accomplished. Thus, considering the discussions in this and in the previous section, and considering that social enterprise and social entrepreneurship are inextricably linked, this dissertation will view social enterprises
as hybrid organizations where social entrepreneurship takes place and where social entrepreneurs are the practitioners that drive the creation of social value.

**Corporate Social Responsibility Literature**

Many private sector firms have felt public pressure to become more socially responsible (Dillard & Murray, 2013; Hooghiemstra, 2000; Patten & Zhao, 2014). As a result, some have incorporated the ideas and practices of CSR. Companies take on CSR activities for a multitude of reasons besides public pressure (Berger, Cunningham, & Drumright, 2007). They may also be responding to pressure from their own employees or taking steps to enhance their reputation and keep up with industry standards. Practices tend to be self-regulated and voluntary, and they usually exceed legal compliance (Blowfield & Murray, 2011). They also include tackling the socio-economic, ethical, and environmental problems associated with the firm. But, what is CSR precisely? The lack of an agreed-upon definition for CSR (Dillard & Murray, 2013; Freeman et al., 2010; Patten & Zhao, 2014), has prompted many academic theorists, companies, governments, and non-governmental organizations to come up with their own definitions (see Table 2.1). What constitutes CSR is so broad and varied that the construct remains “contested” and “confused,” (Dillard & Murray, 2013) and may have even become meaningless (Sethi, 1975). To give a sense of CSR’s long-standing history, I explore the debates surrounding CSR and some of the key pieces of CSR literature from the 1950s to the 2000s in the next few sections.
**The CSR debates**

Over the past several decades, there has been much philosophical debate about the social responsibilities of business. At the center of this debate is the question: What is the social nature of business? (Klonoski, 1991). The answer to this question depends on the approach and foundational leanings of the scholar (Klonoski, 1991). Some scholars have the point of view that corporations are amoral entities and have fundamentally no social responsibilities, while others maintain that businesses, because they are social institutions, have certain obligations to society. There are many positions on the CSR theory spectrum in this complex debate, but I will focus on two important arguments—the fundamentalist/legal recognition (sometimes called the stockholder model) position and the business as a social institution position (Klonoski, 1991).

At one end of the continuum, is the fundamentalist/legal recognition view that corporations have very few social or moral responsibilities. Market economist Milton Friedman was a strong advocate of this view. In his book *Capitalism and Freedom*, Friedman (1962) asserted that CSR was a “fundamentally subversive doctrine” and argued that in a free economy “there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game…” (p. 133).
At the core of Friedman’s (1962) argument is neoliberal economics. The elements of which are free choice, the right to own property, and the right to use one’s property and/or capital as one chooses (Klonoski, 1991). In this case the corporation is viewed as private property and those that hold shares in the company are its owners (Buono & Nichols, 1990). The owners elect the board of directors, who in turn hire a CEO to manage the company. The board of directors and CEO (fiduciary agents of the owners) are then tasked with the responsibility of making decisions that serve the best interests of the owners. For Friedman (1962), these interests were mostly financial in nature. Thus, by maximizing financial performance, corporations were fulfilling their social obligations (Buono & Nichols, 1990).

On the other end of the spectrum is the position that businesses are social institutions having social responsibilities (Klonoski, 1991). Some researchers address the question of the social nature of business from an ideological perspective. Lodge (1990) characterizes ideology as “a framework of ideas which a community uses to define values and to make them explicit” (p.144). In this sense, ideology is “the source of our ethical standards” (Hoffman and Mills Moore, 1990, p. 128) and, as such, it is the foundation on which we base our decisions of what is right and wrong, and what is legitimate. According to Lodge (1990), the principles of John Locke form the foundation of American life and institutions. Those principles extoll the virtues of individualism, property rights, competition, limited government, and scientific specialization and fragmentation. But, Lodge (1990) also contends that this ideology
is “in an advanced state of erosion” (p. 145) and no longer genuinely represents what
is happening in American business (Hoffman & Mills Moore 1990; Lodge 1990); old
ideas are being challenged, as society has broadened its expectations of the goals of
Corporations are now expected to go beyond legal compliance and contribute actively
in ways that preserve or enhance the natural environment and that benefit society.
These expectations and the adoption of CSR by corporations indicate a shift to a new
ideology.

Lodge (1990) claims that many “important institutions have radically departed from
the old ideology or are in the process of doing so…” and have shifted to a new
ideology. This new ideology stresses the value of communitarianism, recognizes that
membership in society implies both rights and duties, underscores obligations to
address community needs, promotes the notion of an active government, and
embraces the concepts of holism and interdependence (Lodge, 1990). The last
component, holism and interdependence, is most fundamental:

…the old idea of scientific specialization has given way to a new
consciousness of the interrelatedness of all things. Spaceship earth, the limits
of growth, the fragility of our life-supporting biosphere have dramatized the
ecological and philosophical truth that everything is related to everything else.
Harmony between the works of man and the demand of nature is no longer the
romantic plea of conservationists. It is an absolute rule of survival, and thus it
is of profound ideological significance, subverting in many ways all of the
Lockean ideas. (Lodge 1990, p. 149)

American society has yet to completely recognize this “new” ideology. Many of us
still use Lockean principles to view and legitimize business, resulting in confusion
Another way in which scholars propose that businesses are social institutions is through social contract theory. Social contract theory has its basis in the work of several philosophers, including John Locke and Jean-Jacques Rousseau. This theory emphasizes the implicit agreement between individuals in society and their government whereby the citizens agree to act civilly and obey the law in exchange for protection and other services from the government. Donaldson (1990) contends that a social contract exists between economic institutions and society. For example, domestic and multinational corporations are “social giants” (Donaldson, 1990, p. 162) that affect the lives of millions of people—they hire thousands of people from all over the globe, influence governmental policies, and affect foreign countries through the World Trade Organization and the International Monetary Fund. If these companies can only exist through the joint action of society—relying on society to provide a market for their goods and services, to offer a pool of potential employees, to supply natural and man-made resources, and to make available the benefits and protection of a stable legal system—then what does society receive in return? (Donaldson, 1990). What are the obligations of corporations to society? If Donaldson (1990) is correct, then existing firms must uphold their side of the social contract.
Modern concept of CSR begins—the 1950s

CSR, or “social responsibility,” as it was called in the 1950s (Carroll, 1999, p. 269) focused mainly on the responsibility of managers to society. One of the first articles that spoke about the social responsibilities of managers was a *Harvard Business Review* article written by Frank Abrams in 1951. This piece, entitled “Management Responsibilities in a Complex World,” highlighted some of the many changes occurring in the business management field at the time.

One of the major changes Abrams (1951) emphasized was the evolution of business management into a bona fide profession. Abrams (1951) believed that business managers, like professionals in medicine, law, and education, have a duty and responsibility to their communities.

> It is my belief that business managers are gaining in professional status partly because they see in their work the basic responsibilities that other professional men have long recognized in theirs. Businessmen are learning that they have responsibilities not just to one group but to many. (Abrams, 1951, p. 29)

More specifically, the groups of people to which businessmen were responsible were those groups connected in any way to the firm, including stockholders, employees, customers, and the general public (Abrams, 1951). Business managers had to first consider and then reconcile the interests of these diverse groups to maintain the long-term success of their companies.

In the case of stockholders, business managers, as a rule, tend to focus primarily on profit maximization. Abrams (1951) suggested that managers should not be
“exclusively preoccupied with the stockholders’ immediate interests” of profit maximization because such behavior as “vigorously contest[ing] the claims of labor for higher wages, and of customers for lower prices and better quality” is not in the long-term and best interests of the investors (p. 30). Rather, the needs of the investors might better be served indirectly by attending to the interests of the public and the employees of the company.

Public approval is no less essential to the continued existence of today's kind of business than adequate capital, or efficient management. A satisfied and loyal group of employees, for instance, is an asset to the enterprise and its owners, of far greater value for its long-term success than many other items which carry a dollars-and-cents valuation in the balance sheet. (Abrams, 1951 p. 30)

Business managers also have a responsibility to the employees of their firms.

Employees deserve not only fair wages and good working conditions, but also opportunities for promotion and recognition (Abrams, 1951). Workers are not emotionless automatons waiting to be taken advantage of but are human beings who deserve to be treated with respect.

The claim of all employees to respect and consideration as human beings, with ambition and the capacity for self-improvement, poses a major responsibility for the management of any modern business. In fact, modern business management might well measure its success or failure as a profession in large part by the satisfaction and opportunities it is able to produce for its employees. (Abrams, 1951, p. 31)

Another constituent group to which business managers are beholden are customers.

According to Abrams (1951), business managers are obliged to provide customers with high-quality goods at affordable prices and to avoid disruptive price swings that would promote instability in the economy. In this way, not only are the needs of the
customers met, but through increased sales and market stability, the stockholders and the employees ultimately benefit as well.

Finally, and probably most closely related to what is regarded as the current form of CSR, Abrams (1951) asserted that business managers were accountable to the public at large. Modern business managers should “look beyond” those people more directly connected to the business (stockholders, employees, and customers) to those members of the public who have “a very deep interest in and are affected by, what is going on” (Abrams, 1951, p. 32). As mentioned earlier in this section, companies have a vital role to play within society—they provide valuable employment, goods and services, and they pay taxes that help support communities. Therefore, it makes sense for business managers to have a duty to the public.

Furthermore, Abrams (1951) regarded business managers as having a higher calling within society—helping to restore the trust and faith of people in each other. Business managers were already fully “trained and equipped” to make “full contribution[s] to the welfare of all” and could do so by helping to solve some of the social issues in society at the time (Abrams, 1951, p. 33). But first, the managers had to gain back the respect of the general public.

There is no higher responsibility, there is no higher duty, of professional management than to gain the respect of the general public through objective participation in, and consideration of, national questions, even though these questions in many cases do not relate directly to their immediate business problems.
By building “peaceful relations and understanding among [individuals]” from “all walks of life,” managers could gain the confidence of the public needed to make valuable contributions (Abrams, 1951, p. 30). Abrams (1951) doubted that long-lasting solutions of society’s problems could be found without the help of business leaders.

A few years later a seminal book called the *Social Responsibilities of the Businessman* was published; the author, Howard R. Bowen, is celebrated as the founding father of the social responsibility (or corporate social responsibility) concept (Carroll, 1979, 1999; Wood, 1991). Bowen (1953) defined the social responsibilities of businessmen as:

…the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our [American] society. (p. 6)

Bowen’s (1953) synonyms for social responsibility included “public responsibility,” “social obligations,” and “business morality” (p. 6). It is clear that he saw a link between the social responsibility of business and ethics. According to Bowen (1953) businessmen were “the managers and directors of [the] large corporations” and “servants of society” (p. 6).

In his book, Bowen (1953) also defined what he termed as the “doctrine of social responsibility” (p. 6). Essentially this doctrine rests on the idea that business leaders should voluntarily conduct business with concern for its effects on achieving
society’s social goals (Bowen 1953). It was Bowen’s (1953) view that the social responsibilities of businessmen would have meaning only in terms of the goals sought from the capitalist system. Bowen (1953) outlines eleven economic and social goals. The most notable for the time in which the book was written, were the goals associated with justice, development of the individual person, and community involvement.

Justice for Bowen (1953) was connected to equity in terms of the distribution of income, opportunity for self-advancement, and economic progress. It also included equity in access to education and public health services, and the removal of barriers rooted in racism, sexism, ageism, and other forms of discrimination (Bowen, 1953). The second of Bowen’s noteworthy goals was associated with the development of the individual person. Bowen (1953) asserted that business managers and directors should be concerned with the personal development of their workers. It is true that most of us spend our lives working in some sort of capacity. It makes sense then, that our employment should occur in favorable environments, especially if we are to work effectively. To Bowen (1953) this meant creating “the kind of physical and social environments which [would] yield pleasure in work, satisfying human relations, and development of the human personality” (p. 11). This suggests that building workplaces that are safe, respectful, healthy, and conducive to creativity, learning, and innovation should be of high importance to business leaders. Bowen (1953) also implied that workers should be given more opportunities to participate in decision-
making and to assume greater responsibilities. The third significant objective Bowen (1953) recommended was that of community improvement. Like Abrams (1951), Bowen maintained that businesses should improve the quality of life in the community where it operates. Bowen (1953) also favored locating factories away from neighborhoods “so that the living environment [would] be healthful and aesthetically satisfying” (p. 11). In addition to advocating for a healthy and aesthetically pleasing living environment, Bowen (1953) also supported developing a “wholesome and satisfying social environment” through the organization of community services and related facilities (p. 11). For a business leader to aspire to such economic goals as higher standards of living, economic progress, and economic stability was not unusual for the early 1950s—perhaps it was even expected. But it was rare at that time for an economist, professor, and researcher to champion anti-discrimination and personal development in the work environment, and to encourage community development.

Arguing against the advocates of the social responsibility of business in the late 1950s was Theodore Levitt (1958), who wrote an article (also in the *Harvard Business Review*) entitled “The Dangers of Social Responsibility.” In the commentary, Levitt (1958) criticizes social responsibility, calling its preoccupation “a deadly serious occupation” (p. 41). Commitment to social responsibility by business leaders may have started out as a response to opponents of big corporations, but for Levitt (1958) it was a fad taken too far.
The talk of social responsibility is already more than talk. It is leading into the believing stage; it has become a design for change. I hope to show why this change is likely to be for the worse, and why no man or institution can escape its debilitating consequences. (Levitt, 1958, p. 44)

According to Levitt (1958) business is not responsible for the welfare if its employees or the public, asserting that such responsibilities are those of the government. Levitt (1958) wrote that the “business of business [was] profits” and business’s only responsibility was “to obey the elementary canons of everyday face-to-face civility (honesty, good faith, and so on) and to seek material gain.” Thus, it was through prosperity, and not social responsibility, that business contributes to the well-being of society.

**Significant expansion of CSR literature—the 1960s**
The 1960s ushered in new ideas about CSR. As a result, many more definitions came forward as researchers tried to formalize CSR as a new area of study (Carroll, 1999). One such researcher was William C. Frederick (1960), who wrote the following definition:

> [W]hen we invoke the phrase “the social responsibilities of the businessmen,” we mean that businessmen should oversee the operation of an economic system that fulfills the expectations of the public. And this means in turn that the economy’s means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare. Social responsibility in the final analysis implies a public posture toward society’s economic and human resources and a willingness to see that those resources are utilized for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms. (Frederick, 1960, p. 60)

In the same article, Frederick (1960) related the loss of laissez-faire philosophy (and its policies) to an increased concern with the social responsibility of business. He
contended that under laissez-faire philosophy, private and public interests were easily reconciled and, therefore, there was no need for corporate managers to deliberately take social responsibilities into consideration. However, with the loss of laissez-faire policies and the accompanying shift from a free to a more regulated economy (after World War II), a “philosophical vacuum” had been created (Frederick, 1960, p. 55). This void meant there was no longer a satisfactory system in place to harmonize private and public concerns and thus, the social responsibility of business needed more deliberate consideration.

According to Frederick (1960), five streams of thought emerged in the 1950s that shaped notions about the responsibility of business in American society. Each viewpoint reflects the basis from which the social responsibilities of business could be determined. The first of these streams of thought is the idea that business managers should act as voluntary guardians of public interests (Abrams, 1951). That is, managers should use their enormous power in responsible ways to meet their multiple social obligations (Frederick, 1960). The second perspective suggests the use of Christian ethical principles as a framework to guide managers’ decisions in upholding their social obligations (Frederick, 1960). The third viewpoint acknowledges the tremendous power of business managers and proposes meeting this power with “countervailing” forces created by other key societal actors (Frederick, 1960, p. 57). This mechanism balances the power of all parties and enables them to pursue their own interests, thus, releasing corporate managers from their social responsibilities.
The fourth stream of thought comes from humanistic philosophers of the time (for example, George Orwell, David Riesman, William H. Whyte Jr., and C. Wright Mills) who were discontented with the pressures of new technology and organization on free society (Frederick, 1960). According to Frederick (1960), these philosophers had no precise answers, but seemed to say that the responsibilities of business could only be realized when managers recognized the potential harm that accumulated power could bring about. The final standpoint suggests reforms to capitalism that would redistribute its benefits more evenly throughout society. For example, according to Frederick (1960), if more people had the opportunity to own property, their involvement, loyalty, and degree of responsibility within the capitalist system would increase making the social responsibility of business unnecessary.

In the remainder of the article, Frederick (1960) critiqued each of the five perspectives, maintaining, among other things, that not one of them provided a suitable definition for the social responsibilities of businesspeople. Instead, Frederick (1960, p. 55) argued that the more likely place to find the description was in the “philosophical vacuum” created by the downfall of the laissez-faire system:

For that vacuum, more than anything else, is a vacuum of values. It is our value systems that have been most sorely bruised in the transformation to the world of large-scale organization and technology. Older value systems have been rendered useless by the advance of knowledge and by vast institutional transformation. And new value systems have not yet had time to emerge. We stand too close to the older systems and to the dust that still rises from the ruins of the fallen order. (Frederick, 1960, p. 58)
Thus, the values that were once associated with the laissez-faire system (and with the social responsibility of managers, at the time) were lost. Since the more regulated economic system was still relatively new, Frederick (1960) asserted that no new values existed to underpin the social responsibilities of business managers. Consequently, Frederick (1960) criticized the five schools of thought as being too similar to the laissez-faire value system to create a new philosophical framework. Instead, Frederick (1960) recommended “constant tinkering with the institutional mechanisms of society” and employing new social science knowledge of human behavior, management, and organizations to solve the problems associated with the social responsibility of business.

Keith Davis, a thought-leader and advocate of CSR from the 1960s onward, wrote many articles and texts on social responsibility and was one of the first to attempt to define the term (Carroll 1999). Davis’s (1960) definition of social responsibility relates to “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest” (p. 70). Davis (1960) acknowledged that making profits and advancing technologies are the primary duties managers have to society, but that managers needed to do more. Davis (1960) maintained that managers had an “obligation to nurture and develop human values (such as morale, cooperation, motivation, and self-realization in work)” (p. 70). He argued that:

The idea of confining social responsibility within economic limits fails on several accounts. In the first place, it is hardly possible to separate economic
aspects of life from its other values. Business deals with whole man in a whole social structure, and all aspects of this situation are interrelated...Second, even if economic aspects of life could be wholly separated out, the general public does not seem to want business confined only to economics. They also have human expectations of business. (Davis, 1960, pp. 74-75)

For Davis (1960), it wasn’t a question of whether a non-economic value system should play a role in business decisions, but to what extent; and thus, the term social responsibility signified both “socio-economic and socio-human” responsibilities (p. 71).

In addition to fostering human values, the obligations of business managers include “making work meaningful, developing persons to their fullest potential, preservation of creativity, and freedom and fulfillment of human dignity” (Davis, 1960, p. 76). These non-economic responsibilities were (and still are) difficult to quantify and cannot be measured easily using the same methods as those used to measure the economic aspects of business. Even so, they are important and need to be addressed by managers to fulfill all their social responsibilities.

Another topic that Davis (1960) broaches is the idea of power. Businessmen have abundant power (Davis, 1960) by being the major decision-makers in our profit-centric American society. Their opinions and ideas are much sought after, and they can wield great influence in their respective communities, as well as in society at large (Davis, 1960). Davis (1960) deems this type of influence, social power, and says it should be commensurate with a manager’s social responsibilities. Accordingly,
if the social power and responsibility were unbalanced, for example, in the case where a manager avoids his or her social responsibilities, then that manager’s social power would gradually erode (Davis, 1960). In a later article, Davis (1967) calls this the Iron Law of Responsibility: “Those who do not take responsibility for their power, ultimately shall lose it” (p. 49). Howard Bowen’s (1953) research, mentioned earlier in this section, offered the same conclusion:

And it is becoming increasingly obvious that a freedom of choice and delegation of power such as businessmen exercise would hardly be permitted to continue without some assumption of social responsibility. (Bowen, 1953, p. 4)

Ultimately, Davis (1960, 1967) believed that managers should be held accountable for balancing their social power and responsibilities, and that mature, socially competent managers were crucial to successful businesses.

**Further expansion of CSR concept—the 1970s**

In response to the public’s growing concern for social and environmental problems and business’s responsibilities for these issues, the Committee for Economic Development (CED) a nonprofit, nonpartisan, business-led public policy organization based in the United States, released an important policy statement in 1971. Since the CED is composed mainly of business people, that statement reflects a practitioner’s point of view of CSR. The study began in 1966 with the original goal of defining and evaluating economic objectives but soon shifted its interests to the social problems that could be solved by business (CED, 1971). Although the CED acknowledged that the main roles of business in serving society is to generate wealth and to provide
goods and services in general, the paper focused on the social responsibilities of large publicly owned corporations in the United States.

Public expectations of business were changing. According to a study by the Opinion Research Corporation in 1970, two thirds of the American population believed that business had a moral obligation to help society progress even if it meant decreased profitability (CED, 1971). Although American business had improved the standard of living in the United States, attitudes of citizens were shifting, putting more importance on human values, their quality of life, and being in community with others (CED, 1971). To address these concerns and the changing public expectations, the CED offered its perspective on CSR. CED’s illustration of CSR shows three concentric circles representing business’s responsibilities. The inner circle represents the basic economic responsibilities; the middle circle represents the sensitive use of these economic responsibilities in light of the changing public values and expectations; and the outermost circle represents newly emerging community responsibilities (CED, 1971).

In addition to outlining their ideas of CSR, the CED also discussed ways in which business could partner with government for the benefit of society. Since the 1960s, the U.S. federal government has encouraged businesses to take on more social tasks (CED, 1971). Corporations seemed to be willing to take on these responsibilities as long as market conditions were viable. The CED suggested that the government
could, through incentives, induce businesses to apply their ingenuity and superior operational capabilities to solve society’s difficult social problems. Besides noting the potential power of these incentives, the CED also recognized the possible importance of an emerging trend towards hybrids—those public-private partnerships that use market strategies in traditional governmental areas such as employment and training, education, and urban renewal and development.

Fundamentally, [this emerging partnership] offers a new means for developing the innate capabilities of a political democracy and a private enterprise economy into a new politico-economic system capable of managing social and technological change in the interest of a better social order. (CED, 1971, p. 50)

By combining the best characteristics of government (funding, political will and capacity, and shared accountability) and of private business (innovation, entrepreneurial capability, and systems knowledge) together, public-private hybrid corporations could solve many intractable societal problems (CED, 1971).

As he had done in the 1960s, Keith Davis entered the CSR conversation again in the 1970s, acknowledging that the concept of CSR was still not easy to define. Nonetheless, Davis (1973) expanded on his concept of CSR, stating that the social responsibility of business “begins where the law ends” (p. 313). It was Davis’s (1973) contention that a firm is not socially responsible just by obeying the law. Business had to go one step further, they had to accept their “social obligation[s] beyond the requirements of the law,” and deliver social benefits in addition to seeking profits (Davis, 1973, p. 313). In the rest of the article, Davis (1973) defines and analyzes key
arguments for social responsibility (such as improved public image and viability of business, avoidance of government regulation, and adherence to socio-cultural norms) and against social responsibility (profit maximization, dilution of the primary purpose of business, and lack of broad societal support). Davis (1973) argued that the question of CSR had already been decided in the United States and in other developed countries. Davis (1973) contended that “society wants business…to assume significant social responsibility” and that societal values in the United States had changed to make it a requirement (p. 321). By adopting values that support CSR and integrating them into their businesses, firms could signal to the public their willingness to accept their social obligations and their willingness to go beyond the requirements of the law to become socially responsible.

In the 1970s, corporate social performance (CSP) emerged as a concept alongside CSR. In a noteworthy article S. Prakash Sethi (1975) criticized the phrase “corporate social responsibility.” Rather, CSP better described how corporate behavior adapted to the needs of society (Carroll 1999). In the 1975 article, Sethi outlined a framework for analyzing corporate social activities. In his three-state schema, Sethi (1975) described three kinds of corporate behavior: the first is social obligation and proscriptive in nature, such as when corporations justify their behavior as a response to market forces or as actions within legal bounds; the second is social responsibility and prescriptive in nature, such as when corporations change their behavior somewhat to meet new societal expectations; and the third is social responsivenes and
preventative in nature, such as when companies anticipate changes in the social system and act accordingly.

Another contributor to the concepts of CSR and CSP in the 1970s was Archie B. Carroll. In Carroll’s (1979) article entitled “A Three-Dimensional Conceptual Model of Corporate Performance,” he too stated that there were so many definitions for CSR that it should give way to CSP. This does not stop Carroll (1979) from presenting his own definition of CSR. That definition characterizes CSR as including the economic, legal, ethical, and discretionary aspects of business performance that society expects of business. The four-part framework is arranged to demonstrate each category’s relative importance. According to Carroll’s (1979) model, business’s most important social responsibility is to generate income. Meanwhile, its least important responsibilities are those that are discretionary.

It is in this discretionary category that Carroll (1979) puts such important issues as employment discrimination. Carroll (1979) calls these discretionary responsibilities “voluntary” because “society has no clear-cut message for business” (p. 500). This position is very surprising considering that in the 1970s there were many large protests against corporations for their roles in degradation of the environment and for their discriminatory employment practices.
Carroll (1979) also presents his CSP model as a contrast to CSR. According to Carroll (1979), CSP involves managerial response to social issues and can be arranged on a continuum that ranges from “do nothing” to “do much” (p. 501). Therefore, Carroll (1979) contends that, in comparison to CSR (which has proven difficult to define) CSP is clearer in meaning and easier to understand.

CSP, a Derivative of CSR—the 1980s
In the 1980s, criticism of large corporations continued as much of the power and privilege bestowed onto business was called into question (Jones, 1980). More research on CSR and CSP was done and alternative concepts and themes based on corporate social responsiveness, business ethics, and stakeholder theory emerged (Carroll, 1999). In 1980, another researcher entered the CSR conversation. In his article called “Corporate Social Responsibility: Revisited and Redefined,” Thomas M. Jones states that CSR must be implemented, not just talked about. The question is how can it be implemented? First, Jones (1980) defines CSR:

CSR is the notion that corporations have an obligation to constituent groups other than stockholders and beyond that prescribed by law or union contract. (p. 59-60)

Next, Jones (1980) outlines the CSR debate, both for and against, and concludes that many practitioners and academics accept CSR as an abstract concept—although Jones (1980) contends that it is easier to adopt intellectually than to apply. Thus, corporate managers do have an obligation to stockholders and to other stakeholders as well. But, it is difficult to determine what is a socially responsible act and how managers
can in practice apply CSR. Jones (1980) suggests that CSR should be looked on as a process not an outcome. Corporate behavior ought not to be evaluated based on the decisions actually made, but by the process by which they were arrived at (Jones, 1980). There are several examples of where a focus on process exists; our political, legal, and judicial systems are all based on the idea of a fair process. By shifting the emphasis of CSR to a fair decision-making process, the criteria on which the decisions are based becomes central. These criteria may come from experts, consultants, or even marginalized members of the public, but regardless of how the information is obtained, full consideration of the social consequences of corporate decisions must be taken into account (Jones 1980). Thus, by viewing CSR through a process-oriented lens, Jones (1980) made an interesting and unique contribution to the CSR literature.

As mentioned, more research was done on CSR and CSP during the 1980s. In 1985, an article by Wartick and Cochran documented the evolution of CSP as a construct. Wartick and Cochran (1985) agreed with Carroll’s (1979) three-dimensional model of CSP (outlined earlier in this section) that incorporated CSR, corporate social responsiveness and various social issues, and concluded that his CSP model was a valuable framework to analyze the interplay between business and society. Wartick and Cochran (1985) also highlighted Strand (1983) who took his CSP model in a slightly different direction. Like Carroll (1979), Strand (1983) argued that corporate social involvement includes the dimensions of CSR, corporate social responsiveness,
and responses, but Strand (1983) underscored the micro-level interaction between corporate social responsiveness and responses, whereas Carroll (1979) emphasized the macro-level interaction between responsibility and responsiveness (Wartick and Cochran 1985).

The thesis of Wartick and Cochran’s (1985) article is that CSP has evolved from a series of “scholarly confrontations” on CSR from the 1950s to the 1980s. They begin by describing the two basic premises on which the argument for social responsibility of business rests. The first premise underpinning CSR is the social contract between business and society (see Sethi, 1975). The second premise relates to the moral agency of business. Similar to the government and religion, corporations emulate and reinforce the values of society and thus their conduct must be in line with society’s values (Wartick & Cochran, 1985).

Next, Wartick and Cochran (1985) outline three major challenges to CSR and offer their responses to these challenges. The first challenge is the familiar argument of economic responsibility which attacks both the social contract and moral agency premises (Wartick and Cochran, 1985). Again, Milton Friedman (1962) is the most famous supporter of the idea that the only corporate social responsibility is to maximize profits for stockholders. In response, Wartick and Cochran (1985) maintain that the assumptions about economic responsibilities are “unrealistic” (p. 760). A manager who strictly follows the economic argument, risks disadvantaging his or her
The second challenge to CSR relates to public responsibility as an alternative to CSR (Buchholz, 1977; Preston & Post, 1975, 1981). Because business and society are “interpenetrating systems,” they are linked through the market and public policy processes (Wartick and Cochran 1985, p. 761). A manager must therefore “analyze and evaluate pressures and stimuli coming from public policy in the same way [he or she] analyzes and evaluates market experience and opportunity” (Buchholz, 1982, p. 435). Hence, businesses have a two-fold responsibility—an economic responsibility and a public policy responsibility (Wartick & Cochran, 1985). According to Preston and Post (1975), public policies are the widely accepted principles that guide and control corporate behavior, which in turn has a wide-ranging effect for society. Public policies consist of “the broad pattern of social direction reflected in public opinion, emerging issues, formal legal requirements, and enforcement or implementation practices” (Preston & Post, 1975, p. 57). Defined in this way, public policy goes beyond what is required by law and pushes business to do more than just maximize profits (Wartick & Cochran, 1985). In response to this second challenge, the authors question how public policy is defined. If it is defined too broadly, as in the case of Preston and Post (1975), then many of the social and environmental concerns must be incorporated into public policy. In this case, public policy and CSR are effectively the same (Wartick & Cochran, 1985). If public policy is identified in its more
conventional sense, then it seems equivalent to the law and becomes too restrictive in relation to the scope of CSR (Wartick & Cochran, 1985).

The third challenge to CSR has to do with the concept of social responsiveness. Social responsiveness is the ability of a company to respond to pressures from society (Frederick, 1994) and therefore turns the focus away from the social contract and moral agency premises for CSR. In all, proponents of social responsiveness see it as a more pragmatic way to deal with social issues. Wartick and Cochran (1985) view social responsiveness as a legitimate construct for helping managers gain a better understanding of the development and implementation of policy. However, while the authors favor social responsiveness they also question whether social responsiveness by itself can replace CSR in management thinking. While CSR suffers from empirical and pragmatic deficiencies, CSR has provided valuable insights into organizational systems and performance, and into the ethics surrounding corporate behavior (Wartick & Cochran 1985).

To conclude the article, Wartick and Cochran (1985) outline their model of CSP. CSP has three dimensions. Wartick and Cochran (1985) maintain that the first two dimensions—social responsibility and social responsiveness—evolved out of the argument concerning the three challenges described in this section, whereas the third dimension is only in its embryonic stage. In Carroll’s (1979) framework, the third dimension involves only a list of issue areas. In Strand’s (1983) framework the third
dimension is considerably more developed with respect to quality of life matters.

Wartick and Cochran (1985) suggest that this third dimension of CSP is evolving towards social issues management—the management of matters related to changing societal values and attitudes. The objective of social issues management is to avoid “surprises” coming from the often-fierce business environment and to encourage “systematic and interactive responses” to societal change (Wartick & Cochran 1985, p. 766).

**Table 2.1 Definitions of CSR through the decades**

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Bowen (1953)</td>
<td>[CSR] refers to the obligations of [business] to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.</td>
</tr>
<tr>
<td>Friedman (1962)</td>
<td>There is one and only one, social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game which is to say, engage in open and free competition without deception or fraud.</td>
</tr>
<tr>
<td>Sethi (1975)</td>
<td>Social responsibility implies bringing corporate behaviour up to a level where it is congruent with the prevailing social norms, values and expectations of performance.</td>
</tr>
<tr>
<td>Carroll (1979)</td>
<td>The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.</td>
</tr>
<tr>
<td>Jones (1980)</td>
<td>Corporate social responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract.</td>
</tr>
<tr>
<td>Wood (1991)</td>
<td>The basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities; therefore, society has certain expectations for</td>
</tr>
<tr>
<td>Author</td>
<td>Quote</td>
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<td>----------------------------------------------------------------------</td>
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<tr>
<td>Frederick (2006)</td>
<td>[CSR] is the idea that business firms have an obligation to act for the social good, even if in doing so they may pursue activities not normally in the business domain, possibly lowering their economic profits in the process.</td>
</tr>
<tr>
<td>Newell &amp; Patterson (2010)</td>
<td>CSR describes a suite of tools and measures which allow business to demonstrate their social and environmental commitments to society, going beyond simply complying with legal obligations.</td>
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**Revisiting, Reporting, and Reviewing CSR—the 1990s-2000s**

The 1990s came to be called the “decade of the environment” due to high public interest in safe-guarding “nature’s ecological balance” (Post, 1990, p. 33). Because of the Exxon Valdez oil spill and other disasters like it that occurred in the 1980s (the nuclear reactor explosion in Chernobyl in the Soviet Union and the Union Carbide gas leak in Bhopal, India) more public scrutiny was brought to bear on corporations and their leaders.

Almost every facet of business, whether it is “financial policy, marketing, competitive strategy, and research and development, is influenced by environmental considerations” (Post, 1990, p. 68). It makes sense, then, that managers have the crucial knowledge and experience needed to make sound environmental choices for their firms. Unfortunately, there seemed to be a lack of environmental awareness among business managers in the early 1990s, largely because environmental issues were rarely discussed in American business schools then (Post, 1990). This changed later in the decade as management schools began creating courses to increase
familiarity in the areas of waste management, global environmental issues (such as acid rain and deforestation), and environmental responsibility (Post, 1990).

The aforementioned disasters also highlight the escalating clash between “industrial technology and nature’s ecological systems” (Post, 1990, p. 34). Agriculture pesticides, nuclear power, and other scientific advances bring benefits to society (Post, 1990) but at what cost to humans and the Earth’s ecosystems? Finding the right balance between the application of technological advances in industry and the preservation of the Earth’s life-giving ecosystems is a significant challenge that confronts business leaders, government officials, and society at large (Post, 1990). Ongoing collaboration between these groups is necessary to overcome this challenge.

Another difficulty that business managers continued to face in the 1990s was the reconciliation of their obligations to shareholders with those to other stakeholders. Stakeholders are those individuals or groups on which a business relies for its success. For example, financiers, stockholders, employees, customers, suppliers would be considered some of a company’s stakeholders (stakeholder theory and its relevance will be discussed in the next section). In order to address this reconciliation problem, Carroll (1991) revisited his four-part CSR definition. The essential parts of his pyramid of CSR remained the same. At the base of the pyramid was the economic responsibilities of the firm. Then, directly above that on the pyramid were the firm’s legal responsibilities; above that were the firm’s ethical responsibilities. At the top of
the pyramid, instead of discretionary responsibilities (Carroll, 1979), Carroll (1991) inserted philanthropic responsibilities. By expanding this component to philanthropic responsibilities, Carroll (1991) contended that companies should embrace the idea of being “good corporate citizens” (p. 42). Carroll (1991) suggested that a corporation’s philanthropic responsibilities could include making financial contributions, donating volunteer time, and providing leadership programs to community groups.

It is interesting to note that Carroll (1991) makes a distinction between ethical and philanthropic responsibilities. He states that philanthropy is not expected in the moral or ethical sense; that societies expect firms to be ethical but not necessarily to be philanthropic (Carroll, 1991). If a company does not make philanthropic contributions to the level that communities expect, it does not mean they are unethical, according to Carroll (1991). Thus, Carroll (1991) maintains that philanthropy is voluntary even though communities expect it. The reason for the distinction is to emphasize that some business leaders believe they are being socially responsible just by being philanthropic. Carroll (1991) makes the point that for a company to be socially responsible, they must fulfill their responsibilities from all levels of his pyramid at all times.

In the same article, Carroll (1991) makes the connection between CSR and stakeholder theory, stating there is a “natural fit” between the two ideas. Whereas the word “social” in CSR is “vague and lacking in specific direction as to whom the
corporation is responsible,“ the term stakeholder personalizes the “social” part of CSR making it clearer to whom the firm must be accountable (Carroll, 1991, p. 43).

To help managers decide which stakeholder group(s) warrant their attention at any given time, Carroll (1991) suggests managers consider two criteria: the stakeholder’s legitimacy and their power. Legitimacy refers to whether the stakeholder or stakeholder group is morally or legally entitled to claim the attention and resources of the company (Carroll, 1991). For example, a group of employees who assert that their work environment is unsafe, warrants more management attention than an employee who claims the office is too cold. Power refers to the amount of authority a stakeholder or stakeholder group has to influence behavior or affect a course of events. For instance, individual workers dissatisfied with their work conditions have very little power individually to garner management’s attention. But if they unionize and present their complaints collectively, they would have much more influence during contract negotiations. By thinking of stakeholder claims through the lenses of legitimacy and power, business leaders can attempt to balance the needs and expectations of various stakeholder groups. Even though this balance may not always be possible, creating a “win-win” with all stakeholders is ultimately in the best long-term interests of the firm (Carroll, 1991).

Another concept revisited in 1991 and related to CSR was CSP. Donna J. Wood (1991) argued that although there were milestones in the CSP literature over the
decades from the mid-1970s to the 1990s, there was no significant theory underpinning the concept. Wood (1991), acknowledging the work of many researchers in the field, offered a definition for CSP (Carroll, 1979; Jones, 1983; Wartick and Cochran, 1985), but stated that the definition had not really advanced beyond that of Wartick and Cochran (1985). Wood (1991) goes on to list several problems with Wartick and Cochran’s (1985) CSP definition. She argued first that the definition should be focused on actions and outcomes; second, it should address responsiveness as a set of processes not as a single process; third, it should not rely on restrictive formal policies; and fourth, it should recognize that every firm, not just “responsible” companies, can be evaluated (either positively or negatively) on CSP (Wood, 1991). Taking these issues into account, Wood (1991) adds to Wartick and Cochran’s (1985) definition of CSP:

[CSP is] a business organization’s configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm’s societal relationships. (p. 693)

Thus, to evaluate a firm’s CSP, the researcher must not only examine the business’s principles of CSR, processes of corporate social responsiveness, and outcomes of corporate behavior individually, but also assess these components in relationship to each other.

Socially responsible investments (SRIs), another topic related to CSR, are on the rise. Socially responsible investors are those individuals or groups that apply financial, environmental, and social principles in their investment decisions to make certain
their investments align with their personal values and beliefs (Sauer, 1997). The Forum for Sustainable and Responsible Investment (2010) estimates that SRIs were valued at approximately $8.72 trillion dollars in 2016; this represents about one-fifth of all professionally managed investments in the United States. Increased consumer demand for these types of investments is a major driver behind rising sales of SRI financial products. But as the field grows, so do concerns about reporting. Very little information is disclosed regarding how money managers incorporate environmental, social, and governance factors into their investment strategies (The Forum for Sustainable and Responsible Investment, 2016). This underscores the need for better CSR-related reporting which will now be discussed.

The number of corporations reporting on their social and environmental accomplishments has multiplied (Adams, 2004; Brown & Deegan, 1998; Deegan and Gordon, 1996; Gray, Kouhy, and Lavers, 1995). Academics are also paying attention and viewing corporate social reporting largely from a legitimacy perspective (Brown and Deegan, 1998; Hopwood, 2009; Neu, Warsame, and Pedwell, 1998). Fundamental to the legitimacy perspective is the idea of the social contract; that for a company to survive, it must operate “within the bounds and norms of society” (Brown & Deegan, 1998, p. 22). However, Hooghiemstra (2000) points out that these bounds and norms can change over time and the firm must continuously demonstrate that its behavior is legitimate; the organization usually does this through corporate social reporting.
Companies usually engage in corporate social reporting in reaction to external circumstances (Guthrie & Parker, 1989; Hooghiemstra, 2000) such as public pressure or negative media attention (Neu et al., 1998; Patten, 1991; Walden & Schwartz, 1997). Indeed, several researchers (Deegan & Gordon, 1996; Deegan & Rankin, 1996; Patten, 1992) have shown that corporations tend to disclose more through corporate social reporting when the company (and/or its industry) must cope with difficult situations, such as the aftermath of an environmental disaster that it caused, of revelations that it broke the law, or of disclosures that it violated human rights (Hooghiemstra 2000). Unfortunately, these reports do not usually reveal anything substantive as they are mainly self-laudatory and strive to minimize the company’s exposure to social, environmental, or political attacks (Hooghiemstra 2000; Patten, 1992). According to Lindblom (1994) firms can respond to unfavorable attention by implementing one of the following strategies in their reports: (1) notifying appropriate stakeholders of their intention to improve their CSP; (2) persuading stakeholders that corporate changes were made without actually changing corporate behavior; (3) focusing on the positive (yet unrelated) behavior of the firm to divert interest away from negative event; or (4) managing stakeholder and external expectations of corporate behavior (Hooghiemstra, 2000).

From the preceding discussion, it can be stated that corporate social reporting is mainly a tactic used by businesses to influence the perceptions of their stakeholders.
and society (Hooghiemstra, 2000; Neu et al., 1998). But, corporate social reporting also helps to legitimize a firm’s continued existence (Guthrie & Parker, 1989) because it provides the company with a platform for explaining their actions and demonstrating that they are “good corporate citizens” (Hooghiemstra, 2000, p. 57).

Some authors insist that corporate social reporting is essentially a public relations vehicle that is used to bolster the image of the company (Hooghiemstra 2000). Others consider the annual report or stand-alone CSR reports as insufficient to convince stakeholders that companies are accountable for their actions (Adams, 2004; Bouten et al., 2011; Milne & Gray, 2007). In 2009, Hopwood argued that firms report much more on their goals and intentions than on their actual behavior and performance. Thus, Bouten et al. (2011) are in favor of a more comprehensive CSR report that not only discloses firms’ goals and intentions, but also their behavior and resulting performance.

Aras & Crowther (2008) see corporate social reporting somewhat differently. They see CSR reporting as problematic because there is no agreement about the definition of CSR among researchers. Thus, in their view, there cannot be any agreement on how to measure CSR activity or how to relate it to corporate performance. According to Aras & Crowther (2008), different organizations have defined CSR in their own way, so there are no standards for reporting, making it difficult to compare companies on CSR performance. Thus, to be of any value to stakeholders, Aras & Crowther
(2008) advocate for the establishment of a universally understood definition for CSR and a standard way of analyzing and measuring CSR activity.

**The Stakeholder Model**

Related to the social contract theory approach to CSR is stakeholder theory (Klonoski, 1991). Stakeholder theory puts forward the idea that instead of focusing solely on maximizing profits (as in the stockholder model), leaders should consider the “set of relationships” of groups that “have a stake” in the business (Freeman et al., 2010, p. 24).

[The Stakeholder] approach acknowledges that there are expanding demands being placed on business organizations which include a wider variety of groups not traditionally defined as part of the corporation’s immediate self-interest. In a narrow sense, stakeholders are those identifiable groups or individuals on which an organization depends for its survival—stockholders, employees, customers, suppliers, and key government agencies. On a broader level, however, a stakeholder is any identifiable group or individual who can affect or is affected by organizational performance in terms of its products, policies, and work processes. In this sense, public interest groups, protest groups, local communities, government agencies, trade associations, competitors, unions, and the press are also organizational stakeholders. (Buono & Nichols, 1990, p. 171; see also Freeman, 1984)

By looking beyond the bottom line, and building stakeholder relationships, the leader has an opportunity to create more value for the firm and its constituents (Freeman, 1984; Freeman et al., 2010).

Many social scientists theorize that the building of relationships was important to the economies of premarket societies because economic behavior was “heavily
embedded” in social relationships of the time (Granovetter, 1985, p. 482). Although some would argue that economic transactions have become less personal—with more and more buying and selling taking place with little or no face-to-face contact or human communication (Granovetter, 1985)—business relationships continue to flourish, and it is the consideration of these relationships that is the basis of the stakeholder model (Freeman et al., 2010).

In their book *Stakeholder Theory: The State of the Art*, Freeman et al. (2010) describe two types of CSR, the residual and the integrated. Still prominent in the United States, residual CSR is generally seen as an extra “add on” to a traditional business model (Freeman et al., 2010). In this context, the purpose of CSR activities is to provide on-going legitimacy for the business and therefore the extent of the CSR practice tends to be relegated to corporate philanthropy and sponsorships (Freeman et al., 2010). Like Friedman’s view of the firm, the main stakeholder in residual CSR is the shareholder, who is given top priority for the redistribution of profits (Freeman et al., 2010).

Integrated CSR, on the other hand, emerges from stakeholder theory and thus blends social, environmental, and ethical responsibilities with the strategic activities of the corporation (Freeman et al., 2010).

This approach simply sees CSR as part of core management concepts and processes; it posits their evolution into a more robust decision-making framework, more adequate to take into account and deal with both the complexity of human nature and the challenges of the external
environment...[Integrated CSR] embraces the key ideas of the stakeholder approach and it acknowledges that the management of any economic organization includes by definition, the management of the relationships with its stakeholders. (Freeman et al. 2010, p. 259)

Ultimately, the focus of integrated CSR is value creation (through relationships) for all stakeholders, not just shareholders (Freeman et al., 2010). Even though CSR has been around for decades and has become mainstream (Dillard and Murray 2013), the debate continues over what constitutes the social responsibilities of business. Many people in American society and in business are still holding on to the Lockean principles as evidenced by residual CSR and the Friedman point of view, but change is happening. This can be seen by the different and more recent manifestations of CSR, which include greater corporate social responsiveness, an increased emphasis on the idea of corporate citizenship, reformed corporate governance that incorporates social concerns, greater corporate accountability for issues not related to profit, growing interest in environmental sustainability, and the incorporation of the triple bottom line framework, which takes into account social and environmental factors, as well as financial measures, when assessing a company’s performance.
Other Hybrid Business Models

Conscious capitalism
A relatively new business model that takes into consideration the needs of stakeholders, the environment, and society, is gaining recognition in business and academic circles (O’Toole & Vogel 2011; Simpson, Fischer & Rohde 2013; Sisodia 2011). This pioneering business model is called conscious capitalism (CC) and differs from traditional business models in its firm commitment to ethical standards and to principled business practices (Mackey & Sisodia 2013; O’Toole & Vogel 2011).
Laszlo (2015) states that models such as CC highlight a new narrative for business that brings a greater focus on the positive contributions that business can make to society and a greater emphasis on personal and professional well-being. CC is based on a framework that links each tenet. The tenets are higher purpose, conscious leadership, stakeholder integration and conscious culture (Sisodia 2011) and are described in Table 2.2.

**Benefit corporations and B corporation certification**

Another relatively new business model is that of the benefit corporation. As mentioned in Chapter 1, organizations have traditionally been categorized by sectors. This has been problematic for hybrids in the past because there were only two legal forms that organizations could choose from: for-profits and non-profits. Blurring two existing sectors (private and social) and merging multiple—and sometimes contradictory—business rationales within one organization can cause considerable tensions, such as internal disputes, mission drift, and accountability conflicts (Rawhouser, Cummings, & Crane, 2015). In light of these tensions and the increase in hybrid organizations in general, new hybrid legal forms have emerged: benefit corporations, low-profit limited liability companies, and social purpose corporations (previously called “flexible purpose corporations”). Each of these are hybrid legal
Table 2.2 The four tenets of conscious capitalism

<table>
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<tr>
<th>Tenet</th>
<th>Description</th>
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<tr>
<td>Higher purpose</td>
<td>The higher purpose answers the question ‘why does this company exist?’ Sustainable profit is important, but it is not the first purpose of the company. A higher purpose ties together greater human ideals that motivates, engages, and inspires all stakeholders.</td>
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<tr>
<td>Conscious leadership</td>
<td>A conscious leader serves the higher purpose and its stakeholders. These leaders are ethical and internally motivated; they reject ‘trade off” thinking and create value through the synergy of all stakeholders.</td>
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<tr>
<td>Stakeholder integration</td>
<td>The firm recognizes the needs of all stakeholders. The higher purpose encourages the stakeholders to work together to create value for each other.</td>
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<tr>
<td>Conscious culture</td>
<td>CC cultures vary from company to company, but generally embody the firm’s higher purpose. Characteristics such as, trust, accountability, caring, transparency, integrity, and egalitarianism create a sense of community among the stakeholders</td>
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(adapted from Conscious Capitalism Inc., 2015; Mackey & Sisodia, 2013, pp. 32-35; O’Toole & Vogel, 2011, p. 61)

structures because they pull together characteristics from both profit- and purpose-based (non-profit) legal forms. Of the three hybrid types mentioned, the most successful (because its legislation has been passed in 34 U.S. states and is pending in 6 more) has been the benefit corporation (B Lab, 2018). One requirement for becoming a benefit corporation in some U.S. states is certification by an independent third party. B Lab (a non-profit organization), the main proponent of benefit corporation legislation, is also one of the many certifiers. Because of B Lab’s established function as a certifier (B Lab has certified over 2600 companies in 60 countries) and the vital role it played in getting hybrid legislation passed, it’s often
considered synonymous with benefit corporations, which not the case (Rawhouser, Cummings, & Crane, 2015). For those who either choose or are required to be certified, B Lab (one of many certifiers) puts the company through a rigorous process to become a “certified B Corporation.” In essence, the benefit corporation is a legal corporate structure and the B Corporation name is used often for branding purposes after the company has been certified with B Lab.

Low-profit, limited liability companies
Another relatively new form of business structure is the low-profit, limited liability company (L3C). In 2008, Vermont became the first state to enact legislation for the L3C model. Like a benefit corporation, an L3C is a for-profit legal structure, but an L3C is required by law to have a charitable and/or educational purpose/mission. For the similarities and differences of benefit corporations and L3Cs please see Table 2.3.
Table 2.3 Comparison of benefit corporations and low-profit, limited liability companies

<table>
<thead>
<tr>
<th>What is it?</th>
<th>Benefit corporations</th>
<th>L3C</th>
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<tbody>
<tr>
<td>• A legal for-profit corporation structure</td>
<td>• A legal for-profit corporation structure (state-designated)</td>
<td></td>
</tr>
<tr>
<td>• Must create material, positive impact on society or environment</td>
<td>• Explicit goal of societal benefits (furthering charitable or educational purposes)</td>
<td></td>
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<tr>
<td>• Profit is not the sole driver of firm</td>
<td>• Profit is not sole driver of firm</td>
<td></td>
</tr>
<tr>
<td>• Societal and investor’s interests are considered in making decisions; outcome varies from company to company depending on whose interests are given more weight</td>
<td>• Profit is secondary to purpose/mission when making decisions</td>
<td></td>
</tr>
<tr>
<td>• Can be created by non-profits as for-profit subsidiaries</td>
<td>• Company must refrain from certain types of political and/or lobbying activities</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Advantages</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reduced director liability</td>
<td>• Can receive capital from charitable private foundations (US tax law requires that 5% is distributed annually) in the form of program-related investments (PRI)</td>
<td></td>
</tr>
<tr>
<td>• Expanded rights for stockholders enabling investors to hold firm accountable for purpose/mission</td>
<td>• Profit is subordinated to purpose/mission</td>
<td></td>
</tr>
<tr>
<td>• Status can attract talent and investors</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Disadvantages</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lengthy reporting process</td>
<td>• Investors cannot expect market rate of return</td>
<td></td>
</tr>
<tr>
<td>• Relatively new legal form, uncertainty in how courts will respond to legal challenges</td>
<td>• Difficult to attract donations from individuals because donors do not receive same tax benefits as when donating to non-profits</td>
<td></td>
</tr>
<tr>
<td>• Criteria for becoming a benefit corporation vary from state to state and may make the corporation difficult or too complex to manage</td>
<td>• Uncertainty about how taxing authorities designate such investments—charitable or non-charitable—making potential investors reluctant to invest</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Example</th>
<th>Patagonia is a sustainable clothing retailer that seeks to reverse the degradation of the environment</th>
<th>MOOMilkCo (Maine’s Own Organic Milk Company)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Buys organic milk from farmers, markets it under</td>
<td></td>
</tr>
</tbody>
</table>
Summary
This chapter summarized the literature undergirding SCC. The literature reviewed described social enterprise, social entrepreneurship, corporate social responsibility and stakeholder theory. Social enterprise is a broad term in a still developing field. Thus, few researchers and practitioners have agreed on a definition. Based on the research and for the purposes of this dissertation, social enterprise is defined as a non-profit organization that can receive donations and government funding, but also uses market-based strategies to earn added income. Social enterprises, like socially conscious businesses, are purpose/mission-driven. Both have market-oriented activities, but social enterprises, compared to socially conscious businesses are less reliant on such strategies.

Social entrepreneurship is also a relatively new field and there has been much discussion among researchers on the definition. Based on the interpretation of the research on social entrepreneurship, this dissertation defines a social entrepreneur as a practitioner who uses social enterprise to approach a social or environmental problem in an innovative way. Social entrepreneurs and leaders of socially conscious businesses are similar in that they are both change agents. This means they have
similar characteristics (highly ethical and accountable) and are able to see a social or environmental problem and design an innovative solution. But these leaders differ in the type of organizational structure they use—social entrepreneurs use social enterprises (non-profits) and SCC leaders use a for-profit structure. Again, both types of leaders are purpose/mission-driven.

The CSR literature spans many decades. Most researchers would agree that businesses are social institutions and as such have at least some responsibility to society. In fact, some academics are calling for large corporations to solve some of the intractable global problems. Despite these points, few scholars can agree on the definition of CSR and what constitutes businesses’ social responsibilities. Nonetheless, through the years since Bowen (1953) wrote his seminal book, public expectations of business have increased. The internet and the 24-hour news cycle have fueled increased public awareness of corporate industrial disasters, CEO ethics violations, and other corporate transgressions. These actions on the part of corporations have fostered more public distrust and more corporate activism. In response, some companies have improved their waste management, ethical standards, and treatment of employees. Unfortunately, not all firms have followed suit.

Stakeholder theory was also discussed in this chapter as a collection of writings underpinning SCC. In traditional firms the primary relationship is that of the shareholder to the business. The stakeholder model is based on the management of
business relationships; these include the relationships between the company and its stakeholder groups, not just between the company and the shareholders. This increases the complexity of management but makes the leader more aware of the interplay or interdependence of all groups to the business.

At the intersection of the above streams of literature rests SCC. Social enterprise, social entrepreneurship, CSR, and stakeholder theory are the foundation of which SCC is built. However, while social enterprise, social entrepreneurship, CSR, and stakeholder theory are useful for understanding SCC, they do not in combination make a theory. Past research has discussed the overall phenomenon of SCC (at both the macro and micro levels) (Wilson 2009) but has not looked specifically at values and their role in running of the business, how SCC leaders define success, what challenges they face, and how they overcome these challenges. Since SCC is a nascent field and little has been written about this specific phenomenon, there is a need for a more robust examination of SCC. This dissertation endeavors to contribute to the body of knowledge of SCC by addressing these deficiencies.
Chapter 3 Methods

Introduction
The previous chapter examined the literature supporting this investigation. This chapter centers on the research design and the methodology used to explore the research questions related to the study. To begin, the chapter reviews the research purpose and questions, outlines the research methodology and its rationale, and concludes with data analysis.

Research Purpose and Questions
The overall aim of this project was to investigate the meanings and operational practices behind socially conscious businesses and specifically SCC. Because SCC is relatively new, the intent was to explore practical applications of the concept—essentially, to discover what is happening on a practical basis within these firms. The research questions guiding this study were as follows:

1. How is SCC defined, in practice?

2. What are the properties or characteristics of SCC businesses?

3. How is success defined by SCC leaders?

4. What are the business challenges faced by SCC leaders?

5. What are the key operational and strategic practices that solve these business challenges?
Research Design Rationale

This is a qualitative study based on the Grounded Theory Methodology created by Glaser and Strauss (1967). A qualitative design is one in which the researcher “collects and interprets data” and becomes “as much a part of the research process as [the] participants and the data they provide” (Corbin & Strauss 2015, p. 3). Grounded theory is a form of qualitative research that enables the researcher to develop theory rooted in the data. In this case, I have selected an interpretivist methodology that includes me as an integral part and that fosters theory building based on the data.

I chose a qualitative, grounded theory design for two reasons. The first reason is simply that I enjoy connecting with people and I am curious about their experiences. This led me to develop research questions that dictated a qualitative approach. The research questions required me to go to the source—to the people experienced in the topic under study. Individualized interviews gave the participants the opportunity to express their own thoughts, ideas, and opinions. Indeed, qualitative interviews enable the scholar to explore “the inner experiences of the participants” (Corbin & Strauss, 2015, p. 5) and to understand the meaning behind these experiences within their contexts (Petty, Thomson, & Stew 2012). Secondly, I chose a qualitative design because there has been little research into how founders/leaders perceive their own socially conscious businesses. An inductive approach would therefore be indicated as these phenomena, and their accompanying theories, are still new (Corbin & Strauss 2015).
Research Methodology
One-on-one semi-structured in-depth telephone interviews were conducted with individuals from twenty-eight different companies to collect data for this project. The interview questions (included below) were based on existing literature, guidance from the dissertation chair, and the research questions (listed in the Research Purpose and Questions section). To identify individuals who were associated with SCC organizations, I attended two conscious capitalist conferences in April of 2015 and 2016, and I also contacted the Centre for Social Innovation in Toronto. Participants were recruited in person, by phone, or by email through formal and informal social networks. In addition, snowball sampling was used to garner more participants. The total sample included both female (15) and male (12) founders/owners and/or leaders of small to medium sized socially conscious businesses and (1) male professor.

Table 3.1 Summary of qualitative research participants

<table>
<thead>
<tr>
<th>Participant</th>
<th>Location</th>
<th>Occupation/role</th>
<th>Gender</th>
<th>Time in Business (years)</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>California, USA</td>
<td>Marketing consultant/owner</td>
<td>Female</td>
<td>8</td>
<td>Consulting services</td>
</tr>
<tr>
<td>2</td>
<td>Ontario, Canada</td>
<td>President/owner</td>
<td>Male</td>
<td>13</td>
<td>Technology</td>
</tr>
<tr>
<td>3</td>
<td>Texas, USA</td>
<td>CEO/owner</td>
<td>Male</td>
<td>11</td>
<td>Technology</td>
</tr>
<tr>
<td>4</td>
<td>Ontario, Canada</td>
<td>Strategy consultant/owner</td>
<td>Female</td>
<td>4</td>
<td>Banking</td>
</tr>
<tr>
<td>5</td>
<td>Ohio, USA</td>
<td>CEO</td>
<td>Male</td>
<td>13</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>6</td>
<td>Ontario, Canada</td>
<td>Marketing consultant/owner</td>
<td>Female</td>
<td>4</td>
<td>Consulting services</td>
</tr>
<tr>
<td></td>
<td>Location</td>
<td>Role</td>
<td>Gender</td>
<td>Age</td>
<td>Industry</td>
</tr>
<tr>
<td>---</td>
<td>-------------------</td>
<td>-----------------------</td>
<td>--------</td>
<td>-----</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>7</td>
<td>Kentucky, USA</td>
<td>CEO/owner</td>
<td>Male</td>
<td>16</td>
<td>Leadership development</td>
</tr>
<tr>
<td>8</td>
<td>Massachusetts, USA</td>
<td>President/founder</td>
<td>Male</td>
<td>3</td>
<td>Food services</td>
</tr>
<tr>
<td>9</td>
<td>California, USA</td>
<td>CEO/owner</td>
<td>Male</td>
<td>16</td>
<td>Specialty foods</td>
</tr>
<tr>
<td>10</td>
<td>Ontario, Canada</td>
<td>Principal consultant/</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>co-owner</td>
<td></td>
<td>Male</td>
<td>3</td>
<td>Leadership development</td>
</tr>
<tr>
<td>11</td>
<td>Texas, USA</td>
<td>CEO/owner</td>
<td>Female</td>
<td>3</td>
<td>Human resources</td>
</tr>
<tr>
<td>12</td>
<td>Texas, USA</td>
<td>President</td>
<td>Male</td>
<td>23</td>
<td>Publishing</td>
</tr>
<tr>
<td>13</td>
<td>Ontario, Canada</td>
<td>Principal/co-owner</td>
<td>Female</td>
<td>2</td>
<td>Sustainability management</td>
</tr>
<tr>
<td>14</td>
<td>Ontario, Canada</td>
<td>Founding partner</td>
<td>Female</td>
<td>3</td>
<td>Business development</td>
</tr>
<tr>
<td>15</td>
<td>Ontario, Canada</td>
<td>CEO/owner</td>
<td>Female</td>
<td>20</td>
<td>Sports</td>
</tr>
<tr>
<td>16</td>
<td>Ontario, Canada</td>
<td>President/founder</td>
<td>Female</td>
<td>7</td>
<td>Communications</td>
</tr>
<tr>
<td>17</td>
<td>Ontario, Canada</td>
<td>CEO/owner</td>
<td>Female</td>
<td>20</td>
<td>Counselling services</td>
</tr>
<tr>
<td>18</td>
<td>Ontario, Canada</td>
<td>CEO/owner</td>
<td>Female</td>
<td>29</td>
<td>Health services</td>
</tr>
<tr>
<td>19</td>
<td>Ontario, Canada</td>
<td>CEO/owner</td>
<td>Female</td>
<td>11</td>
<td>Consulting services</td>
</tr>
<tr>
<td>20</td>
<td>Illinois, USA</td>
<td>COO/consultant</td>
<td>Female</td>
<td>18</td>
<td>Education</td>
</tr>
<tr>
<td>21</td>
<td>Ontario, Canada</td>
<td>CEO/owner</td>
<td>Male</td>
<td>31</td>
<td>Communications</td>
</tr>
<tr>
<td>22</td>
<td>Ontario, Canada</td>
<td>Partner/co-founder</td>
<td>Female</td>
<td>13</td>
<td>Architecture/construction</td>
</tr>
<tr>
<td>23</td>
<td>Ontario, Canada</td>
<td>President</td>
<td>Male</td>
<td>31</td>
<td>Retail services</td>
</tr>
<tr>
<td>24</td>
<td>New York, USA</td>
<td>Director</td>
<td>Female</td>
<td>25</td>
<td>Retail services</td>
</tr>
<tr>
<td>25</td>
<td>Ontario, Canada</td>
<td>Founding partner</td>
<td>Female</td>
<td>12</td>
<td>Leadership development</td>
</tr>
<tr>
<td>26</td>
<td>Tennessee, USA</td>
<td>President/founder</td>
<td>Male</td>
<td>5</td>
<td>Leadership development</td>
</tr>
<tr>
<td>27</td>
<td>California, USA</td>
<td>CEO/founder</td>
<td>Male</td>
<td>3</td>
<td>Coaching services</td>
</tr>
<tr>
<td>28</td>
<td>Massachusetts, USA</td>
<td>Professor</td>
<td>Male</td>
<td>20</td>
<td>Higher education</td>
</tr>
</tbody>
</table>
The interview process included the following: a general statement about the purpose of the project; a question asking permission to record the interview; several warm-up questions; and then the topical questions. I used the interview protocol as a guide—all questions were asked, but not necessarily in the same order for each informant. At times, the researcher asked follow-up questions to elicit more details in the informants’ responses.

The interviews, between thirty and sixty minutes long, were digitally recorded and transcribed. In some cases, as the agreed-upon period for the interview was coming to an end, I asked permission to continue, and it was granted each time. The average length of the interviews was approximately forty minutes. Interviews were conducted between April 2016 and January 2017. The interview transcripts were coded for concepts and organized by category.

**Participant Interview Guide**

Once permission to record was granted and warm-up questions were answered, the following topical questions were asked:

1. What is your definition of SCC/socially conscious business?

2. How many years have you been in business?
3. Would you say that your organization is a socially conscious business as you have defined it?

4. How long has your company been socially conscious?

5. What is your company’s purpose/mission?

6. How do you define success? Is your company successful in the way you have defined it?

7. What are the *key practices* of your company that make it “successful” as you defined it?

8. How would you know if you are attaining or are close to attaining your mission?

9. How would you define your role as a leader within your firm?

10. What does your culture look like? Is it tied to your company’s purpose/mission?
11. Thinking about your company’s stakeholders, how do you manage their different needs?

12. What are the most challenging/rewarding aspects of running a socially conscious business?

13. Is there anything else that you would like to say that you think is important for this study?

**Data Analysis**

As mentioned in the previous section, the interviews were digitally recorded and precisely transcribed. During the interviews summary notes were taken and used to identify tone of voice, any expressed emotion or emphasis, and to validate the transcriptions. The next step (preliminary phase) was to code the first few transcripts and then authenticate my coding scheme. Open coding is a process of taking datum, interpreting its meaning, and then assigning a word or phrase to represent it (Corbin & Strauss, 2015). By coding the researcher reduces the amount of data into workable units because data sharing similar characteristics can be grouped under the same code. For example, a bear, a dolphin, and a family cat can all be grouped under the code *animals* or even better under the code called *mammals*. Codes can also be called basic-level concepts because they are the “conceptual” names given by a researcher to “raw” data (Corbin & Straus, 2015, p. 76).
In this preliminary phase, I coded the first five interview transcripts. I then asked a trained peer to separately code the same five interviews. Our codes were then compared, and agreement was reached on the meaning of the data and corresponding codes. All the transcriptions were uploaded into Atlas-ti, a qualitative data analysis computer program, and coded by me using the agreed-upon list of codes. As I was working, it became apparent that not all the data could be coded using only the information from the agreed-upon list. To code the remaining data, I continued to use the agreed-upon list of codes and several other strategies. These included, for example, using different types of questioning, constant comparisons, words or expressions of the respondents (in vivo codes), expressed emotions of the informants, and my own life experience (Corbin & Strauss, 2015).

To more effectively analyze and find meaning in the data, I also created memos (see Appendix A for several examples) and diagrams (see Appendix B for examples) during this stage (Phase 1). According to Corbin & Strauss (2015), memos are “written records of analysis” (p. 106) that can aid the researcher in documenting and tracking the researcher’s thought processes. Writing memos enabled me to get deeper into the data. For example, I would ask myself questions related to the data, make comparisons to data from other interviews, deliberate over the possible concepts emerging from the data, and make connections between the concepts (Corbin & Strauss, 2015). Diagrams, on the other hand, are visual representations of ideas or concepts that helped me visualize possible relationships among the concepts. Both
tools improved my sensitivity to the data. That is, I took more care and consideration as a researcher by using these tools.

The data were analyzed in four phases. In the first phase, (as just described) open coding, memos, and diagrams were used to identify preliminary concepts. No a priori codes were used—all coding came from analyzing the interview transcripts. I read each line of the transcribed interviews and used the agreed upon listed of codes, my own words and phrases, or in vivo codes to delineate my interpretation of the meaning contained in the data. In the first phase, I also used a type of open coding called “microanalysis” for five of the twenty-eight interviews. Microanalysis is a form of open coding that is more “detailed, and exploratory,” than general analysis (Corbin & Strauss, 2015, p. 70). Whereas general analysis asks the researcher to step back and take a wider viewpoint, microanalysis is “designed to focus on certain pieces of data and to explore their meaning in greater depth and develop concepts in terms of their properties and dimensions” (Corbin & Strauss, 2015, pp. 70-71).

Microanalysis complements and supplements general analysis is usually done in the earlier phases of analysis, and “is like using a high-powered microscope to examine each piece of datum up close” (Corbin & Strauss, 2015, p. 71). Microanalysis is done selectively, not on every transcript; its purpose is to get the researcher “to focus in on pieces of data that seem relevant but whose meaning remains elusive” (Corbin & Strauss, 2015, p. 71). Essentially, microanalysis helped me think “outside the box” when I was analyzing and go deeper in my exploration of the data. For an example of
how I used microanalysis during this phase of the work, please see Appendix C. After
the first round of coding, 321 codes resulted.

During Phase II, I did a second round of open coding, and continued to draw
diagrams and write memos (and larger summary memos). These analysis tools helped
me determine the subcategories of the data. Subcategories are one level up in
abstraction from the codes or basic-level concepts (see Figure 3.1 for analysis
process) and they represent a minor theme that the basic-level concepts are indicating.
For example, *mammal* is a higher level of abstraction than *bear, dolphin, and
family cat* (Corbin & Strauss, 2015). I also checked the level of “groundedness” of the
codes to help me separate the subcategories from the basic-level concepts. The level
of groundedness is determined by the number of quotations per code and can be
determined by the Atlas-ti program; the more quotations for a particular code, the
higher the level of groundedness. Codes with a high level of groundedness can
indicate the possibility of being subcategories. I checked the level of groundedness
against my memos. If a concept was repeatedly found in my memos as well, I noted it
as a possible subcategory. I also merged some codes (if they were similar) and
created new codes based on any new data. After the second round of coding 203
codes and twenty-two subcategories emerged.

In Phase III, a third round of coding was carried out called axial coding. Axial coding
is coding for context and it helped me to move up another level of abstraction from
subcategory to category. According to Corbin & Strauss (2015), context is a general term that includes a situation, set of circumstances or conditions, the meanings given to those circumstances, the actions-interactions people take to achieve certain outcomes, and the consequences resulting from their actions-interactions. I used an analytical tool to perform the axial coding called “the paradigm” (Corbin & Strauss, 2015). The paradigm has three components that researchers look for in a datum: conditions, actions-interactions, and consequences (please see Appendix D for examples of using the paradigm). Once I identified the context of the data, I coded it using the list of codes remaining from the previous round. I continued to write memos and draw diagrams (as described above and outlined in Appendix B and C respectively) to keep close and sensitized to the data. Using these strategies, I found linkages between the 22 subcategories and grouped them under six main categories (the results of which will be presented in Chapter 4).

Figure 3.1 General data analysis process
The final stage of the data analysis process (Phase IV) is called “integration” and it is done by linking the main categories around a core category (Corbin & Strauss, 2015, p. 187). Corbin & Strauss (2015) define the core category as “a concept that is sufficiently broad and abstract that summaries in a few words the main ideas expressed in the study” (p. 187). In other words, it is the main theme that explains the data. To decide the core category and link the main categories of the study, I re-read all of the interview transcripts, my memos, and summary memos, reviewed all of my diagrams, thought about the main ideas conveyed in the memos, and sorted and arranged my memos into various theoretical schemes (Corbin & Strauss, 2015). I also spoke with others about my research which helped me to express my ideas. I undertook these steps several times until I came up with an arrangement that had flourishing as my core category, although I did not feel the concept told the whole story of the data. It was not until I wrote the descriptive summary memo (see Appendix E) that the second part of the core category became evident. For a summary of my analytical process see Figure 3.2.
As part of the integration stage, I arranged my major categories and the core category in a diagram (see Appendix B, Diagram 5). To validate my theory, I discussed my findings and showed Diagram 5 to two of the interviewees in the study. Both interviewees agreed with the findings of my study. After discussing Diagram 5 with one of the interviewees and receiving criticism about the diagram, I drew another more comprehensive diagram (please see Figure 6.1 in Chapter 6).
Chapter 4 Findings

Introduction
This study defines socially conscious capitalism (SCC), demonstrates how socially conscious organizations function in practice, and determines the critical operational practices those organizations need to thrive. This first findings chapter begins with a description of the interview sample, then it moves to the research questions, followed by a discussion of the core category and the introduction of the main categories and their properties.

Interview Participants
As mentioned in Chapter 3, twenty-eight telephone interviews were conducted, recorded with permission, and transcribed for this study. Fifteen women and thirteen men were interviewed from different companies. Almost all participants were either a CEO and/or owner or top-level leader in their respective organizations; one interviewee was a professor. On average the SCC leaders interviewed had approximately twelve years of service. In terms of geography, thirteen participants were from various regions within the United States and fifteen participants were from Ontario, Canada (see Table 3.1 for more information on research participants). All interviews were conducted in English.

Research Questions
The research questions used to guide this investigation were the following:
1. How is SCC defined in practice?

2. What are the properties or characteristics of SCC businesses?

3. How is success defined by SCC leaders?

4. What are the business challenges faced by SCC leaders?

5. What are the key operational and strategic practices that solve these business challenges?

**Qualitative Interview Findings**

**Definition of SCC**

Based on the data from this study, SCC businesses are defined as businesses that have a deep sense of purpose beyond making money; they create and exchange value in a way that demonstrates their awareness of, and dedication to, making a positive impact on all stakeholders in their ecosystem (or business environment). This puts SCC leaders in position to offer a unique value proposition: their end goal and the method they use to reach that goal are both intended to improve society and the planet.

**The Core Category**

In a grounded theory qualitative study, the core category is the key idea, concept, or theme represented in the data. Certain characteristics or “properties” define and differentiate the core category from other main categories and subcategories (Corbin and Strauss, 2015). For example, a study with the core category of “patriotism” would look at various properties of patriotism, such as the cultural, historical, and political forces shaping it. The influence of patriotism might also rise and fall
according to the property of timing (rising, for example, with the approach of an
election or with the threat of war; falling, perhaps on news of government scandals or
during long periods of peace). Properties are important in grounded theory because
they help delineate categories to support the theory (Corbin and Strauss 2015). The
next few sections will discuss the core category of this study and its properties. The
sections will also include representative field quotations to further explain the main
themes and place them in context.

**Business as a Movement: The Journey towards Flourishing**

For this study, the research findings indicate that “Business as a Movement: The
Journey towards Flourishing” is the core category. SCC leaders believe that both
locally and globally for-profit businesses are better suited than nonprofit
organizations for solving social and environmental problems. The following is a
quote from Participant 10 that communicates this point:

> I think I would say that in the modern world, business as an institution, for-
profit business has the greatest capacity to make a positive difference. More
than governments, more than non-profits, when business operates in a way
that does good for the planet, you can have more impact than any other
institution to really transform the planet.

(Participant 10, Partner/principal consultant of a leadership development firm)

Furthermore, these leaders believe that running a business with a socially conscious
approach can deliver benefits to society different from those generated by
conventional profit-based commerce. Many conventional capitalist leaders focus their
businesses on generating profits and define success in terms of how much money is
made. Only once a certain level of profit is made, do most of these businesses
contribute to charitable organizations in hopes of addressing societal and environmental problems. SCC leaders and their businesses are different; their reason for existence is not based solely on generating profits. Rather it is based both on making money and on fulfilling additional purposes—such as improving the lives of workers or preserving the environment:

…obviously in addition to [keeping] customers, you've got to also treat your employees properly, you want them to be fully engaged, you want to give them good working environments, you want them to be given full human places to be where they can thrive. You also want to be good to the environment, you want to be good community members, you want communities to want you to be there, and of course you've got to offer and return a good return to your shareholders. Part of the … model says, "Let's make sure we're providing the value throughout the entire stakeholder chain and not just trying to maximize shareholder return."

(Participant 8, president/founder of non-profit food store serving marginalized people; former vice president of a national chain of socially conscious grocery stores)

Part of the reason we exist is to create social change, not just look after our own bottom line and that's a big deal. I would also say how we do the work, bringing consciousness to how we do our work, is as important as the work we do.

(Participant 25, founding partner of a firm that advises companies about issues related to diversity and inclusiveness)

One of the primary reasons that I started the company…was I wanted to start an HR [human resources] business that really was founded on the conscious capitalism principles… [I wanted] to be able to have an HR company that really focused on really bringing the human back into human resources, basically.

(Participant 11, CEO/owner of a human resources firm)
For SCC leaders, success is not a one-time event, but must occur repeatedly over time. It is defined in many ways, but when broken down to its essence, “success” is defined as coming closer to achieving a purpose or mission. This purpose/mission, which varies from company to company, is central to the company’s identity and is grounded in humanistic values. The following quote comes from Participant 9. This was his response when he was asked what was the most important pillar of conscious capitalism.

I really think the most critical is the…higher purpose. The higher purpose, it's really the key and the blood of the conscious capitalism…you can do business with a higher purpose than just money, and that's just the bottom line. I mean you can do as good as a business as a regular capitalist business from a numbers standpoint, but you could just make the same business better just by having a higher purpose and respecting people. You know operating differently, and trying to engage, and respecting all the stakeholders, and that would make a huge difference.

( Participant 9, CEO/owner of mid-size specialty foods company)

The following quotation comes from Participant 6 in response to being asked what was the higher purpose of her business:

I like seeing [my clients] be successful. It's not necessarily about teaching them how to do it themselves, but it's more about having a collaborative relationship, where they're excited about their business again and we're excited about their business, and then things happen. That's when the magic happens.

( Participant 6, owner/marketing consultant)

It is important to note the humanistic values of respect and collaboration are mentioned in these quotations. Values—identifying them, expressing them, using them as guides, and living them—were very important to the SCC leaders of this
study. The next section delves into the properties of the “Business as a Movement: The Journey towards Flourishing” and touches on these positive human values.

“Business as a Movement” is a term coined to suggest a role of business leaders, especially SCC leaders, to harness their business for the benefit of society. That is, SCC leaders who embrace the idea of “Business as a Movement” (in conjunction with relevant stakeholders) use their skills and influence to generate beneficial social/and or environmental results. The following quote is from Participant 24 describing part of her company’s “Purpose Manifesto” or purpose statement:

The third part [of the Purpose Manifesto] is, we make life the center of business. It talks about being purposeful and conscious. It talks about placing people before profit, the regard for communities, the environment, consumption and the final sentence in this is, “We can change the lives of those who arrive long after we’re gone.” It’s really thinking about the legacy we leave as a company and then ending with the words, “This is business as a movement.”

( Participant 24, director within a global retail company)

“Business as a Movement: The Journey toward Flourishing” is a "quiet" movement or "social non-movement" (Bayat, 2007) because only some of the participants realize they are a part of a growing trend to reform how conventional business is done in North America. For example, one partner/co-founder (Participant 22) from this study uses a socially conscious approach in her business of building sustainable residential and commercial properties. Besides implementing a socially conscious “manifesto” that everyone in the company follows, she reduces potential damage to the environment by designing and constructing buildings that use passive solar energy technology for heating and cooling, thereby minimizing the use of fossil fuels:
Our specialty is sustainable residential design. It kind of goes hand in hand that sustainability also has something to do with protecting people and the environment by choosing the right products and reducing the energy use of our buildings. There is that kind of socially conscious aspect of it… We wrote a bit of like a kind of design methodology or manifesto. We wanted to focus specifically first on building sound homes, so buildings that needed very little maintenance and that were going to last for a long time, more than the average home, so hundreds of years rather than dozens of years.

Our second tenant is focusing on passive solar design, so using the sun's energy to provide free heating in the winter time or shading the building properly to prevent overheating in summertime.

The third tenant after that is a building-science-based one, so advanced envelope detailing, so making sure that the buildings obviously don't leak water, don't leak air, are well insulated, and are non-toxic in their interior environment.

The fourth tenant was about using energy-efficient systems, so equipment that didn't waste energy.

The last tenant is using energy-harvesting equipment, which is something that can always be added on to a home later, like solar panels or what have you.

( Participant 22, partner/co-founder of architecture firm)

This owner/leader exemplifies the other leaders in this study who foster social and environmental benefits through SCC yet are not fully cognizant of others using similar methods for similar goals. Akin to approximately two-thirds of my interviewees, at no time during her interview did Participant 22 refer to SCC as a movement. Some of those interviewees that did refer to SCC as a movement were concerned that it is not developing fast enough or that it is still underdeveloped. The following two quotes speak to this point:

I believe there are a lot of people out there that somewhere inside of them, they're asking these questions and they want to be good people. Maybe society or the business or the current company they're working for isn't supporting
their intuition around the human spirit. I would encourage them to go find...someone to talk to about the intuition and the instinct that you're having inside. Without asking those questions or being more curious, this movement isn't going to move as fast as I hoped that it would.

(Participant 5, CEO of manufacturing company)

I find in Canada this [socially conscious business] community is very underdeveloped. There's not a lot of places for networking and collaboration. I also find that charities kind of need to network. They need to network just because they do need to. I've worked corporate side and business. What I wonder about is how do businesses that have never even ... Maybe [they] wouldn't disagree with this path, but have never been introduced to it, or have never thought about their business in this way. What is the movement or the instigating thing that is moving people to this?

(Participant 16, president/founder of a communications firm)

**Properties of “Business as a Movement: The Journey towards Flourishing”**

**Expression of values through business**
The first property of “Business as a Movement: the Journey towards Flourishing” is the expression of values through business. This means that SCC businesses are vehicles for conveying the core values of the firm’s owner/leader. In socially conscious businesses, owners/leaders tend to imbue and embed their core values into almost every aspect of their businesses. Several leaders stated that their values were embedded in the policies and procedures of their organization. When Participant 10 was asked whether socially conscious values underpin what he does as a leadership development consultant, he replied, “Yeah. Very much so. They are sort of embedded in the way that we develop.” Another leader, Participant 25, responded similarly when she was asked how she defined her leadership:
I would say we try to really walk our talk. I think that's one of the markers of a socially conscious business... The *how* is as important as the *what*, you know? Embedding. We're not just working for change in the external world, but we're embodying it ourselves and in the way we work and the way we treat people internally. What kind of leader would I be? Authentic?

( Participant 25, a founding partner of a diversity and inclusion firm)

This next quote comes from a respondent who is defining his role as a leader. He talks about how leaders of conscious businesses have to “live it.” This means that essentially their values and behaviors must be compatible:

If I want better results in a business, it goes all the way back to...leaders, in my opinion, setting the tone and the right tone for the type of culture they want throughout the business. They've got to live it. It's got to be integral, it's got to be congruent to what they're saying. They can't say one thing and then act another way. I think ultimately that comes back to bite them in the butt, and I think that it creates cultures that aren't healthy and don't thrive.

( Participant 8, president/founder of non-profit food store serving marginalized people)

Here is another quote where it appears that the value of care is embedded into the company’s wellness policy:

We have a very deeply embedded wellness program. We have somebody on site who is a wellness leader. Her title is wellness leader and she brings experiences to the workplace—yoga, massage, acupuncture, tarot card reading, reflexology—all kinds of things.

( Participant 24, Director within a global retail clothing company)

I identified thirty-five different values that leaders expressed in their socially conscious businesses. The top five values that leaders interviewed in this study especially emphasized were: caring, being of service, being committed and engaged, working collaboratively, and showing respect. I will now describe these values in
detail and then continue with the second property of “Business as a Movement: the Journey towards Flourishing.”

Caring
The most frequent value stated or implied by the SCC leaders in this study was that of caring. Caring means showing concern for others and it comes in different forms. The following quotations demonstrate how SCC leaders underscore the importance of caring:

I want to help my employees. I want to give them a job that they enjoy more than the job they had before, or I want to give them the job that they never dreamed they could have. Both sides of those scales are important to me.

(Participant 6, owner/marketing consultant)

But I really think it comes down to, [what the] people in the organization believe, or know, that someone in the organization cares about them as a person and that they know the organization supports people caring about others as people. I think those two things are really important.

(Participant 9, CEO/owner of mid-size specialty foods company)

Companies that create positive, healthy, vibrant cultures outperform those that don't... I would say that there's lots of evidence, it's anecdotal but some hard evidence, that shows that, no, treating your people well, creating cultures of positive and care and trust, these are actually smart bottom-line business decisions. They're not just intangible, soft, mushy, kind of “woo woo” sort of decisions.

(Participant 8, president/founder of non-profit food store serving marginalized people)

…but if I were to really go to the heart of what it is that motivates me it's consciousness. It is that I'm offering a space that people can come to that, they themselves can bring consciousness to their own lives, their own way of being in the world. That it is more in support of mindfulness, in support of care, care with themselves, care with others, care with the environment.
(Participant 18, CEO/owner of a health services clinic)

[In our company culture] you'd experience a lot of warmth, a greeting, you'd be offered a number of things to make you feel comfortable: food, space, other ... You would be asked how you were doing. There's warmth, there's laughter, there's humor. We share regularly when we're hitting trouble spots so there's really ... I think we have a culture that the whole person is accepted here but not in a heavy way...

(Participant 25, founding partner of a diversity and inclusion firm)

…I'm very heart-based. I care for people, so my approach is usually to really hear from them as well.

(Participant 1, owner/marketing consultant)

Being of service.
In addition to practicing the value of care, SCC leaders and their employees also make being of service central to their businesses. Being of service to each other helps create an atmosphere of care and kindness which enhances commitment and reduces conflict. The next quotation comes from an SCC leader who approaches life and his business from the perspective of being of service. He acknowledges it is important to think of oneself, but states that it is actually more rewarding to think of and be of service to others:

It's this idea of really, again, sort of approaching life, approaching business, from a perspective of, "How can I be of service to you?" And that's very powerful. You know, we're all ... We have to look out for ourselves, don't get me wrong. I mean, that's important too. We have to take care of ourselves. But if it's just about us and what's best for me right now and what do I want...I think ultimately that kind of limiting perspective versus coming at life from, you know, "How can I be of service to you?" I think that's ultimately actually a much more rewarding way to live life…and to do business.
The following quote comes from an SCC leader who identifies two types of customers—"the customers who pay us and…the internal customers that we pay.” An employee who is treated like a customer is valued by the company like a customer is. The company tries to be aware of each employee’s needs and problems and tries to take actions to keep the employee satisfied. Leaders believe that by viewing employees as customers, they are able to create and maintain a culture that benefits everyone in their business ecosystem:

Well, you know, we're 14 years old now but when we formed the company there were three of us that started it, and kind of central to our belief system was…we wanted to have a culture that had a positive impact on people and their lives--both internally and externally in the communities--really on anybody that we touched, for many types of stakeholders. That was an important aspect of our view of why start a company at all…we have an expression that we say often, it is that “organizations exist to serve people, not the other way around.”

The next quotation comes from an SCC leader who makes the point that in order to provide excellent service to customers, employees must be committed to the idea of providing care and service:

I'm a service freak. I've been a service mentor and champion for twenty-five years in business, and there's a saying that there's only two kinds of service that people notice: horrible service and extraordinary service, and we talk about both as human beings. But everything right in the middle, average service, just goes totally unnoticed because we expect it. So, a conscious business is focused on creating that extraordinary service level that comes from a place of care and love and a genuine connection and contribution to our fellow human beings.
The following quotation comes from a respondent who believes that leaders should be of service:

I think that conscious leaders are leaders that recognize that they are there to serve a purpose, to serve the purpose of the organization, there to be conscious about their impact and their wake on a business. They're there to know that they have a very special role to play, but it's one of service, and it's one of service in the realm of executing on the mission and the vision... To some degree, leaders get the organizations they deserve, and know that you can't very well expect others to treat people fairly and create an atmosphere of trust and freedom, and have people come to work fired up and ready to go, if you're not treating people that way.

Collaboration

The third value that SCC leaders express through their businesses is that of collaboration. Working collaboratively with clients, employees, and other stakeholders enables individuals to share their ideas and feel heard. This in turn fosters good relationships. In the next quotation, an SCC owner describes how he works collaboratively with his employees:

The way that our desks are set up is that they face each other. It's a very collaborative environment. There's lots of discussion during the day. One thing that I do, is not talk about work, but we'll talk about what's going on with Trump, or what are the ramifications of Uber and Air B&B. We always have these social consciousness discussions which allows us to understand each other better. It definitely raises the level of awareness and we research stuff together on these topics and whatnot and come back the next day with a report or a research finding.

Another leader describes the benefit of collaboration to his company:
...our purpose is to help people do their best work, and that gets to the nature of the type of work that we do as a company. But we say...both internally and externally. Internally it's, how do you draw on the strengths and talents of people to put them in positions to contribute to society and to create value with the talents that they have? We believe that when you connect and collaborate with other talented people you collectively can do far more than you can with yourself.

(Participant 7, CEO/owner of a leadership development firm)

Although many SCC leaders in this study were heads of consulting firms, they did not tell their stakeholders what to do. Rather, they worked in partnership with their employees and clients. In the following quotation, an owner of an SCC firm describes how her team works with their clients:

What we do with our clients, is we talk about what's important to them. We work with them on...tell us about your culture, tell us about your values, tell us about how work gets done, tell us about the profiles of people that are really successful here. So, we start talking to them about what they're doing currently and then where their pain points are and then where they want to end up.

(Participant 11, CEO/owner of a human resources firm)

Commitment and engagement

The next values to be highlighted are commitment and engagement. SCC leaders tend to be very committed to their employees which helps create a safe culture. The following quotation is from a leader wanting to make sure employees are not overworked or compelled to take on unreasonable or especially onerous tasks:

I think I also see my role as being sometimes a protector, you know? Like I'll often do stuff that's really hard or stuff that people don't want to do. I see that's really my responsibility as a business owner, like when things are going really tough, I have to step up to that, to do whatever needs to be done. I owe that to the people who work here. I don't see it as a kind of protect myself over
everyone else sort of thing. I think that's really important as a business owner and that we really value the people who work here. It's not like a take as much as you can, run away with all the money sort of thing.

I shield them from that. For example, if there is a deadline and we have to meet something, I'll send everybody home and do the all-nighter to get the project done in the morning. I try to shield my employees from that kind of madness as much as possible.

(Participant 2, president/owner of a technology firm)

SCC leaders tend to be committed to advancing employee skills. SCC leaders believe that when employees sense this, they place more trust in the leader and the organization. These quotations indicate that SCC leaders want the best for their employees:

If I can create an organization that creates an environment where people can be themselves and be their best selves because they feel safe, they feel trusted, they're developing their skills and their skills as a human being. It’s amazing what people can accomplish.

(Participant 5, CEO of a manufacturing company)

For my employees, I try to develop them as best as I can. I tell them that it's unrealistic for me to think that you will be with me your entire career, but I would love to make sure you learn key, not just technical skills, but key employability skills that you can take, or that will stay with you for the rest of your career. I think I'm very, I guess, nurturing from that standpoint.

(Participant 2, president/owner of a technology firm)

On the other side of the coin is employee engagement. SCC leaders involve their employees in their decisions which helps to maintain a strong culture. In the following quotation, one leader explains that collective involvement from all employees has led to their continued success:
…our success is a consequence of our collective involvement. It is true, in a services business, one of the hardest things is business development. It is everybody's job. We have ways…that we involve everybody, and we measure that involvement at the company. By measuring it, it drives the behavior of “we are in this together.” We are a team, and teams that share success together and share failure together, build trust together. That's transparency. That's confronting reality, and that's loyalty all worked into one.

(Participant 3, CEO/owner of a technology consultancy firm)

Another leader explains that everyone in their meetings is expected and empowered to participate. Having the freedom to question or share one’s ideas without fear maintains an open yet safe working environment:

So, there's nobody who says, "That's not my job," or passive or whatever. If a number doesn't make sense up there anybody is empowered, including a brand-new intern, to ask a question and say, "... I don't understand why this thing doesn't add up or why would we do this or why haven't we done this…or what about if we ... " all of that kind of thing. So, although one person is up there reporting, the concept is that the whole employee system is engaged in the success of the business.

(Participant 20, COO/consultant of leadership development and higher education organization)

Showing respect

The final value practiced by SCC leaders and their employees to help build and maintain a strong SCC culture is the showing of respect. SCC leaders believe that when all stakeholders are held in high regard or esteem, they are more likely to be committed to the organization, which in turn improves performance. The following quotation comes from a leader who sees respect as the foundation of his stakeholder relationships:

I guess from my business values standpoint, I would say that…to summarize it, it would be respect each person's value, what they bring to the table. Right?
Whether it's my vendors, whether it's the clients, whether it's the employees, it's just a level of respect for what each person does. Like I said, I'm feeling...a lot of selfishness in business where people only look out for themselves. They'll make decisions that suit them, to heck with everybody else. It's just business. I hear that all the time. It's just business. That's not me. I value people.

(Participant 2, president/owner of a technology firm)

Part of showing respect is demonstrating acceptance of another person. This allows the person to be themselves, which again allows the person to feel safe in their environment. In the following quotation the leader discusses how accepting others’ “whole selves” allows people to feel welcomed and comfortable in their work environment:

I think a lot of it has to do with inviting people and making it clear to people that you accept their whole selves when they show up at work; so there needs to be a culture where it is very clear that people can be completely authentic, and they don't need to package themselves in a way that fits some kind of expected mold. That means being able to talk like you talk and dress like you dress and tell people what you think without having to do an awful lot of editing and tell them who you are basically and having an environment where that is expected and welcomed and comfortable for people to the extent that they want to bring their whole selves.

(Participant 4, owner/strategy consultant)

The following leader, when asked about the values or principles she uses in her work, not only talked about having respect for her clients, but also respecting the process of each person as they do their “inner,” personal development work.

I think about respecting the process that each [person has], so that the clinic space itself has a life, or a value in the community. Somewhere that people can come that's a safe space that they can explore their inner work, and their body, mind, spirit. I think that the importance of how I operate the clinic then needs to reflect that same offering that I'm making to the community, which is that it is more contemplative, more allowing for things to have time, and space, and respect.
The values detailed above are so strongly held that leaders are willing to make less money if it means they are "living their values"; that is, their actions as expressed in their businesses match the principles they espouse. The next quote is from Participant 15 who has been an owner of a gym, where she teaches boxing, for over 20 years. She is willing to make less money as long as she is able to keep her gym open for the women she serves:

Most people would bring in a consultant to help their business make more money. Other people would bring [a consultant and] possibly make less money…because I think of that all the time, I mean, our business makes no money. You know what I mean?... We're so behind making sure that it always exists, because it's having a huge impact on women and the community.

I think our business has always been that [socially conscious], partly because I've never been a business person. I've always just been a boxing coach who needs a roof over my head…Yeah, I'm sure if somebody was a business person, this puppy could've made money, but I'm not a money person. I just want to keep doing my passion. Quite often at the end of the month, I need to say a little prayer even though I'm not religious, that a thousand or more dollars will show up overnight before the rent check goes through. Somehow, I'm telling you, somebody up there is looking out after us, because it always happens.

The following is another quotation that makes this point:

If I'm making money screwing people over, I'm not interested in making that money. That's the simplest way to say it. I want to help people.
Meaning attached to the experience
A second property of the core category is the meaning attached to the experience. For SCC leaders in this study, the creation of their business was deeply meaningful, indicating a profound, worthwhile, and deeply enriching experience. Thus, SCC leaders find satisfaction and meaning from building an enterprise that delivers, besides an income, benefits for society, the environment or both. For example, a director that helps run a socially conscious apparel company, finds it meaningful that the firm uses ethically-sourced materials to make almost all their clothing. The company also pays all its employees a living-wage and encourages personal and professional growth through company-sponsored programs. This leader loves coming to work because she knows the company is having a positive impact within its own supply chain and within an industry known for appalling employment conditions and environmental abuses:

We have the opportunity here to have impact on not only on the people in our supply chain and on the ground to planetary. The earth that we impact, the crops that provide our fibers, but we have an opportunity to inspire change on a business level, on an industry level. Who could have ever imagined that fifteen, twenty years ago. That was never an aspiration of ours but to feel that we have the opportunity to change the way apparel was made and the way the industry is run is an incredible gift and I feel like every day I love coming to work. It’s just to be with people that I care a great deal about and to do work that I feel has so much meaning in the world is really a gift.

(Participant 24, director within a global retail clothing company)

Another leader also found her work meaningful. Participant 22 and her partner’s first project was to build a sustainable home for her parents. The following quote is her story and speaks to how building a social conscious business can a significant impact:
When we were finishing our master's degrees at architecture school...my parents decided they wanted to move and bought a piece of property in the country, and said, "Design us a house." Sustainable design was something we'd always been interested in. We did it in school. It just felt like there was a very kind of natural fit with the tenants of sustainable design...We designed them something that was pretty wacky at the time. When we started talking to local builders, people were just like, "We're not going to touch that with a 10-foot pole." [My partner] and I, I finished my master's degree, [my partner] quit his job. We moved up to that town and actually built the house ourselves, which was probably pretty naïve, but my parents had a lot of faith in us, and so we did it. It's a real house. They still love it. They still live there. We had such an amazing experience. It was really fun, [perhaps that’s] too silly a word, but it was incredibly... It was more than just fun. It was really incredibly meaningful and profound. When it was finished, we were just both like, "Wow, we have to do that again."

(Participant 22, partner/co-founder and architect)

**Leaving a social and/or environmental legacy**

If an SCC leader has enough capacity, he or she can leave a social and/or environmental legacy, which is the final property of the core category. Many of the people interviewed for this study felt it was very important to leave an inheritance of a sustainable environment or social system. One respondent, (Participant 10, a principal partner in a leadership development consulting firm) stated, “We want to leave a legacy that says the work we did contributed, or at least tried to contribute, to make the planet better.” He asserted that the work his company is doing, produces a “small dent in making this a better world.” When the next interviewee answered a question about purpose, she ended up describing her CEO and how the ideas around purpose and legacy really originate from her:

[The CEO and owner] of course, has been at the helm of the company ever since its founding and it was only [six] years ago when she had a very huge personal shift in how she wanted the company to move forward. [Establishing the company purpose] was the result of her coming to terms with what’s going
on with the planet, in terms of the water scarcity and climate change issues etcetera and really recognizing that we as a company have a tremendous impact on the planet and the people in the planet and that we are part of industry that has a massive and painful, just terrible and sad impact on the planet and the people on the planet and how can we first reverse our impact and become a healing company. Then how can we model that for the industry as a whole and really bring the industry along and that would be the legacy part.

(Participant 10, director within a global retail clothing company)

The next quotation is from an interviewee who also described her founders when talking about legacy:

...financially, [the founders] could have taken money and gone and themselves personally, would have been way more set than they are today, but that wasn't the point. The point for them is to leave this legacy of consciousness before they pass on. We operate on a 200-year vision, it is now a 196-year vision of a world that works for everyone, one person at a time. For them [the founders] it's really passing the baton to the next generation, which is why the graduate university got started so rather than it be focused on these two co-founders, we would be graduating doctorate level candidates for furthering research, integrating the latest things that help impower people to draw their potential.

(Participant 20, COO/consultant of a leadership development and higher education organization)

Finally, when the next interviewee was asked what was rewarding about running a socially conscious business, she responded by describing the legacy she is leaving for her children:

I have a young daughter, my first child...I am doing work that I believe is more and more in need in this world and I'm doing it in a way that I can still be there to raise my daughter as her primary care-giver to demonstrate to her the idea of ambition and compassion. Well, those two things aren't mutually exclusive. You can have ambition and you can have compassion. You can be socially conscious, and you can still have a profitable business. You can build a business around the social mission and create impact in the world.
I'm showing her what's possible. I'm showing her the ways in which I've taken a very traditional business, a fairly traditional idea, traditional model and made it so innovative in such a way that I've made it mine...and that is something that is incredibly rewarding to me... She'll see her mother who has managed to really work across boundaries, across spectrum, to be able to mold a business into something that reflects who I am and the values that I have...and that's the legacy.

(Participant 19, CEO/owner of a consulting services firm)

Because SCC leaders express positive values through their businesses and attach substantial meaning to their work, they will likely leave society and/or the environment in better condition for future generations. Please refer to Table 4.1 for an overview of the core category and the main categories with their properties.
Table 4.1 Overview of core and main categories and their properties

<table>
<thead>
<tr>
<th>Core category</th>
<th>Business as a Movement: The Journey towards Flourishing</th>
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</thead>
</table>
| Properties of core category | I. Expression of values through business | a. Caring  
b. Being of service  
c. Collaboration  
d. Commitment & engagement  
e. Showing respect |
| | II. Meaning attached to the experience |
| | III. Leaving a social and/or environmental legacy |

<table>
<thead>
<tr>
<th>Main Categories</th>
<th>Properties</th>
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| Sense of Purpose/Mission | I. Making a difference  
II. Money orientation |
| Fostering Key Stakeholder Relationships | I. Values alignment  
II. Time orientation and type of interactions  
III. Interdependence |
| Cultivating a Culture of Learning and Care | I. Identification of core values  
II. Use of values as guiding principles  
III. Intentional practice of values  
IV. Open information sharing  
V. Personal/professional learning & growth |
| Values-Centered Leadership | I. Capability to lead with values  
II. Passion  
III. Conscious mindset |
| Crafting and Creating Value | I. Commerce based on non-monetary values  
II. Adding value to the community |
Main categories of “Business as Movement: The Journey Towards Flourishing”

Introduction
“The Journey” portion of the core category is the process by which “Business as a Movement takes place. “Business as a Movement: The Journey towards Flourishing” contains within it six subprocesses that SCC leaders undertake. They are as follows: defining a purpose/mission, providing values-centered leadership, cultivating a culture of learning and care, fostering key stakeholder relationships, and crafting and creating value. Each subprocess is a main category within this study and represents a step on “the journey” that facilitates “flourishing.” According to Andrew J. Hoffman, the Holcim Professor of Sustainable Enterprise at the University of Michigan, to flourish means “not only to grow, but to grow well, to prosper to thrive, to live to the fullest” (Ehrenfeld and Hoffman, 2013, p. 6). Flourishing is not something that can be measured, rather one strives “to attain it, to bring it forth” (Ehrenfeld and Hoffman, 2013, p. 60). For this study, flourishing is the consequence of “the journey” and is what SCC leaders and their companies work towards when engaging in their businesses. Thus, for this dissertation, SCC businesses are said to be “flourishing” when they are growing well and coming closer to achieving their purpose or mission.

The next five sections explore the main categories and their properties. The sections will also include representative narratives to further explain the main themes and place them in context.
Sense of Purpose / Mission

Making a difference
The company’s core values are articulated in this main category: “The Sense of Purpose/Mission.” As mentioned earlier in this chapter, the purposes/missions of the SCC firms in this study varied in specifics and were grounded in positive human values. But at the heart of each purpose/mission was the desire to “make a difference.” This is the first property of “Sense of Purpose/Mission.” Some leaders spent considerable and concentrated time thinking through the company’s values to create a purpose/mission statement. Other leaders had no purpose/mission statement per se but were able to articulate why the company existed when asked. In some cases, the interviewees indicated that their behavior conveyed their purpose/mission. Here are some quotations where respondents are expressing essentially the idea of making a difference as part of their business:

Our purpose in its most simplistic level is to make people's lives better. We use a term called "we shape the world around us". That means that you use our [manufacturing product] in almost every facet of your life, every day. Literally, we're shaping the products and the things around you. On top of that, with our values and our behaviors and the way that we engage with people and our culture, we shape our world, our individual world and our team world and our collective world by how we interact with each other.

(Participant 5, CEO of a manufacturing company)

…the higher purpose of our company is to sell a product with a higher level of quality standards. We foster sustainable programs with Fair for Life, with biodynamic, with non- GMO [non-genetically modified organism], with organic. We try to push the envelope to the highest level as possible. Yes, you can sell food today, but you can sell food with a higher purpose. I think the

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3 The words “mission” and “purpose” were used interchangeably by the participants in this study and hence both were included in the title of this category.
things that we've decided, is really to engage and reach [for] this higher purpose of selling food with the best quality, and highest standard possible, including the Fair for Life...where we help those farmers get a bigger paycheck just with the food we buy from them.

(Participant 9, CEO/owner of a specialty foods company)

[We are] bolstering individual and organizational leadership so that collective change goals ... So that individual and organizations can be more effective at reaching their social change goals. Broad, systemic change is a real focus for us. Even though we aren't a leadership consulting organization, we work...we're always thinking in terms of the broader society, the patterns, what needs to get shifted, you know?

(Participant 25, founding partner of a diversity and inclusion firm)

Money orientation
Money orientation is the second property of “Sense of Purpose/Mission” category.

Most of the SCC leaders interviewed had some money orientation, meaning they did not consider making a profit as the main purpose/mission of their firm. Some respondents deemed profit necessary to run the business, but it was not the primary reason they were in business. Some other interviewees stated that they needed money to run the business and just a bit extra for personal purposes. The following quotes provide context for the “Sense of Purpose/Mission category:

We need profit. Company goes out of business without profit, period. That's the air a company breathes, so that's like air to a company. Must have it. But what is that purpose beyond? My purpose for the company is establishing this trust environment and changing [the] perception, [of] the IT profession, through trust.

(Participant 3, CEO/owner of a technology consulting firm)

…capitalism is one of the more powerful creations of the human mind for how we exchange value in goods and services, and that when you do it with a
conscious understanding of a value system that says that businesses should have a deep sense of purpose that goes beyond just making money. Profits are essential, they're important, they're critical, but they're not the sole reason why a business exists.

(Participant 8, president/founder of non-profit food store serving marginalized people)

I think my motivation around money is just so that the bills can be paid that can keep the space open to make it available to people to come. Some basics of just functioning, like some money enough to function. Then a bit of extra money so that I can continue my own inner work, which would include continuing to learn, to take courses, to do retreats… I really believe in the flow of money; that ideally in an idealistic place for me it would be that everybody has enough to meet their needs, and that the money is flowing in a community, or in an international way to help that be so.

(Participant 18, CEO/owner of a health services clinic)

I would say the business grew out of, really, the personalities, experience base, and values that myself and my partner had because we're the founding partners of it. So, of course, the business and the work reflects that. Neither one of us, although money is important when you're running a business, you need to pay expenses and have a little bit left over, otherwise it wouldn't be called a business… But alongside making enough to live on, [is] having social impact…

(Participant 25, founding partner of a diversity and inclusion firm)

**Fostering Key Stakeholder Relationships**

**Values alignment**

The “Fostering Key Stakeholder Relationships” category highlights the importance of relationships in SCC businesses. A significant property of fostering key stakeholder relationships is values alignment. This means that the values of the company and the values of the stakeholders are compatible. For example, when hiring new employees,
SCC leaders are careful to choose those individuals who share the company’s values over those individuals who did not. The following are responses related to the alignment of values:

My vendors love me, because they don't have to deal with any unethical or questionable behavior. If I spend two or three weeks going over a quote [I’m] about to procure a lot of equipment for the data center, my reps know that I'm not going to take their three weeks of time and then turn around go to the vendor who offers it to me for the lowest price. I'm going to respect the fact that they took the time to understand, to come up with the solution, and then procure with them. They all tell me, "A.P., we give you the best pricing, because we know you're loyal. We know that you're not going to take our ideals and then just run for the cheapest price like a lot of our other clients do. They have us do all the work, and then they go online, and they purchase it for rock-bottom prices." I don't do that. From a vendor standpoint, there's no issue there.

(Participant 2, president/owner of a technology firm)

[Our] basic strategy is finding companies that are struggling to grow in local markets, and we have a very good public relations arm, very strong vision and strategy. But we find partners that are maybe struggling growing their company, but they share very similar values, have a consciousness whether they realize it or not, [they] share the practices of conscious capitalism, unconscious conscious capitalism and then we acquire them.

(Participant 3, CEO/owner of a technology consulting firm)

Don't hire people that don't believe in [the company’s values]…Yeah. If [they] don't believe in it, that's not who [they] are. Just because some guy just came to you from P&G [Proctor& Gamble], if he doesn't believe in who you [are] and he doesn't describe the same value set, you can't have him.

(Participant 5, CEO of a manufacturing company)

When I've been doing my networking and proposing for certain jobs, I'm paying attention to who it is that I'm proposing to. When I sit down and do exploratory discussions with them in order to create a proposal, I'm not only looking at the type of work. I'm actually considering who are these people,
how do they talk to me, what does it seem like their culture would be, and do I want to make myself a part of that even for a temporary period of time. There have been opportunities to potentially work with some consulting organizations with people who I've known before from my banking career, and I know what that would be like. I know how they drive their work, and I know how they say they set an expectation of what the work should be and then I guarantee that the expectation would be bumped up once you're in it, so I know that that's what that would be like, and so I haven't followed up on those conversations. I'm not interested in working that way.

(Participant 4, owner/strategy consultant)

Part of it, I think, is having the kind of big picture view of things to be able to create that purpose. We didn't have that really crystallized for the first few years. I've noticed a big difference just in team alignment since that's been done. That's on me to make sure that that happens, to make sure that those values are created, to make sure that we live by those values and that we're holding them all the time.

(Participant 15, CEO/owner of a communications firm)

Time orientation and type of interactions
The next two properties of fostering key stakeholder relationships are very closely related and so will be discussed together; they are time orientation and type of interactions. SCC business leaders and their employees tended to prefer developing long-term rather than short-term relationships with stakeholders. Also, SCC leaders and their employees favored relational over transactional interactions. For instance, one SCC leader visits his suppliers all over the world and regularly speaks with local delivery persons because he genuinely wants to build long-term friendships with them:

[We] try to have a win-win, really, relationship with them; where they win, and we win, and not always pull the cover towards us. Where it's always easy to negotiate better paying to, you know, beat the hell out of your suppliers and so forth. I don't think in the long-term it's sustainable, and most importantly, I
don't think you get the best out of your new supplier if you mistreat them. That's where I decided traveling all over the world to really engage with our suppliers, that are now friends for a long time that we've been doing business with. We really spend a great deal developing their business with them, and try to see how it works for them, and how it works for us, and really trying to make it work both ways.

(Participant 9, CEO/owner of a specialty food company)

The following are some other quotations related to time and stakeholder relationships:

We pay our suppliers faster than our customer pay us. Why? We're conscious business. Just because we're not paid, doesn't mean, ... on time, doesn't mean that our supplier shouldn't be. All of our customers are not conscious businesses. Do we trickle that down or do we become the business...And our suppliers love us.

(Participant 3, CEO/owner of a technology consulting firm)

Yeah, and one of the things I tell the clients that I work with as well, is that we love their business. But even more important than getting their business today, what's important for us is building a long-term relationship. And so, we want to build those foundations where we're going to have lifelong clients. That's our goal. Our goal is to have lifelong clients that work with us forever. To help them with their needs at the different stages of their growth, at different stages where they need help. And so, we really set the foundation and we look at everything from a long-term perspective.

(Participant 11, CEO/owner of a human resources firm)

Interdependence
Another characteristic of this main category of “Fostering Key Stakeholder Relationships” is interdependence. SCC firms are highly interdependent with their suppliers, employees, and others with an interest in the company. This high degree of interdependence means that stakeholders, besides fostering long-term relationships, are highly dependent on one another. Usually high interdependence means that the parties both benefit from their interactions. In many traditional capitalist firms,
“feelings” are expected to be left at the door so that interactions remain “professional.” But in SCC firms, for example, caring long-term relationships are built between stakeholders, therefore fostering a more family-oriented environment. This could improve workplace collegiality and overall work efficiency.

One executive (Participant 3, CEO/owner of a technology consulting firm) at an SCC company described the close relationship his company had developed with a caterer. “Literally, our caterer hangs out with our company in Dallas every morning.” That caterer brings food for classes in the morning and then stays to mingle. “Our employees know him. Everyone, not just the people that buy. He sits at our table. He breaks bread with us.” The executive is proud of the friendly, welcoming, cooperative atmosphere that the company has cultivated and has extended to many others connected with the company. “The security people know that our space is their space. We have open community space with free drinks and free snacks. The security people know they are welcome. The business managers know they are welcome.” Likewise, suppliers are welcome. “Even though they're suppliers and we're paying them, we have a better environment than most of them and we share our environment. You can tell I'm very passionate about this.”

Another leader (Participant 2, president/owner of a technology firm) believes it is important to pay suppliers right away. He stated, “If you have the money to pay a vendor who you owe money to, don't wait for the thirty days. If you have the money
now, pay them now. Right?” This demonstrates his caring nature. The leader pays
the supplier early knowing that it will help that supplier in his or her business. Other
example quotations that demonstrate interdependence are as follows:

I think it boils down to relationships. I really feel like one of the markers of
being conscious is that you understand the impact of your work is really about
relationship and so, rather than trying to, I think, in the corporate sector, it's
not about being in relationships, it's about relationship over ... Where
consumers are a means to an end, of making profit...

(Participant 25, founding partner in a diversity and inclusion firm)

Yeah, I have started an organization called TRC...and we offer sustainability
consulting services. I'd say we take perhaps a slightly different approach than
maybe the traditional firms out there. Right now, we take a quadruple bottom
line approach to sustainability, along with considering environmental social
and economic interest concerns. We also look at personal wellbeing seeing
that, as a foundation, to what we're talking about when we talk about
sustainability.

When I say personal wellbeing, it's recognizing that the relationship and the
connection we have to selves, and that's everywhere from how we take care of
our bodies, our physical health, our mental health, and our spiritual wellbeing.
It is all part, and I'd say a foundational aspect, of how we relate to others and
how we relate to the natural world. When I say natural world, environment,
but again there tends to be a separation between us and the environment, but
what we're saying is that it's actually all very much connected. And it's until
we really realize this fundamental truth, you can say, in our perspective, we're
really just fiddling at the margins of things.

(Participant 13, principal/co-owner of a sustainability management
consultancy)

Well, the conscious aspect of this [business] is recognizing that we are really
all one community regardless of where we're located in the world. That we are
all connected to one another and when someone exploits someone, even
through technology, that the impact is felt, both locally and in the geographies
of the people where they're exploiting. And so, the concept of having
conscious awareness around the fact that when something is cheap, it comes at a cost to another fellow member of our global community.

(Participant 14, founding partner of a business development cooperative)

We’re moving [away] from a shareholder mindset, which is it's all done for the mighty dollar to please the shareholders. A stakeholder mindset is a more broad and inclusive mindset. It's recognizing that interdependent nature of not just life but the human foundations of business. So, it [a stakeholder mindset] really creates a broader view of how do we add value across the entire ecosystem of a business? And when I say ecosystem, I'm talking about all stakeholders, and that includes not just your traditional ones like your customers or your shareholders, but also your employees, your vendors, your suppliers, even your investors.

(Participant 27, owner of a coaching and leadership development firm)

Cultivating a Culture of Learning and Care

Identification of the core values
The first property of the “Cultivating a Culture of Learning and Care” category is the knowledge or “identification of the core values.” In some cases, within this investigation, the core values had already been identified when the business was established. For example, an SCC leader, of an inherited family firm stated that his company was founded on core values created many years before. His father laid the groundwork and this leader saw his job as continuing that work by preserving the company’s core values:

We were conscious capitalism before it existed….The company was founded in 1971 by my father for a very simple purpose as he saw it, and he passed down to me; that is people are inherently good. Businesses and structures and corporations get in the way of people doing the right thing. If you create a situation where people feel trusted and they feel safe, they will do the right thing. Nine times out of ten. It’s the companies that are creating an environment for people to have to lie, and steal and cheat and do whatever else, and feel disgruntled. For example, in our organization, if we say the glass
cost a thousand dollars, any associate in the global organization can go purchase it without asking. We found that our people own accountability for that money and they try to go “MacGyver” a solution or do something else. I have to encourage our associates to go spend money.

(Participant 5, CEO of a manufacturing company)

In other cases, the core values had to be discovered or developed (sometimes in conjunction with employees). One leader (Participant 16) began her business using traditional capitalist methods, but as her company grew, she realized she wanted to go in a different direction. After some reflection and research, this leader identified the values that were truly important to her and made the switch to SCC. When Participant 16 was asked if she started out as a socially conscious business, this was her reply:

No. No. We grew into it, because it was a bit of a discovery process. If I kind of go back, there's a lot of things in my career leading us to this task. It just took me some time to discover it. Before I left my corporate role, I was working a lot on cause-marketing, on the corporate side, and had a bit of a focus in that. I remember when I first started my business, somebody who I had worked with in that environment said, “This is going to be the next big thing. You really should just focus on cause-marketing.”

Even though I didn't dislike the idea of that when I was first starting out. I didn't think of it as a realistic path. I went more with trying to find clients that I felt were a bit easier to close. I started out with some small business clients that ended up ... It did.

It was just kind of take what you can get at the beginning. Then as things started, certain things happened. When they say everything happens for a reason, right? Maybe a big client that comes in, but then leaves. You're like, okay, that's because that wasn't really part of this path. That helped to crystallize in my mind what path we were trying to take. Even just to be able to articulate the vision, it's a discovery process. Right? You kind of understand loosely what you're trying to accomplish, but just how to really articulate in a way that is big enough, that is aspirational, and it's broad enough that it's not too exclusive and limiting. That was a discovery process as well.
Earlier in the interview she outlined her company’s values:

We have seven core values. They are: integrity, we frame that as, we do what's right—not easy; collaboration, and that we say, we embrace “we”; passion, we ignite greatness; accountability, we own it; creativity, we see differently; thoughtfulness, we are big-hearted; and growth, we become more.

(Participant 16, president/founder of a communications firm)

This next quotation is also related to the property of identifying core values. At the end of our interview, I asked this respondent if there was anything else important I should know; this was her response to my question:

I think that…the recognition of principles and values, [is] so cornerstone to a company's ultimate success and integrity—as an organization or as a community—that if those continue to be the guiding principles of how you operate, that it is incredibly powerful.

(Participant 14, founding partner of a business development cooperative)

Use of values as guiding principles for decisions and behavior

Another property of the “Cultivating a Culture of Learning and Care” category is “the use of values as guiding principles for decisions and behavior.” SCC leaders are committed to using their values as guides for their decisions and behaviors. For example, one respondent stated that his behavior is “founded on his core values.” Another respondent said, “When we get off track, as will happen, our values bring us back in line.” The following quotations further underscores and puts into context the importance of “Cultivating a Culture of Learning and Care”:

I think it’s the person's core values. If those core values are really strong, they won't be corrupted…I haven't gotten to a point where my business actions have driven my behavior or influenced my behavior. It’s the other way around. My behavior influences what I do in my business. That behavior is founded in my core values which are fairness, respect for others.
Another respondent spoke about the power of adhering to principles and values, and how they help her push through “no matter the ups and downs”:

If I had one big idea to share, it is that the closer you adhere to your principles and your values, no matter the ups and downs you might face in pursuing a mission, it has incredible powerfulness to keep pushing you through when you face challenges…if we stay true to the value sets that are the focus of our mission, then we can…help people regardless of how big we become. Then we'll have achieved something even if tomorrow we ran out of money or a way to continue to operate, we will have helped people, and in and of itself, that made a difference to a number of people's lives.

Intentional practice of stated values
Like the main categories discussed above, the “Cultivating a Culture of Learning and Care” category emphasizes the importance of values once again. One of the properties of this category is the intentional practice of stated values, such as those related to social and environmental responsibility in business. This means deliberately, with awareness, to practice those values related to the purpose/mission of the company. For example, in one interview, an SCC leader recalls:

I have a personal practice, for instance, that…I am with two of my leadership teams where every day, I start the day before nine o'clock. I choose one of the trust behaviors and I say, this is what I'm going to do today that aligns with developing an environment of trust. Today was about extending vulnerability and being transparent in a group, which can be scary, but that's a big trust building activity in the community that I'm here at…I posted it to them so they all know. Kind of, leading by example, and there are other practices like that.

Later in the interview, he continues:
It sounds really good when I communicate, because I love to share the successes, but there is a lot of work. There's a lot of deliberate practices, like that little practice I told you about every day with these groups. But there are other practices like making sure we communicate regularly weekly with consistent language, our values, or excellence, dedication and involvement and lifting up the success stories in those, and doing that month after month after month, week after week after week. Not just coming from me, but other leaders and other employees. But pretty soon, in the company, I would bet you ... I don't ... I would suspect, highly suspect, that a vast majority of our employees know our values, which is very, very unusual even amongst conscious businesses.

(Participant 3, CEO/owner of a technology consulting firm)

Open information sharing
Another property closely related to the practice of values is degree of open information sharing. Showing care, fostering trust, and conveying authenticity encourages transparent communication and feedback. When asked about her company culture, an SCC leader (Participant 25, founding partner of a diversity and inclusion firm) described it as “welcoming, warm, and authentic.” She also mentioned that members of the team were willing to do “check-ins” by sharing with each other what problems they were struggling with and what support they needed. The following three comments are associated with the property of degree of open information sharing:

I consider feedback and challenges and commentary on what's not going well a sign of love and respect for the organization. That's how I know things are going well, when people are talking not only about what's going right but what also is not going right. When they're talking about it, they're not pointing fingers. They're asking, “how do we go about solving it?”

(Participant 5, CEO of a manufacturing company)
We're big believers in transparency about everything, and we tell people we will share everything with you, but transparency's a two-way street and you've got to share your thoughts with us. So, we're going to ask them from time to time, and sometimes frequently. We can't help what we don't know, so that's why we do it.

(Participant 3, CEO/owner of a technology consulting firm)

I would say that part of my role is to communicate in a way that makes it clear that we are going to behave and make decisions in a balanced fashion. It can be something where I actually plan to make a statement to people to say, “Okay, folks, on our agenda for this meeting today, we are going to actually talk explicitly about our modes of behavior together because we want to make sure that we do that.” Something like having a covenant is a little bit about this. It's about making the culture explicit and making this behavior explicit. Really putting it out there on the table and talking about this is how we want to make decisions. We are going to weigh all of these things. We are going to behave towards each other this way. We are going to try and do all of this stuff in a consciously balanced way.

(Participant 4, owner/strategy consultant)

Personal and professional learning and growth
The final characteristic for “Cultivating a Culture of Learning and Care” is personal/professional learning and growth, which is nurtured in SCC companies.

Many leaders offered their employees opportunities for personal and/or professional learning and growth. For instance, three leaders interviewed spoke of offering long-term leadership and communication learning programs for their employees. The following quotations provide context for this category:

We also invest in their development…we’ve created programs which we then pay them to attend that are offsite, with several hours training in legal literacy 101, financial literacy, non-defensive communication, resume building, how to defuse tense situations. All of these sorts of things that are personal skills that we want to invest in, not just how to run the store, but we want to invest
in them so that they can go off and get themselves the best possible job they possibly can get.

(Participant 8, president/founder of non-profit food store serving marginalized people)

…for us everybody is learning and growing because of what we teach. Similarly, every staff member does our year of transformation program. If they want to continue any of our trainings beyond that, that's totally by choice but that first year we comp for them. It's $7000 value at a minimum. We comp so that they get trained in all these skills because we don't believe that we can be teaching something that you're not ... you've got to practice what you teach. So, all of our staff…anybody from the entry on up.

(Participant 20, COO/consultant of a higher leadership development and higher education organization)

Values-Centered Leadership

Capability to lead with values

A “values-centered leader” is a leader who makes decisions and acts based on their own core values and the values of the firm. A property of this category is the capability to lead with values. For example, one company in this study has “trust” as one of its core values, and the leader (Participant 3) states that they “lead with trust” which suggests that it is central in their decision-making. The leader of another firm specified the value of “integrity” as important to them. Here, this leader explains how they decide what goes in their emails and newsletters:

Whatever we put out into the world, whatever, even something as simple as an email, we try to ... Is this something we can stand behind? Are we articulating or communicating in a way that really…even our newsletter...oh, that feels a bit sales-y. Let's not use that language. You know? Sometimes we'll do a flash sale, but we don't do a lot of that because there's a ... It has to feel like integrity. What we are putting out into the world has to feel true to who we are and our values.
This next respondent’s core value is community. Here, she describes her approach contacting potential new customers to her platform:

So, my approach to connecting to people is to start to have people come on as communities. And so, I've been working with some community members to ask them if they would like to use my platform for free and bring their communities on there so that within their communities, people can collaborate, people can hire one another, and people can also volunteer and help one another. And so, I've been working with some local communities here in Toronto and eventually I hope to be anywhere people are hoping for this opportunity to connect to communities, or within their communities…as well as the individual freelancers who have been so generously creating their posts on our site and creating profiles and indicating that they're available for work.

(Rebecca 25, founding partner of a diversity and inclusion firm)

The next leader talks about courage and the importance of speaking the truth:

For me, I have a high value on speaking my truth. It takes courage. It's not easy. It's one of the areas I had to work on that it's more important to tell the truth than to hide it and take the easy road out because it does take courage so if it wasn't working out [with an employee], I would really assess the situation and see what is it that's not working and what part is it that's not working for me and maybe that person and I would have a conversation around it that maybe we weren't a good match after all.

(Jennifer 14, founding partner of a business development cooperative)

Passion
The next property of “Values-Centered Leadership” is passion. SCC leaders in this study are highly passionate about their work and their values, and about the potential impact they can make on their purpose/mission. One leader said:

I'm passionate about this. I'm dedicated to it. And sometimes I spend too much time on it, but I'm questioning every day, what can we do different to make
people’s lives different? or better? and that's really something that I'm passionate about.

( Participant 9, CEO/owner of a specialty foods company)

Other SCC leaders also assert that they “love” what they do and find their work rewarding and meaningful:

We're passionate about helping our college university, service organization, and now high school clients engage their alumni. Our job is to strengthen our nation's university service organizations in high schools because they are instruments that inspire dreams and transform lives. We talk a lot about the meaning in our work.

( Participant 12, president of a publishing company)

I love the journey. I've been happy to have done it. That was part of it. I'm enjoying it every day.

( Participant 5, CEO of a manufacturing company)

I think educational businesses are always going to be my number one passion, because if it's a service that I believe in, then it's a service that I will market really, really well, and I will love doing it.

( Participant 6, owner/marketing consultant)

Conscious mindset
Another property of “Values-Centered Leadership” is that of the conscious mindset.

A conscious mindset is a combination of three things found in the data: the ability to make thoughtful decisions, the practice of personally reflecting on one’s actions and decisions, and an orientation that favors the cultivation of personal growth. In the
following quotation an SCC leader with a conscious mindset reflects on the word “consciousness”:

I think consciousness comes when we're challenged to see something, to really let that impact come into us, not protect ourselves or be in denial, or push these interconnections out of sight out of mind and live like it doesn't matter…Consciousness being that when we allow the impact to be there is how things connect with us, interact with us, relate to us from each other to the environment. Then we as best we can with care, I think respond to that relational piece. The fact that I have an impact, or things have an impact on me, and then I have an impact on what’s outside of myself. To have a consciousness in life, to me automatically extends from my personal life, to my business life, to how I am in the world. Yeah, those things are important to me to be attentive to that, to consider that, to live in that way that matters.

(Participant 18, CEO/owner of a health services clinic)

The next leader shares his thoughts about a conscious mindset:

It’s a red pill—blue pill thing. If you eat the red pill, you really have to have the belief that people are inherently good. If a business acts in a way that creates an environment that is safe and trusting and is dedicated to the best of its people and those around it and its authentic and open and all those things, then profit would be the manifestation of that.

The other pill really works the other way. I'm going to look at spreadsheets, dollars, numbers and profit first. If I can happen to be good to people along the way, then I'm going to do everything at all costs to make sure that the bottom line works right.

They're core, fundamental, different beliefs. It really has to come from the leaders of the organization and there are a lot of people that may say they believe in their people, or they're stakeholders or want to do the right thing, and their actions and the way the business is run is all around cost and expenses and bottom line and profits and margins. Anytime that you hear that saying and see the other you know that they're not completely aligned in having that more conscious mindset come from the inside.

It’s not really something you can fake…It’s something that either comes from within you and you fundamentally believe that people are [good] the way through, and your stakeholders, trust and authenticity is the only way to do it. There's not any way to do it half-way or in part of your company or in some of
your policies. It [conscious mindset] doesn't work that way. It has to be a part of you and who you are for it to show up in your business.

(Participant 5, CEO of a manufacturing company)

In addition to engaging in personal reflection, SCC leaders love to learn, often spending their own money to enhance their leadership, communication, and other professional skills. SCC leaders understand that their talents and capabilities are not “fixed” and invest in themselves because they want to be good role models for their employees and other stakeholders.

What I'm saying is that I think ... to me, I guess, conscious business, you're also working on yourself at the same time you're working for change in the world. How you do the work is as important as the work you're doing. That's part of the revolution that's starting to happen now.

( Participant 25, founding partner of a diversity and inclusion firm)

Another respondent continues to grow, learn, and to give back:

There's also the fact that, at the end of the day, I think it is that as you've been blessed in life with either some economic success, or just in your own personal growth and development, I think that there's a natural inclination to want to get back, to want to make the contribution. I personally feel that most of us in life have the deepest sense of meaning and satisfaction, then, by engaging in things bigger than ourselves...I really believe in lifelong learning and engagement. It doesn't mean you've got to work seven days a week, et cetera, et cetera, but in some way or another, there are people that are counting on you, and that you're part of something bigger than just yourself. You're doing the things that are meaningful to you.

( Participant 8, president/founder of non-profit food store serving marginalized people)

Crafting and Creating Value

Commerce based on non-monetary values
The final main theme of this project is “Crafting and Creating Value.” The foundation of a socially conscious business, just like that of a conventional capitalist business, is the economic principle of value exchange; a vendor offers a product or service for sale. If a customer decides it is of value to him or her, and the price is within reason, that customer will buy it. But, socially conscious businesses also offer a unique value proposition—commerce based on values besides monetary values; this is the first property of “Crafting and Creating Value.” The following responses give this property context:

It’s been one of the major changes in the world over the last twenty or thirty years is that there's a new variable in the economic equation. That's your values. It used to be "I'm going to make a product, or a good and service and I'm going to make a decision whether or not to buy it. Whether or not it returns the most value for me based on dollars". Now, I'll make a different buying decision and Whole Foods is the best example...

People are willing to pay more money for goods and services because they believe in the experience. They believe in the food they're getting. They believe in how they treat vegetables or the poultry or whatever else that they get. They're willing to pay more money to be a part of something that's aligned with their values. It’s a new variable in the economic equation.

(Participant 5, CEO of a manufacturing company)

Your balance sheet really needs to be more than your literal balance sheet. Yes, you may make more money, but what's your own state of mind? What's your own state of your life as a result of only going for the money? It's interesting ... I have this conversation with people all the time. Organizations have all of these balance sheets and all of this tracking that they do of all of their successes and how much money they make and what contributions...but the one balance sheet that no organization keeps is the health of their staff.

(Participant 4, owner/strategy consultant)
In this next quote, a socially conscious leader describes how she helped a non-profit organization be successful by creating “something out of nothing.”

…one of our clients does a public awareness campaign every year. When we started helping them, they were doing almost nothing. They had no money. They said, "Well we'd love to hire you, but we have no money." I said, "Well what if we did it this way? We could put a proposal together and we could pitch it to companies. We could get them to get behind it. Then you'd have some money. We could do this type of a campaign." They said, "Well that's a great idea."

We took them from under $50,000 in sponsorship annually to over $200,000 in 3 years, through just approaching the project in a different way. Right? That is an example of something I would consider a success.

The same client actually was struggling with an annual event that they didn't have capacity to run and couldn't demonstrate to their board that they should hire a person to run this event. From a brand standpoint, [I] knew the event would help them to really excel in terms of visibility and playing a strong role in their sector. We created a very innovative project model where we took on quite a bit of accountability for the event, almost like an outsourcer, but with them guiding and their brand being at the forefront.

Through that process, we were able to help them grow registrations by over 70%, increase registration revenue by over 100%. As well, they sold out their exhibit space…[and] …hit a very aggressive sponsorship goal. That kind of thing is, again, it creates capacity…I consider that a really big success. It's creating something out of nothing but showing them the path on how to do that.

(Participant 16, president/founder of a communications firm)

Adding value to the community

The final property of “Crafting and Creating Value” is adding value to the community. SCC businesses add value to the communities in which they operate, not only through employment opportunities, but also through their engagement with the community. The following quotations demonstrate this property of adding value to the community:
I think at the end of the day, we want to raise a community up by creating healthier lives, by investing in them with workforce development, by paying them good decent wages, more than prevailing rates, and being a valued member of a community. We also have a teaching kitchen, where we teach kids after school and from the community all about nutrition. We also give them cooking classes on preparing food and eating real food, tasting what peppers and fruit and other things really taste like, so that long before they get addicted to sugar and junk, they get a chance to taste real food and are taught, here's why you're going to want to add fruits and vegetables, plant-based diet. Half your plate should be fruits and vegetables every day.

I think that by doing that, and those classes are all free, we don't charge for it, so these are all things we do towards the community, try and really genuinely deliver on how we are going to make it healthier… How is it that our being part of this community at the end of the day was better served than us not being here? That they felt that if anything, we were a positive influence and we actually created value for them, as compared to just took value from them?

(Participant 8, president/founder of non-profit food store serving marginalized people)

Our community-wide, we have a once a month…like one of the thematic things we've been working on this year is inclusion. Once a month there's a meeting that anybody is invited to and we've been inviting in guest speakers for inclusion in different areas depending what their expertise is but that's a consciousness tool to wake up our whole community.

(Participant 20, COO/consultant of a leadership development and higher education organization)

I got involved with Tent City a few years later, through my community work, and there were people living [without housing] down on the waterfront. So, we looked at how to help them…[people] who didn't really want to fit into the shelter system. But with [our organization] in particular, we set it up so that 50% of the profits from the development, flow…to different community causes… there is information on the…cache, which has probably given over a million and a half dollars to different community food enterprises, organic farming, and community food strategies and advocacy work. So, the [organization] has given about 25% of the profits, and the other twenty-five, there's a couple of social justice organizations that are donors in the development, CPJ non-profit is one. CSJ fund is another. The SJS gets about 25% as well. So, it's the old story, that you can't take it with you. So, you
might as well see if you can do something creative, with the financial resources that you have.

( Participant 23, president/co-founder of retail services partnership)

Preamble to Chapter 5

“Business as a Movement: The Journey towards Flourishing” is not a one-time occurrence but occurs continually, over time, and under certain conditions that the leader must grapple with over the course of his/her time in the business. Along “the journey,” these conditions are called “business challenges.” For SCC leaders to realize their purpose through their businesses, they must overcome these challenges. These business challenges arise out of the political, economic, social, historical, organizational, and personal conditions that come together to form the context of SCC. The challenges are as follows: finding skilled leadership, making the right critical decisions, the building and maintaining of a healthy organizational culture, and obtaining capital and achieving growth. These challenges will be examined in Chapter 5.

In the research, the actions and interactions carried out by SCC leaders (sometimes in conjunction with other stakeholders) were aimed at overcoming the above-mentioned business challenges and improving the business, both in terms of making profits and of achieving goals associated with environmental and social values. To address these challenges, leaders adapted a variety of operational and strategic practices, depending on the situation. These will also be examined in Chapter 5.
Chapter 5 Findings

Introduction
To understand “Business as a Movement: The Journey towards Flourishing” it is important to examine the phenomenon in more detail. This second findings chapter begins with a description of the top three success indicators that help SCC leaders to know they are on the right path on “the journey,” then it shifts to an explanation of “action-interaction.” Finally, readers get a closer look at the key operational and strategic practices used by SCC leaders to overcome specific business challenges.

Qualitative Interview Findings
Indicators of Success
For this study, “indicators of success” are the ways in which SCC leaders can gauge their achievements. In contrast to conventional business leaders, who often measure success strictly in terms of profits, SCC leaders define or gauge success in a multitude of ways, only one of which is financial. In describing success, SCC leaders commonly used terms associated with their overall purpose of making a difference, either on a small and intimate scale or on a larger global scale. The following comments best contextualize success in terms of making a difference:

It's not so much about how much money the company's going to make, but it's more about we're making a difference in peoples’ lives. I think this is good because it doesn't matter what you sell as a product, what you manufacture, or what you do. I think you can really make a difference in peoples’ lives by treating them right and make them feel good in the job that they have. Eventually their job is no longer a job but just their passion, or happy to go to work. This is the most rewarding thing for me.
(Participant 9, CEO/owner of a specialty food company)
Having bigger impact. And that's success for us. Our work is actually helping make a small difference here and there. We would love to make it on more of a global scale, but it's what we're doing. We're trying to make a difference. And working together with other companies, together. Let's change this place.

(Participant 10, co-owner/principal consultant of a leadership development firm)

The second most common way that SCC leaders define success, but to a significantly lesser degree, is in terms of money. SCC leaders recognize that they need to make a profit to be successful. But that drive to make profit is balanced against a desire to pay their employees well, so employees have more financial security. Leaders also want to offer goods and services that are priced fairly, high enough for the company to make a profit, but low enough to be affordable. The following quotations best exemplify this point:

I thought, you know, if I'm taking time away from my company to build a business, I don't want to just build an average business. I want to build a business with excellence. If you're building a business with excellence, that to me means it's that combination of it's a profitable business that's a good...business venture. You have happy clients. You're providing a real value niche, something that people can't get elsewhere. At the same time, you have employees that are thrilled and happy to come to work every day.

(Participant 16, president/founder of a communications firm)

We have a financial goal every year and part of our open-book process really is the numbers and making sure that we hit those but ultimately the question is the influence that we're having and the number of people that we're influencing. Again, I talked about this vision. A number of us on the senior team drafted our vision for the foundation in ten years and this was about two years ago, and that vision is what matters and it really shows in my vision. My personal version of it was we're really impacting globally. Our curriculum's available globally. We're making a difference in many, many places so that's still the point of the spear but the reason that the finances are important is
because that's what we need in order to be able to do the good that we're doing.

(Participant 20, COO/consultant of a leadership development and higher education organization)

The third and final way in which some leaders define their success is through feedback from customers. This is a direct way that SCC leaders can determine their impact or whether they are achieving their purpose. Two quotations that demonstrate this component of success are as follows:

Some of it is going to be customer satisfaction and people actually saying, "Thank you. That made a difference," or being able to check in six months later after an assignment and have people say, "You know, we function better as a leadership team now because of the work that we did with you," or "we achieved our goals because we developed so much clarity working with you on what our goals actually were and how we were going to get there." Those types of things, direct feedback from the people whose work you were trying to impact. You can't get much better than that…

(Participant 4, owner/strategy consultant)

It's never been important to me to be overly visible in terms of success. That someone would look at my business and go "oh that's a successful business." What's more important to me is that it is a place that people can come and that they would look at that business and say, that this is a place for people to come, to be a part of something. I guess that would mean success to me... I think I feel successful when people walk in the door—this happens all the time—and they say, "Oh just to walk in here, I feel better," or "I feel more connected," or "I feel more centered." They have a breath, a big breath, and stepping out of the busyness of the movement of their day. That to me is successful just hearing those words.

(Participant 18, CEO/owner of a health services clinic)

In summary, similar to “The Journey”, success in business is not a one-time event, it must occur repeatedly. Whether it is how close they come to achieving their purpose,
how much profit is made, or how direct feedback from customers is given, the above indicators of success can inform the SCC leader and his or her stakeholders that they are on the right path on their “journey to flourishing.” Please refer to Table 5.1 for an overview of the subcategories for “Business as a Movement: The Journey towards Flourishing.”

**Table 5.1 Overview of subcategories and their properties**

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<th>Subcategories</th>
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<td><strong>Challenges to success</strong></td>
<td>I. Leadership challenges</td>
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<td><strong>Operational and strategic solutions</strong></td>
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**Overview: Challenges to Success**

This study describes not only indicators of success, but also challenges to success. As SCC leaders experienced various day-to-day circumstances in their companies, they attached meaning to some of the events in the form of business “challenges.” As mentioned in the previous chapter, the chief challenges are as follows: *finding skilled
leadership, making the right critical decisions, the building and maintaining of a healthy organizational culture, and obtaining capital and achieving growth. To fulfill their purposes through their businesses, achieve success, and eventually flourish, SCC leaders must manage these challenges. The next sections explore the above business challenges that SCC leaders faced and then their operational and strategic remedies.

**Challenge: Leadership**

Leadership is such an important aspect in running a business that a shortage of skills in this area is bound to inhibit success, no matter how success is defined, and make flourishing less likely. SCC leaders have a great capacity for leadership, but they still experience setbacks. The three types of obstacles faced by SCC leaders in this category are intrapersonal-, interpersonal-, and performance-based challenges.

Intrapersonal-based challenges are those that are within the leader themselves. For example, if a leader is influenced too much by fear—fear of loss of control—he or she may adopt a “command and control” style of management, which might manifest itself in the imposition of opinions on others and micromanaging in ways that are uncomfortable for employees and unhealthy for the business. Thankfully, effective SCC leaders do not use this style of leadership, but some may still have difficulty trusting others and giving up control. Several leaders described frustrations associated with both maintaining and relinquishing control:

> Then the real stress in our lives is you design a house and then you just hand it over to a builder, and kind of cross your fingers that they'll do you proud. That doesn't always happen. Sometimes they do a great job. Sometimes they do a great job except for one or two things, and I feel like fairly recently, we've had
several experiences in a row where builders have just kind of bungled the whole process, which is very frustrating, but what can you do, right? Unless you want to do everything yourself.

(Participant 22, partner/co-founder of an architecture firm)

…why is it that so many companies, the culture just isn't welcoming or accepting of those kinds of virtuous behaviors, right? You tend to wonder, what is it? So, there's a wall there that needs to be broken down so that people can be vulnerable and transparent with each other. And yet because there's enough data that shows that when you do, do those things it does translate to business outcomes and it does translate to results. But there's so much fear there…And what I know about fear is when people fear at the highest level they will control things. And that's why people like you and me in our studies, in our trainings we see more and more as a parent that if you have a need to command and control and shout and dictate and rule by power, it usually means that you're fear-motivated. And unfortunately, that's what employees see on the other end.

(Participant 26, president/founder of a leadership development company)

Another broad category of obstacles that SCC leaders face are interpersonal-based challenges—those challenges that happen between people. For example, one SCC leader, who admits he has shortcomings as a communicator, spoke about his struggles with some interpersonal conflict:

I sort of have some plans that I put in place, in trying to support those plans. Sometimes they cost more than I expect, or I'm dealing with more difficult people than I expect. So, you have to deal with these things as one goes along. I'm dealing with one person now, that's bipolar, going in between depression and manic, and it's a staff person for one of the organizations. It's difficult because the person does good work, but they're not a good manager, but they think they are. They're trying to control. You have to sort of be grounded to deal with that type of situation.

(Participant 23, president/co-founder of retail services partnership)
The next leader senses conflict with clients when she tries to push her clients past their “comfort zone”:

A lot of the tensions that I find with my client is...it's where I'm trying to push them to consider an option, a path that they're excited about, that they're still hesitant to flip the switch. They're hesitant to make decisions because once they make the decision, they have to follow through, and so a lot of the challenges, the tensions that I find are really around that.

(Participant 19, CEO/owner of a consulting firm)

The final broad area that SCC leaders struggle with encompasses issues related to performance. Some of the people interviewed were SCC leaders of start-ups who struggled because they did not have any business education or experience. Others struggled with work-life balance because of the large workload. The following is a quote that comes from an SCC leader who initially worked at a large company with a large marketing budget, but once she left the company to begin her own business, she had to do the marketing with virtually no budget:

You know, the workload can be challenging, taking on extra clients or there's times of the year where it's challenging because there's just a big workload and, again, I want to kind of pay attention to honoring my other roles as a wife and a mother and a family member so it has me stretch and look to see where I can get more support or where I can let go of some things that I thought I needed to do and so overcoming that. Again, I grow from it.

I immersed myself in studying how do you do business online because I had been doing it in the traditional way. I was marketing in a traditional way with a six-figure budget. How do you do this online for free with zero budget, right? I was leaving, and I had no savings. It looked crazy to everybody, but I knew inside it was the right move and I felt so free that I finally gave myself permission to do it and so from that place I just trusted in the process. I looked, and I took courses. I consumed all the free materials. I went to the library and read tons of books on how you do this online and I felt the fear and
did it anyway and that was part of what had me start to get success pretty quickly.

(Participant 1, owner/marketing consultant)

The next few quotations also exemplify leaders who have performance challenges:

I don't have a business background so that has been a little bit of learning for me. For me it’s a question of language. And there is a lot of terminologies and the way things are framed that are pretty foreign to me. But it has been helpful to have people on our team that are familiar and take on the lead when it comes to certain business aspects of what we are doing. So that has been a little bit of a challenge. But I welcome that challenge because it is a learning opportunity.

(Participant 13, principal/co-owner of a sustainability management consultancy)

It’s a big gym. I could be running three programs in there. I think probably, maybe the number-two challenge is that I am challenged not being a business person. I’m not a good business person, I’m a boxing coach. We don’t have a system in place to collect money, to keep track of who and what and where. I do send out a newsletter once every month and a half, I think to maybe about 2,500 people alumni. Yeah, so lack of skills in that department and to be honest, lack of interest in that department.

(Participant 15, owner/founder of a sports gym)

The next section discusses the operational and strategic practices carried out by leaders (and sometimes their stakeholders) to overcome leadership challenges along “the journey.”

Challenge: Making the Right Critical Decisions
Leaders make key decisions. That is the nature of leadership. SCC leaders, like all business leaders, thus come up against challenges related to making decisions or the
process of coming to a decision. For SCC leaders such challenges may be more acute than for leaders in conventional businesses because SCC business leaders tend to favor collaborative processes. Such processes may promote more creativity but muddle or delay the decision. An SCC leader explains this type of situation in this next quotation:

As a separate topic decision-making itself is very challenging here because we’re so collaborative--even our leadership is collaborative. Decision-making has been awkward, it’s been slow, it’s been unclear with whom does the buck stop. We don’t have anybody like that, we don’t have a CEO. E.F. doesn’t call herself the CEO. It’s been clunky…

(Participant 24, director within a global retail company)

Sometimes there is a mismatch between the preferred decision-making model of the leader and the type of decision-making model already formalized. This can add complexity to the decision-making process and make it even more difficult to come to a decision.

So, we are working out our bylaws. But within the bylaws again they have a very formal and transparent structure by way decisions are made. For example, we might decide that it would be a majority vote. So, if you are talking about the minority that doesn't agree with the decision…I think I would like to see—and I am just speaking for myself at this point, because again these decisions get made by the group—I would like to see that we are moving towards a consensus space.

(Participant 13, principal/co-owner of a sustainability management consultancy)

Challenge: Building and Maintaining a Healthy SCC Organizational Culture
Another challenge faced by leaders in this study was building and maintaining a healthy SCC organizational culture. Novice leaders (less than five years in business)
found it easier to establish an SCC culture because they started out with an SCC approach to hiring. By contrast, veteran (from six to ten years in business), and founder (more than ten years in business) leaders found it tougher to switch from a conventional to an SCC approach. The top three specific challenges that SCC leaders found most difficult to address in building and maintaining an SCC organizational culture were the misalignment of values (when stakeholder values are not aligned with company values), interpersonal conflict between stakeholders, and lack of commitment of employees to the organization.

Employees whose values do not line up with those the firm may resist and impede cultural change. For instance, one leader in this study struggles with employees who, in their drive for perfection, hamper the ability of the business to respond quickly to change:

What's the most challenging thing? Practically, teaching this many people about this big change between being tactically superior versus a culture of learning and agility. The key values for organizational success have changed. In a manufacturing world, most people with engineering degrees and all those things, they want to have the answer to make the part, the right way. Today, with the pace of change, I don't need you to have it right, right now, I need you to get it done, get it out. If we need to change, change in prototype. We need to run the loop faster, not plan forever to get it right. In an expertise-based business, asking people to be great at prototyping and agility and change is a difficult dichotomy to work with.

(Participant 5, CEO of a manufacturing company)

At another company where a culture of care has been deliberately fostered, another leader explains how not everyone experiences the culture as it was intended:
There are certainly moments where it doesn’t function the way we want it to. We’re definitely not perfect. There are people who in various parts of the company who do not experience the culture, the workplace culture the way we intend it to be experienced. Whether it’s because of the kind of leadership they have—their direct leader may not be carrying out their work in the way that many others are. That’s one possibility or the nature of the work they have is so demanding that they just don’t have time to come up for air...

(Participant 24, director within a global retail company)

A third leader said that it was a challenge to hire people who were competent and who were aligned:

This is one of the toughest things that we have to do...is to hire people that are like-minded and it's the toughest part because, I mean, you can have someone that is very competent in whatever. Let's say right now we're hiring in marketing, I think, yes. there’s a lot of people that are very competent in marketing, yet do they really match our culture? Do they really match the rest of our group, and what about if we put this person in the middle of the group, how is that interaction?

(Participant 9, CEO/owner of a specialty foods company)

In addition to possible misalignment of values, SCC leaders had to contend with interpersonal conflicts. These conflicts can poison the working environment and make it difficult for stakeholders to work together. Most conflicts found in this study were either between the leader and the client or between the leader and team members. In this next quotation, the leader describes how conflicts with clients can occur if he fails to apply his values:

If you don't have those value requirements, you're going to be in stressful situations all the time. You're going to be with people or working for people that have no regard for you at all; no regard for your time, no respect for what you bring to the table. Nothing. That kind of a working relationship is very toxic and will only lead to poor results and stress. At the end of the day, those
kind of clients, you can never make happy anyways. No matter what you do, how hard you work, it will all be for naught.

(Participant 2, president/owner of technology firm)

Sometimes interpersonal conflicts arise because of a misalignment of values. Here, a leader describes how, at times, those, like herself, who champion environmental and social causes can clash with others who consider profitability more important:

As EF [CEO/owner of the company] has really called to action a deeper more focused and more fast-paced commitment to environmental and social issues, there is a natural conflict with financial success or just profitability. And because some of those things will cost money, they don’t all, some will save money, but the perception is, correct or not, that these things cost money. There’s some perpetual tension there I would say. Trying to help people understand the long-term benefits of doing business this way and how certain things may appear to cost money now but will save money in the long run…or, you know that we can absorb that cost differential because we’ve been profitable in this other area and we can have a shared accounting of that. Because of that tension, there can be some pushback from individuals or individual work streams in the company. There’s that bit of tension, which then impacts decision making.

(Participant 24, director within a global retail company)

The third challenge to building and maintaining a healthy SCC culture is lack of commitment on the part of an organization’s employees. The following quotation is from a leader who realizes that not every person in their company is committed to being socially conscious at the same level. This can be difficult for an SCC leader who wants a cohesive organizational culture:

I guess maybe sometimes you have to work with people where they're at and sometimes they're on that journey to becoming conscious but they're not fully there yet. So, they're on the path, but it's not a full-fledged, 100%, they've not
totally bought into it. So sometimes the challenge is helping people stay on that path or get down that path faster.

(Participant 11, CEO/owner of a human resources firm)

Challenge: Obtaining Capital and Achieving Growth

The final challenge that SCC leaders faced on their journey to flourishing was obtaining capital and achieving growth. As mentioned in the previous chapter, SCC leaders tended to be focused on their purpose/mission first and their finances second. The SCC leaders just starting in business found it especially difficult to obtain start-up capital. One such leader, when asked what challenges he faced, mentioned that capital was tough to acquire because he had no proof of business or mission:

The other side of it, of course, was funding. When you're a start-up, whether you're a for-profit or a non-profit, getting capital, getting money is tough, because you have no proof of business. If you're a for-profit, you have no revenue yet. If you're a non-profit, you haven't started delivering on your mission. Getting funding is tough.

(Participant 8, president/founder of non-profit food store serving marginalized people)

Some veteran and founder leaders, who had established businesses, still found the financial piece difficult to manage. An SCC owner, who has sustained his business for over fifteen years, still struggles grow and to “do better” financially:

Can we do better than this? Probably, yes. There’re tons, a lot of stuff we can do, but it takes time. It takes money. It takes more experiences. It's like you can do good, but you'll never be perfect. That's the challenging part.

(Participant 9, CEO/owner of a specialty foods company)
The following quotation comes from a leader who works in a company established more than 20 years ago. She feels “stretched” because she is asked to “wear multiple hats,” but she also makes the point that she is not there for the money. She says she stays because of the mission:

We are constantly trying to make champagne on a beer budget. We are constantly stretching ourselves. People will say…"Oh you wear multiple hats." I'm like I didn't really know what it meant to wear multiple hats, really until I worked here because everybody that is on our staff is. They are there, not because of the money. They are there because of mission…I would like us to make enough money so that people are a little more comfortable in their financial places and stretching a little bit less, but they are there because of that and it's because of that fulfillment, meaning, and satisfaction.

( Participant 20, COO/consultant of a leadership development and higher education organization)

**Action-interactional Strategies**

“Action-interactions” in grounded theory are the responses that individuals or groups make in reaction to situations or difficult events in their lives (Corbin and Strauss, 2015). These responses in reaction to their circumstances can be physical, where people “do” something, or verbal, where people “say” something. Another component to “action-interaction” is meaning—what that individual in the situation takes from that experience. For example, suppose a mother waits up to speak to her teenage son who arrives home late from a party. Both the teenager and the mother may see things differently, but let us say that the mother perceives the situation as “problematic” or “difficult,” and responds by shouting at her son. The meaning the mother attaches to the circumstances is “problematic” or “difficult.” The actual
response or the way in which the mother manages the situation—that is, the shouting—is an “action-interaction” between her and her son. According to Corbin and Strauss (2015) “The relationship between an event or a set of circumstances and the action-interaction that follows is not a direct cause-and-effect relationship” (p. 158). First the event happens, then meaning is attached to it, and only then does the “action-interaction” occur. That is, in this case, the son’s tardiness is the event, but is not the direct cause of the mother’s response. The mother responds the way she does only after she attaches meaning to the son’s late arrival. Knowing the set of circumstances or conditions, the meaning attached to them, the “action-interaction,” and its consequences helps researchers to “build context” into their analyses and theory (Corbin and Strauss, 2015, p. 155). The “action-interactions” of the SCC leaders (and at times, other stakeholders) are the operational and strategic practices of this study and are aimed at overcoming the challenges examined in the next four sections.

**Operational and Strategic Practices: Solving Leadership Challenges**

Reflective practices
Although SCC leaders experienced obstacles along their journey, they also seemed well-equipped to overcome them. Many SCC leaders in this study used such reflective practices as, personal development coaching, meditation, prayer, contemplation, and daily spiritual readings to assist them in triumphing over the intrapersonal, interpersonal, and performance challenges discussed above. For
example, one SCC leader uses daily meditation and scripture readings as part of his preparation for the day:

Human dignity. Trying to wrestle with what that means. The various dimensions of a business…you've got who you work with. You've got the people that work for you. You've got customers. You've got resources like property. You've got the money that you make, the profits. There's a whole multi-faceted side of the different dimensions of a business. You're dealing with the local neighborhood and local community. Sometimes it's a challenge to keep all these in mind or be on top of these, and sometimes we just want to go out and play. Meditate, I try to do some meditation every morning and reflect on some scripture and keep that in mind throughout the day.

(Participant 23, president/co-founder of retail services partnership)

Some other leaders use prayer and professional coaching to overcome their daily challenges:

Almost for me looking back had to be that painful for me to go because I was very loyal. I stayed places long. I worked through challenges. I wasn't afraid of the challenge. I just felt like it was going to get better and it took that that I prayed. I went into my own … I took my lunch to really think it through and just felt like now is the time to take the leap. I went and put my resignation. My boss was super unhappy, called security and pretty much kicked me out.

(Participant 1, owner/marketing consultant)

And I think that we are informed by the way we do business with each other, or not with each other, but the way that we communicate is we have to practice what we preach. We can't go out there and say that we're going to change your organization from the inside out, so you can become a more conscious capitalist organization if we don't ourselves display the behaviors that we want to see in the world. So, I think for us, one of the, one of my associates is DA, and he's an executive coach. And so, we meet once a week. We're also informed by our faith. So, in doing that, being Christians, everything starts and ends with prayer. I think that distinguishes us right off the bat.

(Participant 26, president/founder of a leadership development firm)
Servant leadership
Another way to solve the leadership challenges is through the strategic use of servant leadership. Traditional autocratic leaders generally tend to hold on to and exercise all the power and decision-making authority within a company. By contrast, leaders who follow the servant-leadership philosophy focus on serving the stakeholders of the firm. A servant-leader tends to share power and decision-making authority and concentrates on the development of others within his or her business and community. Many of the SCC leaders in this study speak about servant leadership directly or have characteristics of servant leaders. In this next quotation an SCC leader describes what servant leadership means to him:

The idea with servant leadership, essentially, it's really tapping into everyone's potential. One of our values at ABC company is people. We believe people have potential. We believe people have a capacity for greatness. I see, and we see servant leadership as a way to do that…The idea, essentially, is you take the traditional top down org. chart and turn it on its head. The job of the CEO is really to serve the vice presidents or directors. Their job, in turn, is really to serve and support the frontline managers. And their job, in turn, is really to serve, support, and remove obstacles so the frontline can do their job. The idea, basically, is that leadership is in everybody's job description. It's not just my job or this little leadership team. Everybody at ABC company is expected to be a leader.

(Participant 12, president of a publishing company)

When everyone in the company is “expected to be a leader” that empowers even the frontline employees, the ones interacting with customers, to solve problems. The CEO of ABC company continues:

When you think about leaders in your life they have a good attitude. It's about helping other people. That's what leaders do. Everybody can help other
people. It's about coming up with new ideas. It's about solving problems. You
don't have to be president of the company to solve problems and come up with
new ideas. It's pretty basic stuff, but that's what servant leadership means to
us.

(Participant 12, president of a publishing company)

Social, emotional and spiritual intelligence
Another way that SCC leaders can solve leadership obstacles on their “journey to
flourishing” is by applying their high emotional intelligence (EQ), social intelligence
(SI), and spiritual intelligence (SQ). These “intelligences” enable SCC leaders to be
self-aware, to regulate and express their emotions, to build and maintain interpersonal
relationships, and to solve problems—all of which can help them overcome their
intrapersonal, interpersonal, and performance challenges:

Everyone has things that resonate…this one really gets me because conscious
leadership is really about creating that human social organization that's
created and guided by leaders that are much more self-aware and conscious of
their role. And that role of conscious leader is much more of the servant-
leader. It's not about that old world of command and control. It's about the
new world of being the kind of leader that creates a space and holds a space
for the greatness of the people in your environment, that you become that
person…you're starting to look less at what I know and what I can tell people
to do...What we found is that it's less about IQ and intelligence and all the
degrees and all of the knowledge that you've gained over the years. It's much
more about EQ, and EQ being emotional intelligence. It's how do you
understand and be more aware of yourself and how you manage yourself.

How do you be more aware of others and your action with others? So that
type of EQ focus is critical to conscious leadership because it changes the face
of the organization and the nature. It has people, so they start to feel safe, they
feel heard, they feel appreciated and respected, and they're given a voice and a
chance, which is part of that stakeholder orientation that everyone has a voice.
There's a feedback, feedforward system.

(Participant 27, owner of a coaching and leadership development firm)
A different SCC leader shares her purpose and its link to social and emotional intelligence:

Our purpose is to lead radiant and authentic lives and to support others to unleash their potential by consciously engaging in their transformation in leadership for the advancement of humanity and conscious sustainable living on the planet… That truly is what we're about in the big picture.

The way we do that is we teach courses, we do individual coaching, we do a weekly learning laboratory in a lot of different areas. Basically, our vision is to, not necessarily be the culture change in the planet, but to ignite the individual who will create that culture change of conscious ... and to your point conscious businesses, conscious education, conscious health care, conscious everywhere that responsible leaders making responsible decisions. We're training those people in the core skills social/emotional intelligence they need in order to be able to do that.

(Participant 20, COO/consultant of leadership development and higher education organization)

Spiritual intelligence is defined by Zohar & Marshall (2000) as “the intelligence with which we address and solve problems of meaning and value, the intelligence with which we can place our actions and our lives in a wider, richer, meaning–giving context, the intelligence with which we can assess that one course of action or life-path is more meaningful than another” (p. 3). In the next passage, the SCC leader describes spiritual intelligence in his own words:

There's also an idea that's called SQ that's talked about, which is this idea of spiritual intelligence. How do we come from this place of compassion and interconnectedness and this place of love? There's a place for care and love within business that just didn't exist before. You'd say, "Oh, it's all business. You can't have that fuzzy stuff." Well, what if that's the fuel that makes people want to contribute and serve and be part of something? So that's a big part of the space that conscious leadership provides because they recognize that role, and they cultivate that purposeful conscious culture…
Operational and Strategic Practices: Solving Decision-Making Problems

Reflective practices
Before making critical decisions, leaders made use of various techniques involving thoughtful reflection. This could include quiet contemplation. It might also include “trusting the process,” whereby the leader engages in a mental review of the steps taken in approaching the decision. The reflection might also include balancing the array of possible decisions against the firm’s established values and asking what decision best promotes those values. In the following quotation, the SCC leader had to decide to whom she would rent her space. To help her decide she used “listening to [her] inner resistance” and contemplation.

I think this is part of the growth in my own life that I've done, and the commitment to the spiritual direction which is very contemplative. It's really about spaciousness and discernment in decision-making and making sure that it is something that's going to work for the long haul. There's often that kind of panic that comes up for the short term that you just want to be able to pay the bills. That certainly has its place. Its got to be financially feasible to have a space that you own. I also kept thinking of the long haul. How do I want this to look in a year, or in two years, or in three years? That's part of the discernment process for me, so it's like that resistance was there to just getting it rented out. I trusted that resistance because I knew it was part of that discerning something that was going to fit in a bigger picture… I really believed that when your principles are important, and your values are important that it is somehow going to work out.

(Participant 18, CEO/owner of a health services clinic)

This leader mentions her decision-making process again, later in the interview:

I hope it's painting a picture for you of my process ... in getting to those places of making those decisions. It also had its own kind of flow too… which felt
really good. It also had its own flow like I said, that I really trusted the process.

(Participant 18, CEO/owner of a health services clinic)

Another leader speaks of making decisions in a “mindful” way:

So, with looking at all of these different elements and seeing how they are all connected. So again environmental, social, economic, personal well-being. And that these things need to be in balance. And these things all need to be considered when we are looking at making any decisions—when it comes to systems. Any decisions period. Basically, another way of saying it is mindful living. Mindful working. How do you do that in a way that is again all-encompassing and holistic by a way of considering the implications of the actions that you take and decisions that you make on a daily basis.

(Participant 13, principal/co-owner of a sustainability management consultancy)

Operational and Strategic Practices: Solving SCC Culture Problems

Hiring for values and interpersonal skills
One of the ways in which SCC leaders circumvent problems pertaining to the building and maintaining of a healthy SCC organizational culture is to hire people based on how their values align with the company values (as described earlier in the Fostering Stakeholder Relationships section of Chapter 4) and their interpersonal skills (sometimes called “soft” skills). Great care was taken by SCC leaders to assess the values of potential hires for compatibility with the firm’s values. This action on behalf of the leader helps to minimize interpersonal conflict. Another way to minimize interpersonal conflict is to hire individuals who have superior interpersonal skills. Interpersonal skills such as the ability to communicate effectively and respectively to others, the ability to listen with empathy, and the ability to work as
part of a team are especially valuable for managing conflicts that arise. For example, one owner of a medium-sized company stated that their hiring process was very thorough. At first the candidate interviews with each member of the executive team and then they meet as a group, and together, interview him or her again. The executive team challenges the potential hire with hypothetical problems to see how he or she responds, but this leader contends that the best interview is over coffee:

> The best interview process is really to have a cup of coffee in a remote place with that candidate to be sure he's the right person. Just the way that person addresses the waitress, or bus boy, or whatever. I think that tells a lot about the person. Not only on the skillset but also on the personal level, how they treat people, how they respect people. You can hire very talented people, but some of them are just, excuse my French, but jerks, and it doesn't resonate with our culture. Let's put it this way: our recruitment process is very long, and thorough.

(Participant 9, CEO/owner of a specialty foods company)

This same leader says he prefers to hire people who are “caring, and loving and passionate about what they do” even if they only work in the warehouse. Another leader looks for the value of empathy in his potential hires, which he says is hard to find, and stresses the importance “soft” skills:

> I always go back to the soft skills. One quote that I heard that really resonated with me is "You get hired for your technical skills. You get fired for your behavioral and soft skills," which is so true. On a resume you may shine technically, and I'm not just talking from a technology standpoint. Whether you're an accountant or whatever, your technical skills will get you hired, but it’s your behavior that will get you fired. We're looking for people who share our temperament, our value system.

(Participant 2, president/owner of a technology firm)
Facilitating a safe and trusting work environment
Another important way that SCC leaders foster and maintain a healthy culture is by creating a safe and trusting work environment. SCC leaders do this by deliberately practicing their values daily. As mentioned in Chapter 4, the five top positive human values practiced by SCC leaders and their employees are caring, being of service, being committed and engaged, working collaboratively, and showing respect. For instance, an SCC leader says that he is “obsessed” with how to make the lives of his team members and his suppliers better. He asks himself daily that, if his workers spend most of their day at work, “what can we do to make it more appealing and more exciting for them to come to work?”

That's the question I ask myself every day. It's ongoing. This is what I'm asking myself every day. Then I have great discussions with our team members that are involved with suppliers, I ask them, I say, well let's raise the bar. Let's ask them how they're doing. Let's care about how their business is. Very often I go in meetings. Sometimes suppliers are surprised that we care so much about how they are doing. Because if they're not doing well, eventually we're going to have a problem. We want to make sure that our suppliers are doing well. I'm very interested to know what we could do better that would make them better. Ultimately, those kinds of questions trigger answers that really make them feel good for one, and two, they understand that we care about them, and they are a part of our company, and not just a remote satellite that we pull from whenever we need. It's an everyday thing that we do.

(Participant 9, CEO/owner of a specialty foods company)

Operational and Strategic Practices: Solving Financial Issues

Focus on purpose/mission
As mentioned at the beginning of this chapter, profits, though essential were just one indicator of success and not the primary focus of the business for SCC leaders, in contrast to leaders of conventional capitalist firms. The primary focus of SCC
businesses, instead, is the purpose/mission; by focusing on the purpose/mission, SCC leaders believe that profits will be realized. One such leader (Participant 5) of this study stated that “Profit is the manifestation of doing the right thing.” This means that profits will be achieved if the company fulfills its purpose/mission. For this leader the proof is the fact that he has been an SCC business for over 10 years.

It’s all about putting people and doing the right thing first and profit as a manifestation. That's the fundamental principle of conscious capitalism and the major difference between that and profit-seeking organizations

(Participant 5 CEO of a manufacturing company)

The following quotation is from another SCC leader who uses the same premise:

Conscious capitalism asserts that the reason that any business exists is to express its purpose, that it's not just about making money, and that you don't have to choose between making money and making a difference. If our business is focused on how we can serve greatly, how we can give back, then a natural by-product of that service will be the money. That's just one measure.

(Participant 27, owner of a coaching and leadership development firm)

The final quotation summarizes how the purpose/mission of a company and its profit can work together overall in an SCC business:

Profit is interesting. Profit is still important. I spoke to several people who said that profit is the means of how the business can continue to be socially conscious and socially active. Without profits, you can't pay your people well. You can't do all the wonderful things that you want to have your business do, without profit. Although, you know, capitalism is about choice, and about exchange value for money or value for value, but the profit still needs to be there in order for things to run properly.

(Participant 2, president/owner of a technology firm)
Chapter 6 Conclusion

Introduction
This chapter will first focus on the key themes (categories) that came to light during the course of this research and then it will delve into the implications and the limitations of the study. Finally, this dissertation will offer recommendations for further research.

Research Questions
The research questions used to guide this investigation were the following:

1. How is SCC defined in practice?
2. What are the properties or characteristics of SCC businesses?
3. How is success defined by SCC leaders?
4. What are the business challenges faced by SCC leaders?
5. What are the key operational and strategic practices that solve these business challenges?

Summary of the Research—Answers to the Research Questions

How is SCC defined?
Socially conscious capitalism (SCC) was defined by Wilson (2009) as “the deliberate and explicit harnessing of the capitalist, market-based system as a way to effectively address complex social and environmental issues” (p. 15). Sisodia (2011) defined
conscious capitalism in a four-part framework that included the following: higher purpose, conscious leadership, stakeholder integration, and conscious culture (details of this four-part framework are highlighted in Chapter 2). Additionally, Alter (2007) defined a socially responsible business as a company with dual objectives—both to make profit and to deliver social benefits—but the profit motive and amount of profits designated for social activities varied from company to company. Alter (2007) also mentioned in her definition that socially responsible businesses were willing to forsake profits or make significant contributions to adhere to their social goals.

From the data of this study, SCC businesses are those based on values that drive a deep sense of purpose/mission beyond making money; they create and exchange value in a way that demonstrates their awareness of, and dedication to, making a positive impact on all stakeholders in their business ecosystem. Upon review of these definitions, I would suggest that Alter’s (2007) more theoretical definition of socially responsible business is more aligned to the empirical definition I offer above for SCC. I would also suggest that the definition I propose is more general and more in line with the general terms of the continuum. While Wilson’s (2009) definition is valuable, it lacks a key component—that SCC leaders and their businesses are based on positive human values. Thus, I put forward that SCC should replace socially responsible business in the continuum (see Figure 6.1).
I also categorize the definitions in terms of their specificity. Whereas Wilson’s (2009) definition of SCC and the definition I offer are more general and related to SCC, and Sisodia’s (2011) definition is more specific and related to conscious capitalism (CC).

I would suggest combining the two more general definitions to the following:

Socially conscious capitalism involves those hybrid businesses based on enlightened human values and purpose and on the deliberate and explicit harnessing of the capitalist market-based system, to benefit all the stakeholders in the business ecosystem and to address social and environmental issues.

**Figure 6.1 Suggested alternative to Alter's hybrid spectrum**

(adapted from Alter, 2007, p. 14)

Furthermore, I contend that SCC is a broader category under which CC, benefit corporations, and low-profit limited liability companies (L3Cs) can be found. Although benefit corporations and L3Cs are legal forms, they do represent businesses
that could be described with the definition above (they just vary in how they balance
social versus profit decisions). Thus, they could be considered as forms of SCC (see
Figure 6.1).

What are the properties or characteristics of SCC businesses?

Business as a Movement: The Journey Towards Flourishing
The common aim of all the SCC leaders in this study was to use their businesses to
make the world better in some way. They may have been at different stages of
achieving their goals, but they were still on “the journey.” Thus, the core category
that emerged from the research was “Business as a Movement: The Journey towards
Flourishing.”

A movement is defined as a large group of people with a common objective
(Canadian Oxford Dictionary). Additionally, movements are usually associated with
protests: organized public demonstrations, such as the civil rights movement, where
African-Americans took to the streets to challenge systemic racism and to gain
equality, or the labor movement which fought for better wages and safer working
conditions. In contrast to these movements, “Business as a Movement: The Journey
towards Flourishing,” is a “quiet” movement—there are no protests. In fact, few of
the SCC leaders even knew that there were others in their position trying to do the
same thing. Instead, “quiet” movements are like social “non-movements” in that more
or less “non-collective actors” engage in “collective actions” (Bayat, 2013, p. 589).
The non-collective actors in this study were the SCC leaders who were engaged in the
collective action of making a difference (the essence of their collective purposes/missions). Each SCC leader in their own way, in the context of their company’s values, is at some stage along the journey of creating change either socially or environmentally.

Flourishing in the context of this study means to “not only grow” but “to prosper” or “thrive” (Ehrenfeld & Hoffman, 2013, p. 6) as measured not only by profits, but also by progress in achieving the company’s purpose or mission. Some companies were just starting out, just beginning their journey, and, thus, not quite thriving yet. Others were not only thriving in terms of attaining their purpose/mission but prospering financially too.

**Sense of Purpose/Mission**
Unlike most conventional market-based businesses that are strictly oriented towards financial success, at the heart of the SCC companies is the desire to make a difference. In a recent *Harvard Business Review* article, the authors encouraged leaders to have a “higher purpose” for their companies. Quinn and Thakor (2018) defined a higher purpose as “not about economic exchanges. It reflects something more aspirational. It explains how people involved in the organization are making a difference, [it] gives them a sense of meaning and draws in their support” (p. 79). This definition aligns with what I said earlier and echoes the ideas of many of the SCC leaders in this study. As stated, these leaders wanted to make a difference in a
variety of ways and their level of motivation was shown through the high degree of passion that was exhibited.

Fostering Good Stakeholder Relationships
One key to creating good stakeholder relationships is making sure that the values are aligned. Many SCC leaders communicated that they chose their clients and their employees based on how closely their values corresponded. It is likely that they believed this would minimize conflict, which in turn could help create a good company culture.

Another way in which SCC leaders created and maintained good stakeholder relationships was to think long-term and relationally instead of short-term and transactionally. Relational interactions that involve caring for the customer needs (and presumably other stakeholder needs as well) ultimately build relationships that can be sustained over time (Venetis & Ghauri, 2004).

Interdependence is another quality of SCC stakeholder relationships. Those stakeholders that realize each other’s importance tend to develop cooperative goals; this builds trusting relationships that result in better service and products for customers (Wong, Tjosvold & Zhang, 2005), which ultimately can help the company thrive. SCC leaders used a variety of strategies to show that their stakeholders were important. For example, they had town hall meetings where the leaders would answer questions from the employees; they solicited feedback from all their
stakeholders (suppliers, vendors, employees, and customers); they visited their suppliers and even paid them ahead of schedule.

**Caring and Learning Cultures**
The SCC businesses highlighted in this study, tended to cultivate learning and care in their cultures. Creating cultures of learning enables businesses to handle increasing levels of complexity brought on by advanced technology and globalization (Lopez & Ordas, 2004); this can be a source of competitive advantage. Care was the top value expressed by SCC leaders in this research. According to Hamington (2004), care can be defined as follows:

> an approach to personal and social morality that shifts ethical considerations to context, relationships, and affective knowledge in a manner that can be fully understood only if care’s embodied dimension is recognized. Care involves commitment to the flourishing and growth of individuals yet acknowledges our interconnectedness and interdependence. (p. 3)

This means that to be caring, one has to be attentive to the situation one is involved in, demonstrate or embody care in some way, and recognize the person as an individual as well as part of the larger society (Taylor, Ladkin, & Statler, 2015). How was care demonstrated in SCC businesses? According to Gilligan (1990), the hallmark of care is when managers pay attention to the needs, desires, and aspirations of others. SCC leaders demonstrated care by helping their employees grow personally and professionally; by thinking about their customers’ needs, not just in terms of the products and services they provided, but also in the relational way they interacted; and by being supportive and fair with their suppliers.
Values-Centered Leaders
SCC leaders are values-centered leaders. Values-centered leaders are those who consistently lead from their humanistic personal values. “Values form the shared conceptions of what is most desirable in social life; in effect, values are the ‘glue’ that binds people together in organizations,” (Buchko, 2007, p. 37). Leading from one’s positive values is advantageous for the leaders themselves, their communities, and the organizations in which they serve (Peregrym & Wolf, 2013). By viewing their values as guiding principles and practicing them, with intention, the SCC leaders were helping their companies flourish.

Crafting and Creating Value
Through living their values (deliberately practicing them every day), SCC leaders and their teams create valuable experiences for their customers. For example, if the value of care is internalized by the employees, then it is bound to make a difference in the experience of the customer. Values are the “new variable in the economic equation” (Participant 5, CEO of a manufacturing company) because some customers are willing to pay more for their products and services if those companies are aligned with their personal values. This demographic is sometimes called the cultural creatives or the LOHAS (which is short for “lifestyles of health and sustainability”). These socially conscious consumers are driving change in the way products are made and the types of products offered for sale (Haigh & Hoffman, 2012).
**How is success defined by SCC leaders?**

In addition to striving to live their values, SCC leaders have a broader definition of success than most traditional capitalist businesses. For the leaders studied here, profits were important but the primary reason they were in business was their purpose/mission. Thus, how well or how close the leaders were to achieving their purposes/missions was the first measure of success. The definition of the word “success” from the dictionary is *the achievement of a goal*. It is the second meaning that is related to the realization of wealth (Barber, 2004). Perhaps, like other socially-embedded businesses, measuring success through profit-oriented ways is not appropriate (Toledo-López, et al., 2012) for SCC businesses. SCC leaders in this study defined success mainly by the progress they saw in achieving their purpose/mission. Success to them was also measured by the satisfaction in maintaining autonomy and integrity and in fulfilling their responsibilities to their communities.

**What are the business challenges faced by SCC leaders and the operational/strategic remedies?**

**Leadership Challenges and Solutions**

The SCC leader and his or her team are vitally important to the success of the business. Leaders set the tone for the whole organization. Among the leadership challenges SCC leaders faced, most involved intrapersonal, interpersonal, and/or performance issues. To overcome these challenges leaders used a variety of reflective practices that helped them to think about their behaviors and actions.
Reflective practices, such as meditation, contemplation, and reading, were also used as a proactive strategy to help the leader remain mindful during challenging situations. In addition to reflective practices, SCC leaders tended to be servant leaders with high emotional, social, and spiritual intelligence. Having the skills from these “intelligences” and coming from a perspective of “service” empowered the SCC leaders to solve the issues alone or with the assistance of their team members.

Making and Solving Critical Decision-Making Challenges
SCC companies tend to be collaborative and sometimes this makes decision-making more difficult for SCC leaders. Additionally, when a new leader comes on board, sometimes there is a mismatch between the preferred decision-making model of the leader and the one that has already been established within the company. To remedy these problems, reflective practices, again, are used by the SCC leaders. For example, before making a critical decision, some SCC leaders go “within” themselves. That is, they take a moment and turn to quiet contemplation, meditation, or listening to any “inner resistance” to decide which path to take.

Building and Maintaining a Healthy Organizational Culture
Building an SCC culture and maintaining its health is a serious challenge for SCC leaders. The newer companies actually had an easier time establishing an SCC culture because they hired based on their values right from the beginning. Some older companies also had an easier time because they were conscious before they knew they were conscious. But older companies who used a more conventional business philosophy found it more difficult to build and maintain their SCC culture.
The top three issues that SCC leaders had to overcome were the misalignment of values between stakeholders, interpersonal conflict between stakeholders, and lack of commitment on the part of some of the employees. To solve these challenges, the key solution was to hire based on whether the values and soft skills of the potential hire matched those of the company. One leader said that he would prefer to hire for values, and then teach the technical skills, rather than hire someone who was technically brilliant but lacked the values they were looking for.

Creating a safe and trusting working environment was another way that SCC leaders used to build and maintain their healthy SCC cultures. One leader shared that every employee takes courses in communication and emotional intelligence. It was hoped that by taking these experiential courses that employees would be able to communicate well and avoid interpersonal conflict. In addition, some SCC leaders would make a point of practicing their values on a daily basis, reflect on how to make the work environment more appealing, and encourage collaboration with their teammates. Some leaders hoped that employees would take on these modelled behaviors.

**Obtaining Capital and Growing**

The final challenge for SCC leaders was obtaining capital and growing. When asked about their challenges, few leaders mentioned money. Those SCC leaders that did,
said that to manage their financial challenges they would keep focusing on their purpose/mission. They shared that by focusing on the purpose/mission (that represented their values), the profit would come. They also gave themselves a longer time in which to grow. Perhaps for those SCC leaders, the “proof was in the pudding,” meaning they were still in business, so it must be working.

**The SCC Business Approach**

The properties of the core category and operational/strategic remedies mentioned above culminate in the SCC business approach (see Figure 6.2). Starting at the center of the diagram are the core values held by the company. These positive human values are the basis from which SCC businesses grow and thrive. As mentioned earlier in Chapter 4, thirty-five different values were expressed in the data, thus these values will vary depending on the firm. Moving outward from the center of the diagram, but still connected by arrows are the expression dimensions. These are the ways by which the values were conveyed in the SCC firms. Values are identified; used to make decisions and take action; referred to for alignment with stakeholders; and practiced, embedding them within the company culture. The outer circle represents the properties of the core category, “Business as a Movement: The Journey toward Flourishing,” and they are also linked back to the values. The concentric circles of the model represent the cyclical nature of “the journey.” Based on the data, it is proposed that these properties, together with the dimensions and values are the main criteria needed to build SCC businesses.
Figure 6.2 The SCC business approach

(adapted from the Whānau Rangatiratanga Conceptual Framework, p. 3)

**Implications of the Research**

As examined at the beginning of this study, there are important underlying reasons for probing deeper into the workings of SCC organizations and their leaders. Free-market capitalism and its principles (individualism, property rights, competitions, innovation,
entrepreneurship, and self-reliance; Lodge, 1990; Sabeti, 2009) have brought multiple social and economic benefits to the Western world as well as tremendous costs (Sabeti, 2009). For example, capitalism has brought many people out of poverty and has increased the standard of living in the United States and Canada, but it has also contributed to the degradation of the natural environment and the erosion social capital (Sabeti, 2009). Socially conscious business leaders do things differently. These leaders use their for-profit hybrid businesses as a means of fostering social capital and restoring environmental sustainability (Sabeti, 2009). Moreover, this approach is gaining recognition in business and academic circles (O’Toole & Vogel, 2011), in addition to achieving legitimacy as new legal corporate structures (Brakman Reiser, 2011). The next four sections focus on the implications for this dissertation.

**Trend Towards an Increased Number of Hybrid Organizations**

As it becomes more evident that free-enterprise capitalism as it is currently practiced cannot be sustained indefinitely, the number of hybrid businesses will increase. As noted in Chapter 1 (Context and Historical Background section) with the election of President Reagan came neoliberalism, the privatization of social services, and decreased funding to non-profits. This trend has continued in the United States and Canada. Hybrids have emerged to address this deficiency by serving those markets that have been overlooked by conventional government programs (Haigh, 2015). Thus, it is especially vital to further grasp the mechanisms behind SCC and other hybrid businesses and acquire a greater understanding of their impact.
Values are Integral to Socially Conscious Businesses
Both the core category (“Business as a Movement: The Journey towards
Flourishing”) and two main categories (“Cultivating a Culture of Learning and Care
and Values-Centered Leadership) had properties related to core values. Core values
are “deeply ingrained principles that guide all of a company’s actions; they serve as
its cultural cornerstones” (Lencioni, 2002, p. 114). Countless traditional companies
claim to have core values beyond simply making money. But often they exist only as
meaningless lists, framed, hung on the wall, gathering dust. However, as Lencioni
(2002) points out, few executives understand that core values existing only as hollow
statements create pessimistic and/or discouraged employees, turn away customers,
and undercut professional credibility. What makes SCC companies different is that
the core values are “baked in,” they are fixed in the DNA of the leader and the culture
of the company. The core values are practiced daily, openly, and authentically. I
suspect that this is what makes socially conscious businesses unique and creates for
them a competitive advantage.

SCC Challenges Us to Think Differently about the Nature of
Organizations
The corporate organizational model adopted by most traditional businesses has not
changed significantly from the one inherited from the 19th century (Kelly & White,
2007). As stated throughout this study, the dominant ethos in capitalist organizations
today has been based on short-termism, pressure for perpetual growth, and
maximizing shareholder wealth. Recall that neoliberal ideology is so prevalent that it
has become integrated into the way we think, interpret, and understand the world (Harvey, 2005). It is taken for granted that successful businesses will maximize profits to the extent that other stakeholders suffer. As a society, we rarely reflect on the structure or approach of organizations (Kelly & White, 2007). This research and the success of the SCC approach (as defined by the participants of this study) can enlighten perceptions of what business could be. What would it be like, for example, to have a country where the purpose of the most influential global corporations (Mohrman, O’Toole, & Lawler, 2017) was to serve the public good instead of maximizing profits? What would it be like if these global corporations operated sustainably; that is, meeting the needs of the current generation without denying the ability of future generations to sustain their own needs (World Commission on Environment and Development, 1987). What if we were to consciously design our businesses in ways that were equitable, responsible, and dedicated to employees, the community, and the environment? Socially conscious businesses and other hybrids like them show us what is possible.

**Quiet Movements Can Cause Substantial Change**

Quiet movements have no protests. But like the proverbial “drips of water wear away stone,” persistence pays off. B Lab, a private non-profit organization that “serves a global movement of people using business for good,” (B Lab, 2018) was instrumental in promoting the legal framework for benefit corporation legislation (Rawhouser, Cummings, & Crane, 2015). The legislation for benefit corporations was first passed
in Maryland in 2010 (Brakman Reiser, 2011) and it was an important milestone in legitimizing the hybrid organizational form.

Another way of validating hybrid organizations and thereby advocating for change is through a certification process. Businesses that go through B Lab’s rigorous impact assessment process and become Certified B Corporations have met “the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose” (B Lab, 2018). It is important to note that in addition to offering a certification process, B Lab drives systemic change by developing a community of Certified B Corporations who share their stories and thereby extend the impact of the rating system (B Lab 2018).

Finally, this quiet movement is getting louder. It has caused change by attracting a new breed of customers called cultural creatives and LOHAS. This growing demographic, worth approximately $209 billion dollars, searches for products and services that are focused on healthy sustainable living, the environment, and social justice (Haigh, 2015). As this market segment continues to grow, so too will the number of hybrid organizations.

**Limitations and Recommendations for Further Study**

The limitations of a study are those aspects of the methodology that may have influenced the findings of the study (Price & Murnan, 2005). These include both
methodological limitations and limitations of the researcher. As with any thorough study, these constraints must be fully documented to ascertain whether the findings, the discussion of the findings, and their implications are grounded in the data and are credible.

There are three limitations to this study. Firstly, because SCC is a relatively new phenomenon, very few firms and leaders identify themselves as being socially conscious. Some of the leaders that did had very busy schedules and were hard to reach despite having agreed to being interviewed. This meant that my sample size was smaller than I would have liked. Although sample size is less relevant in qualitative studies and I did achieve theoretical saturation, I feel that my sample size could have been slightly larger based on the number of missed interview opportunities. There is an opportunity for further research here—as this was a qualitative study, it would be interesting to do a mixed-methods study. If the sample size was larger, statistical testing could find relationships in the data and the results could be generalizable.

Secondly, the data collected is self-reported and could not be independently corroborated, this means that it is not possible to generalize the results. Self-reported data can contain bias in the form of exaggeration. Since I sampled purposefully, it is possible that the respondents had a sense of what I wanted and responded accordingly. An opportunity for further research lies in comparing a self-identified traditional capitalist firm and a self-identified SCC firm within the same sector.
Perhaps an in-depth case study approach could be used to compare the two companies across several factors.

Finally, the small amount of prior empirical research specifically on SCC impacted this study. This prior research, the research on related topics (as outlined in Chapter 2), and this dissertation itself, lay the foundation for future studies on SCC.

**Conclusions**
The purpose of this study was to advance the understanding of SCC. Specifically, this research sought to define SCC; to reveal how such organizations function; and to discover the chief practices that SCC leaders use to succeed. To continue to investigate and discuss SCC, a well-defined and operational definition was needed. This situation provided an opportunity for this researcher to investigate and further define SCC. Based on prior investigations and data from this study, a new definition for SCC was offered.

From this investigation it appears that SCC companies have a double bottom line; they use their businesses to gain financial success, but also to achieve their key purpose/mission. These companies are led by values-driven leaders who have a conscious mindset; who possess high emotional, social, and spiritual intelligences; and who find meaning and satisfaction by making a difference. It also seems that SCC companies function based on their core values of care, service, collaboration, commitment and engagement, and respect. These core values are embedded in their
purpose/mission and in their culture and guide their decision-making. However, like any business, SCC leaders also face challenges. To overcome these challenges, the SCC leader uses his/her operational and strategic practices. For example, reflective practices were key to making critical decisions, and hiring for values and interpersonal skills were essential for cultivating a culture of learning and care. Overall, SCC firms are part of a quiet movement that is challenging the way we think about business.
Appendix A: Examples of Memos Written During Analysis

Date: 2018-01-14 06:47:28 AM

Concept: Locating the pre-business self

Note: The following is part of the actual interview I had with Participant 1. I broke up her answers into workable “chunks.” Instead of writing one larger memo, I wrote smaller memos after each of the chunks to stay closer to the data. Also, when I wrote the memos I did not pay any attention to grammar or punctuation.

Researcher: Could you tell me a little bit about yourself?

Participant 1: Yeah. Absolutely. I'm in the Central California area. I wasn't born and raised here, but I was here for probably a majority of my life because I moved quite a bit. I have a 15-year career in marketing and business development as an employee and then I transitioned to start my own business doing marketing. For me, part of that was really a deep purpose around ... I always wanted to be an entrepreneur since I was 5 years old. I just didn't know how that would happen and I just went the traditional route, went to school, worked my way up into management and it just never left me, that dream to have that, and I finally took the leap and I made it my mission, really to support other entrepreneurs in that leap.

Memo: In the data above, the participant is basically providing background information and describing why she always wanted to become an entrepreneur. I am going to put the lower level concept of this paragraph as "Dreaming Big". I think that being entrepreneurial hints at the meaning of the business for her. What does it take to be an entrepreneur? Is she a social entrepreneur? I could look up the info on that. It must mean a lot to the participant for her to achieve her dream---there is meaning for her in it. I guess the traditional route is to go to school, learn, get a job, and be a success in corporate land---compared to being an entrepreneur which to this participant is the untraditional route. She also must have been frightened to take the leap. I could see that---she talks about it later as a "challenge," but she must have felt some fear.

Participant 1: That's why I call my business “ABC” for entrepreneurs that have the dream of a business and launching it into the world and then I specifically teach the strategies of an online launch, so everything I do, I work from home. I'm a mom of four. I'm also a grandma and for me, I've designed my business and lifestyle with everything on the wish list of working from home and having flexibility to be with my kids and traveling.
Memo: I think that "values alignment" is in the above paragraph because she is designing her life according to what she believes is valuable (family, flexibility, and traveling). I think this may be a category because I found it in the Participant 18’s interview as well (Locating the self within the business). She mentions working with entrepreneurs in addition to being one herself. Again, what is unique about entrepreneurs that makes her want to work with them? Perhaps she is capitalizing on her experience and using her skills in the same way that she used them to get her out of her situation.

Researcher: You mentioned the deeper purpose. How did you come up with that deeper purpose?

Participant 1: I think ... Honestly, I remember when I was five that I ... I remember telling my parents that ... Because my parents worked super hard, I mean always working and they taught me hard work and they struggled. We even took in three family members that my parents ... My aunt and uncle divorced, my parents took their kids in. They had three, so there were six kids, and I just remember they were always working so hard and I remember at five telling my parents, "You know, I am going to be just so successful and you're never going to have to worry about money. I am going to make sure of that", and I declared it. It never left me. It was just ingrained that I was going to learn business, but again as I mentioned, I didn't know how.

Memo: I think that this dream of being an entrepreneur was really BIG for this participant. I asked her about a "deeper purpose" but she doesn't really address that question head on. Family and the ability to make things right/good for them is a value for this participant--perhaps this is the deeper purpose. Yes, I think it is. The ability to provide for her parents is her deeper purpose. Although she doesn't talk about it directly, for this participant, part of success is making lots of money (it is implied).

She uses the word "ingrained" when she talks about learning business. She is describing those things that got her to the place where she could launch her own business.

A lower level concept could be "path to business" and three dimensions could be traditional, entrepreneurial, and mixed. This participant I would say had a mixed path to her own business. I wonder if those people that have their "own" business are different than people who work for others and who are not owners. This wasn't one of my original questions, but I could look into it as a follow up. I have 6 non-owners and the rest are owners of their businesses. This might make a difference in how they feel about the business or maybe not.

Participant 1: I just went to the school. My dad taught me "Go to college. Learn. Do the best that you can and that you only live once, so don't be afraid to go out there and
do things", and that's exactly how I lived. I learned, and I studied, and I went into the businesses to do the best that I could, which had me work my way up into management pretty quickly. I was a manager by like 19, 20 and of teams and it grew. I just continued to excel and was really good at systems and structure and going in. I love to solve problems, which that is entrepreneurship, right? You solve problems for people and give solutions, right?

**Memo**: Again, she mentions being an entrepreneur. She hints at the possible meaning that being an entrepreneur has for her--solving problems and giving solutions--she "loves" to solve problems and "adores" her entrepreneurs. Again, the question is: what about being and working with entrepreneurs is meaningful for her? She probably gets some satisfaction from solving problems. What is meaningful for her is her ability to provide for her family and flexibility.

**Participant 1**: I did that, and again, it just never ... I treated the businesses, or those companies, like they were mine. You know, "What would I do if this was mine?" I think that served me until it finally hit me that like, "When am I going to finally do mine?"

**Memo**: This is hinting back to her dream as a 5-year-old. I think one of the aspects of success for her is having her "own" business.

**Participant 1**: It was a blessing in disguise situation that happened. My boss at the company that I was at, he was really hard to work with. It was very challenging. We were working towards the higher school which was called the President's Award. It never had happened for that company and we worked really hard to make that happen. Once we achieved it I remember I went into the office and I was pregnant at the time and I remember my boss said, "Now, we've got our big award. Now we're cutting all bonuses. I already fired your whole team. You still have to do it, but you need to sign this." It was a $40,000.00 pay cut plus my duties have now tripled and I just realized in that moment, like "You know. Enough is enough" and he told me, "And don't think you're going to take time off when you have the baby." It had to be painful for me to wake up and decide there's never perfect time to go out and leap. Almost for me looking back had to be that painful for me to go because I was very loyal. I stayed places long. I worked through challenges. I wasn't afraid of the challenge. I just felt like it was going to get better and it took that that I prayed.

**Memo**: This was the straw that broke the camel's back. I like the quote "there's never a perfect time to go out and leap". There was a lot of pain in this situation--being told that the team is gone, a 40K pay cut, an increase in her workload, and no time off when she has the baby (family was important to her) really shook this interviewee and really "woke her up". She says it had to be this painful for her to wake up. I am going to conclude that this participant invested a lot of herself into this company and certainly into this project of getting the award. Her world as she knew it was
crumbling down. (This reminds me of the recent mediation by Tara Brach about waking up from our limbic trance).

**Participant 1:** I went into my own ... I took my lunch to really think it through and just felt like now is the time to take the leap. I went and put my resignation. My boss was super unhappy, called security and pretty much kicked me out.

**Memo:** She did some self-reflection and "change of self" and decided that the situation wasn't for her. This was a "developmental milestone". Again, this must have been very painful--to work so hard toward a goal and then to have everything that you have worked for to fall apart--"disillusionment". She had to let go of what her father had told her is the "pathway to success" (maybe this is the code instead of "pathway to business"?) She also had to let go of her identity as a worker in a business and transition to the mindset of an entrepreneur. I think that the interviewee believes in the universe providing signals (my bias) --she was very loyal and so it had to basically boil over BIG until the job and situation stopped being useful to her. Growth orientation is what I see here as well. Had she not been in this situation, she probably would not have left the company.

**Participant 1:** Again, it needed to be that. I trust that it needed to be that hard for me to leave because it put a fire under me that I've done this for other companies. I've been the right-hand person. It's time for me to take a stand for myself and do what I knew all along I was destined to do, help people, solve problems, doing the area that I'm good at which was marketing, which was getting people's messages out, right? Connecting to people who needed the problem that we could solve and so I took the leap at that point. I immersed myself in studying how do you do business online because I had been doing it in the traditional way. I was marketing in a traditional way with a six-figure budget.

**Memo:** I want to say Trust the Process here for some reason. She was going to do for herself what she had been doing for others-helping others using her skill set. She probably was an intra-entrepreneur but now needed to do the same thing for herself. Bumpy transition to entrepreneur--forced transition really. Growth orientation is here again because she is basically consuming as much knowledge as she can get her hands on.

**Participant 1:** How do you do this online for free with zero budget, right? I was leaving, and I had no savings. It looked crazy to everybody, but I knew inside it was the right move and I felt so free that I finally gave myself permission to do it and so from that place I just trusted in the process. I looked, and I took courses. I consumed all the free materials. I went to the library and read tons of books on how do you do this online and I felt the fear and did it anyway and that was part of what had me start to get success pretty
quickly because there was no other way, right? The ships were burned behind. There really was no other route and I also remember another piece of the fire inside of me when my boss said, "You're never going to work again. If I can have anything to do with it" because he was well known in the community and I'm so thankful because I never did work again in a traditional employee situation. Those words came true in a very beautiful way.

Memo: Definitely "Trust the process" here. But not only is she trusting the process, the interviewee is also doing something about her situation. She is searching for knowledge, solving problems (being an entrepreneur) which I think is growth orientation (maybe growth mindset?). She also took up the challenge "fire inside of me" probably helped her move forward as well. This hints of "challenges move us forward" in the concept "locating the pre-business self". Here we go, yes, she did feel the "fear" and "did it anyway" (that is the name of a book--I wonder if she is referencing that book?) She had no savings! So, there were feelings of fear, but she overcame them. I guess there are people that can overcome these challenges and others who could not. I suggest that this participant is particularly strong psychologically and in character. Perhaps I could look up what makes someone that strong? She not only overcame the situation with her old boss, she started a new business quickly and pretty much on her own. She is a "fighter" with a growth mindset--she can see past what is in front of her. She had no other choice, but to be successful especially if her boss was going to "blacklist" her. It doesn't seem as if she had a strong support system--I could be wrong--she said, "it looked crazy to everybody".

I am sensing there is a lot of work out there on growth mindset. Perhaps what I have been calling "growth orientation" could be changed to "growth mindset." I could definitely look this up--perhaps having a growth mindset is part of being involved in a conscious business?
Appendix B: Examples of Diagrams Made During Analysis

Diagram 1

Flourishing

The Journey

Has

Continue on

Business Challenges → Management → Success

Brings

Diagram 2

Business Challenges → The journey → Management Strategies → Success

Continue
Diagram 3

The Journey → Business Challenges → Management Strategies → Success

Or

Permanent
Temporary

Continues

Diagram 4

Flourishing

Relationships → Values → Purpose → Meaning
Appendix C: An Example of Microanalysis

The following is a field note quotation from my interview with Participant 1

**Researcher:** Could you tell me a little bit about yourself?

**Participant # 1:** Yeah. Absolutely. I'm in the central California area. I wasn't born and raised here, but I was here for probably a majority of my life because I moved quite a bit. I have a 15-year career in marketing and business development as an employee and then I transitioned to start my own business doing marketing. For me, part of that was really a deep purpose around ... I always wanted to be an entrepreneur since I was 5 years old. I just didn't know how that would happen and I just went the traditional route, went to school, worked my way up into management and it just never left me, that dream to have that, and I finally took the leap and I made it my mission, really to support other entrepreneurs in that leap.

The following is a microanalysis discussion with myself regarding data from interview with Participant 1.

Q = question          A = answer

Q: Okay so what could the word “yeah” mean?

A: “Yeah” could mean “yes.” It could indicate hesitance, or impatience like “let’s get started.” She could be in the middle of doing something, so it could be an acknowledgement of what the researcher has asked. It could also mean that she is bored or excited. It could also mean that she agrees to answer the researcher’s question. Or it could mean “give me a moment to think.”

Q: Pretend that the first word was “yes” instead of “yeah.” How would that change the meaning?

A: “Yes” is more formal than “yeah.” So, it could indicate the type of person she is—a more formal person might use “yes” instead of “yeah.” Or it could mean that she wants to treat the interview more formally—like “yes, let’s get down to business.” Or it could also mean she was thinking about something else and the question gets her attention. The way she says the word also has a lot to do with it. I could listen to the recording again to help. But, let’s remain open. I am not just trying to find the “answer.” I am exploring.

Q: What about the word “absolutely?” What does that mean?

A: It could be an emphasis to the word “yeah.” Like “without a doubt we can get started.”
Q: What else could “absolutely” mean if taken by itself?

A: That’s harder. Let me think. “Absolutely” could mean that she is in agreement to answer the question—so in a way, “absolutely” could also mean “yes” or “yeah.” She could also mean it in a sarcastic way but goes back to tone of voice. It could mean she has no doubt around answering the question. Or could also mean “oh, that’s an easy question” in response to the question I asked her. So, I get it—these are all different kinds of conditions or situations under which she could be answering this question. She could also be in a rush—like “let’s get on with it.” Or she could be trying to convince herself to answer.

Q: What if she used the word “definitely” instead of “absolutely.”

A: Boy, I am really challenging myself, here. Ok, “definitely” has a firmer connotation to it. It could also have a time element to it—as this interview is happening “now” not later. Even when using the word “absolutely” I think that there is some level of doubt associated with the word, whereas using the word “definitely” has very little doubt associated with it. So maybe Participant 1 was unsure of the question, or how the interview was going to go. Perhaps that is why earlier I said she might be hesitant.

Q: Ok, now you have found some conditions or situations under which Participant 1 could use the word “absolutely,” what about the properties (traits or qualities that can define it or differentiate it from “definitely”) of “absolutely?”

A: I think that “absolutely” can be on a continuum in terms of doubt. As I said, I think that the word “definitely” is firmer in agreement than “absolutely.” What could be on the other side of “absolutely?” The continuum of doubt could be “yeah” (as in something could happen) then “yes” (as in probably will happen), “absolutely” (as in it’s going to happen) and then finally, “definitely” (as it is happening).
Appendix D: Example of Using the Paradigm

Please note: This text is part of the actual interview with Participant 18. To use the paradigm, it was useful for me to insert the words conditions, action-interaction, and consequences within the text to identify the corresponding words or phrases. I also wrote memos to help my thinking.

Participant 18: Our friendship started in from a place also of awareness because we were both involved in an environmental group in X city. That's how we came to know each other, is because there was something important about this environmental group. I think that the relationship started out in that way right away. What's of value is up front. This environmental group would often have potlucks, and we raised our kids at the same time, so we would be at these potluck events. Which I think you might...

Well NM came to EE's once, I think, or maybe to CT and LT's where they had the goats. This was a group of people who got together, both because of environmental concerns, and a bunch of us were on the XYZ Free Task Force together, so supporting. There was that sort of consciousness beginning to our relationship.

Memo: Ok, so I am noticing in the very first sentence the word "because" so that is my cue. The interviewee is giving me the reason why she became friends with her colleague [becoming friends is the action-interaction she took]. The reasons (conditions for friendship) were that they were involved in an environmental group together, raised their kids at the same time, had potlucks together.

So, I have to ask myself "What meaning (in the form of a problem, goal etc.) was given to these conditions or set of events? What particular action-reaction was taken to manage the problem or reach the goal." So, here I think the meaning she is giving these conditions or set of events is that there was an "awareness" or "consciousness" to the beginning of their friendship.

Participant 18: Then we were both over the years interested in similar things [conditions of friendship]. She's an occupational therapist [conditions]. Doing massage therapy [action-interaction], we had that healthcare connection, raising kids at the same time [conditions]. I had this relationship with her [consequence].

I think when I thought about who I wanted in the front space, so I bought the ... Let me just back track. I bought the building. It will be three years ago in May, May 1st. that I put walls in so that I could have two treatment rooms, and then a group space in the middle. Right from the beginning I was thinking that I wanted to make the mortgage feasible. I wanted somebody to rent the front space. That intention was there.
Memo: Here she is putting the micro and macro conditions (her own situation, not enough money, and the situation outside herself--mortgage that she has no control over). She lacks the money to carry the whole mortgage herself and thus chooses to rent out part of the space.

Here the interviewee is continuing giving the reasons [conditions for friendship] why she chose her colleague as a friend [action]. They were interested in similar things, they raised their kids at the same time--these are other reasons [more conditions for friendship] why she chose this woman to be her friend [action-interaction].

The interviewee also uses the word "when" as well. "I think when I thought about who I wanted in the front space..." Now she is talking about choosing someone for the front space of her clinic. So, at first there were events [conditions] under which she chose this woman as a friend [action] and then the interviewee starts talking about the conditions under which she needed some one to rent part of her space. When she put the walls up and had the group space in the middle etc. these were more conditions under which the interviewee had to deal with in choosing someone for the space.

Participant 18: Then I had resistance [action-interaction] about putting it in the newspaper because I didn't really just want anybody in there just to get the rent [conditions] [consequences--she didn't put an ad in the paper] I wanted there to be a connection philosophically, and there to be an ease relationally [conditions] that we...I knew we could work together, and share the space together [action-interaction]. I also wanted flexibility [meaning] around how the group space was used. My concern [feeling--action-interaction] was that if I got somebody in the front space that had a very rigid schedule, or that they wouldn't be as open to that middle space between the two treatment rooms being used for things that I also needed it to be used for [conditions]. I was worried [feeling--action-interaction] that I would be infringing if I wanted to do group work. Say that I would be infringing on their space. I needed somebody again, that wasn't just ...

Memo: Here the interviewee uses "because" again signifying the conditions/events under which she felt "resistance." She didn't want just anybody. I think "resistance" is the meaning she is giving to the conditions of not wanting just anybody. "Concern" that if she rented to someone who had a rigid schedule she would be infringing on their space [meaning].
Appendix E: Descriptive Summary Memo

What is the storyline of the data? What is the theme of the data? What was the research all about?

The research seems to be about using business as a way of making the lives of people better and sustaining the environment. Socially conscious capitalism is based on values and the building of meaningful, interdependent relationships to foster business growth with the ultimate goal of enhancing people's lives and/or improving the environment.

The purposes of the businesses varied but all purposes ultimately, when boiled down to its essence were about making the world a better place in terms of people and/or the environment. The business goal was not to make money although that did happen. The leaders relied on the virtuous cycle--by focusing on the relationships and the purpose, the money did seem to come. "Profit was essential" but it was "a manifestation of doing the right thing". The "right thing" included paying employees a fair wage, paying suppliers on time or earlier, and providing a culture or work environment conducive to personal and professional growth.

It also meant having sound leadership to set the tone and guide employee behavior. The leaders fostered meaningful relationships with all the stakeholders and encouraged meaningful relationships between the stakeholders as well.

Alignment of values was a key element towards creating the virtuous cycle. If the values of the stakeholders were all aligned and aligned around the purpose, there was not only a greater chance of "living the values" (which was personally beneficial), but also a greater chance of attaining or being "on the journey" to attain the purpose and being rewarded with personal fulfillment. There was also a greater chance of earning profit and reinvesting it back into the company or sharing it with employees. Using business in this way created value for all the stakeholders--on financial, professional, and/or personal levels--and also provided personal meaning and fulfillment.

The word "movement" means "a body of persons with a common objective and/or a campaign undertaken by such a body" according to the Canadian Oxford Dictionary. I would say that socially conscious businesses as a whole are using their businesses in a way that helps solve social or environmental problems. Although it is not a campaign, as such, by virtue of using their businesses in this way, leaders are creating a movement of sorts. The movement says that human relationships are more important than money. Money is important for the business to function, but it is a byproduct of focusing on the social and/or environmental purpose.
How is this related to flourishing? Flourishing is about doing well, very well. It is about growing in a healthy way—it’s about thriving. If we were to thrive or to flourish as a species...
References


