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Harry J. Van Buren III

Abstract: Although the concept of corporate social performance (CSP) has become more clearly specified in recent years, an analysis of CSP from the perspective of one particular stakeholder group has been largely ignored in this research: employees. It is proposed that employees merit specific attention with regard to assessments of corporate social performance. In this paper, a model for evaluating and measuring CSP at the employee level is proposed, and implications for evaluating contemporary employment policies and practices are offered. An iterative process for systematically including normative content in the CSP model across stakeholder groups is also offered.

Corporate social performance (CSP) theory has become one of the dominant theoretical frames for academic work focusing on social issues in management. Wood's 1991 work on CSP built on that of other theorists (see, for example, Carroll 1979, Wartick and Cochran 1985) to develop a principles-processes-outcomes model of corporate social performance, defined as "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" (Wood 1991: 693). Wood notes that outcomes alone are truly observable (motivations informed by principles are not at all observable, and processes only by inference); for most stakeholders, organizational performance (as represented by social outcomes) is what really counts (Clarkson 1995). Stakeholders are likely to weight the outcomes they personally experience more heavily than outcomes experienced by other stakeholders or by society-at-large when assessing CSP for particular organizations.

One of the central insights of the CSP model is the proposition that social policies in and of themselves indicate little about corporate social performance. Without attention to principles of social responsibility and actual outcomes experienced by stakeholders, social policies are not likely to be institutionalized in organizations (Wood 1991; contrasted with propositions from Epstein 1987). Recent research in the area of work-family programs, for example, has concluded that merely making provision for *programs* like flex-time fails to address managerial resistance to them, which directly affects the likelihood that employees will actually take advantage of such programs (Hochschild 1997). There is a significant gap, in short, between the existence

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of a program to improve employee welfare and its actual effect on social performance *as experienced by employees* (see, for example, Miner and Miner 1978).

Although CSP research has provided the basis for a number of theoretical breakthroughs in the field of social issues in management (among others, see Clarkson 1995; Swanson 1995 and 1999; Wood and Jones 1995), one stakeholder group has received comparatively little attention from CSP researchers—employees. Attention to employee-related CSP issues is manifest in practitioner literature (Estes 1996; Kinder, Lydenberg, and Domini 1993; Korten 1995; Makower 1994; Van Buren 1995), but relatively little academic research has been done in this area.[1] There is a need for an employee-centered model of CSP that does "not accept the idea that it is solely the responsibility of owners to evaluate how a company treats employees" (Wood and Jones 1995: 247). In this paper, I will develop such a model. After briefly reviewing the CSP literature, I will take up the issue of how CSP, as experienced by employees, might be evaluated, and then work backward to discuss relevant processes of social responsiveness and principles of social responsibility. I will conclude by offering an iterative process for systematically including normative content in the CSP model across stakeholder groups.

The CSP Model and Current Social Issues in Management Research

As previously noted, Wood's (1991) CSP model successfully created a coherent, integrative framework for business and society research. Early work in corporate social responsibility (see, for example, Aldag and Jackson 1975; Davis 1973) suffered from a lack of theoretical rigor and clarity (Votaw 1973; Frederick 1978/1994). Later work on corporate social responsiveness (Frederick 1978/1994) moved the field forward by considering the tangible activities of corporations in response to social pressures, although it did not provide a theoretical frame for understanding the content of corporate social responsibility or the values that might inform conceptualizations of it. Subsequent attempts to bring values back into an analysis of business and society relations (for example, see Frederick 1987) recognized the need to include normative content, but faced similar problems as did earlier writings on corporate social responsibility.

The CSP model—integrating principles, processes, and outcomes—has proven to be a useful way of organizing social issues in management research. A number of studies have explored the connection between particular measures of CSP and corporate financial performance (Frooman 1997; Griffin and Mahon 1997; Orlitzky, Schmidt, and Rynes 2003; Preston and O'Bannon 1997; Waddock and Graves 1997), although some of this research has not found a significant relationship between social and financial performance because of mismatched measures of both constructs (Wood and Jones 1995). Other CSP researchers have integrated CSP with stakeholder theory (Clarkson 1995) and strategic management (Carroll 1995). Continuing work in stakeholder theory (Mitchell, Agle, and Wood 1997; Rowley 1997) and issues management (Nasi *et al.* 1997) addresses processes of corporate social responsiveness to stakeholder demands. The CSP model thus helps ties together the varying strands of business and society research, providing structure to a field that has only emerged in the past forty years (see McGuire 1963 for an early example of business and society as such).

There have been a limited number of empirical studies that have explored the connection between CSP and corporate financial performance when employees are the relevant stakeholder group (Copperman 1981; Morris *et al.* 1990; Hill, Kelley, and Agle 1990; Roman and Blum 1987), but these studies have had mixed results because of weak theoretical links between the measures of CSP and CFP performance used (Wood and Jones 1995). Left unanswered by such studies—and indeed in the CSP research stream in general—is the question of what values and duties owed to employees might inform an analysis of CSP. In the next section, I will sketch out an employee-centered model of CSP after justifying my rationale for centering such a model on one particular stakeholder group.

Corporate social performance is, however, a useful framework for assessing and specifying a corporation's treatment of its stakeholders. Table 1 briefly summarizes Wood's 1991 CSP model.

Table 1
The Corporate Social Performance Model (from Wood 1991: 694)

Principles of corporate social responsibility
Institutional principle: legitimacy
Organizational principle: public responsibility
Individual principle: managerial discretion

Processes of corporate social responsiveness
Environment assessment
Stakeholder management
Issues management

Outcomes of corporate behavior
Social impacts
Social programs
Social policies

In contemporary research, however, the CSP model has largely been used to explore questions related to the economic perspective thereof (following Swanson 1995). The CSP model itself delineates structural principles among actors in society; values need to (and can) be integrated into business and society research using the model. But largely absent from CSP research (although present in business ethics research) has been attention to duty-based perspectives: formulating rules for corporate behavior (grounded in some human value, like justice) that then are expressed as obligations or duties (Swanson 1995). Although one way that economic- and duty-based perspectives can be aligned is through analyses of the social control of business (Stone 1975; Jones 1983), work that questions the economic basis for the existence of business is often seen as illegitimate in business schools (Freeman and Gilbert 1992). More recently, however, there has been a reconsideration of the role that values can and should play in business and society—including CSP—research (Frederick 1998).

Analyses of corporate social performance are particularly important because they can contribute to the social control of individual businesses or the institution of business, which is a central focus of the business and society and business ethics fields (Swanson 1999). Left to its own devices, individual businesses and the institution of business would define corporate social performance in ways that are most advantageous to themselves, perhaps to the detriment of various stakeholder groups. In contrast to Carroll's (1979) pyramid of corporate social responsibilities that starts with economic responsibilities at the base and continues with legal and ethical responsibilities that are then subsidiary to economic responsibilities, the framework for assessing corporate social performance with regard to employees developed in this paper will specify ethical responsibilities that are (1) prior to economic responsibilities and (2) exist independently of business organizations and the institution of business.

As I will discuss in the next section, there is no shortage of issues in the business and society field for which integration of CSP and business ethics scholarship would prove to be most illuminating. It is sufficient to note at present that while the CSP model has been and continues to be a most useful way of organizing business and society research, there is still a need to bring questions of values and ethics more explicitly into the model. I now turn to one particular issue of concern—that of contemporary employment practices—as a way of exploring how CSP might be evaluated from the perspective of a particular stakeholder group.

One Problem Relevant to CSP Research—The Question of Employees

In recent years, several employment practices—including downsizing, the use of contingent workers, and contract supplier relationships—have been the subject of attention from the popular press and from management academics. These issues are particularly important with regard to the employment relationship because they are indicative of its changing nature. Cavanaugh and Noe (1999) note that the changing nature of the employment relationship—which they describe as the "new psychological contract"—focuses less on mutual loyalty between employers and employees and more on spot labor transactions (see Rousseau 1995 for a discussion of the latter point). As Van Buren (2003) notes, the changing nature of the employment relationship represents a deterioration in the terms of trade between employers and employees to the detriment of the latter. Although histrionics about the changing nature of the employment relationship are all too common, it is clear that the relationship between employers and employees is changing in ways that demand ethical reflection. In this section, I will briefly describe some of the employment practices that are of particular interest from the standpoint of CSP.

Downsizing

Concerns about downsizing—in which large numbers of employees are fired simultaneously (whether as a part of a general workforce reduction or due to the relocation of a facility)—have been paramount since the late 1980s. A number of studies have considered the effects of downsizing on employees (Bennett *et al.* 1995; Leana and Feldman 1995) and communities (Leana and Feldman 1992), re-employment of downsized workers (Eby and Buch 1994), and the strategic implications of downsizing (Freeman 1984; Greenhalgh 1982). Research into downsizing often takes one of three tacks: (1) focusing on the individual workers' reactions to downsizing, (2) considering how the individual worker can improve his or her well-being after experiencing downsizing, or (3) asking whether downsizing is good for employees (Van Buren 2000). Downsizing has received considerable attention in the popular press (*The New York Times Special Report* 1996), not to mention from families concerned about their standards of living. It is surprising, therefore, that little academic work has been done about the *corporate social performance* implications of downsizing.

Contingent Workforces

Related to the phenomenon of downsizing is the increasing use of contingent workforces—employees whose skills are engaged for short periods of time by an organization without expectation of long-term employment. Often this kind of employment practice is cast in terms of "boundaryless careers" (Arthur and Rousseau 1996) that unfold over time through participation in a large number of projects at different organizations. The case for contingent workforces is this: companies should maintain "core" workforces of employees that provide their comparative advantage and either outsource (see the discussion of contract suppliers below) or purchase needed skills for specific projects on an *ad hoc* basis. The duties of care owed to contingent employees are less clear, however (Perrow 1996; Rogers 2000; Waterman, Waterman, and Collard 1994; Van Buren 2003). A CSP analysis of contingent workforce practices might address the treatment of contingent workers, including attention to wages, benefits, and the development of individual skills (Waterman, Waterman, and Collard 1994).

The Use of Contract Suppliers

Another employment practice relevant to CSP is that of contract suppliers—the use of suppliers that either manufacture products for another company under the latter's brand label or that provide services to another company. This issue has often discussed in the context of sweatshops (whether in the U.S. or in other countries). A stakeholder analysis might well hold that contract suppliers and their employees are corporate stakeholders, but this alone indicates little about the content of a focal organization's responsibilities to such stakeholders. A CSP analysis of contract supplier relationships might focus on both the *processes* by which companies respond to stakeholder concerns about contract supplier relationships (for example, does the company report information about contract suppliers and standards governing relationships with them to corporate stakeholders?) and the outcomes of relationships between organizations and the employees of contract suppliers as experienced by the latter (for example, what are the effects of contract supplier relationships on workers, families, and communities?).

Other Issues

There are a number of other interesting issues related to employment that have implications for CSP theory and empirical research. Compensation issues (Collins 1996; Frank and Cook 1995) as they relate to inequality in organizations (Blockson 1998) bear further analysis. Ongoing issues related to employment discrimination (Murrell *et al.* 1994; Sheets and Bushardt 1994; Thomas and Gabarro 1999) and diversity (Millikin and Martins 1996) would benefit from examination from a CSP perspective.

CSP and Particular Stakeholders

If an argument for an employee-centered model of CSP is to have any relevance, there must be some justification for considering CSP from the perspective of a particular stakeholder group. In this section, I will briefly discuss why stakeholder evaluations of CSP matter for theory building and then consider how employees might so evaluate organizations.

The Importance of Stakeholder Evaluation

There is not, nor is there likely to be, one preferred or "right" way of evaluating CSP, although as I will note later, it is possible to enhance the CSP model in ways that integrate ethical content across stakeholder groups. (There is still controversy about whether CSP should be distinct from CFP, following Friedman 1962/1982, but that is altogether another matter that will not be discussed here.) Wood and Jones (1995: 231) propose that stakeholders play at least three roles with respect to corporate social performance:

1. "stakeholders are the *source of expectations* about what constitutes desirable and undesirable firm performance,"
2. "stakeholders *experience the effects* of corporate behavior; that is, they are the recipients of corporate actions and output," and
3. "stakeholders *evaluate* how well firms have met expectations and/or how firms' behaviors have affected the groups and organizations in their environment."

Stakeholder expectations of corporate behavior are one source of normative content in the CSP model (Wood and Jones 1995), although as I will discuss in the next section, normative content is added to the CSP model through the explicit inclusion of philosophical constructs like justice and fairness. The ongoing relationship between an organization and its stakeholders—for example, employees and the organizations for which they work—provides feedback to organizational decision makers and other parties interested in CSP (Epstein 1987). There is, in short, no system of evaluating CSP that can exist outside of stakeholder expectations.

Employees as CSP Evaluators

Moving from the general to the specific, any model of CSP as it relates to the employment relationship must take into account the expectations of employees. Virtually every theory of stakeholder identification lists employees as stakeholders whose interests must be taken into account by managers and organizations (Clarkson 1995; Freeman 1984; Mitchell, Agle, and Wood 1997). Because employees are critical for the success or failure of any enterprise (Clarkson 1995), their evaluations of CSP are of particular concern to managers, organizations, and theorists alike. For managers and organizations, the need to secure labor as a critical firm resource (Pfeffer and Salancik 1978) has implications for both organizational performance and ethical evaluation. For theorists, information about CSP as it relates to employees (who are in some sense closer to the organization than any other stakeholder in terms of ongoing interactions) has implications for evaluations of CSP with respect to more distant stakeholders; the argument being that an organization that does not treat well the stakeholders with which it interacts constantly (like employees) is not likely to treat stakeholders with more distant or transitory relationships to the focal organization well either.

The previous section introduced a number of employment-related practices of particular concern with regard to analyses of CSP, including the use of contingent workforces and contract suppliers. One issue to consider vis-à-vis both groups is whether they should be included as organizational employees for the purposes of CSP evaluation and theory building. For the purposes of this paper, I will use the term employee in its widest sense: any individual actually employed by an organization or whose work directly affects and relates to core economic functions of the firm (Leana and Van Buren 1999). Evaluating CSP from an employee perspective when the subject of such an analysis casts too narrow of a net if just "core" employees are included: employees who work on a contingent basis or who make products for sale under the company's brand name (for example, employees of Nike's contract suppliers in Asian countries) merit inclusion as employees for such purposes (Van Buren 2003). If people with contingent or contract supplier relationships are not included in an analysis of CSP from the perspective of employees, organizations would only be evaluated on the basis of their relationships with the people who are directly paid by an organization—rather than on the broader set of employment relationships previously described.

An Employee-Centered Model of CSP

A stakeholder-centered model of CSP requires two things: (1) the explicit integration of values into the model and (2) attention to the particular kinds of claims and evaluative frames of that stakeholder group. In this section, I will propose two macroprinciples for evaluating CSP from the perspective of employees (and other stakeholders) and then describe how these macroprinciples affect the way in which the CSP model is conceptualized.

The approach used in this section owes much to Swanson's reconceptualization of the CSP model. As previously noted, integrating values into the CSP model enhances utility of the latter (Swanson 1995, 1999; Wood 1991). Swanson's (1995) CSP model builds on three of Frederick's (1995) organizational value processes—economizing, power aggrandizing, and ecologizing—defining increases or decreases thereof as social impacts. She also differentiates between macroprinciples (sited at the institutional and organizational levels) and a microprinciple (sited at the individual/executive level) of corporate social responsibility, while reconfiguring the processes element of the CSP model in terms of corporate culture (of which personal values are a part). The advantage of Swanson's approach to the CSP model is that it explicitly adds normative content to the model while including the roles that personal values and organizational value processes play in shaping perceptions of an organization's CSP, as experienced by different stakeholders.

In a similar vein, I propose that there is a need to add normative principles to the CSP model and then trace the effects of these normative principles on each part of the model. Following Wood and Jones (1995), I propose that a stakeholder perspective provides a basis for including both stakeholder expectations and normative content, while describing how good CSP might be defined with respect to particular stakeholders. There has been considerable research done in the area of organizational justice, with particular attention to perceptions of employees (Adams 1965; Greenberg 1987, 1988; Lind and Tyler 1988). The model of employee-centered CSP will build on both this work and on theories of fairness from the philosophical literature. In this section, I will define two macroprinciples relevant to the CSP model in general and to the interests of employee stakeholders in particular after first identifying the ethical principles that underpin my analysis.

Stakeholder Fairness

There has been considerable work in recent years (Phillips 1997 and 2003; Van Buren 2001) focusing on principles of fairness in organization-stakeholder relations. Phillips (1997) defined fairness in terms of stakeholder participation in an organization's collaborative scheme for mutual benefit. Van Buren (2001), drawing further on ideas of consent from social contract theory (Gauthier 1986; Donaldson and Dunfee 1999) developed the following modified principle of fairness in organization-stakeholder relationships:

> Organizations are mutually beneficial schemes of co-operation that require both sacrifices and contributions on the parts of the participants; but the possibility of free-riding (especially by the organization) exists. Because (1) the likelihood that a stakeholder will be harmed by organizational free-riding is inversely proportional to the stakeholder's power, (2) every group that participates in a mutually beneficial scheme of co-operation possesses property rights that must be taken into consideration, and (3) all participants in a mutually beneficial scheme of co-operation have a right to participate in governance processes, obligations of fairness are created among the participants in the co-operative scheme in proportion to the benefits received. Such obligations are preceded and safeguarded by obligations to include stakeholders in the process of corporate governance as a means of obtaining their express consent in proportion to the sum of their contributions to and sacrifices for the collective scheme.

As a philosophical statement, this principle of fairness has the virtue of being fairly comprehensive and complete. As a guide to managerial action, however, it is somewhat unwieldy. For the purposes of this paper, I therefore will disaggregate this principle into two simpler macroprinciples of stakeholder treatment: a macroprinciple of distributive fairness and a macroprinciple of procedural fairness. In this way, I hope to make the application of these macroprinciples simpler to understand and more useful for practitioners.

Here it should be noted that this definition of fairness in organization-stakeholder relations includes two elements: an element of procedural fairness (cast in terms of stakeholder participation in corporate governance) and an element of distributive fairness (rewards in terms of contributions to the organization). The macroprinciples of stakeholder treatment that follow adopt this framework.

Macroprinciples of Stakeholder Treatment

The first step in reorienting the CSP model from the perspective of employees is to define macroprinciples of stakeholder treatment that are applicable across different stakeholder groups, after which these macroprinciples are then applied to relationships between organizations and stakeholders. Here I build on theories of justice (see Greenberg 1990 for a discussion thereof) that focus on the fairness of ends achieved (distributive fairness) and on the fairness of processes used to achieve those ends (procedural fairness). The macroprinciples of stakeholder treatment build on previous work on justice (Rawls 1971) and organizational fairness (Phillips 1997 and 2003; Van Buren 2001), and are defined in Table 2 (p. 696).

Macroprinciple of distributive fairness. This macroprinciple addresses the fundamental issue of distributing the gains of production among stakeholders. Building on principles of fairness developed by Phillips (1997) and expanded upon by Van Buren (2001), which propose that organizations are mutually beneficial schemes of co-operation (adapting Rawls 1971 to the organizational level with a focus on stakeholders) requiring sacrifice by stakeholder-participants, the macroprinciple of distributive fairness offers an alternative to the proposition that stakeholder interests are protected by bilateral contracts between the focal organization and individual stakeholders (Freeman and Evan 1990). As Van Buren (2003) notes, bilateral contracts often fail to protect rank-and-file workers whose skills are largely commodities, and contracts are by their very nature provisional and incomplete (Rousseau 1995).

One argument offered against corporate social responsibility is that managers owe fiduciary duties only to owner-principals, who own the corporation and bear all of the residual risk. The manager, in this analysis, must act as a good agent for his or her principals, maximizing the value of their investments. But this argument has increasingly come under attack. Blair (1995) has critiqued the proposition that stockholders alone bear residual risks and thus alone have property rights in the organization; she concludes that some form of stakeholder democracy is necessary to protect the rights of non-stockholder stakeholder groups like employees. Donaldson and Preston (1995) propose that property rights might well be based on underlying concepts of (distributive, generally) justice—and justice is based on socially constructed notions of who has what moral interests in an asset's use (Blair 1995). If many stakeholders (including but not limited to shareholders) have property interests in a corporation, then by extension

Table 2
Macroprinciples of Stakeholder Treatment

Macroprinciple 1: Macroprinciple of distributive fairness

Principle: Distribution of benefits and harms arising from organizational actions shall be fair across stakeholders.

Sources: Phillips 1997, Rawls 1971, Van Buren 2001

Applicability to CSP: One of the outcomes of corporate behavior is the stream of benefits created by a corporation's activities that is then distributed among stakeholders. The macroprinciple of distributive justice requires the organization to distribute the gains created by production according to each stakeholder's contribution to the common enterprise.

Applicability to employment: Rather than relying on legal (for example, minimum wage laws) or market-based (for example, paying the market-clearing rate of remuneration) theories of/justifications for remuneration, an ethical analysis of employment relationships must consider what employees receive as opposed to what they contribute. Organizations that take advantage of their power in labor markets to pay employees less than their contributions to the organization (for example, contingent workers or employees of contract suppliers) would be violating this macroprinciple.

Macroprinciple 2: Macroprinciple of procedural fairness

Principle: Stakeholders have a right to participate in organizational policy setting in proportion to their contributions in the organization to negotiate the terms of their involvement in the corporation's activities and to protect their interests vis-à-vis the distribution of rewards and harms.

Sources: Blair 1995; Donaldson and Preston 1995; Freeman 1984; Freeman and Evan 1990; Van Buren 2001

Applicability to CSP: Managers alone cannot determine what good CSP vis-à-vis particular stakeholders looks like; both prior moral duties and stakeholder expectations play a role in constraining managerial behavior. Stakeholders have a right to participate in corporate governance to ensure that their conceptions of CSP and their interests are taken into account by managers.

Applicability to employment: Management theory has long enshrined the "right" of management to structure the work environment (see Taylor 1911; Urwick 1942 for early examples) and to determine remuneration; the macroprinciple of procedural justice posits a right for employees to participate in corporate governance and managerial policy setting vis-à-vis employment relationships.

a macroprinciple of distributive justice provides a normative argument for judging CSP as a function of the corporation's distribution of rewards to its stakeholder/property holders. In short, it is not only shareholders who make sacrifices for and bear residual risks in organizations. Supposed fiduciary responsibilities owed only to shareholders therefore cannot be the basis for excluding concerns about distributive justice from analyses of CSP, especially because contracts between organizations and employees are either nonexistent or incomplete.

Macroprinciple of procedural fairness. The second principle follows naturally from the first. Blair (1995: 232) proposes that "corporate resources should be used to enhance the goals and serve the purposes of all those who truly have something invested and at risk in the enterprise. Those parties, in turn, should have enough of the control rights to ensure that corporate resources are used to those ends." Other writers have proposed that formal means of including other stakeholders in corporate governance processes is necessary to ensure fairness (Freeman and Evan 1990; Freeman and Reed 1983; Stone 1975). Procedural fairness relates to employees' (and by extension, all stakeholders') satisfaction with the functioning of the organizational system (Greenberg 1988) and their opportunities to participate in it; attention to procedural concerns is thus important both in terms of satisfaction with organizational processes and outcomes experienced by stakeholders.

The macroprinciples of stakeholder treatment, I propose, function as normative content that can be integrated into the CSP model. Focusing on both distributive and procedural concerns allows the inclusion of normative content that is grounded in the philosophical literature on justice and the social scientific literature on organizational justice. The next step of developing an employee-centered CSP model is to trace the effects that the two macroprinciples of stakeholder treatment have on Wood's (1991) principles-process-outcomes model of CSP. As noted previously, Wood defines principles at three levels of analysis: individual (managerial discretion), organizational (public responsibility), and institutional (legitimacy). The macroprinciples of stakeholder treatment can then inform an understanding of how the principles of corporate social responsibility within the CSP model might apply to employment relationships.

Effects on Macroprinciples of Stakeholder Treatment on the CSP Model

Both macroprinciples of stakeholder treatment function as normative rules that are then integrated at each level of the CSP model. In this section, I will outline how such an integrative process might proceed.

Principles of Corporate Social Responsibility

Wood (1991) outlines three principles of corporate social responsibility that cross multiple levels of analysis: institutional, organizational, and managerial. At the *institutional* level, because the principle of legitimacy focuses on obligations of the institution of business, consistency with the macroprinciple of distributive fairness would require that the institution of business provide members of society with jobs that are compensated fairly. Further, the institution of business should be supportive of legal standards that ensure fair remuneration for employees, such as the living wage (see Pollin and Luce 1998; Luce 2004) and equity across jobs with similar skill levels. With regard to the macroprinciple of procedural fairness, organizations alone cannot dictate what appropriate employment policies and practices should be, similarly suggesting that the institution of business should support regulations and voluntary standards to ensure employee voice, whether in terms of unionization (Bronfenbrenner *et al.* 1998) or other means (Freeman and Rogers 1999) thereof.

With regard to the *organizational* principle of public responsibility, the effect of the macroprinciple of distributive fairness is that any organization has an affirmative obligation to compensate employees consistent with their contributions to its success (Van Buren 2001). With regard to the macroprinciple of procedural fairness, because employment issues relate to a primary area of business involvement with society, organizations have specific obligations to ensure procedural justice for their employees. These obligations most particularly would relate to hiring, promotion, termination, and remuneration policies that are procedurally fair. Organizations also have a responsibility to communicate their expectations to their managers with regard to distributive and procedural fairness. Further, organizations would have obligations to observe collective bargaining rights and to provide for a safe workplace (as would individual managers).

Finally with regard to the *individual* principle of managerial discretion, the practical effect of the macroprinciple of distributive fairness is that individual managers cannot use remuneration of employees as a basis of achieving competitive advantage. The effect of the macroprinciple of procedural fairness is that managers are individually responsible for maintaining procedures that ensure fairness in employment. At this level of analysis, therefore, it is the manager who is ultimately responsible—with the support of his or her organization—for enacting both macroprinciples in the employment relationship.

Processes of Corporate Responsiveness

The second part of the CSP model is comprised of processes of corporate social responsiveness. How do the macroprinciples of stakeholder treatment affect processes of corporate social responsiveness? If in fact organizations face expectations of procedural and distributive justice, they will need to (1) gather information from the external environment about such expectations, (2) map the stakeholder environment and engage in stakeholder management with respect to such expectations, and (3) consider how issues relative to employment relationships should be managed.

Both macroprinciples point to the need for environmental assessment. Organizations must know enough about the external environment to be able to respond to social demands as they relate to expectations about distributive and procedural justice, especially as those expectations change over time (Wartick and Mahon 1994). Expectations of fairness in employment relationships (both for domestically and foreign-based employees) are constantly changing, requiring processes for scanning and analyzing the external environment for the expectations of the constituencies that are making demands on organizations.

Academic work on stakeholder management has done much to classify stakeholders in terms of their strategic import, and the macroprinciples previously defined affect strategic analyses of the stakeholder system. This said, the macroprinciples of stakeholder treatment also add normative content to the CSP model by including concerns about procedural and distributive justice to an ethical analysis of stakeholder relationships. Processes of stakeholder management administered at the organizational level therefore ought to include concerns about procedural and distributive fairness explicitly.

Finally, with regard to issues management, organizations face a variety of issues related to employment relationships (for example, EEO, contract suppliers, downsizing). An important element of issues management is representing the organization to its external environment to demonstrate that the organization is acting in ways consistent with societal expectations thereof. There is a link between issues management and the (1) development of social programs and policies and (2) interpretation of social impacts to internal and external stakeholders that help determine how they view an organization's CSP.

Outcomes of Corporate Behavior

Finally, the macroprinciples defined herein affect how outcomes of corporate behavior are judged by stakeholders. If organizations face expectations of procedural and distributive fairness in their employment relationships, then such expectations will necessarily affect how stakeholders judge their corporate social performance. Here the effect of macroprinciple of distributive fairness is that the institution of business, organizations, and individual managers will be judged based on how well they create jobs that are remunerated fairly, with one basis of judgment being the payment of living wages to employees (wages sufficient to support a family), whether those employees work for a firm directly, for a temporary agency, or for one of the firm's contract suppliers. Another basis of judgment is whether employees are harmed by working for an employer; here, safety and disease rates would be used. Further, organizations are responsible for ensuring fair access to elite positions as a matter of distributive fairness in their hiring and promotion activities (see Rawls 1971 for a discussion of the difference principle in this regard).

The effect of the macroprinciple of procedural fairness is that organizations will be judged in part based on analyses by stakeholders and society-at-large of how their social programs and policies create positive social impacts for (and avoid harms to) employees. The principles and processes of CSP are therefore important to the extent that they create outcomes that are judged by stakeholders to be just in procedural and distributive terms.

In this section, I have defined two macroprinciples of stakeholder treatment and discussed some of their effects on the principles-processes-outcomes model of CSP developed by Wood (1991) vis-à-vis the employment relationship. In the next section, I will briefly return to the particular employment practices described in a previous section to discuss how the CSP model might now address them.

The CSP Model and Employment Practices

In an earlier section, I discussed a number of extant employment practices—including downsizing, contingent workforces, and contract suppliers—that raise interesting business ethics and CSP-related questions. I now return to these three practices to illustrate the utility of the CSP model with the inclusion of macroprinciples of stakeholder treatment.

Downsizing

An analysis of CSP as it relates to downsizing would focus on the procedures used to carry it out (procedural fairness), the outcomes experienced by employees (distributive fairness) and both the treatment of employees and the rationales for engaging in downsizing (see Van Buren 2000 for a model of social responsibility in downsizing). One reason for public concern about downsizing has been (and continues to be) whether it is being done in ways that are just and whether downsizing (especially when companies are performing well financially or when a company is closing a plant in the United States to open another in a low-wage country) is just. The macroprinciples of stakeholder treatment address both procedural and distributive concerns related to downsizing.

Further, it's important to note that downsizing can have negative effects on companies that attention to social responsiveness can ameliorate. When AT&T cut 40,000 jobs in 1996, the public outcry forced the company to undertake actions like setting up a job bank for the employees who were losing their jobs; the company then advertised its treatment of such employees extensively in an attempt to influence perceptions of its fairness toward them. Further, just treatment of downsized employees can be beneficial to the firm, because surviving employees will feel more at ease and thus maintain their commitment (Leana and Feldman 1995).

Contingent Workforces

A CSP analysis of contingent workforces similarly would focus on the organization's treatment (in terms of procedural, but especially distributive, fairness) of such employees. A number of questions might be asked with regard to such employees: Are contingent employees given opportunities to sharpen their skills to remain employable on the external labor market (Waterman, Waterman, and Collard 1994; Van Buren 2003)? Are contingent employment practices being used to escape obligations for fringe benefits due other, core employees (Rogers 2000)? Finally, are the procedures to engage and disengage from contingent employment relationships justly administered? The answers to these questions then affect whether the use of contingent workers promotes or inhibits distributive and procedural fairness. As Rogers suggests, the use of contingent workforces is likely to be ethically problematic in this light.

Contract Suppliers

Contract suppliers represent an interesting challenge for assessing CSP. Companies often protest that such employees are not their responsibility because (1) they actually draw paychecks from other companies and (2) U.S. companies cannot be held responsible for working conditions in other countries. I previously argued that employees of contract suppliers merit inclusion under the general category of organizational employees under some circumstances (see Van Buren 2003); if this argument holds, then the same kinds of procedural and distributive concerns relevant to organizational employees inhere to employees of contract suppliers. Two concerns expressed about contract suppliers are wage rates (distributive fairness) and collective bargaining rights (procedural fairness). The macroprinciples of stakeholder treatment might obligate organizations to pay living wages and to respect the rights of workers to organize (Bronfenbrenner *et al.* 1998)—no matter what the wage rates or labor laws are in a particular country.

There are obviously many other employment issues that might be analyzed from a CSP perspective. The point that I hope I have made throughout is that by the addition of macroprinciples of stakeholder treatment, it becomes possible to analyze CSP from the standpoint of particular stakeholders. Similar research might apply the analytic techniques described in this paper to other stakeholder contexts—for example, to organization-community relations.

Employment Relationships and Analyses of CSP

Underlying the analysis in this paper is the proposition that macroprinciples of stakeholder treatment influenced by principles of justice and fairness (Blair 1995; Rawls 1971, Phillips 1997; Van Buren 2001) are best suited for normative stakeholder/CSP analysis. The central insight of stakeholder theory—that organizations have constituencies other than shareholders to whom they owe responsibilities—is well established in the academic literature and is gaining currency among some practitioners. As noted by Wood and Jones (1995), stakeholders matter for analyses of CSP because they set expectations for corporate behavior, experience the effects of that behavior, and then make evaluations about the organization. The macroprinciples identified in this paper help cast light on how ideas related to fairness—here understood in terms of procedural and distributive justice—might help academics and practitioners alike resolve some of the difficult issues related to evaluations of CSP and stakeholder treatment.

The macroprinciples of stakeholder treatment delineated in Table 2 are helpful for analyzing a broad range of relationships between organizations and their stakeholders. Employees, however, merit special consideration in analyses of CSP—both because of their proximity to the organizations and the nature of their interests. Work on organizational social capital (Leana and Van Buren 1999) emphasizes the role of long-term, stable, and just employment relationships in building organizational social capital, which is an intangible resource reflecting the character of social relationships within an organization. The value of organizational social capital is realized through the shared values and trust of the organization's members. Leana and Van Buren propose that organizational social capital is jointly owned by the organization and its members—thus suggesting that stockholders are not the only stakeholder group that provides "capital" to the organization. Starting to define property rights of stakeholders (grounded in human rights and theories like organizational social capital) and then applying macroprinciples of stakeholder treatment—informed by the extent literature on principles of fairness—would help create more robust and normative theories of CSP.

There are a number of challenges inherent to the employment relationship that illustrate the need for macroprinciples of stakeholder treatment vis-à-vis CSP. Many of these issues relate to a deemphasis on stable employment relationships in favor of short-term, transactional arrangements (cf. previous section). Much has been written in recent years about the changing nature of the employment relationship in the United States (Arthur and Rousseau 1996; Cavanaugh and Noe 1999; Leana and Van Buren 1999; *The New York Times Special Report* 1996). An entire literature has emerged in the past decade that looks at such employment practices: Arthur and Rousseau have developed the boundaryless career concept, defined as a career that unfolds over time in multiple employment settings (see Van Buren 2003 for an ethical analysis of boundaryless careers). Cohany *et al.* (1998) present evidence that the use of contingent workforce arrangements—defined as "conditional and transitory employment arrangements as initiated by a need for labor, usually because a company has an increased demand for a particular service or a product or technology, at a particular place, at a particular time" (Freedman 1985: 35)—is increasing among U.S. organizations. Both anecdotal and empirical evidence suggest that the nature of the employment relationship in the United States is changing dramatically. Such changes in the employment relationship have been ill-studied from either instrumental or normative perspectives. Although instrumental analyses of these employment arrangements can be and are being taken up by scholars in labor and industrial relations (see, for example, Appelbaum *et al.* 2000), the CSP model can do much to help academics and practitioners alike (but especially the latter) take up *normative* analyses of changing employment practices.

Concerns about the fairness of the new ways of structuring the employment relationship and the contingent employment relationships it engenders have been raised by a variety of observers (Andolsen 1999; Barker 1998; Leana and Van Buren 1999; Perrow 1996). What is needed now are better analyses of employment practices, informed by the CSP model and the macroprinciples of stakeholder treatment previously identified.

A Research Agenda for CSP

In this paper I have presented an employee-centered model of corporate social performance. This model placed employees at the center of the CSP model, added two macroprinciples of stakeholder treatment and then traced some sample effects of the macroprinciples on elements of the CSP model.

I noted at the beginning of this paper that the CSP model is a model of structural principles among economic actors in society that requires the inclusion of specific normative/duty-based content to be useful for ethical analyses of corporate behavior.

By placing employees at the center of the present model, I do not want to imply this is the only way to conceptualize CSP.[2] Rather, I think that a way forward for CSP scholarship is to put different stakeholder groups—like employees, communities, and suppliers—at the center of analysis, add some set of normative principles (the macroprinciples developed herein or others) and then trace the effects of including the normative principles on different parts of the model. If this exercise is done for different stakeholder groups by business and society scholars, it might then be possible to (1) determine if there is a set of common normative principles that should guide stakeholder analyses of corporate social performance and (2) develop metrics for CSP analysis from the perspectives of different stakeholder groups.[3]

The CSP model has been an important way to organize social issues in management research, but its development as a tool for managers, academics, and activists has been hampered by inattention to normative concerns. Further work along the lines suggested in this paper and others (see Swanson 1995 and 1999 for excellent examples) might serve to both enhance CSP scholarship and bring together work from business ethics and business and society scholarship.

What this might lead to is an iterative process along the lines of Rawls's (1971) notion of reflexive equilibrium by following the same analysis for other stakeholder groups as was performed for employees in the present paper. Reflexive equilibrium suggests that ethical theories and data can correct each other, leading at equilibrium to theories of ethics that are supported by available data. A theory of CSP that includes ethical content can be improved by further ethical analysis and data gathering across ethical principles and stakeholder groups. Table 3 outlines such an iterative process for refining the CSP framework through the systematic inclusion of ethical content.

Table 3
Iterative Process for Adding Normative Content to the CSP Model

Phase	Description
1	Specify source of normative content and ethical principles to be applied grounded in that source of normative content
2	Trace effects of ethical principles on each level of the CSP model
3	Identify positive and negative ethical duties for the institution of business, individual organizations, and individual managers based on the preceding analysis
4	Repeat phases 1–3 for different stakeholder groups and different ethical principles
5	Delineate common positive/negative ethical duties that cross multiple stakeholder groups

One element of the iterative process for refining the CSP model is delineating positive and negative duties for the institution of business, individual organizations, and individual managers. Based on work from the previous section, a provisional list of positive and negative duties with regard to the employment relationship—based on the analysis in this paper—is provided in Table 4.

Table 4
Sample Positive and Negative Duties of the Institution of Business, Individual Organizations, and Individual Managers with Regard to the Employment Relationship, Based on the Macroprinciples of Stakeholder Treatment

Positive Duties	Negative Duties
Ensure equity in remuneration across positions of similar skill	Avoid employment relationships in contexts where procedural and distributive fairness cannot be assured
Provide for employee voice in setting terms and conditions of employment	Avoid activities that negate freedom of association and collective bargaining rights
Compensate employees based on their contributions to organizational success (while living up to other ethical duties)	Avoid knowable harms to employees, such as workplace hazards
Ensure that hiring, promotion, and termination practices are administered fairly	Avoid using the threat of contingent or temporary workforces as a bargaining tool
Support legislation and voluntary standards that ensure distributive and procedural fairness in the employment relationship	Do not use workplace safety and remuneration of employees below a minimum ethical level as a source of competitive advantage
Gather information from the external environment regarding stakeholders' expectations of fair treatment of employees	

Based on analyses of multiple stakeholder groups and sources of ethical content, it might be possible to further refine the CSP model and to specify better the ethical duties owed to stakeholders and to society.

Conclusion

The CSP model has done much to inform and organize business and society/social issues in management research. As I have argued, however, employees have largely been left out of CSP research—both theoretical and empirical. An employee-centered model of CSP explicitly accounts for concerns about procedural and distributive justice in the employment relationship.

There is some cause to argue that good employee-CSP performance has a positive relationship to CFP; there is a long line of research suggesting that employees may well be more efficient when they perceive that they are being treated fairly. But some actions consistent with good CSP as it relates to employees—like paying contract suppliers a living wage that is higher than the prevailing or the minimum wage—cannot be so easily justified on financial performance grounds. This is not to say, of course, that duty-based arguments for CSP always trump economic rationales; rather, the two perspectives are always in tension. The need to produce goods and services and the ethical duties owed corporate stakeholders are sometimes aligned and sometimes not. Further research—whether from an ethical or a social science perspective—can delineate when there is conflict between the interests of corporations and particular stakeholders and when there is coalescence. The employee-centered model of CSP presented herein, I hope, moves the field forward in thinking about how different stakeholders might evaluate CSP and what difference such evaluations should make for corporate policies and practices. In so doing, it is hoped that the CSP model might help contribute to the social control of business by explicitly including normative expectations and both positive and negative duties for the institution of business, individual organizations, and individual managers.

Notes

1. There is some attention to ethical analyses of employment relationships, but comparatively little on employees with regard to assessments of corporate social performance.

2. I am grateful to Archie Carroll, whose question at the 2000 Society for Business Ethics annual meeting prompted me to write this section.

3. This latter outcome might be useful for managers and interested outside groups to develop public reports and assessments of CSP for different companies.

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