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Integrating CSR Initiatives in Business: An Organizing Framework

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ABSTRACT. Integrating corporate social responsibility (CSR) initiatives in business is one of the great challenges facing firms today. Societal stakeholders require much more from the firm than pursuing profitability and growth. But these societal stakeholders often simply assume that increased societal expectations can easily be accommodated within efficiently run business operations, without much attention devoted to process issues. We build upon the core–periphery thesis to explore potential avenues for firms to add recurring CSR initiatives to their existing business practices. Based on Siggelkow's (Admin Sci Quart 47:125–159, 2002) analysis of organizational change, we conceptualize seven major patterns of CSR initiative adoption. We develop a new organizing framework showing how a firm can integrate CSR initiatives in business. Within the new framework, each of the seven patterns represents an idiosyncratic path through which recurring CSR initiatives can be included as practices into conventional operations. We also explore the nature of the resulting internal fit between recurring CSR initiatives and business practices.

KEY WORDS: corporate social responsibility, core–periphery thesis, integrating CSR in business, fit

Introduction

Corporate social responsibility (CSR) initiatives are discrete undertakings, intended to improve societal welfare and being supported by corporate resources (e.g., money, labor) (Bhattacharya et al., 2009, p. 260). Of specific interest in the present article are initiatives that represent recurring undertakings rather than one-off actions. Most Fortune 500 firms have engaged in some form of recurring CSR undertakings, though even in these large companies "the majority of corporate contribution programs are diffuse and unfocused" (Porter and Kramer, 2002, p. 58). Porter and Kramer (2006, p. 80) observed that "the prevailing approaches to CSR are so fragmented and so disconnected from business and strategy as to obscure many of the greatest opportunities for companies to benefit society." They added that "the more closely tied a social issue is to a company's business, the greater the opportunity to leverage the firm's resources – and benefit society" (Porter and Kramer, 2006, p. 88). The implication is that companies should apply their distinctive strengths valid in their particular competitive context to select specific CSR initiatives, especially those that represent recurrent undertakings, thereby reaping the full benefits thereof (e.g., in the realm of corporate philanthropy).

The "business case" argument for CSR, namely the leveraging of recurring CSR undertakings to gain direct financial benefits and to improve long-run firm-level competitiveness in terms of profitability and growth, has often been made to justify such undertakings as a wise investment (Margolis and Walsh, 2003). Here, establishing an explicit link between recurring CSR undertakings and the firm's prevailing business practices would appear to make sense, much in line with the more conventional arguments in favor of related as opposed to unrelated diversification. However, many firms still view CSR as being divorced from prevailing business operations and have not even attempted to "routinize" their recurring CSR undertakings. To routinize recurring CSR initiatives means developing these as "practices," i.e., stable patterns of decision making and action intended (a) to improve every new CSR initiative's internal coherence with other CSR practices, as well as internal and external consistency, respectively, with prevailing business routines and external stakeholder demands, and (b) to maximize the resulting contribution to business performance, in terms of profitability and growth, of the initiative over time (see also Jamali et al., 2009).

From a managerial perspective, adopting new, recurring CSR initiatives can be complex and risky, not only because managers have to decide whether or not to respond to a variety of internal and external stakeholder pressures, but also because they have to evaluate whether recurring CSR initiatives will actually fit with currently prevailing practices. As the effectiveness of CSR initiative implementation in the form of a new practice often depends on linkages with other routines in the organization, an appropriate response to CSR challenges may require close coordination across relevant functions (Westley and Vredenburg, 1996). Inadequate cross-functional coordination and organizational barriers (Cordano and Frieze, 2000) can lead to internal conflicts and ultimately weak performance toward achieving societal and corporate goals. Thus, senior managers need to assess to what extent adopting new, recurring CSR initiatives as practices might disturb current routines, whereby any incoherence or inconsistency should be acceptably low and controllable. At minimum, the positive contribution to long-run business performance should outweigh the additional costs resulting from any disturbance to current business practices.

Inherent in the above discussion is the notion of "fit" of CSR practices in terms of expected internal coherence, consistency with prevailing business routines and resulting contribution to business performance, thereby focusing less on external consistency with stakeholder demands that is discussed extensively elsewhere (see Atkinson et al., 1997). The "fit" notion features prominently in the extant CSR literature. For example, Basu and Palazzo (2008, p. 129) distinguish: "the consistency between an organization's overall strategy and its CSR activities, and [the coherence] within the varieties of CSR activities contemplated during any given period of time." The above levels of internal fit, when combined with the external fit between CSR initiatives and societal stakeholder demands for particular CSR activities, will ultimately determine the credibility and effectiveness of CSR initiative outcomes (see Figure 1). In the present article, we focus primarily on the middle section of Figure 1, namely the internal consistency challenge, as this addresses the linkages between new CSR initiatives and what constitutes the firm's "core."

Although a large body of CSR literature has been devoted to organizational responses to external stakeholder demands, there has not been much work on how firms attempt to integrate CSR initiatives in business and as a result achieve internal fit. Researchers usually tend to evaluate CSR initiatives from the perspective of societal stakeholders, with only limited attention devoted to either the difficulties associated with the internal bundling of CSR initiatives and prevailing business practices or to the various paths available to overcome these difficulties. In the present study, we fill the above research gap by applying the core–periphery thesis (Hannan and Freeman, 1984; Siggelkow, 2002) to the context of recurring CSR initiatives and the integration thereof with prevailing business practices.

First, we use the core–periphery thesis (Hannan and Freeman, 1984; Siggelkow, 2002) to explore the various approaches that firms can select when they "add" recurring CSR initiatives to their existing business operations. Based on Siggelkow's analysis of organizational change, we conceptualize seven major patterns of CSR initiative adoption. These seven patterns form an organizing framework of alternative ways to link CSR practices and prevailing business routines.

Second, building upon the nature of the linkages between a recurring CSR initiative and prevailing business practices, we argue that each of the seven patterns will affect the initiative's internal and external "fit" in an idiosyncratic fashion. Here, the particular route chosen to bundle recurring CSR initiatives and prevailing business practices will ultimately determine the extent to which these CSR initiatives can contribute to business performance and societal goals.

By focusing on the available avenues to integrate recurring CSR initiatives into prevailing business practices, the article offers an organizing framework to senior managers for identifying and evaluating a menu of strategic integration options. We describe seven well-documented integration patterns, each one combining in an idiosyncratic fashion a new recurring CSR initiative and prevailing business practices. Here, a key element in managerial selectivity is the extent to which an internal fit will be

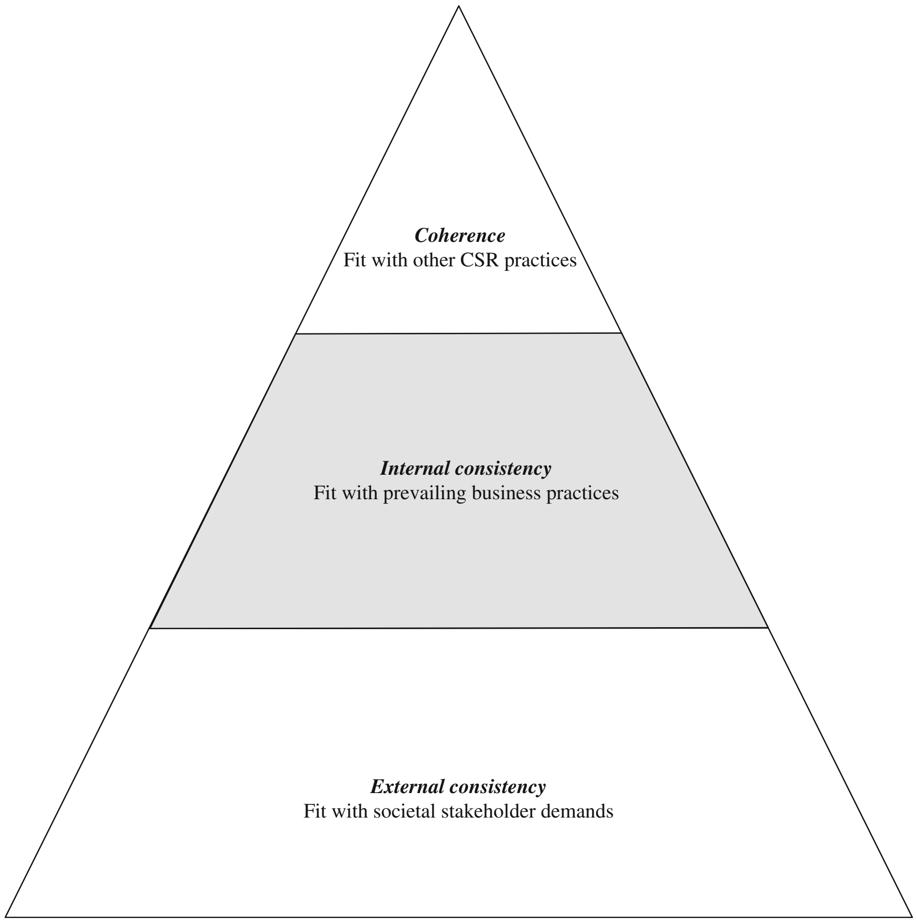

Figure 1. How CSR initiatives "fit".

pursued or how, on the contrary, recurring CSR initiatives will be allowed to flourish independently of prevailing business practices, thereby serving at best the extent of external fit.

Our attention to process aspects of integrating recurring CSR initiatives and prevailing business routines complements the strategic perspective on CSR developed by Porter and Kramer (2006) in the sense that we also advocate devoting more attention to internal fit than focusing mainly on external consistency with societal stakeholder demands (though the latter obviously remains important). Our core–periphery perspective emphasizes both the internal constraints to CSR initiative implementation and the requisite adjustments to incorporate CSR practices into prevailing business routines (or failing to do so). The bundling of Porter and Kramer's (2006) strategic approach and our core–periphery perspective on CSR leads to a comprehensive picture of the complexities of CSR initiative adoption, whereby we address the practicalities of effective implementation.

On the conceptual level, the article contributes to the debate on the "business case" for CSR initiative adoption and, more specifically, on the linkage between CSR initiatives and firm-level competitiveness (Barnett, 2007). A number of scholars (e.g., Rowley and Berman, 2000; Ullmann, 1985) have appropriately argued that neither societal nor firm-level returns of CSR initiatives are self-evident or universally present, but are contingent upon a number of parameters, calling for conceptual development that would identify and explain the relevant contingencies. The present article answers this call by proposing that the internal fit between CSR practices and prevailing business routines may help explain observed heterogeneity in CSR's effectiveness at serving firm-level performance goals.

Our contingency perspective also suggests that CSR activities, when focused solely on satisfying external stakeholders' needs, may actually weaken the internal fit among prevailing routines in the organization, thereby calling for more selectivity in choosing and supporting particular CSR initiatives.

Our application of the core–periphery perspective also extends conventional value chain analysis thinking to the context of CSR initiative adoption (e.g., Porter and Kramer, 2006): We advocate studying the complex interactions among routines prevailing in various value chain activities. Although Porter and Kramer (2006, p. 89) recommended that firms integrate fully CSR initiatives into all prevailing business routines throughout the value chain, they did not specify how such integration should proceed, nor what the likely impacts would be.

The structure of this article is as follows. In the next section, we investigate seven patterns of CSR initiative adoption, based on the core–periphery perspective, and describe the resulting, new conceptual framework. In the third section, we explore the nature of the fit between CSR initiatives, prevailing business practices, and the external environment in each pattern. The final section discusses the implications and concludes.

Core–periphery elements and extension of core elements

Many scholars (e.g., Hannan and Freeman, 1984; Hannan et al., 1996; Romanelli and Tushman, 1994; Siggelkow, 2002) have argued that organizations are composed of core and peripheral elements. Core elements are conceptualized as central to the organization's survival, whereas peripheral elements are not. Core elements include, *inter alia*, the organization's stated goals, forms of authority within the organization, core technologies, and marketing strategy (Hannan and Freeman, 1984). Core elements define the organizational identity and determine the distribution of resources. In contrast, peripheral elements involve operating decisions and detailed arrangements undertaken either to align the organization with its environment or to buffer its core from external fluctuations. Core and peripheral elements are especially visible in organizations such as business firms when systemized as routines/practices.

Core and peripheral elements/practices exhibit different dynamic features. Core practices are more susceptible to inertial forces and are more resistant to change. Thus, changes in core practices usually occur slowly and are mostly incremental rather than disruptive. In contrast, peripheral practices are easier to change as a function of external demands, save the case of a crisis situation, when even the core cannot be exempted from radical transformation. As peripheral practices are normally "attached" to core routines, changes in the latter usually require some adaptation of the former, but not vice versa.

Almost a decade ago, Siggelkow (2002) extended the core–periphery distinction to describe an organizational system as consisting of core elements, elaborating elements, independent elements, inconsistent elements, and interactions among these elements. According to Siggelkow, a core element has two main features: "(1) a high interdependency with other current organizational elements and (2) a large influence on future organizational elements" (2002, p. 127). In contrast, elaborating elements interact with existing core elements and reinforce them (2002, p. 127). In other words, elaborating elements are peripheral in nature but are core-extending. If two elements do not interact with each other, they are designated as independent of each other. Finally, inconsistent elements interact with each other but decrease each other's value.

IKEA provides a good example of the core–periphery distinction, with elaborating peripheral practices extending the core routines. The practice of providing only limited customer service, as exemplified by the small sales staff in the IKEA shops, can be viewed as a core routine at IKEA, instrumental to making IKEA a cost leader in industry. This core element is reinforced by a few peripheral, but core-extending routines, such as the practices to provide detailed explanatory catalogues as well as highly informative displays in the shops, and the custom to package even larger products in low-volume kits amenable to easy transport and self-assembly by customers, etc.

As a second example, a core practice at the mutual fund firm Vanguard (Siggelkow, 2002) is internalized distribution (in contrast to an earlier practice whereby the firm relied on external distributors). When Vanguard internalized the distribution function, this decision immediately changed several more peripheral, but core-extending routines: Vanguard abolished sales fees, cut management fees paid to brokers, and gained flexibility by significantly decreasing its dependence on outside investment companies.

In the above examples, an inherent hierarchy exists among organizational practices. Here, core routines are positioned higher-up in the hierarchy and influence more peripheral, but core-extending practices by re-formulating their content, shifting organizational attention, and mobilizing resources in their favor (typically at the expense of independent peripheral routines that are not core-extending). The dominant logic associated with a core routine thus channels resources and discretionary managerial behavior into very specific directions, and ultimately molds any core-extending, peripheral practice in the core routine's own image, in terms of both substance and process characteristics.

Siggelkow's (2002) insightful analysis identified four processes that describe changes in core practices and in the more peripheral, core-extending routines associated with them, namely: coasting (to keep a core routine without adding core-extending practices within a given period); patching (to create a new core routine and reinforcing it with core-extending practices); thickening (to reinforce a core routine with peripheral, core-extending practices), and trimming (to eliminate a core routine and related peripheral practices). These four processes allow describing how organizations develop particular configurations of core practices.

A core–periphery understanding of organizations bears some similarity to the popular resource-based view (RBV) (Barney, 1991; Carmeli and Tishler, 2004; Wernerfelt, 1984), though the core–periphery perspective and the RBV have different focuses. The RBV suggests that distinct bundles of organizational resources largely determine organizational performance (Barney, 1991; Wernerfelt, 1984). Specifically, resource bundles that are unique, valuable, nontransferable and imperfectly imitable, namely core capabilities, differentiate the firm strategically from its rivals (Leonard-Barton, 1992). The resource bundling process typically occurs through the use of routines, as does the deployment and exploitation of the resulting capabilities. From a core–periphery perspective, any resource usage through a routine reflects either a core or a peripheral practice and interconnections among these practices may lead to internal/external fit/misfit, thereby enhancing or reducing business performance (Siggelkow, 2001). The RBV emphasizes the substance of core capabilities, whereas the core–periphery approach pays more attention to the process of establishing organizational practices and to the relationships among them.

The core–periphery approach (e.g., Hannan and Freeman, 1984; Hannan et al., 1996; Romanelli and Tushman, 1994; Siggelkow, 2002), especially its focus on the interactions among organizational practices, offers a new perspective for analyzing the introduction of recurring CSR initiatives in business: How do firms add CSR elements to core business practices? What is the impact of the interactions between CSR practices and business practices on the effectiveness of CSR initiative adoption?

In the following, we adopt a core–periphery approach to analyze the adoption of CSR initiatives. Here, we follow Siggelkow's (2002) typology and divide organizational routines into core and peripheral practices. In our new organizing framework, peripheral practices include core-extending routines and independent peripheral routines. The former interacts with and augments the associated core routines, whereas the latter bears no relationship with any core routines and is more driven by external demands.

Seven patterns of CSR initiative adoption through a core–periphery lens

To simplify our analysis of interactions between new, recurring CSR initiatives and core business routines, we assume that senior managers responsible for the latter are largely indifferent about the prospect of adding new CSR elements. This assumption is in line with the traditional, mainstream understanding of CSR, namely that ''the social responsibility of business is to increase its profits'' (Friedman, 1970). As regards the precise boundaries of what is core and what is not, strategy researchers have traditionally specified *ex ante* a hierarchy of organizational elements with different levels of likelihood that these would change (Hannan and Freeman, 1984; Nicholls-Nixon et al., 2000). A lower likelihood of change can then be associated with what constitutes "core." However, the more recent literature, including Siggelkow's approach (2002), has moved away from this *ex ante* specification view and has convincingly argued that one particular element (e.g., an accounting practice) may be "core" in one firm and peripheral in another. In this article, we build upon Siggelkow's view (2002) and define both core business routines and core CSR practices in general terms, as those with a large influence on other organizational routines and resource allocation, rather than in terms of specific organizational functions/roles determined *ex ante*. Any routine that meets the "large influence" criterion is viewed as a core routine.

From the core–periphery perspective, the main challenge is how to add CSR routines to the existing core routines, most of which may have been established without any consideration for CSR. We consider three dimensions that allow identifying seven distinct patterns describing the inclusion of CSR practices in the firm. The first dimension refers to the creation of new CSR routines (which may occur when the firm is established or at a later date) versus the *status quo* or even the removal of an existing core routine hindering effective CSR outcomes. The second dimension distinguishes between core and peripheral CSR practices, with the peripheral ones being either core-extending or independent. This dimension is important, as it is closely related to the expected magnitude of the associated changes, with only core routines having a large influence on extant practices. The third dimension captures the mechanism via which firms create and absorb new CSR routines, i.e., through internal development or cooperative behavior with external partners. We now discuss the seven patterns building upon the three above dimensions, and show the resulting organizing framework in Figure 2.

Pattern 1: Born CSR oriented

This pattern describes the situation of firms that have incorporated CSR routines as a critical part of their organizational systems from inception. A born CSR orientation may result from the values of the firm's founders, from specific customer demands or from strong pressures to meet expectations of particular stakeholders. From their birth, such business organizations have been heavily involved in CSR activities and have sought to complement their business operations with CSR practices, thereby attempting to boost business performance. Since such firms are born with CSR core elements, a CSR "reflex" tends to direct systematically organization members' attention to both external and internal CSR issues, as shown in pattern 1 of Figure 2, where core business and CSR routines are indistinguishable from each other.

The distinctive feature of these "born CSR-oriented" firms is management's early CSR focus and commitment of specific resources to establish CSR routines at or near the founding. Starting with a CSR focus appears largely to prevent the conflicts commonly observed when adding CSR components only after core business processes have been established. One reason may be that the early allocation of resources dedicated to CSR practices establishes from the outset some CSR routines as "core," thereby conferring internal legitimacy and reducing the likelihood of subsequent internal wars for resources.

An example of a born CSR-oriented firm is Ben & Jerry's (Theroux, 1993), which has been able to build a strong reputation as a corporate philanthropist, in addition to being a successful ice cream business. Ben Cohen and Jerry Greenfield opened an ice cream parlor in Burlington, VT, in 1977. Influenced by their 1960s' radical backgrounds, both founders were dissatisfied with the ways in which many businesses, in their mind at least, exploited society and their own employees. They founded Ben & Jerry's Homemade Inc., based on the belief in "linked prosperity." Linked prosperity means that benefits from firm-level growth should be shared by shareholders, employees, and the community at large (Ben & Jerry's Foundation, 2010). These values led to both the gradual expansion of community-related activities and other CSR undertakings, and to the close integration between social causes and Ben & Jerry's core routines in marketing, operations, human resources management, and finance. For example, in marketing, Ben & Jerry's rejected marketing approaches built upon conventional marketing research and media spending, but instead focused on promotional activities connected with social issues. In the area of product design and ingredient sourcing, Ben & Jerry's even designed product lines intended to serve specific social causes (e.g., Rainforest Crunch Ice Cream which contains nut prod-

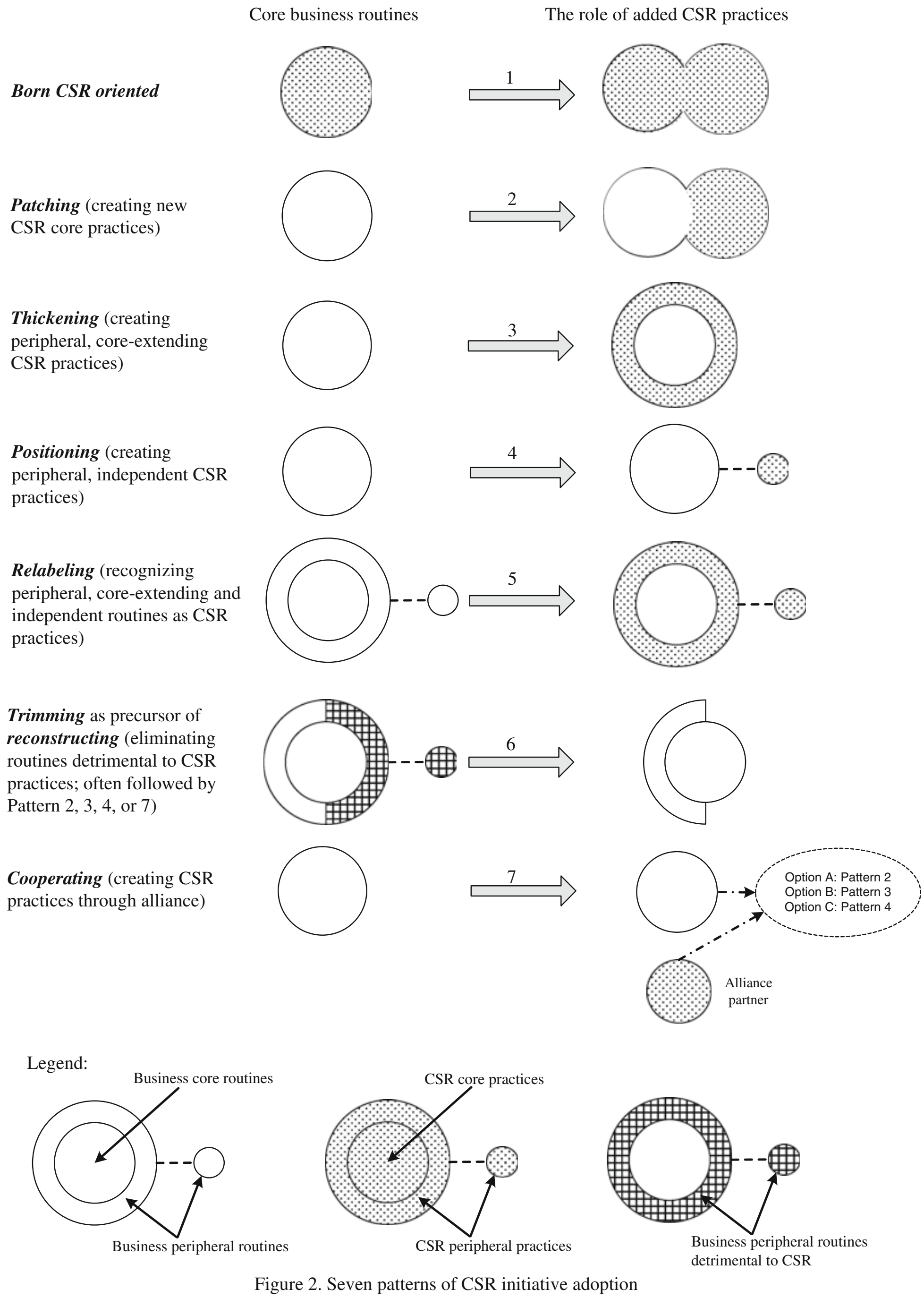

Figure 2. Seven patterns of CSR initiative adoption.

ucts from the Amazon rainforest to assist in the preservation of the rainforest). In human resource management, Ben & Jerry's attempted to offer comprehensive employee benefits programs. In the financial sphere, when engaged in its first initial public offering, Ben & Jerry's issued some shares exclusively to Vermont residents.

If there were only a close alignment between a single CSR practice and a single core business activity, that alignment could be interpreted as having little significance to the firm. However, in this case, the occurrence of such alignment across several CSR practices and value chain activities clearly established CSR routines as ''core'' at Ben & Jerry's. This fact was recognized when Unilever acquired Ben & Jerry's, with the firm described as follows: ''B&J was like a three-legged stool: it had excellent quality, a fun brand, and the social dimension'' (Austin and Leonard, 2008, p. 81). Here, the personal orientation of the founders led to the early CSR orientation as core and to CSR practices heavily influencing other organizational practices.

Pattern 2: Patching (creating new CSR core routines)
Patching or creating new CSR core routines refers to building CSR elements that interact with many other current organizational routines and/or exert major influence on future organizational practices, as shown in pattern 2 of Figure 2. If a firm is characterized by CSR core practices, this indicates that CSR co-determines organizational purpose, helps mold the firm's identity, and heavily influences resource distribution across the organization. Creating new CSR core routines typically involves changes in organizational processes as well as in competences in various parts of the value chain. Such a process also tends to require significant investments in capital, intermediate materials, and labor (McWilliams and Siegel, 2001).

A genuine interest in creating new CSR core practices can be demonstrated by corporate efforts to institutionalize the core values driving CSR activities (Maon et al., 2009), e.g., through drafting ethics codes, establishing ethics guidelines, providing ethics training, and offering top management support (Jose and Thibodeaux, 1999; Laufer and Robertson, 1997). The purpose of institutionalizing CSR core values is to encourage employees to consider systematically social and environmental parameters when making business decisions or even to make decisions based on corporate ethics (Laufer and Robertson, 1997). In this way, firms create CSR core practices that interact with core business practices and may contribute to organizational redesign, thereby affecting both future decisions and organizational performance.

Moreover, CSR core practices may emerge inside existing business routines through incremental organizational learning. Unfortunately, the academic study of the CSR movement (Devinney, 2009) is a relatively recent phenomenon and prevents tracking the development of CSR core elements over long time periods. However, the case of Enel can shed some light on this incremental learning process. Enel is Italy's largest power company and gradually embedded CSR practices into its strategy and organizational routines, thereby making CSR a core element in the firm (Pistoni and Songini, 2008a, b). With top management's commitment and support, Enel took quite a few initiatives over the years: it published its first Environmental Report in 1996; it summarized Enel's environmental policy and developed key performance indicators in 1999; it adopted an ethics code in 2002; it established a CSR Unit and EnelDATA unit in 2002, with the former in charge of CSR implementation and communication, and the latter responsible for CSR planning and monitoring; it incorporated a set of social and environmental objectives into the company's business plan and in the budgeting and reporting systems in 2003; finally, it set personal CSR goals in environmental and social matters that were tied to individual employee performance assessments in 2006.

More importantly, CSR became an integral part of everyday business decisions, not only at the managerial level but also at the operational level, mainly through routinized CSR planning and control processes with key performance indicators (KPIs). In 2006, Enel used 314 KPIs related to the firm's financial performance, as well as its environmental and social achievements. The CSR routines in the realm of monitoring involved not only the Area Coordinators, who ensured integration of CSR objectives into the divisional business plans, but also the Line Coordinators in charge of consistency between CSR goals and business objectives in functional departments. For instance, the human resources department compiled employee-related KPIs to identify performance gaps and to develop corrective actions. The adoption of a central CSR control structure at Enel together with both divisional and employee KPIs has had widespread impact on employees' tasks and has guided managers' behavior through mechanisms such as the identification of CSR gaps and plans for corrective actions, thereby creating a new CSR core practice.

The incremental development of CSR core routines at Enel and the difficulty of implementing these in the face of some forces favoring the absence of CSR at the firm's core, also suggest that the patching process tends to be slow, as it may require significant adaptation of extant activities. In many cases, successful implementation of CSR routines at the operational level may require clear performance measures and related incentives to enhance employees' commitment, which obviously goes much further than simply institutionalizing CSR elements as core values in the organization.

Pattern 3: Thickening (creating new CSR routines as peripheral, core-extending practices)

Thickening or adding core-extending CSR practices supports and reinforces existing core routines, whether prevailing business routines or routines in the CSR realm, as shown in pattern 3 of Figure 2. In other words, these new CSR practices mainly build upon extant core routines and benefit from the strengths thereof.

Pattern 3 has two main characteristics. First, core-extending CSR routines are still peripheral. Changes in peripheral practices normally do not lead to changes in core routines, but changes in these core routines do affect the content and process aspects of peripheral elements. Second, CSR core-extending routines do reinforce existing core elements, that is, "two elements are said to reinforce each other if the value of each element is increased by the presence of the other element" (Siggelkow, 2002, p. 127). The term "reinforce" underlies the importance of complementarity, namely "the marginal return of an activity increases in the level of the other activity" (Stieglitz and Heine, 2007, p. 3). This second feature differentiates Pattern 3 from Pattern 4 discussed below, with the latter describing new independent, peripheral practices that do not create synergy with any core routine.

As one example of Pattern 3, many retailers now try to attract new customers by offering organic food (e.g., the Dutch company Ahold, as analyzed in Kolk and Pinkse, 2006), i.e., by adding a CSR flavor to their businesses. From the core–periphery perspective, offering organic food reinforces the above retailers' service quality and capacity to respond to customers' expectations, as perceived by customers. Although new offerings may require accessing new suppliers, the process of adding organic food is not much different from adding any other new line of vegetables and does not affect prevailing routines in terms of how these firms run their businesses.

Wal-Mart, the largest US retailer provides another example: "Wal-Mart persuaded a toy supplier to reduce its packaging. This resulted in the company using 497 fewer freight containers a year and saving $2.4 million. You can call that cost-cutting or you can call it sustainability" (Skapinker, 2008, p. 15). In this case, reducing packaging reinforced the core business routine of cost control at Wal-Mart, thereby strengthening the dominant management approach and leading to a more tightly coupled system.

Pattern 4: Positioning (creating new CSR routines as independent peripheral practices)

Positioning means adding independent, peripheral CSR routines that are not central to the firm's strategy and operations and do not exert much influence on the firm's future development trajectory, see pattern 4 in Figure 2. Interestingly, quite a few CSR routines currently implemented by firms are actually independent, peripheral elements, intentionally separated from core business routines. For example, though many firms report their CSR activities (Esrock and Leichty, 1998) and increasingly use web pages or brochures to disseminate their CSR reports (Snider et al., 2003), many practices in this area are largely symbolic (e.g., Laufer, 2003), with CSR reports mainly aggregating information from various organizational units, but without adding real substance to this information or exerting influence on these units. Even if firms did not publish such CSR reports, their core business activities would hardly be affected.

On a related note, corporate philanthropy practices often reflect the intent to keep CSR routines and core business routines totally separated. Most philanthropic practices are also particularly unfocused, a situation lamented by Porter and Kramer (2002), who have called for a shift toward using corporate philanthropy to influence the firm's external context and to enhance its competiveness. In recent years, American firms have increasingly adopted the above advice (Vogel, 2005), which represents a move from using independent, peripheral CSR routines toward crafting core-extending ones.

Pattern 5: Relabeling (recognizing current routines as being CSR oriented)

Relabeling implies that current routines, whether core, core-extending, or independent ones, are recognized only *ex post* as CSR routines, see pattern 5 in Figure 2. Such CSR routines may have become established in the firm before CSR became a popular concept and without being recognized as CSR related. In some cases, especially peripheral practices can easily be relabeled, and support a more positive image of the firm, as perceived by consumers and society. Importantly in Pattern 5, even when core practices are involved, relabeling does not necessarily require large investments of corporate resources to pursue new CSR initiatives, and thus represents a convenient way – related more to changes in branding than to changes in substance – for firms to ''add'' CSR initiatives to their activity portfolio.

For example, Nestlé's value chain in the milk business depends on local sources of milk from a large number of small farmers (Porter and Kramer, 2006). When Nestlé invested in Moga, India, in 1962, it trained farmers, gave technical assistance, and set up collection points in each town to collect milk. Such activities contributed significantly to local development. However, as Porter and Kramer pointed out: ''Nestlé came to Moga to build a business, not to engage in CSR … Nestlé's commitment to working with small farmers is central to its strategy. It enables the company to obtain a stable supply of high-quality commodities without paying middlemen'' (Porter and Kramer, 2006, p. 90). Thus, working with local farmers was established as a core element of Nestlé's business practice, but without it being recognized as a CSR routine. The key point is that Nestlé did not create the above CSR practice intentionally, but it was simply relabeled as such, without affecting in the least the firm's core routines in substantive terms.

As a second example, New Balance, the Boston-based athletic shoe manufacturer, has always been committed to retaining a portion of its manufacturing base in the United States, though its main competitors in the industry now largely rely on offshore production (New Balance, 2010; Veleva, 2010). However, this commitment to home-base employment as a core-extending critical dimension of CSR was not identified in the extant CSR management platform at New Balance when the firm conducted a full assessment of its CSR activities in 2009. Here, integrating the commitment to home-based manufacturing into New Balance's CSR framework required only a simple ''re-categorization'' of this core-extending approach, without any substantive change in the firm's operations.

Pattern 6: Trimming (eliminating routines detrimental to CSR) and reconstructing

To reduce negative exposure, firms may trim both core and peripheral routines that are detrimental to CSR, as a precursor for subsequent adding of CSR practices according to patterns 2, 3, 4, or 7, see pattern 6 in Figure 2, where only the actual trimming is shown as a (temporary) outcome, and only for peripheral routines. In the context of trimming the core, Siggelkow (2002) argues that changes in a core routine also affect the related, core-extending, peripheral practices, but changes in the latter do not necessarily affect the former much. As core-extending, peripheral practices may reinforce to some extent existing core business routines, trimming peripheral elements detrimental to CSR may weaken somewhat the strength of the associated core business routines and negatively affect their value because of some lost synergy. However, such influence tends to be minor, and the benefits of eliminating routines hindering CSR development in terms of impacts on performance sometimes largely outweigh the costs, at least if such trimming is indeed a precursor of reconstructing according to one of the other patterns.

An example of pattern 6 is British retailer Marks and Spencer's removal from its racks of some profitable but overfished traditional favorites (Maitland, 2003). In 2002, the Marine Conservation Society published a blacklist of 20 species that scientists had identified as candidates for overfishing. Marks and Spencer removed most of these species from its shelves and ended *de facto* the (non-CSR) core-extending practice of purchasing and selling ecologically salient products solely based on their expected profitability. In many cases, firms that have aborted a practice deemed inappropriate from a CSR perspective, quickly follow-up by adding a routine that does reflect appropriate attention to CSR. One example is that of the England-based home supply chain B&Q's introducing monitoring of its products' performance in terms of contributions to various social objectives (Porter and Kramer, 2006, p. 88), as an effective way to analyze the potential social risks posed by its products.

In the above cases, the removal of a small group of specialty products offered by the two firms reflects the elimination of a conventional (non-CSR) core-extending purchasing practice, which was based solely on expected profits. Eliminating this practice does not have a major effect on the substance and process of these firms' core routines, even when replaced by another – often independent, peripheral – core-extending practice that does exhibit appropriate attention to CSR issues.

It is conceptually also possible, though empirically less common, to trim an existing core routine (rather than a peripheral one) because it lacks the required social responsibility features desired by senior managers. Similar to the daunting job of creating a CSR core routine that interacts with many other functions within the firm, trimming an existing core practice may affect many related routines and is often considered a non-starter because it would lead to a major change for the firm. Trimming is certainly a non-starter for firms in "dirty" industries (e.g., the tobacco industry) whose core routines are often viewed as socially irresponsible by societal stakeholders (Palazzo and Richter, 2005). Although it is rare for firms to trim an existing core element simply because it is detrimental to CSR, firms may take such actions under extreme external/internal pressures. For example, following a consumer boycott of its products, NIKE changed from being a company solely interested in making profits to becoming a leader in triple bottom line thinking, with a focus on social impact assessment and monitoring throughout the supply chain (Verbeke, 2009). Similarly, Starbucks evolved from being a firm accused of systematically ripping off poor coffee producers in developing countries (see, for example, the 2006 award winning movie Black Gold, from directors Marc and Nick Francis) to a company heavily involved in promoting fair trade in its coffee purchasing practices. Trimming also occurred during the recent global financial crisis (which started in 2008), when financial institutions on the verge of bankruptcy for dealing in repackaged sub-prime mortgages, as a result of perverse employee and managerial incentive systems, drastically altered their compensation approaches.

Pattern 7: Cooperating (creating CSR routines through alliances)

Social problems to be addressed by firms, as a precondition to keep their license to operate, have grown in magnitude and complexity. In some cases, a single company may lack the capacity to address competently the uncertainty created by its external (social) environment, whereby cooperation with other organizations may be less costly or more effective to address specific social issues. As a result, alliances among firms, non-governmental organizations (NGOs), non-profit organizations (NPOs), and other stakeholder groups are increasing and becoming more strategically important. Alliances facilitate the firm accessing complementary resources (Nwankwo et al., 2007; Rondinelli and London, 2003), while usually keeping core business practices unaffected and allowing alliance partners to contribute CSR practices that fit less well with existing operations, see pattern 7 in Figure 2. An alliance as a vehicle to introduce CSR in business is somewhat different from the first six patterns, in the sense that it focuses on the source, rather than the actual process of CSR inclusion. In other words, an alliance may *de facto* be associated with one or several of the first six patterns of CSR inclusion. In case pattern 1 occurs, the "Born CSR oriented" designation should be appropriately replaced by a "*Reborn* CSR oriented" one. Such a pattern may typically occur after a major crisis in the firm receiving CSR practice infusions from the alliance partner.

CSR infusing alliances may take many forms. For example, a firm can partner with either a single NGO or multiple NGOs and enter into the alliance on its own or through collaboration with other firms (Peloza and Falkenberg, 2009); alliances may involve supply chain members or companies outside the supply chain (Kolk and Pinkse, 2005). Alliances may also vary in the level of engagement, the importance of the cooperation to the parties' achieving their respective missions, the magnitude of the financial, in-kind, and intangible resources deployed in the alliance, the scope of activities, managerial complexity, and the extent of interaction (Austin, 2000).

From a core–periphery perspective, a focal firm may receive contributions from the alliance partner that affect either type of routine. Peripheral practices are not central to the organization, but accessing such elements through an alliance may reduce disturbances to current operations, while at the same time supporting the pursuit of particular CSR objectives. In contrast, receiving core practices (or resource bundles meant to develop these) from an alliance reflects the occurrence of a more broadly involved, more deeply influencing alliance type. Here, the donor organization's core practices are deployed to support collective action and organizational integration, e.g., when working with suppliers to design and market new products. The more common case, however, is for recipient firms to access peripheral practices from alliances, thereby minimizing impacts on core business operations.

For example, Statoil's Akassa project in Nigeria was funded by Statoil, but it was a development NGO, namely Pro-Natura that implemented the project (Frynas, 2005). Pro-Natura "had exceptional developmental expertise and was able to execute the project without interference from oil-company managers" (Frynas, 2005, p. 593). Pro-Natura conducted an in-depth evaluation of the local community to investigate local needs, with staff living in the villages to exchange information with local people. Statoil and Pro-Natura's joint efforts to get multiple local stakeholders such as chiefs, women, and youths involved and to allow the local community to lead the project, has been viewed as a best practice development project in Nigeria's oil industry (Frynas, 2005, p. 593). This project nevertheless left Statoil's core business routines largely unaffected.

Internal fit between CSR practices and core business routines

As noted earlier in this article, much of the CSR literature has viewed CSR initiatives as a response to the specific demands of external stakeholders (Jenkins, 2005; Spar and La Mure, 2003), meant, *inter alia*, to enhance corporate reputation (Fombrun, 2005), preempt legal sanctions (Parker, 2002), respond to NGO actions or manage risk (Fombrun et al., 2000; Husted, 2005), and generate customer loyalty (Bhattacharya and Sen, 2004). Such a predominantly external consistency focus of contemporary CSR practices has led to the bulk of these being disjointed and "almost never truly strategic" (Porter and Kramer, 2002, p. 57). Here, insufficient attention has been devoted to the coherence among various CSR initiatives and to the internal consistency between CSR initiatives and core business activities. As noted earlier, this article fills the gap by creating a new organizing framework for analyzing the different patterns that firms can adopt when incorporating recurring CSR initiatives into business operations, thereby focusing especially on the issue of internal fit between the firm's extant core business practices and CSR routines, i.e., the middle section of Figure 1.

The concept of fit has been a central theme in the strategy literature (Miller, 1996; Venkatraman and Camillus, 1984). It is commonly held that organizations, as systems of interconnected practices, must achieve a fit both with their external environments (e.g., Lawrence and Lorsch, 1967; Pennings, 1987) and internally, in terms of strategy, structure and processes (e.g., Chandler, 1962; Learned et al., 1965). The importance of internal fit has also been highlighted in the CSR literature, such as the suggestion on the impact of "the consistency between an organization's overall strategy and its CSR activities and [the coherence] within the varieties of CSR activities contemplated during any given period of time" (Basu and Palazzo, 2008, p. 129).

The core–periphery perspective has allowed us to examine the issue of internal fit, by identifying different types of interaction between core and peripheral practices inside the organization. First, not all organizational routines interact with each other. Practices not linked to core routines are independent practices. Independent practices serve neither coherence nor internal consistency. Second, some practices reinforce one another, leading to a high degree of coherence and internal consistency. Third, some organizational practices that do interact with each other are clearly incoherent and inconsistent, with this lack of fit resulting in a decline of organizational performance. Recognizing the above three types of interactions between practices, and the fact that the three types may co-exist in a single firm, we now focus on two archetypes of organizational systems, namely firms that operate as loosely coupled systems and those that are tightly coupled.

In the case of loose coupling (e.g., unrelatedly diversified companies with a weak head office), organizational practices in various parts of the company are only weakly connected to each other and therefore they can vary independently of each other (Aldrich, 1979; Danneels, 2007). As a result, any effects of new CSR practices can be analyzed by examining the relatively *localized* and *isolated* relationships between these CSR practices and relevant core routines. The impact of eliminating extant routines is also limited to the localized connections between CSR practices and existing core routines.

In contrast, in cases of tight coupling (such as narrow-niche companies active in the high-precision, medical diagnostic tools market), all value chain activities, from R&D to customer service, share detailed common routines. These routines guide technical and human behavior, and are considered instrumental to business performance. Here, all core and peripheral routines are strongly interdependent and both coherence and internal consistency must be assessed *globally* rather than locally (Orton and Weick, 1990; Weick, 1976). Thus, organizational changes are likely to have ramifications throughout the firm, and effects of new CSR practices therefore need to be analyzed by taking into account the whole system of core routines. In the above two organizational systems (loosely coupled vs. tightly coupled), the seven patterns of CSR adoption may thus interact with existing, core routines in distinct ways, thereby affecting coherence and internal consistency. There are at least four main differences between loosely coupled and tightly coupled organizations in terms of expected outcomes of the CSR adding patterns discussed above.

First, whether the organization is loosely coupled or tightly coupled matters perhaps most in terms of immediate effects when patterns 3 and 6 are adopted. With pattern 3, firms extend current core business routines by adding peripheral CSR practices, thereby linking CSR with the organization's core operational processes (Freeman and Gilbert, 1988; Wheeler et al., 2003). In cases of tightly coupled firms, adding such a core-extending, peripheral practice will have implications throughout the organization, and therefore challenges of coherence and internal consistency must be addressed globally rather than locally. With Pattern 6, the removal of a peripheral practice, though perhaps instrumental to boosting CSR performance, will destroy the earlier complementarity between this practice and the associated, possibly highly effective core routine, thereby leading to decreased synergy. In cases of tightly coupled organizations, the effects of such reduced synergy must again be assessed globally rather than locally.

Second, for firms that are loosely coupled, the long-term impact on internal consistency of new CSR routines introduced according to pattern 2 merits further discussion. With pattern 2, new CSR core routines may interact with extant business core routines only locally rather than throughout the firm, meaning that substantial implicit inconsistency may exist among organizational units, even in the longer run and where core practices are concerned. This may be especially problematic in unrelatedly diversified companies, where a ''rotten apple'' unit may be sheltered from state-of-the-art CSR practices introduced elsewhere in the firm and may ultimately threaten the survival of the entire company (as was the case with General Electric's nuclear weapons activities, until they were finally sold off, a story expressed compellingly in Debra Chasnoff's movie Deadly Deception – General Electric, Nuclear Weapons, and Our Environment, that won the 1992 Academy Award for Best Documentary – Short Subject). In more general terms, such *implicit incoherence* across CSR practices among organizational units and *implicit internal inconsistency* between CSR and business core routines may not have direct effects on the company's performance in the short run, but may lead to a sharp decline of the credibility of a firm's CSR practices and its overall business performance in the long run.

Third, in case of a tightly coupled organizational system, patterns 2, 3, and 6 can actually trigger multidimensional interactions among all related practices. The outcomes of these interactions may be difficult to predict fully, because of the sheer number of potential linkages involved (Ghemawat and Levinthal, 2008). Even though the ultimate outcome may be an increase in CSR performance and overall business performance, the probability of *internal conflict* because of *short run inconsistencies* is high.

Fourth, the lack of a clear understanding of the interactions between CSR initiatives and extant business routines may cause practitioners and researchers to overestimate the effectiveness of new CSR initiatives. In the case of a loosely coupled organization, CSR practices are more likely to function independently of other organizational routines and are therefore less likely to trigger sweeping changes to the firm's core. The great paradox associated with the functioning of independent CSR practices is that they look good at the surface but may not mean much in substantive terms. Independent CSR practices are visible and have a performance that can easily be identified, isolated, monitored, and assessed in great detail, and these practices can easily be used for CSR advertising purposes. However, at the same time, such practices do not affect the core routines in the organization, and therefore substantial implicit incoherence and inconsistency with prevailing business practices may remain, even over the longer term. For example, some researchers and CSR activists have advocated the formalization of CSR initiatives through external certification (e.g., ISO 14001), but such formalization spearheaded by an independent internal unit in the company may, in the case of a loosely coupled firm, represent a complete fallacy to the extent that it does not affect core routines.

The focus of our organizing framework on internal fit between CSR practices and the firm's business core routines in the seven patterns obviously does not mean that external fit is unimportant. Some CSR practices do demand extensive cooperation and coordination among environmental managers, engineers, and production executives (Cordano and Frieze, 2000; Westley and Vredenburg, 1996), and therefore cross-functional coordination may be crucial. The more CSR management relies on other functions for implementation, the more likely CSR practices will be intertwined with existing functional management practices and operates as core-extending elements. Unfortunately, a sole focus on CSR as core-extending practices to achieve internal fit may be at the expense of external fit with a variety of societal stakeholders. For example, a study of the Australian banking sector (Pomering and Dolnicar, 2009) finds that consumers' understanding of many of the social issues banks have attempted to address is very low, suggesting that CSR practices at these banks ''do not connect'' with customers. The external institutional environment for CSR management (Gardberg and Fombrun, 2006) may be very different from the institutional environment relevant to business operations. Even though it is advisable for firms to design CSR practices consistent with core business practices, it remains critical to understand the complexities of corporate citizenship activities across market and geographies in order to achieve both internal and external fit.

Implications and conclusions

The sharp increase in societal stakeholders' demands for CSR initiatives, and the simultaneous managerial requirement that any such initiatives should improve business performance, has triggered various alternative strategies to integrate CSR in prevailing business activities. Here, what matters is a threefold fit, as shown in Figure 1. First is the fit between CSR initiatives and external stakeholder demands, i.e., external consistency. Second is the fit between core business routines and CSR-related routines, i.e., internal consistency. Third is the fit among the CSR related routines themselves, i.e., coherence.

We have argued in this article that a mere focus on the external fit issue misses the importance of achieving both internal consistency with core business routines and coherence among CSR practices. A purely external focus thus reduces CSR's potential to contribute to business performance. We have focused specifically on the challenge of achieving internal consistency between CSR practices and core business routines.

We applied the core–periphery perspective to CSR initiative adoption, and this allowed creating a new organizing framework based upon seven distinct patterns of integrating such initiatives in business operations, see Figure 2. Each of the seven patterns is characterized by a particular configuration of answers to the following three questions, namely (a) as far as core routines are concerned, whether the pattern involves the *addition* of a CSR practice to a core business routine, the *removal* of an existing, core business routine that hinders CSR initiative adoption, or the *status quo* in terms of core business routines; (b) as far as peripheral practices are involved, whether the pattern involves a CSR practice *interacting* with core business routines (and being core-extending) or being *independent* of these, and (c) whether the CSR routine is developed *internally* versus via *alliance activity* with external actors.

The seven patterns lead to various types of internal consistency, i.e., fit (or lack thereof) between CSR practices and core business routines. Recognizing the linkages among the three above dimensions and the resulting CSR routine integration patterns will hopefully lead to a better understanding of firms' CSR impacts and generate a rich research agenda on the interactions of any firm's prevailing strategy and organizational characteristics with its CSR initiatives. Our analysis has the following implications.

First, our integrative framework, as described in Figure 1, adds a new dimension to the dominant, external stakeholder-oriented perspective on adopting CSR initiatives. It provides insight to managers seeking to reflect on the process of CSR initiative adoption and attempting to increase the positive impacts on business performance of such CSR initiatives. Treating the adoption of CSR initiatives as critically important to core business activities may not be new at the conceptual level to many managers, but the effective implementation of such a view has proven more challenging. The key question is how to add new CSR initiatives to current business operations without negatively affecting the *status quo*. Here, the challenge is to introduce a set of CSR routines that are *coherent*, can be made *internally consistent* with core business activities and their underlying resource base (in addition to being consistent with external stakeholder demands), and ultimately *contribute to business and social performance*.

Ghemawat and Levinthal (2008) suggest in the context of complex, multi-layered organizations that specifying a complete bundle of policy choices may be a daunting job. Such organizations should therefore focus on a small number of highly influential choices, namely ''choices whose resolution impacts the optimal resolution of a great number of other choices and can be thought of as strategic'' (p. 1650). Following these highly influential choices, usually made higher-up in the hierarchy, organizations can then make more tactical, subsequent choices, to earn either additional, incremental advantages or to mitigate the negative effects of higher order choices.

In accordance with the above line of thinking, our analysis suggests it is particularly important to identify core routines in tightly coupled organizations, the presence of which will affect the potential for fit of a great number of other choices, especially in terms of achieving internal consistency and contribution to business performance. Here, it is critical to identify the nature of the interactions between potential new CSR routines and core business routines. However, for loosely coupled organizations, decisions are much simpler, as internal consistency can be achieved in a more localized fashion. The potential cost associated with this direct benefit is twofold: first, focusing on localized consistency sometimes triggers substantial implicit inconsistency with other units in the organization, thereby creating the seeds of conflict, e.g., if a crisis situation forces senior management to engage in much tighter coupling and reverting to core routines that must be deployed throughout the company. Second, localized consistency makes for good advertising of allegedly innovative CSR practices, but this may miss influencing most of the firm's core routines, thereby validating the often voiced criticism of, e.g., ''greenwashing'' in the environmental performance sphere.

Second, our examination of the various patterns represents progress toward uncovering the contexts in which CSR can affect business performance. In disentangling the murky link between CSR and financial performance, Barnett (2007) has argued that the business case for CSR must account for the path dependence of firm–stakeholder relations and the firm's CSR history. In line with Barnett's view on the importance of path dependence, our analysis highlights the path-dependent nature of CSR initiatives and core business routines. The overall impact of a CSR initiative on business performance not only relies on the direct effects of such initiative, but also depends on the process through which the CSR initiative is linked as a practice to pre-existing core business routines, thereby suggesting a more configurational approach to the analysis of CSR–financial performance relations.

Our perspective is in line with the recent advice of Basu and Palazzo (2008). In discussing how managers think, discuss, and act with respect to their key stakeholders, these authors emphasize the potential of applying a configurational approach, whereby two elements must be studied. First, the fit between external contexts (e.g., a community's past experience), which tap into managers' inherent CSR sensitivities, and the firm's ''CSR character,'' the latter also being path dependent. Second, the impact of such a fit on business performance: recognizing the continued importance of external fit, we agree that internal fit between CSR and prevailing business practices may produce variable financial returns to investments in CSR.

Finally, the article provides a menu of options for senior executives seeking to match prevailing business routines with their CSR activities. It offers a framework for them to identify different patterns of adding CSR initiatives to extant business activities. The seven well-documented patterns allow executives to reflect on the impact of adopting CSR initiatives on their business and to ensure that the value of their CSR investment is maximized and the potential disturbance to business operations limited. Faced with multiple choices to implement an initiative, senior executives can then balance the requirement for external fit with societal stakeholder demands and internal fit with extant organizational routines. Although such a balance will depend on the prevailing reservoir of practices – both CSR related and core business related ones – the use of our new organizing framework will hopefully facilitate decision making in this matter.

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