Journal of Business Ethics (2006) 65: 359–371
DOI 10.1007/s10551-006-6405-9

Social Reporting as an Organisational Learning Tool? A Theoretical Framework

Jean-Pascal Gond
Olivier Herrbach

ABSTRACT. Social reporting has become an increasingly important dimension of the corporate social responsibility process. The growing necessity to include the social dimension in reporting practices raises important questions about the nature of social responsibility and its impact on corporate and individual behaviour and performance. The literature has yet to provide a reliable theoretical definition of corporate social responsibility and performance, however. Based on the approach proposed by Simons, we argue that organisational reporting about social responsibility can be viewed as a learning tool in some instances. Under this view the design and implementation of corporate social reporting procedures may lead to individual and organisational dynamic changes that foster organisational performance. Research propositions are then derived from the analysis.

KEY WORDS: corporate social responsibility, social reporting, organisational learning

Social reporting has become an increasingly important dimension of the corporate accountability process. The growing necessity to incorporate the social dimension in corporate reporting raises important questions about both the nature of social responsibility and its impact on corporate and individual behaviour and performance. However, the literature has yet to provide a reliable theoretical definition of corporate social responsibility and corporate social performance (Carroll, 1999; Margolis and Walsh, 2003). Moreover, the link between social performance and financial performance remains to be clearly demonstrated (Griffin and Mahon, 1997; Margolis and Walsh, 2001; Orlitzky et al., 2003). Building on the academic literatures about social responsibility and organisational learning, and drawing on Gond's (2004) perspective, we first propose a model of corporate social performance as a learning process. Next, based on the approach developed by Simons (1987, 1990, 1991), which distinguishes between diagnostic and interactive uses of management control systems, we argue that organisational reporting about social performance can be viewed as a learning tool when used interactively. Under this view, the design and implementation of corporate social reporting procedures may lead to individual and organisational dynamic change that fosters performance. Finally, we argue that this approach of social reporting can increase our understanding of the actual uses of social reporting and opens up interesting research avenues.

Jean-Pascal Gond is a Lecturer in Corporate Social Responsibility at the Nottingham University Business School. His current areas of research are the study of corporate social responsibility as a social construction and the cross-cultural diffusion of corporate social responsibility.
Olivier Herrbach is a Professor of Human Resource Management at the University of Bordeaux. His research focuses on commitment and identification processes in the workplace.

Corporate social responsibility revisited: an organisational learning perspective

Corporate social responsibility (CSR) has a long history in the management literature (Bowen, 1953; Carroll, 1999). This history has led to the integrating concept of corporate social performance (CSP) (Carroll, 1979; Wood, 1991). Despite considerable effort in CSR and CSP theory building, however, both constructs are still bounded by serious theoretical limitations (Margolis and Walsh, 2003). We therefore propose to revisit the CSP construct using an organisational learning (OL) framework (Gond, 2004). This perspective will lead to the distinction between corporate social adaptation and corporate social learning.

A brief review of the corporate social performance construct

Since the 1950s, every decade has witnessed its own set of definitions and theoretical models about corporate social performance and related concepts. The development of the CSP construct can be summarised within a three-period history (Carroll, 1979, 1999; Frederick, 1978/1994; Wartick and Cochran, 1985; Wood, 1991). First, academics focused on the reasons *why* managers and corporations should take into account their ecological and social environment above and beyond the mere economic role traditionally devoted to firms (e.g. Bowen, 1953). The key issue of this ethically- and philosophically-oriented literature was to advocate for the relevance of "Corporate Social Responsibility". In a second period, the resulting practical and managerial *how to* dimensions were emphasised through the concept of "Corporate Social Responsiveness" (e.g. Ackerman and Bauer, 1976; Frederick, 1978/1994). Thirdly, the concept of "Corporate Social Performance" emerged as a synthesis of both corporate social responsibility and corporate social responsiveness approaches (e.g. Carroll, 1979; Wood, 1991). Carroll's (1979) breakthrough model provided a self-supporting CSP theory based on a concise three-dimensional model that includes "social responsibility categories" (economic, legal, ethic, and discretionary), "social responsiveness philosophies" (from denial to anticipation) and the "social issues" faced by the firm.

Since Carroll's (1979) seminal contribution the CSP field has progressed in many ways. It has incorporated notions from related fields such as, most noticeably, stakeholder theory, which has fertilised the CSP field in the past decade (Clarkson, 1991, 1995; Wood and Jones, 1995). In spite of this progress, major problems remain in CSP theory building. First, CSP models seldom enable the elaboration of fruitful research propositions. Most of them merely establish taxonomies of CSP components and give no valuable insight into the interactions between the components. As a result, these models "are not conceptually operational" (Mitnick, 1993). Moreover, the lack of a conceptually sound CSP construct weakens any effort to study the determinants of social performance, as well as the attempt to elicit the link between social performance and financial performance (Margolis and Walsh, 2001, 2003; Orlitzky et al., 2003; Rowley and Berman, 2000; Wood and Jones, 1995). As no in-depth theoretical investigation has been conducted about the internal dynamics of CSP, assumptions about the link between CSP and other constructs are perceived as too general (Ullman, 1985).

An organisational learning-based view of corporate social performance

Two recent approaches are helpful in tackling some of the conceptual problems of CSP. The first one consists in paying more attention to its socially constructed nature. For instance, Rowley and Berman (2000) emphasised the role of the various stakeholders in the definition of CSP and elaborated on the resulting difficulty to reach a theoretical and practical definition of the construct. The second approach stresses the broad latitude left to firms because of their individual characteristics. As stated by Griffin (2000, p. 485), "with any given policy, different firms within the same industry are likely to respond differently". A socially constructed perspective on CSP should therefore also integrate the firms' internal capabilities and autonomy, which was performed by the dynamic approaches of CSP. For instance, Swanson's (1995, 1999) effort to unite the normative and positive approaches of CSP referred to it as a social and ethical decision making process, thereby clarifying the role of ethical values in the model. Dynamic models view organisational culture as a fundamental element that influences the way employees and managers make decisions, and thus the social responsiveness of their company. This approach finds strong resonance in the field of organisational learning, since OL theorists view the moral and ethical aspects of learning as an important topic in need of investigation (Argyris and Schön, 1996). Moreover, it has been suggested that the so-called "learning corporation" approach also implies basic underlying ethical principles (Snell, 2001). Therefore, one way to address the limitations of CSP research is to view social performance as the outcome of a learning process and to build on organisational learning theories to understand the construct.

The notion of organisational learning is based on the postulate of collective cognition proposed by Herbert Simon at the beginning of the 1950s. The literature draws a distinction between two complementary research trends (Glynn et al., 1994; Miner and Mezias, 1996): "behaviourist" approaches view organisational learning as an adaptive capacity of organisations with respect to their environment, while "cognitive" approaches focus on the evolution of knowledge and view learning as a cognitive shift. This dichotomy has led to two major conceptions of organisational learning. First, considering learning as an *adaptive process*, the organisation is viewed as a goal-driven adaptive system with certain aspiration levels. Its behaviour is based on a portfolio of routines understood as the outcome of previous learning and experimentation (Cyert and March, 1963; Levitt and March, 1988). Solutions to a given problem are, most of time, taken from a pool of existing routines. Consequently, the learning curve of an organisation mainly results from its past experience, and change is of a rather incremental order (Miner and Mezias, 1996; Nelson and Winter, 1982). Accordingly, learning is defined as new routine development resulting from trial-and-error interactions between the firm and its environment. Argyris and Schön (1978) called this adaptation of existing ways of conduct "single loop" learning. Upgrades stay within the usual framework and are the outcome of usual adaptation mechanisms, without questioning the underlying value system.

The second approach of learning is internally focused; it views learning as *cognitive change*. In this approach, the cognitive dimensions of learning are modelled according to an information processing perspective (Newell and Simon, 1972). Four areas have been tackled in that respect: knowledge and information acquisition, information sharing, information interpretation and organisational memory (Huber, 1991). Research contributions highlight the role of representations and representation change in learning behaviour (Daft and Weick, 1984). Using tools such as cognitive maps, they focus on event interpretations, internal representation schemes, and the impact of cognitive biases on behaviour. Learning is considered as the modification or evolution of a system that includes beliefs, ideas and actions. The cognitive change view provides deeper and more radical insights into the learning behaviour than the adaptive learning process. Argyris and Schön (1978) called this process "double loop" learning. It consists in an in-depth questioning of the theories underlying action and, more specifically, of the value system and interpretation frameworks required for action. Whereas the first template refers to routine work based on an incremental logic of change, the second template refers to a more radical logic, implying the creation of knowledge and eventually questioning the organisations' main objectives and missions. The organisation's capacity to engage in double loop learning is closely coupled with the capacity of organisational members to question "theories-in-use", beyond and above cosmetic changes in "espoused theories". Of course, these two forms of organisational learning and change should not be perceived as incompatible; in fact, both can be useful and even necessary within an organisation. Therefore, the two mechanisms should be viewed as complementary (Crossan et al., 1999; Miner and Mezias, 1996) and research studying both processes showed that the organisational learning challenge is actually to strike an ideal *balance* between them – an issue close to the exploration vs. exploitation dilemma put forward by March (1991).

Towards a "corporate social learning" model

Given the overall structural similarity of the CSP and OL models, we argue that organisational learning theories are particularly well-suited to specifying the dynamic structure of CSP components and to a social construction perspective on CSP based on the firm's internal characteristics. Indeed, according to Argyris and Schön (1978), OL frameworks articulate three levels: the "value system" level, which integrates theories and representations about the world, the concrete "action" level and, finally, the "perceived outcomes" level. Feedback and adjustment processes articulate the interactions between the three levels: perceptions about the link between actions and outcomes superficially or deeply modify

TABLE I

Corporate social adaptation vs. corporate social learning

Processes	Corporate social adaptation	Corporate social learning
Dimensions of the CSP model	Processes and outcomes	Principles, processes and outcomes
Impact on culture and principles	Weak Incremental change	Strong Radical change
Role of the external environment	Adaptation as a direct response to environment stimuli	Environment as a trigger: a necessary but not sufficient condition (as learning involves *reflexive* management)
Cognitive change	Static interpretative framework, no change of managers' mental models	Change in managers' mental models
Learning	Single loop	Double loop
Impacting model components	Main impact on the "processes" dimension: incremental upgrade of environment assessment methods, of the stakeholder management process, of the social problem identification process	Change in stakeholder management principles; change in stakeholder representations (broadens the spectrum to include secondary stakeholders)
	Principles of social responsibility stay unchanged	Deep changes in stakeholder management process
Consequences on outcomes	Short term development of a higher level of corporate social outcomes ("window dressing")	Long run higher level of corporate social performance
Nature of the corporate ocial outcome	Superficial Highly environment contingent	Sustainable Internally driven

the first level (value system), leading to different kinds of learning. Referring to Wood's (1991) analysis, the same three levels exist in the CSP literature: "principles of social responsibility", "processes of social responsiveness" and "outcomes of corporate behaviour". Therefore, building on Wood (1991) and organisational learning theories, we propose to establish a distinction between two key social responsibility learning processes: first, a corporate social adaptation process and next a corporate social learning process. Table I summarises our ideas in contrasting CSA vs. CSL processes.

Corporate social adaptation

Corporate social adaptation (CSA) is the dynamic interaction of the "processes" component with the "outcomes" component in Wood's (1991) model. It is heavily dependent on feedback from "outcomes" to "processes", as it matches incremental changes in corporate social responsiveness "processes" to the feedback and information proceeding from the "outcomes" of the model. It is consistent with systemic approaches of CSP that underscore the organisation's adaptation to its environment (e.g. Sethi, 1979; Strand, 1983; Zeniseck, 1979). According to this view, the organisation achieves incremental adaptation to stakeholders' demands that are considered as relevant. This doesn't lead to changes in the stakeholder spectrum or social responsibility principles, though. Corporate social improvement is achieved within a supposedly fixed framework of both cultural and value systems. Dysfunctions perceived in corporate policies and routines, or any negative social impact related to some stakeholder category, lead to the adaptation of one or more dimensions of the management processes. This mode of learning questions neither the framework nor the value system shared by organisational members; it can be considered as "single loop" learning.

Corporate social learning

The corporate social learning (CSL) process involves a dynamic interaction of the "processes" component with *both* other components of Wood's model

(1991). In particular, it is heavily dependent on feedback from "processes" and "outcomes" to "principles". This feedback impacts the organisation's responsibility principles and paves the way to an evolution of these principles. It can be split into two sub-processes: the first sub-process is direct feedback from the "outcomes" to the "principles", which questions "corporate social responsibility-in-use" (for instance during an organisational crisis generated by ethical failure). It is a mode of learning based on direct experimental feedback. The existence of this first sub-process is consistent with work on crisis management showing that crises generate *ex post* learning opportunities for an organisation (Pearson and Clair, 1998). The second sub-process represents the interaction of the model's "processes" with the "principles". It is triggered by persistent problems in corporate social adaptation. This second sub-process is, therefore, the consequence of dysfunctions in the above-mentioned process, that is, learning results from a crisis of social adaptation methods. Both CSL sub-processes involve double-loop learning because they lead to changes in the principles and values guiding corporate action. Consequently, these learning processes can lead to higher "organisational moral development" (Logsdon and Yuthas, 1997; Reidenbach and Robin, 1991) and to a higher level of corporate social outcomes in the long run (Wood, 1991), because they are caused by changed internal capacities and skills.

A practical illustrative example of the distinction between CSA and CSL is provided by Zadek (2004), who described how Nike solved its supply-chain problem under the pressure of the public opinion. First attempts were adaptive in nature and deeply rooted in a compliance logic; by the end of the 1990s more than eighty people were active in the company's labour-compliance team – to little avail. The problem was eventually "solved" not by focusing on the behaviour of factory managers or by implementing compliance audits, but by changing the upstream "drivers" of procurement teams' performance. In short, procurement teams' incentives were reengineered so that teams were either "taxed" or "rewarded" according to how the suppliers they rely on are rated. Importantly, this change of focus had not only technical/financial, but also strong cultural and strategic implications for the company and its members, involving in particular a transfer from a short-term orientation to a longer-term vision. As summarised by Zadek (p. 132), "learning prompted the company to adopt codes of labour conduct, forge alliances with labour and civil society organisations, develop nonfinancial metrics for compliance that are linked to the company's management and its broader governance, and engage in the international debate about the role of business in society and public policy". In view of our framework, the Nike case is therefore particularly interesting because it showed how the company evolved from an initial corporate social adaptation process towards the progressive inclusion of a learning dimension.

Applying the model to corporate social reporting: social reporting as a learning tool?

Corporate social reporting (CSREP) has often been conceived as the "practical side" of corporate social responsibility and/or corporate social performance. This managerialist approach, however, does not take into account the specific uses of CSREP by top and operational management and neglects the possible creative and/or strategic dimension of reporting systems. Building on Simons (1987, 1990, 1991) and our learning-based model of corporate social performance, we propose to explore and conceptualise social reporting as a learning tool. Depending on the use that is made of social reporting, it can be inscribed within a corporate social adaptation or a corporate social learning framework.

Corporate social reporting: the practical side of corporate social responsibility

Corporate social reporting has the same fundamental roots as corporate social responsibility and can be linked historically to social audit practices. Indeed, the social audit as a concept for monitoring, appraising, and measuring the social performance of businesses dates back at least to the 1940s (Carroll and Beiler, 1975). As a form of measurement, the social audit was a natural step in the concern for operationalising corporate social responsibility and represented a managerial effort to gauge a firm's corporate social performance. As initially articulated by Bowen (1953, pp. 155–156), the social audit was to be a high-level, independent appraisal conducted about every 5 years by a team of disinterested auditors. The auditors' report was meant to be an appraisal with recommendations intended for internal usage by the management of the audited firm.

The current understanding of social reporting is, however, much broader. Social accounting is the monitoring, exploration and interpretation of more widespread accounting forms such as social disclosures or the rise in environmental reporting. It flourished from the so-called social accounting movement in the 1970s. This movement aimed at broadening the scope of accounting from its traditional and legally defined focus on financial stakeholders to broader accountability with respect to various external stakeholders generally, and to society as a whole. Consequently, the "social accounting project" was not and is not homogeneous and includes very different approaches, ranging from conventional accounting to more alternative/critical views (Gray, 2002). Despite this diversity, Gray et al. (1995) stated that social responsibility and social accounting broadly fall in two main categories: those that take a societal view of the issues (typically with a democratic view of accountability as their basis) and those that take a managerialist view of them. In the managerialist literature, social reporting is most typically viewed either as an instrumental mechanism to be deployed in pursuit of the organisation's conventional objectives, or as a by-product of the organisation's pursuit of its main purposes (see Preston, 1981, for a contribution which exemplifies this perspective). The renewal of social accounting in the 1990s seems to find its roots in this latter approach and, therefore, arguably compromises the democratic ideals of the founding fathers of social accounting (Owen et al., 2000).

The dominant managerialist literature, however, has (at least) three major limitations (Capron and Gray, 2000). First, this literature – as well as the related practical implementations of social responsibility accounting – falls between the two extremes of complexity and triviality. In the former case, excessive complexity leads to impracticality, while the latter situation is characterised by lack of coherence and justifiability. Next, much of this literature is largely circular and self-referential, mainly because it is related to failed attempts to clarify the social responsibility construct itself. The failure to conceptualise corporate social responsibility cannot lead to a proper vision of corporate social reporting. Last, managerialist social responsibility approaches did not provide organisations with a clear model of corporate social performance and therefore – paradoxically – provided no practical way to evaluate their performance using such a model.

The idea behind our approach of corporate social reporting as a learning process is to acknowledge the managerialist perspective of CSREP, but also to provide an explanatory theoretical perspective about incorporating social aspects. Our approach can thus be seen as a way to enhance the managerialist approach by explaining the context of CSREP and managers' capacity to critique the underlying assumptions of a CSREP system. Here, the idea is to focus more on the way people actually use the social reporting system in their organisation and to highlight the different, often tacit roles played by this system rather than to provide managerial rationales for using such systems or to identify social reporting "best practices". Such a point of view can contribute to developing a non-trivial approach to CSREP, rethinking the relationship between CSR and CSREP and, finally, providing insights into the reason why CSREP can enhance CSP. The literature on the strategic use of control systems provides a framework to explain this potential use of CSERP as a learning tool.

The strategic use of control systems: a framework to analyse corporate social reporting

In practice, there are several forms by which a corporation's social performance can be assessed: from periodic audits in relation to standardised measures to more occasional evaluations for specific purposes, from externally mandated reviews to internal managerial controls. In comparison with them, however, corporate social reporting can be considered a more wide-encompassing process. CSREP, indeed, is not straightforward. Companies must set up management and communication policies that ensure that the requirements of the social report are fulfilled and that the organisation is committed to the reporting process. Procedures must be established, formalised and implemented for the collection of the necessary data. This relies in particular on the designation of specific personnel to be responsible for the different stages of the social reporting process. This also requires that all employees be educated about the social process and their role in this process. In addition to educating employees, all organisational members must also be kept up to date on the progress of the social report, including regular reports to top management. Two different views of this are possible.

First, management control systems were long seen as tools for strategy implementation. This approach was in line with both Anthony's (1965) definition of management control (i.e. the process by which managers ensure that resources are obtained and used effectively and efficiently in the accomplishment of the organisation's objectives) and with the Harvard approach of strategy, which clearly distinguished between strategy formulation by top management and strategy implementation by operational managers (Mintzberg, 1990). This use of management control is understood as part of a "deliberate" approach of strategy, which is conceived as a top-down process emanating from top management's vision (Mintzberg, 1978, 1990). It has led researchers to propose normative models to control strategy implementation while, on the other hand, a more descriptive literature aimed at analysing control systems as a contingent variable for strategy implementation. Using this focus, Miller and Friesen (1982) and Simons (1987) showed that the pursuit of specific business strategies has an impact on the way management control systems are designed and implemented.

Next, a deeper look into the link between management control systems and strategy enabled Simons (1990, 1991) to better grasp the role of management control systems by showing that they could contribute to strategy implementation in a less deterministic way. The links between management control systems and strategy had of course long been established (Langfield-Smith, 1997). However, following the insights of Mintzberg (1978) and Mintzberg and Waters (1985), Simons (1990) developed a process model of the use of control systems at the business unit level, and then theorised the role of these systems in a way compatible with an emergent perspective on strategy. Under this view, management control systems are not only important for strategy implementation, but also for strategy formulation. Indeed, Simons (1990) highlighted the role of management control systems in empowering organisational learning and influencing strategy interactively. This ensures that the organisation is responsive to the opportunities and threats that the firm's strategic uncertainty presents. Simons (1990, 1991) also underscored the potential contribution of management control systems in the strategy-making process.

Firstly, these systems help managers address strategic uncertainties. Top managers focus their attention on those uncertainties that are critical to the achievement of the selected strategic objectives. Explicitly or implicitly, they rank the set of activities they monitor from the most critical to the least critical ones, and then focus on the former through involvement in the management control systems. In turn, this enables management to direct the attention of organisational members. Indeed, as organisational attention is limited, top managers must decide what to emphasise or de-emphasise. By using selected control systems interactively (i.e. through their regular and personal involvement in the systems) and others only diagnostically (i.e. mere monitoring of outcomes and deviations from standards), top managers can signal where organisational attention and learning should be focused. In so doing, they help to build or develop new strategies, as the systematic focus allows top management to guide the emergence of action plans and strategic initiatives. In summary, top managers are engaged in a second-order process of choosing among organisational processes. They choose one or several specific control systems and use them interactively in order to manage organisational attention and action. Then, learning processes inside the firm are driven by the interactive use of management control systems, and this makes actual uses of control systems central to understand the learning dynamics inside the firm.

Considering corporate social reporting as a learning tool?

While control systems may appear to be similar across different settings, Simons thus suggests that there are fundamental differences in the way companies actually use them. Managers can use control systems either interactively or diagnostically (see the characteristics of models in Table II). The diagnostic use of management control systems refers to the classic ''general feedback model'' of control. At the opposite end, the interactive use involves top management more strongly because top managers use interactive control systems to guide the informal strategy-making processes by fostering personal involvement, intimacy with the issues, and commitment.

In the social reporting domain, Simons' approach invites us to better take into account the way by which managers and top managers use corporate social reporting systems. Corporate social reporting has often simply been conceived within the general feedback model and the managerialist literature has strongly focused on normative issues (i.e. looking for best practices in social reporting) instead of descriptive analyses of how such reporting systems are used. But understanding the internal learning dynamics of social responsibility implies the analysis of the actual uses of corporate social reporting inside the firm. Here, Simons' typology that distinguishes between diagnostic and interactive uses of management control systems provides a useful framework to study the learning dimensions of corporate social reporting, thereby complementing the previous model of OL and CSP. By using a control system interactively, top managers can guide organisational learning and thereby unobtrusively influence the emergent strategy-making process throughout the firm. This differentiates between systems that lead to adaptation and systems that lead to learning.

TABLE II

Corporate social reporting as adaptation or learning

Learning process	Corporate social adaptation	Corporate social learning
Use of corporate social reporting system	Diagnostic	Interactive
Underlying strategic perspective	Deliberate view Focus on strategy implementation	Emergent view Focus on strategy formation
Vision of the social environment	Threat, constraint	Opportunity
Logic	Compliance logic	Ethical logic
Role played by the system	Inform managers of progress vs. plans The system realises the pre-determinate strategic goals	Helps managers face strategic uncertainties Manages organisational attention in order to generate news ideas and tactics
Management commitment to SR policy	Weak for top management Average for middle management	Strong for both top and middle management
Information and knowledge management	Top-down	Bottom-up
Characteristics of CSREP use	Scarce top management attention. Top managers approve target once a year and receive monthly occasionally Managers informed only when outcomes differ from expectations, or when results are not in accordance with plans Control staff and accountants play a key role in the process, they act as emissaries of top management The process gives top management the assurance that the ''organisational machinery'' is working	Information generated by the system is an important and recurring agenda addressed by the highest level of management The process demands frequent and regular attention from operating managers at all levels in the organisation Data are interpreted and discussed in face-to-face meetings of superiors, subordinates and peers The process relies on the continual challenge of underlying data, assumptions, and action plans

We propose to adapt Simons' approach to CSREP and build on the existence of different uses of social reporting at the corporate level. In sum, we argue that the corporate social adaptation process can be inscribed within the diagnostic use of management control systems, while corporate social learning can be inscribed within an interactive use. Table II summarises the key characteristics of the adaptive vs. learning use of corporate social reporting processes, which matches the diagnostic vs. interactive distinction. It also details the strategic perspective underlying these models, as well as the underlying vision of the environment. Of course, both models should be considered as ideal types that represent the extremes of a continuum of various uses of corporate social reporting. In practice, any firm or unit within a larger firm should be located somewhere in between them, although we feel that most corporate situations are ''coloured'' either by one or the other approach.

Social reporting within the corporate social adaptation processes

The corporate social adaptation model entails a deliberate view of corporate strategy. The social environment is perceived as presenting mostly threats and constraints for the company rather than opportunities. Therefore, the aim of the corporate social adaptation perspective is inscribed within a compliance logic, whereby its goal is to make sure that the risks faced by the company in terms of stakeholder demands are covered. Under this view, the use of corporate social reporting systems is diagnostically oriented in the sense that top management commitment in the process is weak. Only employees involved in the process as part of their regular job duties are really affected by the procedure.

Social reporting within the corporate social learning processes

In the corporate social learning model, the social environment is not spontaneously perceived as a source of threat, but as a source of opportunities as well. Corporate social reporting is used interactively at every level of the company, which leads to an emergent perspective on strategy implying bottom-up processes. Commitment of organisational members is achieved at all levels in the hierarchical ladder in an on-going process. Most importantly, an ethical logic is substituted to the compliance logic, which fosters individual and organisational moral development (Logsdon and Yuthas, 1997).

A practical example of the implementation of a social reporting process built within an organisational learning framework is to be found in the Danone group's ''Danone Way'' tool (Berthoin Antal and Sobczak, 2004). This tool was designed to integrate a long-term perspective in the reporting process, based on stakeholder management principles. It is articulated around an Intranet site that establishes a virtual learning space for all Danone subsidiaries in the world, through an array of knowledge resources. The site also provides instruments for self-evaluations and internal benchmarking on five stakeholder management domains: employees, shareholders, customers, suppliers, and local communities. More importantly from a reporting point of view, the Danone group publishes an annual social responsibility report that includes the Danone Way indicators to track progress and has commissioned audits from PricewaterhouseCoopers to give external credibility to the process. Subsidiaries, 75% of which were involved by the end of 2003, are scheduled to repeat the evaluation process every 2 years and report on it. The whole company is therefore ''driven'' by this reporting procedure, which has learning consequences. For instance, as an example of learning that occurred in the company because of the reporting system, Berthoin Antal and Sobczak report the French operations' realisation of its lower performance in the area of non-discrimination, and subsequent learning and change.

Opportunities for future research

In this paper, we argued that the uses of corporate social reporting could be related to the two dynamic processes of corporate social learning and corporate social adaptation. As shown in Figure 1, interactive use of corporate social reporting can contribute to organisational performance by fostering capability-enhancing learning processes. On the other hand, mere diagnostic use of corporate social reporting cannot contribute to organisational development and maintains the firm in a logic of compliance. We will now use this framework to develop some

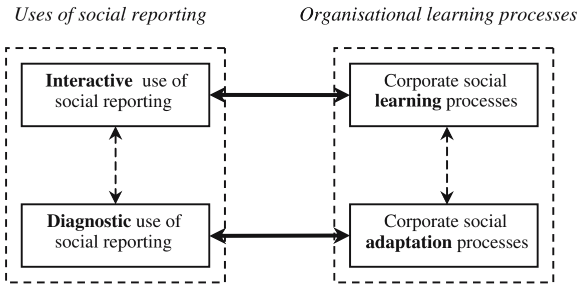

Figure 1. Social reporting and organisational learning.

general ideas about the uses of corporate social reporting, and then elaborate some specific research propositions.

Investigating the different uses of social reporting

First, just like both forms of organisational learning should be balanced to maintain and enhance corporate performance (Crossan et al., 1999; Miner and Mezias, 1996), we argue that *both* uses of social reporting will always be present in a given organisation. Indeed, a firm is likely to strike different balances with respect to its different stakeholders or to its appreciation of the relevant dimensions of social performance in its own context. Therefore, some dimensions of CSR will be monitored interactively and others diagnostically. This leads to interesting research avenues into the actual uses of social reporting, the relationship of social reporting with corporate strategy, and their outcomes.

An important consequence of this regards the unit of analysis that has to be used in research: rather than considering the firm globally, researchers should focus on the specific stakeholders and their related management procedures. Although a company's general attitude towards CSR may be leaning one way or the other, it cannot be described without referring to the actual methods used for dealing with the various stakeholders. Whatever the position or, rather, combination of positions a firm can have on the continuum, however, we argue that unless efforts to develop organisational statements and codes regarding social responsibility are matched with effective ways of monitoring organisational practices that also foster learning and commitment, these efforts cannot achieve legitimacy beyond public relations, moral exhortation, or "impression management" (Hooghiemstra, 2000). In short, the reporting process has to bring about change in the way people in the organisation view themselves, view their job and view the organisation, even this process is far from obvious (Srikantia and Pasmore, 1996). In that respect, the notion of "developmental evaluation" (Patton, 1994) – as opposed to compliance checking – is an example of how monitoring can lead to improvement in an organisation.

Research propositions

Our theoretical framework is first an opportunity to use corporate social reporting as an internally focused approach to the study of social responsibility management and learning dynamics within organisations. Indeed, social reporting processes are likely to be related to the importance given to specific stakeholders, or to those CSP dimensions that are considered as strategic by top management.

Proposition 1a: Corporations make an interactive use of their social reporting system for those CSP areas that are considered as more strategic by top management.

Proposition 1b: Corporations make a diagnostic use of their social reporting system for those CSP areas that are considered as less strategic by top management.

In that respect, an important research issue would be to look for external or organisational elements that could affect the proposed relationships. Factors such as market turbulence, pace of technological change, industry norms, or legislation could play a role just like organisational characteristics such as size, culture, and the strategic importance of corporate social responsibility.

Another potentially interesting application of our framework entails the analysis of corporate social performance improvement through social reporting practices. Here, the focus is on the study of how the use of the social reporting system, as a reflection of both CSP management procedures and the involved learning dynamics, can possibly influence long term performance. As the mode of learning is related to the nature of the internal changes that are achieved within the firm, actual performance is likely to be heightened when "deeper level" learning is done. Indeed, as corporate attention is necessarily limited, it can be argued that those areas of social performance that are reported on interactively will improve compared to those that are monitored diagnostically. This idea can be articulated using an internal as well as an external (comparative) focus.

Proposition 2a.: Corporations that use their social reporting system interactively to manage a specific area of social performance will perform better in that area than in other areas of social performance that are monitored diagnostically.

Proposition 2b: Corporations that use their social reporting system interactively to manage a specific area of social performance will better perform in that area than corporations using their social reporting system diagnostically in that area.

From a methodological point of view, using specific instruments devoted to assessing social performance could be helpful. In that respect, Carter and Jennings's (2004) operationalisation of the construct of "purchasing social responsibility" is an example that could be extended to other dimensions of social performance. These authors developed a set of concrete practices whose extent of implementation can be used to evaluate social performance in the purchasing area. An alternative research approach would be to rely on the evaluations performed by rating agencies.

Last, since interactive use of the social reporting system aims at changing the organisation from within, the nature of the system's use is also likely to have an influence on individuals within the firm. This will be reflected both in their general attitudes and in their specific attitude towards their firm. Two constructs could be especially helpful in that respect: cognitive moral development (Fraedrich et al., 1994) and organisational commitment (Peterson, 2004); both of them can be measured using well-established and reliable instruments.

Proposition 3a.: Individuals working in corporations using many dimensions of their social reporting system interactively will demonstrate a higher level of cognitive moral development.

Proposition 3b: Individuals working in corporations using many dimensions of their social reporting system interactively will demonstrate a higher level of organisational commitment.

In sum, we feel that the theoretical framework presented here provides ample opportunity for empirical research on the uses of corporate social reporting systems, not only as such but also as being related to several dimensions of corporate ethicality: top management vision and perceptions, individual attitudes and behaviours, and corporate social performance. A useful starting point would be to perform qualitative field investigations to analyse in a systematic way the actual uses of corporate social reporting. This will enable to assess the relevance of Simons' model to social and environmental reporting, as well as to refine and operationalise the presented framework. Then, in a more comparative/ quantitative approach, our research propositions could be tested using surveys and/or databases of corporate social performance ratings.

References

Ackerman, R. W. and R. A. Bauer: 1976, *Corporate Social Responsiveness* (Reston Publishing, Reston V.A).

Anthony, R. N.: 1965, *Planning and Control Systems: A Framework for Analysis* (Harvard University Press, Cambridge M.A).

Argyris, C. and D. Schön: 1978, *Organizational Learning* (Addison-Wesley, Reading M.A).

Argyris, C. and D. Schön: 1996, *Organizational Learning II: Theory, Method, and Practice* (Addison-Wesley, Reading M.A).

Berthoin Antal, A. and A. Sobczak: 2004, 'Beyond CSR: Organizational Learning for Global Responsibility', *Journal of General Management* **30**((2), 77–98.

Bowen, H. R.: 1953, *Social Responsibilities of the Businessman* (Harper, New York).

Capron, M. and R. Gray: 2000, 'Experimenting with Assessing Corporate Social Responsibility in France:

An Exploratory Note on an Initiative by Social Economy Firms', *European Accounting Review* **9**, 99–109.

Carroll, A. B.: 1979, 'A Three-dimensional Conceptual Model of Corporate Social Performance', *Academy of Management Review* **4**, 497–505.

Carroll, A. B.: 1999, 'Corporate Social Responsibility. Evolution of a Definitional Construct', *Business and Society* **33**, 268–295.

Carroll, A. B. and G. W. Beiler: 1975, 'Landmarks in the Evolution of the Social Audit', *Academy of Management Journal* **18**, 589–599.

Carter, C. R. and M. Jennings: 2004, 'The Role of Purchasing in the Socially Responsible Management of the Supply Chain: A Structural Equation Analysis', *Journal of Business Logistics* **25**, 145–186.

Clarkson, M. B. E.: 1991, 'Defining, Evaluating and Managing Corporate Social Performance: The Stakeholder Management Model', *Research in Corporate Social Performance and Policy* **12**, 331–358.

Clarkson, M. B. E.: 1995, 'A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance', *Academy of Management Review* **20**, 92–117.

Crossan, M., H. Lane and R. White: 1999, 'An Organizational Learning Framework: From Intuition to Institution', *Academy of Management Review* **24**, 349–362.

Cyert, R. and J. March: 1963, *A Behavioral Theory of the Firm* (Prentice Hall, Englewood Cliffs N.J).

Daft, R. L. and K. E. Weick: 1984, 'Toward a Model of Organization as Interpretive Framework', *Academy of Management Review* **9**, 284–295.

Fraedrich, J., D. M. Thorne and O. C. Ferrell: 1994, 'Assessing the Application of Cognitive Moral Development Theory to Business Ethics', *Journal of Business Ethics* **13**, 829–838.

Frederick, W. C.: 1978/1994, 'From CSR 1 to CSR 2: The Maturing of Business and Society Thought', *Business and Society* **33**, 150–164.

Glynn, M. A., T. K. Lan and F. J. Milliken: 1994, 'Mapping Learning Processes in Organizations', *Advances in Managerial Cognition and Organizational Information Processing* **5**, 43–83.

Gond, J.-P.: 2004, 'Exploring the Learning Dynamics of Corporate Social Performance', Paper presented at the annual meeting of the Academy of Management (New Orleans).

Gray, R.: 2002, 'The Social Accounting Project and *Accounting, Organizations and Society*. Privileging Engagement, Imaginings, New Accountings and Pragmatism over Critique?', *Accounting, Organizations and Society* **27**, 687–708.

Gray, R., R. Kouhy and S. Lavers: 1995, 'Corporate Social and Environmental Reporting: A Review of the Literature and a Longitudinal Study of UK Disclosure', *Accounting, Auditing and Accountability Journal* **8**, 47–77.

Griffin, J. J.: 2000, 'Corporate Social Performance: Research Directions for the 21st Century', *Business and Society* **39**, 479–491.

Griffin, J. J. and J. F. Mahon: 1997, 'The Corporate Social Performance and Corporate Financial Performance Debate. Twenty Five Years of Incomparible Research', *Business and Society* **36**, 5–31.

Hooghiemstra, R.: 2000, 'Corporate Communication and Impression Management – New Perspectives on Why Companies Engage in Corporate Social Reporting', *Journal of Business Ethics* **28**, 55–68.

Huber, G. P.: 1991, 'Organizational Learning: The Contributing Processes and the Literatures', *Organization Science* **2**, 88–115.

Langfield-Smith, K.: 1997, 'Management Control Systems and Strategy: A Critical Review', *Accounting, Organizations and Society* **22**, 207–232.

Levitt, B. and J. March: 1988, 'Organizational Learning', *Annual Review of Sociology* **14**, 319–340.

Logsdon, J. M. and K. Yuthas: 1997, 'Corporate Social Performance, Stakeholder Orientation and Organizational Moral Development', *Journal of Business Ethics* **16**, 1213–1226.

March, J. G.: 1991, 'Exploration and Exploitation in Organizational Learning', *Organization Science* **2**, 71–87.

Margolis, J. and J. P. Walsh: 2001, *People and Profits? The Search for a Link between a Company's Social and Financial Performance* (Lawrence Erlbaum Associates, Mahwah N.J).

Margolis, J. and J. P. Walsh: 2003, 'Misery Loves Companies: Rethinking Social Initiatives by Business', *Administrative Science Quarterly* **48**, 268–305.

Miller, D. and P. H. Friesen: 1982, 'Innovation in Conservative and Entrepreneurial Firms: Two Models of Strategic Momentums', *Strategic Management Journal* **3**, 1–25.

Miner, A. S. and S. J. Mezias: 1996, 'Ugly Duckling no More: Pasts and Futures of Organizational Learning Research', *Organization Science* **7**, 88–99.

Mintzberg, H.: 1978, 'Patterns in Strategy Formation', *Management Science* **24**, 934–948.

Mintzberg, H.: 1990, 'The Design School Revisited: Reconsidering the Basic Premises of Strategic Management', *Strategic Management Journal* **11**, 171–196.

Mintzberg, H. and J. A. Waters: 1985, 'Of Strategies, Deliberate and Emergent', *Strategic Management Journal* **6**, 257–273.

Mitnick, B. M.: 1993, 'Organizing Research in Corporate Social Performance: The CSP System as a Core Paradigm', in *Proceedings of the International Association for Business and Society Annual Meeting* (San Diego), pp. 2–15.

Nelson, R. R. and S. G. Winter: 1982, *An Evolutionary Theory of Economic Change* (Belknap Press, Cambridge M.A).

Newell, A. and H. Simon: 1972, *Human Problem Solving* (Prentice-Hall, Englewood Cliffs N.J).

Owen, D. L., T. A. Swift, C. Humphrey and M. Bowerman: 2000, 'The New Social Audits: Accountability, Managerial Capture or the Agenda of Social Champions?', *European Accounting Review* **9**, 81–98.

Orlitzky, M., F. L. Schmidt and S. L. Rynes: 2003, 'Corporate Social and Financial Performance: A Meta-Analysis', *Organization Studies* **24**, 403–441.

Patton, M. Q.: 1994, 'Developmental Evaluation', *Evaluation Practice* **15**, 311–320.

Pearson, C. M. and J. A. Clair: 1998, 'Reframing Crisis Management', *Academy of Management Review* **23**, 59–76.

Peterson, D. K.: 2004, 'The Relationship between Perceptions of Corporate Citizenship and Organizational Commitment', *Business and Society* **43**, 296–319.

Preston, L. E.: 1981, 'Research on Corporate Social Reporting: Directions for Development', *Accounting, Organizations and Society* **6**, 255–262.

Reidenbach, R. E. and D. P. Robin: 1991, 'A Conceptual Model of Corporate Moral Development', *Journal of Business Ethics* **10**, 273–284.

Rowley, T. J. and S. Berman: 2000, 'A Brand New Brand of Corporate Social Performance' *Business and Society* **39**, 397–418.

Sethi, S. P.: 1979, 'A Conceptual Framework for Environmental Analysis of Social Issues and Evaluation of Business Responses Patterns', *Academy of Management Review* **4**, 63–74.

Simons, R.: 1987, 'Accounting Control Systems and Business Strategy: An Empirical Analysis', *Accounting, Organizations and Society* **12**, 357–374.

Simons, R.: 1990, 'The Role of Management Control Systems in Creating Competitive Advantage: New Perspectives', *Accounting, Organizations and Society* **15**, 127–143.

Simons, R.: 1991, 'Strategic Orientation and Top Management Attention to Control Systems', *Strategic Management Journal* **12**, 49–62.

Snell, R. S.: 2001, 'Moral Foundations of the Learning Organization', *Human Relations* **54**, 319–342.

Srikantia, P. and W. Pasmore: 1996, 'Conviction and Doubt in Organizational Learning', *Journal of Organizational Change Management* **9**, 42–53.

Strand, R.: 1983, 'A System Paradigm of Organizational Adaptations to the Social Environment', *Academy of Management Review* **8**, 90–96.

Swanson, D. L.: 1995, 'Addressing a Theoretical Problem by Reorienting the Corporate Social Performance Model', *Academy of Management Review* **20**, 43–64.

Swanson, D. L.: 1999, 'Toward an Integrative Theory of Business and Society: A Research Agenda for Corporate Social Performance', *Academy of Management Review* **24**, 506–521.

Ullman, A.: 1985, 'Data in Search of a Theory: A Critical Examination of the Relationships among Social Performance, Social Disclosure, and Economic Performance of U.S. Firms', *Academy of Management Review* **10**, 540–557.

Wartick, S. L. and P. L. Cochran: 1985, 'The Evolution of the Corporate Social Performance Model', *Academy of Management Review* **10**, 758–769.

Wood, D. J.: 1991, 'Corporate Social Performance Revisited', *Academy of Management Review* **16**, 691–718.

Wood, D. J. and R. E. Jones: 1995, 'Stakeholder Mismatching: A Theoretical Problem in Empirical Research in Corporate Social Performance', *International Journal of Organizational Analysis* **3**, 229–267.

Zadek, S.: 2004, 'The Path to Corporate Responsibility', *Harvard Business Review* **82**(12), 125–132.

Zeniseck, T. J.: 1979, 'Corporate Social Responsibility: A Conceptualization Based on Organizational Literature', *Academy of Management Review* **4**, 359–368.

Jean-Pascal Gond
International Centre for Corporate Social Responsibility (ICCSR),
Nottingham University Business School,
Jubilee Campus, Wollaton Road,
Nottingham, NG8 1BB,
United Kingdom

Olivier Herrbach
Institut d'Administration des Entreprises (IAE),
Université Montesquieu – Bordeaux IV,
35 place Pey-Berland,
33076 Bordeaux cedex,
France
E-mail: olivier.herrbach@u-bordeaux4.fr